



**DEPARTMENT OF THE NAVY**  
 OFFICE OF NAVAL RESEARCH  
 875 NORTH RANDOLPH STREET  
 SUITE 1425  
 ARLINGTON, VA 22203-1995

IN REPLY REFER TO:

Agreement Date: September 26, 2017  
 [Supersedes Agreement Dated: September 29, 2016]

**NEGOTIATION AGREEMENT**

**INSTITUTION: CALIFORNIA INSTITUTE OF TECHNOLOGY  
 PASADENA, CALIFORNIA 91125**

The F&A rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to the California Institute of Technology by all Federal Agencies of the United States of America, in accordance with the cost principles mandated by 2 CFR Part 200. These rates shall be used for forward pricing and billing purposes for the California Institute of Technology's Fiscal Years 2017 and 2018. This rate agreement supersedes all previous rate agreements/determinations for Fiscal Years 2017 and 2018.

**Section I: RATES - TYPES: FIXED (FIXED)  
 PREDETERMINED (PRED)**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>APPLICABLE TO</u>	<u>LOCATION</u>
Fixed	10/1/2016	9/30/2017	65.0%	(a)	Organized Research (except JPL)	On-Campus
Pred	10/1/2016	9/30/2017	26.0%	(a)	Organized Research (except JPL)	Off-Campus
Fixed	10/1/2017	9/30/2018	67.5%	(a)	Organized Research (except JPL)	On-Campus
Pred	10/1/2017	9/30/2018	26.0%	(a)	Organized Research (except JPL)	Off-Campus

**DISTRIBUTION BASE**

(a) Modified Total Direct Costs (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

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## SECTION II - GENERAL TERMS AND CONDITIONS

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**A. LIMITATIONS:** Use of the rates set forth under Section I is subject to any statutory or administrative limitations and is applicable to a given grant, contract or other agreement only to the extent that funds are available and consistent with any and all limitations of cost clauses or provisions, if any, contained therein. Acceptance of any or all of the rates agreed to herein is predicated upon all the following conditions: (1) that no costs other than those incurred by the recipient/contractor were included in its indirect cost pool as finally accepted and that all such costs are legal obligations of the recipient/contractor and allowable under governing cost principles; (2) that the same costs that have been treated as indirect costs are not claimed as direct costs; (3) that similar types of costs, in like circumstances, have been accorded consistent accounting treatment; (4) that the information provided by the recipient/contractor, which was used as the basis for the acceptance of the rates agreed to herein and expressly relied upon by the Government in negotiating the said rates, is not subsequently found to be materially incomplete or inaccurate.

**B. ACCOUNTING CHANGES:** The rates contained in Section I of this agreement are based on the accounting system in effect at the time this agreement was negotiated. Changes to the method(s) of accounting for costs, which affects the amount of reimbursement resulting from the use of these rates, require the written approval of the authorized representative of the cognizant negotiating agency for the Government prior to implementation of any such changes. Such changes include but are not limited to changes in the charging of a particular type of cost from indirect to direct. Failure to obtain such approval may result in subsequent cost disallowances.

**C. FIXED RATES WITH CARRY-FORWARD PROVISIONS:** The fixed rates contained in this agreement are based on estimates of the costs for FYs 2017 and 2018. When actual costs for these fiscal years are determined, adjustments will be applied to the next subsequent rate negotiation to recognize the difference between the FYs 2017 and 2018 estimated costs used to establish the fixed rates and the negotiated actual FY 2017 and FY 2018 costs.

**D. CARRY-FORWARD AMOUNTS:** The following FY 2007 final and FYs 2010, 2014, 2015, and 2016 estimated carry-forward amounts were considered in the establishment of the FY2017 and FY2018 fixed rates:

	Liquidated in FY2017		Liquidated in FY2018	
	rate		rate	
	On-Campus	Off-Campus	On-Campus	Off-Campus
CFW Final FY2007	\$0	(\$12,284)	\$0	\$0
CFW Estimated FY2010	\$0	7,287	\$0	\$0
CFW Estimated FY2014	(\$471,326)	\$0	\$0	\$0
CFW Estimated FY2015	(\$1,246,519)	\$0	\$0	\$0
CFW Estimated FY2016	\$0	\$0	\$2,862,413	\$0

**E. PREDETERMINED RATES:** The predetermined rates contained in this agreement are not subject to adjustment in accordance with the provisions of 2 CFR 200, subject to the limitations contained in Part A of this section.

**F. USE BY OTHER FEDERAL AGENCIES:** The rates set forth in Section I hereof were negotiated in accordance with and under the authority set forth in 2 CFR Part 200. Accordingly, such rates shall be applied to the extent provided in such regulations to grants, contracts and other agreements to which 2 CFR Part 200 is applicable, subject to any limitations in part A of this section. Copies of this document may be provided by either party to other Federal agencies to provide such agencies with documentary notice of this agreement and its terms and conditions.

**G. DFARS WAIVER:** Signature of this agreement by the authorized representative of the California Institute of Technology and the Government acknowledges and affirms the University's request to waive the prohibition contained in DFARS 231.303(1) and the Government's exercise of its discretion contained in DFARS 231.303(2) to waive the prohibition in DFARS 231.303(1). The waiver request by the California Institute of Technology is made to simplify the University's overall management of DOD cost reimbursements under DOD contracts.

**H. SPECIAL REMARKS:** The Government's agreement with the rate set forth in Section I is not an acceptance of Caltech's accounting practices or methodologies. Any reliance by the Government on cost data or methodologies submitted by Caltech is on a non-precedence-setting basis and does not imply Government acceptance.

Accepted:

FOR THE CALIFORNIA INSTITUTE  
OF TECHNOLOGY:



Sharon E. Patterson  
Associate Vice President for Finance  
and Treasurer

9/27/17

Date

FOR THE U.S. GOVERNMENT:



Shea D. Kersey  
Contracting Officer

9/27/17

Date

*For information concerning this agreement contact:*

Shea Kersey, Contracting Officer  
Office of Naval Research

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