NEGOTIATION AGREEMENT

INSTITUTION: UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN
CHAMPAIGN, ILLINOIS  61820

The Fringe Benefits rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to The University of Illinois at Urbana-Champaign 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 University of Illinois Urbana-Champaign Fiscal Year 2019. This rate agreement supersedes all previous rate agreements/determinations for Fiscal Year 2019.

Section I: RATES - TYPE: PREDETERMINED (PRED)
FIXED (FIXED)

<table>
<thead>
<tr>
<th>Type</th>
<th>From</th>
<th>To</th>
<th>Rate</th>
<th>Base</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pred</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>12.29%</td>
<td>(a)</td>
<td>Retirement for State University Retirement System (SURS) Employees, except those participating in the self-managed plan</td>
</tr>
<tr>
<td>Pred</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>7.60%</td>
<td>(b)</td>
<td>Retirement for SURS Employees electing the self-managed plan</td>
</tr>
<tr>
<td>Fixed</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>27.08%</td>
<td>(c)</td>
<td>Health, Life and Dental Insurance (HLD)</td>
</tr>
<tr>
<td>Fixed</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>7.92%</td>
<td>(d)</td>
<td>Graduate Assistants Benefits</td>
</tr>
<tr>
<td>Fixed</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>1.06%</td>
<td>(e)</td>
<td>Termination Pay</td>
</tr>
<tr>
<td>Fixed</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>0.10%</td>
<td>(f)</td>
<td>Workers’ Compensation</td>
</tr>
<tr>
<td>Pred</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>1.45%</td>
<td>(g)</td>
<td>Medicare</td>
</tr>
<tr>
<td>Pred</td>
<td>7/1/18</td>
<td>6/30/19</td>
<td>6.20%</td>
<td>(h)</td>
<td>Old Age Survivors and Disability Insurance (OASDI)</td>
</tr>
</tbody>
</table>
DISTRIBUTION BASES

(a) Salaries and wages of State University Retirement System (SURS) employees (excluding those who elect to participate in the self-managed benefit plan).

(b) Salaries and wages of State University Retirement System (SURS) employees who elect to participate in the self-managed benefit plan.

(c) Salaries and wages of eligible employees (employees with appointments greater than or equal to 50% time for at least nine months).

(d) Total salaries of graduate assistants with tuition waivers and fellowships with stipends (excluding assistants with College Work Study).

(e) Total salaries (excluding graduate assistants) and staff regular wages.

(f) Salaries and wages of all employees.

(g) Salaries and wages of non-student employees hired after 1 April 1986, and student employees enrolled less than half time.

(h) First $132,900 of salaries and wages of all non-student employees not participating in SURS, and student employees enrolled less than half time.

SECTION II: GENERAL TERMS AND CONDITIONS

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

D. FIXED RATES WITH CARRY-FORWARD PROVISIONS: The fixed rates contained in this agreement are based on estimates of the costs for FY 2019. When actual costs for this fiscal year are determined, adjustments will be applied to the next subsequent rate negotiation to recognize the difference between the FY 2019 estimated costs used to establish the fixed rates and the negotiated actual FY 2019 costs.

E. CARRY-FORWARD AMOUNTS: This negotiation agreement records agreement on the final carry-forward amounts resulting from determination of actual costs for FY 2018. The fixed rates set forth in SECTION I are inclusive of the final 2018 carry-forward amounts shown, which are liquidated in their entirety. (*) denotes over-recovery.

<table>
<thead>
<tr>
<th>CFW Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health, Life, Disability Insurance $1,430,283</td>
</tr>
<tr>
<td>Graduate Assistants Benefits $ (13,440)</td>
</tr>
<tr>
<td>Termination Pay $ 166,747</td>
</tr>
<tr>
<td>Workers' Compensation (*)</td>
</tr>
</tbody>
</table>

(*) The University of Illinois at Urbana-Champaign has established a self-insurance trust fund for the purpose of paying workers' compensation claims for employees paid from sponsored accounts. It is understood and agreed that the university shall have no right of recapture of the reserves in the self-insurance trust fund. In the event that the university terminates the self-insurance trust fund and purchases workers' compensation insurance, any unencumbered reserves in the self-insurance trust fund shall be used to pay the workers' compensation insurance premiums until such reserves have been exhausted.

As of 6/30/18 the self-insurance trust fund had a reserve balance of $1,463,290. The reserve balance is defined as the account balance less discounted liabilities associated with claims currently being paid. This reserve balance is expected to decrease by approximately $135,709 in FY 2019, calculated as follows: the sum of the actuarial funding recommendation at the 75% confidence level, plus administrative expense, less projected interest income, less income generated by the 0.10% rate assessment against the salary and wage base. The university believes that a reserve balance of $500,000 is necessary in order to pay routine workers' compensation claims plus such extraordinary claims as a death, or two-three serious injuries in any given year.

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. SPECIAL REMARKS: The Government’s agreement with the rates set forth in Section I is not an acceptance of the University of Illinois Urbana-Champaign’s accounting practices or methodologies. Any reliance by the Government on cost data or methodologies submitted by the University of Illinois Urbana-Champaign is on a non-precedence-setting basis and does not imply Government acceptance.

Accepted:

FOR THE UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN:

Avijit Ghosh
Vice-President, CFO, and Comptroller

2/14/2016

Date

For information concerning this agreement contact:
Sharon Gales
Office of Naval Research

FOR THE U.S. GOVERNMENT:

SNYDER.BETH,
A.1379326664

Beth A. Snyder
Contracting Officer

2/14/2019

Date

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