

U.S. Department of Energy
and
The Trustees of Princeton University

ATTACHMENT J.12

APPENDIX L

**NEGOTIATED LUMP SUM FOR FACILITIES AND ADMINISTRATIVE
COSTS; AND RELATED EXPENSES**

**Applicable to the Operation of
The Princeton Plasma Physics Laboratory**

**Contract DE-AC02-76CH03073
Modification No. M440**

October 1, 2001 to September 30, 2008

Appendix L

ADVANCE AGREEMENT – NEGOTIATED LUMP SUM FOR FACILITIES AND ADMINISTRATIVE COSTS; AND RELATED EXPENSES

This Advance Agreement is entered into pursuant to DEAR 970.3102-3-70, DEAR 970.3101-9 and Clause I.102 - DEAR 970.5232-2 Payments and Advances of Contract No. DE-AC02-76CH03073, to define a lump sum amount of facilities and administrative expenses; and related expenses. This Appendix establishes criteria for the determination of the University's facilities and administrative expenses; and related expenses applicable to Contract No. DE-AC02--76CH03073. The agreements contained herein shall be effective beginning October 1, 2001 and be applicable through September 30, 2008.

The allowability of the facilities and administrative expenses under this Appendix shall be in accordance with DEAR 970.3102-3-70, OMB Circular A-21, and the applicable Cost Accounting Standards governing the allocation of facilities and administrative expenses. As a result of the unique circumstances of this contract, the conventional methodology for allocation of facilities and administrative expenses is not appropriate and therefore a special lump amount will be negotiated. This is in accordance with OMB Circular A-21, Section G.3, which allows for the use of a negotiated fixed amount in lieu of facilities and administrative costs for self-contained, off-campus research activities where the benefits from an institution's indirect services cannot be readily determined. Therefore the parties agree that it is appropriate to adjust or depart from the University's standard allocation of facilities and administrative expenses in order to determine an equitable share of University costs under this contract. The methodology for determining this allocation is as follows:

1. Reimbursement of Princeton University's facilities and administrative expenses shall be based upon the principles contained in DEAR 970.3102-3-70, OMB Circular A-21, and the applicable Cost Accounting Standards. Princeton University shall prepare and submit a detailed cost proposal for the Contracting Officer's review. This proposal shall identify each of the years under the contract and will be submitted no later than 120 days prior to the beginning of the contract. The proposal will provide the estimated allocable portion of the University's facilities and administrative expenses and the University will certify that the cost proposal contains no unallowable costs. After review of the detailed proposal, the Parties shall negotiate a pre-determined fixed amount for each year's facilities and administrative expenses under the contract.

Within 120 days, or other agreed to time, after the end of each year of the contract period, the University shall submit for review a cost submission identifying the actual allowable facilities and administrative expenses. This cost submission shall be in a format similar to the proposal described above, unless otherwise agreed to by the Parties. In the event the agreed to actual costs are less than the pre-determined fixed amount, an adjustment shall be made in a manner agreeable to both parties.

2. Therefore, it is agreed by the parties that the U.S. Department of Energy shall reimburse the University for its facilities and administrative expenses in an annual fixed amount for Government Fiscal Years 2002 through 2008, in lieu of allocations for the University's facilities and administrative expenses that are listed below:

- University Library Facilities and Services
- Academic Administration Offices and Expenses:
 - Dean of Faculty
 - Dean of Graduate School
 - Faculty Administrative Time (University Committee Costs)
 - University Research Board
 - Office of Research and Project Administration
- General Administration Offices and Expenses
 - President
 - Ombudsperson
 - Vice President and Secretary
 - Provost
 - Treasurer
 - Controller, Internal Audit, Finance, Loans and Receivables
 - Vice President for Human Resources
 - Mail Services
 - Archives
 - Vice President for Finance and Administration
 - Board of Trustees
 - General Expenses
 - Office of General Counsel
 - External Audit Expenses & Other General Expenses
 - University Safety and Insurance
 - Community Services
 - Management Information Systems, including a share of VP for Computing and Information Technology and Administrative Support
- Facilities Offices and Expenses:
 - Plant Operation and Maintenance (Non Forrestral Campus)
 - Building Depreciation (Non-Forrestral Campus)
 - Equipment Use Allowances (Non-Forrestral Campus)

A schedule of the negotiated lump sum for facilities and administrative expenses for Princeton University is as follows:

<u>Fiscal Year</u>	<u>Facilities and Administrative Expenses</u>
10/01/2001 – 9/30/2002	\$ 2.6 M
10/01/2002 – 9/30/2003	\$ 2.6 M
10/01/2003 – 9/30/2004	\$ 2.8 M
10/01/2004 – 9/30/2005	\$ 2.8 M
10/01/2005 – 9/30/2006	\$ 2.95M
10/01/2006 – 9/30/2007	\$ 3.0 M
10/01/2007 – 9/30/2008	\$ 3.0 M

These amounts represent complete reimbursement for the above University facilities and administrative expenses and service support functions. This amount shall be paid in full at the beginning of each Government fiscal year. In the event the University is given written notice by the Contracting Officer that sufficient appropriations are not available for payment in full at the beginning of a given Government fiscal year, Princeton University shall accept monthly prorated payments of the fixed amount due until sufficient appropriations become available.

In the event that DOE cannot provide the Contractor with an executed contract modification by October 1, the Contractor agrees not to draw down on the payments cleared financing arrangement account for the payment of this expense, for a maximum of 15 days, until DOE provides initial funding for the Laboratory.

The fixed amount shall be pro-rated if the contract is terminated prior to its stated expiration date under Clause I.55 - TERMINATION of the contract.

The above negotiated lump sum amount shall remain in effect unless a material change occurs such as, but not limited to:

- A transfer of responsibilities that affects the allocation between PPPL direct costs and University facilities and administrative expenses, or
- A material increase or decrease in the total expenditures or facilities and administrative expenses facilities caused by a material change in the level of service, or a change in Government cost principles issued by OMB or other applicable Government regulation, which cause the agreed upon fixed amount to be inequitable to either party; or
- A material change in the level of PPPL/DOE activities to such an extent that the negotiated fixed amount no longer represents an appropriate allocation of University facilities and administrative expenses to the Contract.

If either party wishes to reopen this agreement as a result of any of the above events, written notice must be given at least six months prior to the beginning of the next Government fiscal year when the change in lump sum is proposed to become effective. If such written notice is given by the University, a proposal shall be submitted within 120 days of such notice. If a proposal is not submitted, then the written notice shall have no effect. If such written notice is given by the Government, the University agrees to submit a proposal within 120 days of such notice. Until an agreement is reached, the University will be reimbursed at the negotiated amount as stated in this Appendix. If the parties are unable to reach agreement on an adjustment to the fixed amount, the University reimbursement for the items addressed in the written notice shall be determined under the criteria set forth in FAR 31.3 (OMB Circular A-21).

4. Related Expenses (Other Services Directly Charged):

Costs for the below listed services rendered by the University on a “usage basis” are not included in the fixed amount of facilities and administrative expenses and will be charged on an “as used basis”:

- a. Computing and Information Technology Services (except for the Vice President for Computing and Information Technology)
- b. University Visitor Housing
- c. McCosh Infirmary Services

Use rates or services charges for the above services or similar services approved by the Contracting Officer will generally be based on the criteria contained in OMB Circular A-21. These charge rates for services may include allocations for labor, materials, physical plant operations and maintenance, building depreciation and equipment use allowance or depreciation, and University general and administrative expenses. Services provided by PPPL to other University departments shall be calculated and reimbursed in a similar fashion. The costs of the above direct charges will be subject to annual audit by the Department of Energy.