



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Program Support Center  
 Financial Management Service  
 Division of Cost Allocation

26 Federal Plaza-Room 41-122  
 New York, New York 10278  
 PHONE: (212)-264-2069  
 FAX: (212)-264-5478

November 13, 2008

Mr. Michael Collins  
 Vice President/Research & Administration  
 Massachusetts Eye and Ear Infirmary  
 243 Charles Street  
 Boston, MA 02114

Dear Mr. Collins:

A negotiation agreement is being faxed to you for signature. This agreement reflects an understanding reached between your institution and a member of my staff concerning the rates or amounts that may be used to support your claim for costs on grants and contracts with the Federal Government. The agreement must be signed by a duly authorized representative of your institution and faxed to me; retain a copy for your file. Our fax number is (212) 264-5478. We will reproduce and distribute the agreement to awarding agencies of the Federal Government for their use.

Requirements for adjustments to costs claimed under Federal Grants and Contracts resulting from this negotiation are dependent upon the type of rate contained in the negotiation agreement. Information relating to these requirements is enclosed.

In consideration of this agreement, the following was agreed to:

1. The following carry-forward amount is from the finalization of fringe benefits for fiscal year ended September 30, 2007. The carry-forward is to be included with your actual fringe benefit rate calculations for the fiscal year specified below:

<u>Fringe Benefit Rate</u>	<u>FYE 09/30/2009</u>
Roll Forward	\$3,375,416

( ) Denotes Over-Recovery

2. The fringe benefit proposal for fiscal year ending September 30, 2008 is due to be submitted to our office by March 31, 2009.

A proposal encompassing all activities of your institution together with the required supporting information must be submitted to my office at the address shown on page 2 for each fiscal year your institution claims costs under grants and contracts awarded by the Federal Government. This proposal is due within six months after the close of your fiscal year. Therefore, a proposal for fiscal year ending September 30, 2010 will be due

Mr. Michael Collins

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in my office not later than March 31, 2011. The proposal will be used to establish rates/amounts for the fiscal year subsequent to the last period covered by an approved final, fixed, or predetermined rate(s). Failure to submit a timely proposal will be interpreted as a forfeiture of reimbursement for indirect costs. Therefore, unless a proposal is received by March 31, 2011, future awards made by the Department of Health and Human Services will be for direct costs only and will not provide for the recovery of costs contained in this agreement. In addition, the costs claimed against awards already made may be subject to disallowances.

Your proposal and relevant correspondence should be addressed to:

Department of Health and Human Services  
Division of Cost Allocation  
26 Federal Plaza, Room 41-122  
New York, New York 10278  
(212) 264-1823

If you are unable to submit your proposal by the prescribed date, you may request an extension. This request must be submitted prior to the due date of the proposal and must contain a justification for the extension and the date the proposal will be submitted.

Sincerely,



Robert I. Aaronson  
Director, Division of  
Cost Allocation

PLEASE SIGN AND FAX A COPY OF THE NEGOTIATION AGREEMENT

**HOSPITAL RATE AGREEMENT**

EIN #: 1042103591A1

DATE: November 13, 2008

HOSPITAL:  
 Massachusetts Eye And Ear Infirmary  
 243 Charles Street  
 Boston MA 02114-

FILING REF.: The preceding Agreement was dated October 22, 2007

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

**SECTION I: INDIRECT COST RATES\***

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	10/01/08	09/30/09	51.0	On-Site	Research
PRED.	10/01/09	09/30/10	54.0	On-Site	Research
PRED.	10/01/10	09/30/11	57.0	On-Site	Research
PROV.	10/01/11	UNTIL AMENDED	57.0	On-Site	Research

**\*BASE:**

Total direct costs excluding capital expenditures (buildings, individual items of equipment; alterations and renovations), that portion of each subaward in excess of \$25,000; hospitalization and other fees associated with patient care whether the services are obtained from an owned, related or third party hospital or other medical facility; rental/maintenance of off-site activities; student tuition remission and student support costs (e.g., student aid, stipends, dependency allowances, scholarships, fellowships).

HOSPITAL:  
Massachusetts Eye And Ear Infirmary

AGREEMENT DATE: November 13, 2008

SECTION I: FRINGE BENEFITS RATES\*\*

RATE TYPES: FIXED      FINAL      PROV. (PROVISIONAL)      PRED. (PREDETERMINED)

<u>TYPE</u>	<u>EFFECTIVE PERIOD</u>		<u>RATE (%)</u>	<u>LOCATIONS</u>	<u>APPLICABLE TO</u>
	<u>FROM</u>	<u>TO</u>			
FIXED	10/01/07	09/30/08	29.5	All	All Employees
FIXED	10/01/08	09/30/09	31.0	All	All Employees

HOSPITAL:  
Massachusetts Eye And Ear Infirmary

AGREEMENT DATE: November 13, 2008

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SECTION II: SPECIAL REMARKS

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TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

- 1) Equipment means an article of nonexpendable, tangible personal property having a useful life of more than three years, and an acquisition cost of \$2,500 or more per unit.
- 2) The fringe benefits rate consists of Health Insurance, Life Insurance, Long-Term Disability, FICA, Tuition (Employees) Reimbursement, Worker's Compensation, Pension and Unemployment Compensation.

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SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. 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 approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the cost principles promulgated by the Department of Health and Human Services, and should be applied to the grants, contracts and other agreements covered by these regulations subject to any limitations in A above. The hospital may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to those programs.

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BY THE HOSPITAL:

Massachusetts Eye And Ear Infirmary

(HOSPITAL)



(SIGNATURE)

Michael Collins

Vice President

(NAME)

Research and Academic Affairs

(TITLE)



(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)



(SIGNATURE)

Robert I. Aaronson

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

November 13, 2008

(DATE) 0511

HHS REPRESENTATIVE: Joseph Guarnieri

Telephone: (212) 264-2069