

**SUBPART 236.4—SPECIAL PROCEDURES FOR NEGOTIATION OF  
CONSTRUCTION CONTRACTS**

**236.403 Cost-reimbursement contracts.**

(1) For cost-plus-fixed-fee contracts, negotiate the fee for a prime contractor using departmental procedures approved by the Assistant Secretary of Defense (Production and Logistics).

(2) For cost-plus-incentive-fee contracts, negotiate the target fee for a prime contractor using the criteria and fee schedule in departmental procedures to determine—

- (i) The reasonableness of the target cost;
- (ii) The maximum and minimum fees to be established; and
- (iii) The fee adjustment formula.