

**INTRODUCTION**

The foundation of any US government (USG) sponsored sale of defense articles or services is the Letter of Offer and Acceptance (LOA). Except for Pseudo LOAs (explained later in this chapter), an LOA is a contractual sales agreement between the seller (USG) and the purchaser (a foreign government or international organization) for special tools, test equipment, vehicles, construction equipment, materials handling equipment, etc., used in direct or indirect support and maintenance of weapon systems or end items. The LOA is written by a US military department (MILDEP) or other USG Implementing Agency (IA), based on applicable laws/regulations and the requirements that have been set forth in the requesting document. As indicated in chapter 5 of this textbook, “Foreign Military Sales Process,” the LOA, when combined with associated amendments or modifications, is commonly referred to as an FMS case. Each LOA has a unique case identifier (described later in this chapter), which enables both the USG and the foreign purchaser to track it throughout its life cycle and to distinguish it from the thousands of FMS cases currently active.

**CATEGORIES OF LOAs**

In accordance with the SAMM C5.4.3 and C15, there are four categories of LOAs:

- Defined order LOAs
- Blanket order LOAs
- Cooperative Logistics Supply Support Arrangement (CLSSA) LOAs
- Pseudo LOAs

**Defined Order Foreign Military Sales LOA**

A defined order case is one in which the defense articles, services, or training desired by the requesting country or international organization are specified/quantified by the customer in the Letter of Request (LOR), and subsequently identified in the LOA document. A defined order LOA is most commonly used for sale of major end items, generally significant military equipment (SME), which require more rigorous export and trade security controls throughout the sales process. SME items, and SME items that are major defense equipment (MDE), must be separately reflected on the LOA and not embedded in other lines on the case. Also included in a major end item LOA (tanks, aircraft, etc.) are related initial support items (generally one to three years) and services, in accordance with the Total Package Approach (TPA) philosophy addressed in chapter 5 of this textbook. The IA prepares and submits requisitions (i.e. orders) on defined order cases. Cases of this type are commonly referred to as “standard sales” by the US Army, “defined line” or “push requisitioning” by the US Navy, and “defined order” by the US Air Force. Attachment 6-1 is an example of a US Army defined order FMS LOA.

A defined order case normally requires a complete LOA data study of separately deliverable line items in the case to give the purchaser the best available estimate of item costs and delivery schedules within an allowable processing time frame. This data study also includes information on payment schedules, financial analysis for program milestones, delivery schedules, and projected payments to contractors.

The types of defense articles and services normally sold via defined order cases include, but are not limited to, the following:

- Significant military equipment (SME)—includes major end items and weapon systems (e.g., tanks, ships, airplanes, missiles, etc.), and any related requirements to activate and operate an item or system during an initial period of time
- Explosives, including munitions
- Classified/sensitive articles
- Specific services (transportation, aircraft ferrying, etc.)
- Technical data packages (TDP)

### **Blanket Order Foreign Military Sales LOA**

A blanket order case is an agreement between a customer and the USG to purchase a category of items or services (including training) at a set dollar value ceiling with no definitive listing of the exact items or quantities desired. Since the dollar ceiling is usually established by the customer, an LOA data study is generally not required to develop LOA pricing. On a blanket order case, customers can submit requisitions as long as the case has funds available. Cases of this nature are commonly called “blanket open end” by the US Army, “direct requisitioning procedures/open end requisitioning” by the US Navy, and “blanket order/annual requisitioning” by the US Air Force. Attachment 6-2 is an example of a US Air Force blanket order LOA.

The types of defense articles and services normally sold via blanket order cases include, but are not limited to, the following:

- Spares and repair parts: consumable and repairable items that become part of a higher assembly during use (generally for follow-on support of a major item or weapon system)
- Support equipment: special tools, test equipment, vehicles, construction equipment, materials handling equipment, etc., used in direct or indirect support and maintenance of weapon systems or end items
- Publications: forms, catalogs, manuals, stock lists, technical orders, engineering drawing specifications, reports, books, charts, etc.
- Maintenance: repairs, repair services, and minor modifications/alterations as authorized by the cognizant MILDEP
- Repairables: items of supply of a durable nature and design which, when unserviceable, normally can be economically restored to a serviceable condition through regular repair procedures (includes such major components as aircraft engines, communications equipment, radars, motor vehicle engines, and transmissions, or secondary items such as generators); may be repaired at the request of the customer and with the approval of the appropriate MILDEP
- Technical assistance services: site/system survey teams, installation and testing of major items, systems evaluation, technical assistance teams, advice from specialists, feasibility studies, systems integration, study groups to develop engineering requirements plans, etc.
- Training: formal (classroom) or informal (on-the-job) instruction of international students by DOD components, contractors (including instruction at civilian institutions), or by correspondence course to include technical, educational, or informational publications, and instructional media of all kinds

- Training aids (items that supplement training programs such as videotapes, DVDs, slides, films, microfiche, transparencies, etc.)

Normally a blanket order case is used for follow-on support and training for a major item or weapon system following the initial support period. Initial or concurrent support is usually included in the original system sale case as part of the TPA. Depending on the IA, a blanket order follow-on support case may be established for each category of item/service to be provided, for each major item/weapon system, or perhaps for support of multiple systems.

### ***Restrictions on Blanket Order Procedures***

There are a number of instances where, by regulation, blanket order case procedures do not apply (see SAMM, C5.4.3.2.). These items must be ordered on a defined order case. Items that are generally restricted from being ordered on a blanket order case include:

- SME, including MDE
- Initial logistics support that is normally ordered for concurrent delivery (e.g. TPA)
- Classified material (except publications)
- Lumber, sand, gravel, household goods and other commercial-type material
- Technical data packages
- Ozone depleting substances

### ***Defined versus Blanket Order Procedures***

There are instances when either a defined order or blanket order case may be used, depending on the specific IA and country involved. MILDEP policy, customer preference, minimum case values, and item application (i.e., support for a specific system or program, or general support to a customer service, unit, depot, etc.), will dictate which type of case is most appropriate. Customers may sometimes prefer a blanket order case because the Anticipated Offer Date (AOD) for the USG to offer an LOA is generally shorter than with a defined order case. This is due to the fact that the customer usually establishes the LOA dollar value, thereby eliminating the need for a more time-intensive LOA data analysis. Refer to chapter 5 of this textbook for a review of AODs. Blanket order cases can also provide more flexibility since requisitions can be submitted as long as funds remain on the case. However, since the responsibility for preparing and submitting requisitions lies with the customer on blanket order cases, the customer must be familiar with US requisitioning procedures and supply systems.

An important feature of both defined order and blanket order cases is that material requirements are normally filled from DOD stocks only if on-hand assets are above the control level also known as the reorder point. The only time that FMS requisitions will normally be filled below this reorder point is through a mature (programmed) CLSSA.

### **Cooperative Logistics Supply Support Arrangement LOA**

A CLSSA is a blanket order type case designed to provide more responsive follow-on spare parts support for US produced military hardware possessed by foreign countries. IAs may offer a CLSSA to a customer on approval from the Defense Security Cooperation Agency (DSCA). The advantage of a CLSSA is that it allows a purchaser's requisitions to receive treatment similar to US and other FMS purchaser activities with equal supply priorities. This arrangement requires establishment of a separate up-front FMS case enabling the customer to “buy in” to the DOD’s supply system. The MILDEP uses these initial CLSSA investment funds to augment defense stocks in anticipation of FMS demands. Investing in the US supply system through CLSSA increases the probability of spare parts

being available for issue from DOD stock. Many purchasers prefer CLSSA for follow-on support. Chapter 10 of this textbook, “Logistics Support of International Military Sales,” provides additional information on CLSSA.

### **Pseudo LOA**

The first traditional Title 22 Security Assistance-based FMS agreements started in the early 1950s. They were the result of the Cold War and represented a US Department of State (DOS) tool of foreign policy. Pseudo LOAs were first introduced in 2005. Pseudo LOAs came about because the DOD perspectives on training and equipping foreign military forces slowly began to change after the September 11, 2001 terrorist attacks on the US. Defense officials began to regard the defeat of terrorist groups in the countries where they train and prepare as essential to US national security. There was a realization that these groups could not be disrupted and defeated solely with US forces under existing arrangements.

Thus DOD, with DOS concurrence, petitioned Congress to provide additional authorities within US law to allow use of US appropriated funds (other than Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds) to transfer defense articles and services to friends and allies. Typically, these additional authorities allow the DOD and DOS to focus on building capacities of partner nation security forces and enhancing their capabilities to conduct:

- Counterterrorism operations
- Counter drug operations
- Counterinsurgency operations
- Support US military and stability operations
- Multilateral peace operations

These supplemental authorities are generically referred to as Building Partner Capacity (BPC) programs and they may be administered by DSCA using a pseudo LOA. Chapter 15 of the SAMM provides the policies and procedures for selected BPC programs that are executed through the FMS infrastructure via a pseudo LOA. The terms “pseudo LOA” and “BPC case” can be used interchangeably. An example of a pseudo LOA is shown in attachment 6-3.

Typical (though not all inclusive) BPC programs that may result in a pseudo LOA are described in SAMM C15.1.4. The most common are:

- Afghanistan Security Forces Fund (ASFF)
- Coalition Readiness Support Program (CRSP)
- DOD Counternarcotics (CN) Programs (Section 1033 and 1004)
- Global Train and Equip (Section 1206)
- Pakistan Counterinsurgency Fund/Counterinsurgency Capability Fund (PCF/PCCF)
- Peacekeeping Operations (PKO) (FAA Section 551)
- Global Peacekeeping Operations Initiative (GPOI)

Each of these BPC programs will have its own unique authorization that will influence its execution guidelines and fiscal law constraints. For example, the Global Train and Equip Section 1206 program is limited to one fiscal year obligation authority and can only be used for emergent threats related to training and equipping a foreign country’s national military forces (forces under the authority of

the Ministry of Defense (MOD)) to conduct counterterrorism operations or participate in or support military and stability operations in which US armed forces are participating. The 1206 authority can also be used to build the capacity of a foreign country's maritime security forces (including non-MOD elements) to conduct counterterrorism operations. Thus it is important that any participant involved in the development or execution of a BPC program recognize that each program has its own unique program guidelines. An informative source that describes the rationale and funding parameters for all BPC programs is the Security Cooperation Tools web site (<https://policyapps.osd.mil/sites/sctools>). The "SC Tools" tab on DISAM's web site provides additional information about the tool and how it is accessed.

The pseudo LOA process starts with DOD (typically the security cooperation office [SCO] via the GCC or other authorized agencies [DOS, UN, etc.]) submitting a pre-coordinated BPC request or proposal to the Implementing Agency (IA) and DSCA. The request, similar to a traditional FMS LOR, will identify the required services, equipment, and the BPC legal authority for the program. The IA may conduct a feasibility assessment to ensure such areas as requirements definition, transportation plans, technology/disclosure, special contracting issues, etc., are addressed and compliant with the BPC program guidelines. The assessment will also verify that the requirements identified are actionable within the program budget constraints and obligation time lines. Some of the unique operating guidelines for pseudo LOAs (addressed in chapter 15 of the SAMM) include:

- Congressional notification is required for all pseudo LOAs, typically a fifteen-day period.
- The pseudo LOA is not signed by the country or organization receiving the articles and/or services. Once implemented, pseudo LOA documentation may be shared with the recipient (benefitting) country on a case-by-case basis in accordance with DSCA guidance.
- Transportation is typically provided by the USG to an in-country destination and the SCO is responsible for conducting an inventory before transferring possession of the material to the customer.
- For programs where the title transfers, it transfers at the point of delivery vice the initial point of shipment. The SCO is responsible for documenting the transfer to the benefitting country.
- LOA standard terms and conditions do not apply to pseudo LOAs.
- DSCA will issue a policy memorandum each fiscal year to identify the funding authority, a unique two-digit program code, and specific pseudo LOA preparation procedures for each BPC program. Reviewing these policy memoranda on DSCA's web site can help provide a more thorough understanding of pseudo LOAs.
- The unique two-digit program code will become part of the pseudo LOA case identifier.
- The pseudo LOA will cite the program authority and will note the period of availability for the financial authority.
- One or more benefitting countries identified to receive the program material or services may be identified in the pseudo LOA.

The SCO and the GCC play a significant role in the pseudo LOA process. They must interface with the recipient country in order to translate the specific BPC program objectives into detailed package requests. BPC program requests should be linked to country and theater planning documents. Since most BPC cases have a short life cycle and are authorized only to counter immediate crisis situations, they generally do not contain sustainment support and do not comply with the Total Package Approach

philosophy. Therefore, these sustainment support elements should be considered and funded through other SC programs such as FMS or IMET. The SCO and GCC should include these sustainment elements in their planning documents.

## **LOA CASE IDENTIFIER**

To differentiate among the approximately 13,000 open FMS cases, each LOA is assigned a unique case identifier. This unique case identifier is assigned by the IA and should be provided to the customer as soon as possible after receipt of the LOR. However, if the proposed sale must be notified to Congress, the case identifier may not be available until the proposed sale is entered in the *US Federal Register*. The case identifier is found at the top of the first page of every LOA. The case identifier has three major components:

- **Country Code:** A two-position code representing the purchasing country or organization. A list of DOD country/activity codes is found in SAMM, table C4.T2. For Pseudo LOAs, the country code is replaced by a Program Code that represents the US Security Cooperation program authorizing the transfer. Program codes are listed in SAMM C4.T2 and C15.T2.
- **Implementing Agency (or service) Code:** A single alpha code that identifies the US MILDEP or other IA that manages the item/system requested and is responsible for preparing the LOA on behalf of the USG. The most common codes are “B” for Army, “D” for Air Force, and “P” for Navy. Refer to chapter 5 or attachment 5-1 of this textbook, or SAMM table C5.T2 for a listing of IA codes.
- **Case Designator:** A three-position alpha code assigned by the IA to identify a specific offer to a country. The first position of the case designator generally identifies the category of item or service to be provided to the purchaser. The meaning of this first position code varies by MILDEP and is not dictated by DSCA policy. See table 6-1 of this document or figure C5.F6 of the SAMM for general guidelines used by the MILDEPs in determining the first position of a case designator. The second and third positions are assigned sequentially to distinguish among a country’s separate FMS cases for that same category of item or service.

As an illustration, the case identifier on the LOA in attachment 6-2 is BN-D-RAC. For this example, “BN” is the Country Code for the fictional country of Bandaria. The IA code is “D” for US Air Force, and case designator “RAC” indicates that this is likely the third case the US Air Force has prepared for Bandaria in the “R” (spare parts) category. Typically, the next case for Bandaria in this category would be “RAD,” and so forth. The case identifier should be used on all documentation relating to its associated LOA, including amendments and modifications, as well as logistics and financial transactions. It is used to track the status of the LOA and is perpetuated in case directives, Military Standard Requisitioning and Issue Procedures (MILSTRIP) documents, FMS billing documents, and the DSCA 1200 computer system.

**Table 6-1  
First Position of Case Designator**

US Army		US Navy		US Air Force	
B	Repair Parts	A	Ammunition and Other Explosives	A	Munitions (AFLC)
D	Training OCONUS (SATMO)	B-C	Individual Spares and Components	C	Cartridges Actuated Devices/ Propellant Actuated Devices (CAD/PAD)
G	SELPO/Communications Security	G	Technical and Engineering Services	D	Communication/Electronic System Sale
H	Construction (Corps of Engineers)	H-J	Direct Requisitioning Procedures	E	Equipment (Blanket)
J	SDAF	K	FMSO (KA or KS—FMSO I and KB-KR or KT-KW—FMSO II)	G	Services
K	Foreign Military Sales Order (FMSO) I and II	L	Major End items components and equipment)	H	Section 30 Sales
L	Leases	M	Repair and Return	I	Contingency Support
M	Medical (US Army Medical Materiel Agency)	P	Cartridge Actuated Devices (CAD), Propellant Actuated Devices (PAD), Aircrew Escape Propulsion Systems (AEPS)	K	FMSO (KA—FMSO I and KB-KW—FMSO II)
N	Coproduction	R	Open End Requisitioning Procedures	L	Equipment (Defined)
O	Training CONUS (TRADOC)	S	Weapon System Sale (Ship or Aircraft)	M	Maintenance
P	Planning	T	Training	N	Special Support
Q	Materiel/Services (from US activities located in Europe)	Z	Leases	O	Communications Security (COMSEC)
S	Materiel/Services (from US Army Security Assistance Agency—Latin America)			P	Publications
T	Publications			Q	Systems Sustainment Support
U	Materiel/Services provided from various AMCOM Materiel Readiness Commands (including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.)			R	Spares
				S	Aircraft System Sale
				T	Training
				V	Class IV/V Modifications
				X	Special Financial (Reserved for DFAS—IN/JAX)
				Y	Missile System Sale
				Z	Leases

## **SUMMARY**

The FMS case concept is crucial to the understanding and management of the overall FMS program. FMS cases fall into one of three categories as defined by the SAMM: defined order, blanket order, and CLSSA. Some BPC programs are implemented with a pseudo LOA using the existing FMS infrastructure.

Each FMS case is assigned a unique case identifier, composed of a country code, IA code, and case designator. The case identifier is used for all managerial tasks associated with the case, such as financial and logistics tracking. Pseudo LOA identifiers contain a unique program code assigned by DSCA.

## **REFERENCES**

DSCA Manual 5105.38-M, *Security Assistance Management Manual (SAMM)*. <http://www.dsca.mil/samm/>.

US Air Force Manual, AFMAN 16-101, *International Affairs Security Assistance Management*.

US Army Regulation, AR 12-1, *Security Assistance, Training, and Export Policy*.

US Navy Naval Supply (NAVSUP) Systems Command Publication 526, *Foreign Military Sales Purchaser Supply Systems Guide*.

**ATTACHMENT 6-1  
SAMPLE DEFINED ORDER CASE**



**United States of America  
Letter of Offer and Acceptance (LOA)  
BN-B-UDD**

Based on Bandaria MOD Letter, BN-A-0001-11, 25 June 2011

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Embassy of Bandaria Office of the Ground Attache 1234 Massachusetts Av, NW Washington, DC 29999, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for Up Armored HMMWVs, Ground Mobility Vehicle (GMV) HMMWVs, Radios, and other hardware and services.

Estimated Cost: \$3,163,305

Initial Deposit: \$412,694

Terms of Sale:

Cash Prior to Delivery

Dependable Undertaking

Congressional Notification: 11-99

This offer expires on 25 December 2011. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 16.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

_____	13 Sep 2011	_____	23 Dec 2011
US Signature	Date	Purchaser Signature	Date
Nels E. Berdahl			
GDIT Trainer			
_____		_____	
Typed Name and Title		Typed Name and Title	
US Army Security Assistance Command, Redstone Arsenal, AL 35898			
_____		_____	
Implementing Agency		Agency	
DSCA Reviewed/Approved	17 Sep 2011		
_____	Date		
DSCA			

Information to be provided by the Purchaser:  
Mark For Code\_C\_, Freight Forwarder Code\_2\_, Purchaser Procuring Agency Code\_B\_, Name  
and Address of the Purchaser's Paying Office: \_\_\_\_\_  
\_\_\_\_\_

**Items to be Supplied (costs and months for delivery are estimates):**

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 K	E3Z 2320015402038 (Y)(N)(R) TRUCK, UTILITY, HMMWV, ARMORED M1151A  M1151A1 Truck, Expanded Capacity, Up-Armored Carrier, Paint Color Solid Green (Note(s) 1)	10 EA	\$190,826.92	\$1,908,270	P(12) TA5 NR	X	9
002 K	J7N 289Z00ENG1NEQ (N)(N)(R) ENGINES/ENGINE COMPONENTS 2815-01-439-8164 1 EA 6.5L Turbocharged Engine to support HMMWVS (Note(s) 2)	XX		\$12,170	P(20) TA5 NC	A	5
003 G	H2Z 9H2Z00NSRAD10 (S)(N)(R) RADIO, TACTICAL/NON- TACTICAL (NON-US INVENTORY)  (Note(s) 3)			<u>\$724,762</u> (Line Total)			
	a. NNSN Harris 50 Watt Multiband Equipment for GMV-N, P/N AN/VRC-103(V)2, COMSEC Account No. 860048	4 EA	\$92,375.58	\$369,503	P(8) TAN SP	A	2
	b. NNSN Harris 150-Watt HF Equipment for GMV-N, P/N AN/PRC- 150(C), COMSEC Account #860048	4 EA	\$88,814.57	\$355,259	P(10) TAN SP	X	7

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs  (a) Unit	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
004 U	K8A 9K8A000TACTSP (N)(N)(R) TACTICAL & SUPPORT VEHICLE SPARE PARTS  U.S. Government Concurrent Spare Parts (CSPs), Two Years to Support HMMWVs (Note(s) 4)	(VII) XX		\$199,500	S(24) TA3	A	5
005 U	J8A 768ZUNCLB00KS (N)(N)(R) BOOKS & OTHER PUBLICATIONS, UNCLASSIFIED (TECH/NON-TECH)  Unclassified Publications as listed on Attachment 1 (Note(s) 5)	(-) XX		\$1,362	S(6) TA3	A	5
006 U	MIE 02040000THQAT (N)(N)(R) OTHER QUALITY ASSURANCE TEAM US GOVERNMENT PERSONNEL TEAM PROVIDING IN- COUNTRY TECHNICAL ASSISTANCE (QAT)  Quality Assurance Team (QAT) (one person) in support of 10 HMMWVs. (Note(s) 6)	(XXI) XX		\$43,750	S(18) TA3	-	-
007 G	N00 000000FMSTRNG (N)(N)(R) TRAINING  US Government Operator/Maintenance Training on Engines, In country, 1 week (Note(s) 7)	(IX) XX		\$35,000	S(72) TA3	-	-

**Estimated Cost Summary:**

(8) Net Estimated Cost	\$2,924,814
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	111,143
(11) Transportation	127,348
(12) Other	0
(13) Total Estimated Cost	\$3,163,305

**To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:**

**ESTIMATED PAYMENT SCHEDULE**

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$412,694	\$412,694
15 Jun 2012	\$413,020	\$825,714
15 Sep 2012	\$617,977	\$1,443,691
15 Dec 2012	\$720,456	\$2,164,147
15 Mar 2013	\$605,556	\$2,769,703
15 Jun 2013	\$313,647	\$3,083,350
15 Sep 2013	\$79,955	\$3,163,305

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

**Signed Copy Distribution:**

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service - Indianapolis ATTN: Security Assistance Accounting, DFAS-JAX/IN 8899 E. 56th Street Indianapolis, IN 46249-0230 . Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this LOA document (if required) should be made to ABA #021030004, U.S.Treasury NYC, Agency Location Code: 00003801, Beneficiary DFAS-JAX/IN Agency, showing "BN-B-UDD, payment from Government of Bandaria"; or a check for the initial deposit, made payable to the US Treasury, mailed to DFAS, 3801 Center Collections DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490, showing "BN-B-UDD, payment from Government of Bandaria". Wire transfer is preferred.

2. One signed copy should be returned to Department of the Army, Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-RO-E, 7613 Cardinal Road, Redstone Arsenal, AL 35898.

BN-B-UDD  
Page 4 of 16 Pages

**ATTACHMENT 6-2  
SAMPLE BLANKET ORDER CASE**



**United States of America  
Letter of Offer and Acceptance (LOA)  
BN-D-RAC**

Based on Government of Bandaria, Reference Letter, ABLM-45, October 17, 2011.

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Embassy of Bandaria Office of the Air Attache 1234 Massachusetts Ave, NW Washington, DC 29999, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for spare parts to support the Bandaria ground communications, radar systems, and other U.S. origin communications equipment.

Estimated Cost: \$376,675

Initial Deposit: \$45,742

Terms of Sale:

Cash Prior to Delivery

Dependable Undertaking

This offer expires on 23 January 2012. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 11.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

_____	4 Nov 2011	_____	16 Jan 2012
US Signature	Date	Purchaser Signature	Date
RONALD D'ALLESSANDRIS Acting Deputy Director, 555th Int'l Spt Gp		_____	
Typed Name and Title		Typed Name and Title	
AFSAC International Division		_____	
Implementing Agency		Agency	
DSCA Reviewed/Approved	8 Nov 2011		
DSCA	Date		

Information to be provided by the Purchaser:  
 Mark For Code   B  , Freight Forwarder Code   2  , Purchaser Procuring Agency Code   D  , Name and Address of the Purchaser's Paying Office: \_\_\_\_\_  
 \_\_\_\_\_

**Items to be Supplied (costs and months for delivery are estimates):**

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(5) SC/MOS/ TA (b) Total	(6) Ofr Rel Cde	(7) Del Trm Cde
001 H9A	580000COMPART (N)(N)(R)	XX		\$350,425	X(-) TA4	5
B4	SPARE PARTS, (XI)					
47	COMMUNICATIONS EQUIPMENT SUPPLIES/SUPPORT IN FSG 58 & 59 MAY INCLUDE OTHER FSG WHEN SUPPLIED FOR COMMUNICATIONS EQUIPMENT  Unclassified ground communications equipment, spare parts and electronic supplies to support standard ground communications and radar systems				NR	
002 R6C	SMALLCASESUPT (N)(N)(R)	XX		\$1,683	S(1) TA3	-
B4	SMALL CASE SUPPORT (-)					-
47	EXPENSES					

**Estimated Cost Summary:**

(8) Net Estimated Cost	\$352,108
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	13,317
(11) Transportation	11,250
(12) Other	0
(13) Total Estimated Cost	\$376,675

**To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:**

**ESTIMATED PAYMENT SCHEDULE**

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$45,742	\$45,742
15 Jun 2012	\$40,145	\$85,887
15 Sep 2012	\$64,379	\$150,266
15 Dec 2012	\$82,461	\$232,727
15 Mar 2013	\$78,122	\$310,849
15 Jun 2013	\$48,465	\$359,314
15 Sep 2013	\$17,361	\$376,675

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

**Signed Copy Distribution:**

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service - Indianapolis ATTN: Security Assistance Accounting, DFAS-JAX/IN 8899 E. 56th Street Indianapolis, IN 46249-0230 . Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this LOA document (if required) should be made to ABA #021030004, U.S.Treasury NYC, Agency Location Code: 00003801, Beneficiary DFAS-JAX/IN Agency, showing "BN-D-RAC, payment from Government of Bandaria"; or a check for the initial deposit, made payable to the US Treasury, mailed to DFAS, 3801 Center Collections DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490, showing "BN-D-RAC, payment from Government of Bandaria". Wire transfer is preferred.

2. One signed copy should be returned to Department of the Air Force, Air Force Security Assistance Center, International Support Branch 1822 Van Patton Drive, Building 210, WPAFB, OH 45433-5337.

**Note 1. REQUISITIONING B/O.**

Requisitions will be forwarded by the Purchaser to AFMC/FNH if by transceiver or to AFSAC, 1822 VAN PATTON DRIVE, WRIGHT PATTERSON AFB OH 45433-5337. Requisitions will cite the Letter of Offer and Acceptance (LOA) three-position case designator in card columns (cc) 48-50 and the last two digits of the applicable line item number in cc 55-56. Purchaser will include appropriate mark for code in cc 33 and valid freight forwarder code in cc 47. Priorities cited in cc 60-61 will be consistent with the assigned force activity designator (FAD).

BN-D-RAC  
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**ATTACHMENT 6-3**  
**SAMPLE PSEUDO LETTER OF OFFER AND ACCEPTANCE (LOA)**



**United States of America**  
**Letter of Offer and Acceptance (LOA)**

**H4-D-SAA**

**Bandaria, Section 1206, P.L. 109-163, BPC**

Based on funds provided and the written request from Defense (continued on page 2)

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Department of Defense, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA provides for two (2) Short Takeoff and Landing (STOL) aircraft and associated support for a FY12 Section 1206 Program.

Estimated Cost: \$12,303,504

Initial Deposit: \$12,303,504

Terms of Sale:

Cash with Acceptance 1206

This offer expires on 25 August 2012. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 23.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

_____	01 Aug 2012	No Purchaser Signature required	06 Aug 2012
US Signature	Date	Purchaser Signature	Date

A. E. Neuman  
 Chief, Int'l Spt Branch

\_\_\_\_\_  
 Typed Name and Title  
 AFSAC International Division

\_\_\_\_\_  
 Typed Name and Title

\_\_\_\_\_  
 Implementing Agency

\_\_\_\_\_  
 Agency

\_\_\_\_\_  
 DSCA Reviewed/Approved

03 Aug 2012

IMPLEMENTATION DATE: 06 Aug 2012

\_\_\_\_\_  
 DSCA

Date

Information to be provided by the Purchaser:  
 Mark For Code \_\_\_, Freight Forwarder Code \_\_\_, Purchaser Procuring Agency Code \_D\_, Name and Address of the Purchaser's Paying Office: \_\_\_\_\_  
 \_\_\_\_\_

Customer reference continued: Attache-Bandaria Letter, Reference: BN-026-12, dated 23 January 2012, SAF/LAPX Requirements Letter, dated 24 May 2012 and U.S. Central Command Memorandum to the Defense Security Cooperation Agency, dated 7 June 2012.

**Items to be Supplied (costs and months for delivery are estimates):**

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 D1 47	A5U 151000CESS208 AIRCRAFT UTILITY CESSNA 208  Aircraft Utility Cessna C- 208B Grand Caravan. (Note(s) 1)	(S)(N)(R) (VIII) 2 EA	\$3,079,766.80	\$6,159,534	F(1-15) TA5	-	-
002 D1 47	A9B 2840TURB900HP ENGINE, TURBOPROP, 600-900HP  Pratt & Whitney Turboprop Engine, 850 SHP, includes contractor shipping. (Note(s) 2)	(S)(N)(R) (VIII) 1 EA	\$740,950.00	\$740,950	F(1-15) TA5	-	-
003 D1 47	K4Z 9K4Z00GENSUPL GENERAL SUPPLIES, MISC ITEMS  General Supplies, Misc. Items. (Note(s) 3)	(N)(N)(R) (XXI) XX		\$150,000	F(1-15) TA5	-	-
004 D1 47	R9A 0761000000CLS CONTRACTOR LOGISTICS SUPPORT  Cessna Pro Parts, Performance Based Logistics (PBL), Sustainment Support to include contractor provided transportation. (Note(s) 4)	(N)(N)(R) (-) XX		\$2,160,935	F(1-15) TA5	-	-

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(5) SC/MOS/ TA (b) Total	(6) Ofc Rel Cde	(7) Del Trm Cde
700 D1 47	R9Z 079Z000THSERV (N)(N)(R) OTHER SERVICES (XXI) AFMC Other Services, including travel. (Note(s) 5)	XX		\$222,291 F(1-15) TA5	-	-
761 D1 47	L1C 016700ACFSUSV (N)(N)(R) AIRCRAFT FERRY, (XXI) SUPPORT ONLY FMS SERVICE ONLY Contractor Aircraft Ferry to Country	XX		\$51,765 F(1-15) TA5	-	-
980 E1 88	N00 000000FMSTRNG (N)(N)(R) TRAINING (IX) AFSAT MTT (Note(s) 7, 16) (Note(s) 16)	XX		\$1,086,320 S(5-15) TA3	-	-
981 E1 88	R9Z 079Z000THSERV (N)(N)(R) OTHER SERVICES (XXI) Travel & Living Allowance (TLA) Management (Note(s) 8, 14)	XX		\$8,576 S(5-15) TA3	-	-
982 E1 88	N00 000000FMSTRNG (N)(N)(R) TRAINING (IX) AFSAT Contractor Provided Training (Note(s) 9)	XX		\$637,315 F(1-15) TA5	-	-
983 E1 88	R9Z 079Z000THSERV (N)(N)(R) OTHER SERVICES (XXI) AFSAT Travel (Note(s) 10)	XX		\$88,400 S(5-15) TA3	-	-

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(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(5) SC/MOS/ TA (b) Total	(6) Ofr Rel Cde	(7) Del Trm Cde
989 E1 88	N00 000000FMSTRNG (N)(N)(R) TRAINING (IX) Training, TLA & Medical (Note(s) 11)	XX		\$547,000	S(5-15) TA3	- -

**Estimated Cost Summary:**

(8) Net Estimated Cost	\$11,853,086
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	450,418
(11) Transportation	0
(12) Other	0
(13) Total Estimated Cost	\$12,303,504

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

**ESTIMATED PAYMENT SCHEDULE**

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$12,303,504	\$12,303,504

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

**Signed Copy Distribution:**

1. Upon Acceptance, the LOA Implementing Agency shall sign one copy of this LOA document and retain the signed copy in case files.
2. Simultaneously, the LOA Implementing Agency will enter the Acceptance milestone into the Defense Security Assistance Management System (DSAMS), enabling the Defense Security Cooperation Agency (DSCA) to proceed with funds collection and case Implementation.

**Note 1. LINE 001 - AIRCRAFT UTILITY CESSNA C-208B GRAND CARAVAN.**

This line provides for two (2) Cessna C-208B Grand Caravan Aircraft to include two (2) years of technical publications. The configuration of these aircraft will

c. When the point of delivery changes and/or the transportation responsibility changes, the Purchaser agrees to an automatic adjustment of accessorial charges and a change in place of title passage, if appropriate. When the parties agree to a Delivery Term Code (DTC) change, such change will be confirmed by issuance of an Amendment or a Modification as appropriate.

d. When staging is established for the benefit of the Purchaser (not already included in the offer), the Purchaser agrees to automatic application of an accessorial charge.

**Note 19. SUPPLY DISCREPANCY REPORTS.**

a. Purchaser should submit Supply Discrepancy Reports (SDRs) (Standard Form (SF) 364) to AFSAC/IARGB, SDR Section, Bldg 209, 5454 Buckner Road, Wright-Patterson AFB OH 45433-5332.

b. Purchasers are encouraged to submit SDRs promptly. There may be a contractor warranty that applies to the discrepant item. The USG's ability to exercise warranty rights on behalf of the Purchaser is limited to the length of time of the warranty. The Purchaser should inquire of the USG whether a contractor warranty applies to a discrepant item and what is the warranty period.

**Note 20. CASE CLOSURE - SECTION 1206 (FY12).**

Closure activities will begin once all lines are supply service complete. Case closure will be completed not later than July 31, 2017.

**Note 21. FUNDS, EXPIRATION, PURPOSE, AVAILABILITY AND AMOUNT - SEC 1206 (FY12).**

The funds financing this LOA are provided in support of authority to build the capacity of foreign military forces or maritime security forces to conduct counterterrorism or to support military and stability operations in which the U.S. is participating.

1. The funds are subject to all the requirements and restrictions specified under Program Authority P.L. 109-163, as amended and Appropriation Authority P.L. 112-74 FY12.

2. The funds carry the same time, purpose, and availability restrictions associated with fund source 97 2 0100 (DW O and M).

3. Funds not obligated within the period of availability ending on September 30, 2012 will be rendered unavailable for new obligations unless a subsequent authority extends the period of availability. Funds will cancel at midnight on September 30, 2017.

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4. The total funds available for expenditure against this LOA are limited to the total estimated cost of this LOA.

**Note 22. BUILDING PARTNER CAPACITY (BPC) MATERIEL TRANSFER.**

1. Shipment and Delivery:

a. All shipments will be marked and labeled in accordance with DoD Standard Practice for Military Marking (MIL-STD 129).

b. The U.S. Government agrees to provide transportation services for the items identified in this LOA to the point of delivery in the Benefitting Country. The SCO (or U.S. Government representative) will confirm receipt of all materiel deliveries.

c. Any shipment discrepancies or damage will be reported by a U.S. Government representative through the existing DoD discrepancy reporting system (Transportation Discrepancy Report (TDR) or Supply Discrepancy Report (SDR)), according to procedures for processing U.S. Government-owned materiel transported through the Defense Transportation System (DTS). The SDR (Standard Form 364) will be used by the SCO to promptly report any overage, shortage, damage, item deficiency, improper identification, improper documentation, or non-shipment of defense articles. The SCO may submit SDRs for documentation purposes regardless of the dollar value of the discrepancy, but only claims valued at \$200 or more (based on the value of the item plus any transportation and handling costs) will be reviewed for possible funding reimbursement. Discrepant articles will be returned to the U.S. Government's custody. Any claim, including a claim for shortage or nonperformance, received more than one year after delivery of the defense articles to the Benefitting Country (or after the end of the scheduled period of performance for services) will not be processed.

d. The Benefitting Country is responsible for clearance of materiel through its customs at the point of debarkation (POD). After the U.S. Government has delivered materiel to the specified point of delivery in the Benefitting Country, the Benefitting Country is responsible for any required onward movement.

2. Title and Custody Transfer:

a. The U.S. Government will retain title to and custody of the offered defense articles throughout transportation and delivery to the Benefitting Country, unless otherwise stated in this LOA.

b. The U.S. Government representative will confirm delivery of materiel title and custody to an authorized Benefitting Country representative or agent by jointly signing a Transfer and Receipt document. The U.S. Government representative will keep documentation showing when, where, and to whom delivery was made and will provide a copy of this documentation to the DSCA Program Director and the IA.

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**Note 23. MEDICAL EXPENSES IN CONUS.**

As part of the Invitational Travel Order (ITO) process, Benefitting Country students will be medically screened before travel to CONUS and the Security Cooperation Organization (SCO) will recommend that the Benefitting Country purchase or provide medical insurance coverage for each student. A line may be included on this LOA to cover only unforeseen or emergency medical expenses that arise during travel, in the event that the student's insurance is inadequate.

**Note 24. AIRCRAFT FERRYING - BPC.**

The U.S. Government will provide for ferrying of aircraft to point of delivery specified in this LOA.

1. The U.S. Government will accept title to the aircraft from the contractor, and title will remain with the U.S. Government until arrival at the point of delivery and signature of the Transfer and Receipt document.
2. Any pre-existing U.S. Government markings will be removed by DoD prior to delivery.
3. In accordance with existing agreements, the U.S. Government should not be subject to or held liable for any import fees, duties, or other charges levied by the Benefitting Country.
4. Date of delivery to final destination will be contingent upon the receipt of necessary over flight and other clearances.
5. The U.S. Government will fund all en route costs including, but not limited to, any maintenance required to ensure that the aircraft is in a safe condition, in accordance with current U.S. Government regulations, prior to flight.

**Note 25. NONRECURRING COSTS DO NOT APPLY - BPC.**

Nonrecurring Costs (NC) do not apply to BPC programs.

**Note 26. BUILDING PARTNER CAPACITY (BPC) TEAM DEPLOYMENT.**

1. Personnel Deployment:

a. Personnel deployment dates will be established in coordination with the Security Cooperation Organization (SCO) and the Benefitting Country and upon confirmation that all training equipment, tools, facilities and interpreter support (if required) are available/operational, and that all Benefitting Country students are vetted and available at the training site.

b. U.S. Government and/or U.S. Government contractor personnel are responsible for timely and complete submittal of the necessary information and forms directly to

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the appropriate Benefitting Country agency for the required passports, visas, licenses, or permits. U.S. personnel are responsible for processing permits for U.S. employees and their dependents directly with the Benefitting Country.

c. Funds from this LOA will be used to pay the costs of emergency leave travel of team members, if required. Such costs will be charged only to pay for travel from the team location to the nearest international airport in the continental United States and return. If a replacement team member is required, the travel cost from the new member's duty station to the team location will be charged. If there are insufficient funds on the LOA to cover the expenses, the LOA will be modified or amended to include these costs.

## 2. Team Control:

a. The Chief of the U.S. Diplomatic Mission will exercise general supervision over the in-country operations and activities of the team through the SCO. The SCO will provide operational oversight and administrative support to the deployed team.

b. Team personnel will not engage in or provide assistance or advice to the Benefitting Country in a combat or potential combat situation.

c. U.S. military team members will perform the duties of their office with the title and rank that they hold and will wear proper, corresponding uniform and insignia or civilian clothing, as prescribed by the U.S. Senior Defense Official (SDO) in country; civilian members will hold the precedence assigned by the Team Chief in accordance with their Civil Service grade.

## 3. Transportation In-country:

a. Transportation arrangements for the team may be made by the SCO, but will be funded by this LOA.

Rental/lease of vehicle(s), or commercial airline transportation within the Benefitting Country, should that be necessary for team support, will be charged to this LOA.

b. For short periods/distances in-country, the SCO may arrange and/or provide a vehicle or other appropriate means of transportation. Maintenance of vehicle(s), fuel, insurance, oils, and lubricants will be charged to this LOA.

### **Note 27. CONTRACT ADMINISTRATION SERVICES (CAS) SURCHARGE.**

For any lines on this LOA document with a Source of Supply of 'X' or 'P', the Contract Administration Services (CAS) surcharge rate apply: for Contract Administration, .65%; for Quality Assurance and Inspection, .65%; and for Contract Audit, .20%. CAS has only been applied to the portion of "X" - coded line items expected to come from procurement.

