

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 partner nation or international organization for defense articles or services such as 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 partner nation 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 partner nation 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. LOAs for major end items generally include related initial support items and services (generally one to three years), in accordance with the Total Package Approach (TPA) philosophy. Refer to chapter 5 of this textbook to review the definitions of SME, MDE, and TPA. The IA is responsible for preparing and submitting requisitions (orders) on defined order cases. Attachment 6-1 is a partial extract of a US Army defined order FMS LOA.

A defined order case normally requires data analysis 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 includes information on payment schedules, financial analysis for program milestones, delivery schedules, and projected payments to contractors. When appropriate and available, the IA may also use historical data when developing LOA pricing.

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

- SME and MDE—includes major end items and weapon systems (e.g., tanks, ships, airplanes, missiles, etc.), and related support 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 one in which the partner nation or international organization purchases 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 analysis is generally not required to develop LOA pricing. On a blanket order case, purchasers can submit requisitions as long as the case has funds available. Attachment 6-2 is a partial extract 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 IA
- 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 IA
- 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.)

A blanket order case is typically 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 defined order 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 classified publications, which must be on a stand-alone line)
- Lumber, sand, gravel, household goods and other commercial-type material
- Technical data packages (TDPs)
- Ozone depleting substances
- Explosives, including munitions

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. IA policy, partner nation preference, 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. Partner nations may sometimes prefer a blanket order case because the Anticipated Offer Date (AOD) for the USG to offer the LOA is generally shorter than a more complex defined order case. This is due to the fact that the purchaser 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 items are not specifically identified and requisitions can be submitted as long as funds remain on the case. However, since the responsibility for preparing and submitting requisitions lies with the purchaser on blanket order cases, the partner nation or international organization 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 LOAs

A CLSSA is designed to provide more responsive follow-on spare parts support for US produced military hardware owned by partner nations or international organizations. IAs may offer such arrangements with approval from the Defense Security Cooperation Agency (DSCA). A CLSSA consists of two LOAs. One LOA is established up front to buy “equity” in the DOD’s supply system for DOD-stocked non-SME items used by the purchaser on a recurring basis. This enables DOD to augment defense stocks in anticipation of FMS demands and increases the probability of spare and repair parts being available for issue from DOD stock. The second LOA is a blanket order CLSSA

case used by the purchaser to requisition those items. Many purchasers prefer CLSSAs for follow-on support. Chapter 10 of this textbook, “Logistics Support of International Military Sales,” provides additional information on CLSSAs.

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/support:

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

These types of activities funded with US government appropriations are called Building Partner Capacity (BPC) programs and are administratively managed using the FMS infrastructure. IAs develop pseudo LOAs for BPC programs using established security assistance automated systems. It is important to note that DSCA has dedicated Chapter 15 of the SAMM as the source for comprehensive policy for pseudo LOAs and BPC guidance. The terms “pseudo LOA” and “BPC case” can be used interchangeably. A partial extract 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/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 Combatant Command (CCMD) or other authorized agencies [DOS, UN, etc.]) submitting a pre-coordinated BPC request or proposal to the Implementing Agency (IA) and DSCA. The request, called a Memorandum of Request (MOR), is similar to a traditional FMS LOR and it 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 operating guidelines for pseudo LOAs (addressed in chapter 15 of the SAMM) include:

- Congressional notification is required for all pseudo LOAs.
- 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.
- DOD and DOS "Leahy" human rights vetting must be completed for BPC services.

The SCO and the CCMD 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 some BPC cases have a short financial 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 CCMD should include these sustainment elements in their planning documents.

LOA CASE IDENTIFIER

To differentiate among the approximately 13,000 implemented 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 on every 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 chapter 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)
I	Excess Defense Articles	K	FMSO (KA or KS—FMSO I and KB-KR or KT-KW—FMSO II)	G	Services
J	SDAF	L	Major End items components and equipment)	H	Section 30 Sales
K	Foreign Military Sales Order (FMSO) I and II	M	Repair and Return	I	Contingency Support
L	Leases	P	Cartridge Actuated Devices (CAD), Propellant Actuated Devices (PAD), Aircrew Escape Propulsion Systems (AEPS)	K	FMSO (KA—FMSO I and KB-KW—FMSO II)
M	Medical (US Army Medical Materiel Agency)	R	Open End Requisitioning Procedures	L	Equipment (Defined)
N	Coproduction	S	Weapon System Sale (Ship or Aircraft)	M	Maintenance
O	Training CONUS (TRADOC)	T	Training	N	Special Support
P	Planning	Z	Leases	O	Communications Security (COMSEC)
Q	Materiel/Services (from US activities located in Europe)			P	Publications
S	Materiel/Services (from US Army Security Assistance Agency—Latin America)			Q	Systems Sustainment Support
T	Publications			R	Spares
U-Z	Materiel/Services provided from various Life Cycle Management Commands (including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.)			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 through the existing FMS infrastructure using a fourth category of case called a pseudo LOA.

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 case identifiers contain a unique program code assigned by DSCA.

REFERENCES

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

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-0001-13, 25 June 2013.

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: \$3,154,531

Initial Deposit: \$312,694

Terms of Sale:

Cash Prior to Delivery

Dependable Undertaking

Congressional Notification: 13-54

This offer expires on 25 December 2013. 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 2013	_____	23 Dec 2013
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 2013		
_____	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(20-21) 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(18-18) 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(15-15) 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(18-18) TAN SP	X	7

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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
004 U	K8A 9K8A000TACTSP TACTICAL & SUPPORT VEHICLE SPARE PARTS U.S. Government Concurrent Spare Parts (CSPs), Two Years to Support HMMWVs (Note(s) 4)	(N)(N)(R) (VII) XX		\$199,500 S(12-21) TA3	A	5
005 U	J8A 768ZUNCLB00KS BOOKS & OTHER PUBLICATIONS, UNCLASSIFIED (TECH/NON-TECH) Unclassified Publications as listed on Attachment 1 (Note(s) 5)	(N)(N)(R) (-) XX		\$1,362 S(18-18) TA3	A	5
006 U	M1E 02040000THQAT 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)	(N)(N)(R) (XXI) XX		\$43,750 S(-) TA3 Aug 2015	-	-
007 G	N0O 000000FMSTRNG TRAINING US Government Operator/Maintenance Training on Engines, In-country, 1 week (Note(s) 7)	(N)(N)(R) (IX) XX		\$35,000 S(-) TA3 Dec 2015	-	-

Estimated Cost Summary:

(8) Net Estimated Cost	\$2,924,814
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	102,369
(11) Transportation	127,348
(12) Other	0
(13) Total Estimated Cost	\$3,154,531

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	\$312,694	\$312,694
15 Jun 2014	\$313,020	\$625,714
15 Sep 2014	\$317,977	\$943,691
15 Dec 2014	\$320,456	\$1,264,147
15 Mar 2015	\$505,556	\$1,769,703
15 Jun 2015	\$613,647	\$2,383,350
15 Sep 2015	\$771,181	\$3,154,531

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.

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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, 2013.

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: \$375,682

Initial Deposit: \$45,742

Terms of Sale:

Cash Prior to Delivery

Dependable Undertaking

This offer expires on 23 January 2014. 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 2013	_____	16 Jan 2014
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 2013		
_____	Date		
DSCA			

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	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 H9A	580000COMPART (N)(N)(R)	XX		\$352,108	X(-)	A	5
B4	SPARE PARTS, (XI)				TA4		
47	COMMUNICATIONS EQUIPMENT SUPPLIES/SUPPORT IN FSG 58 & 59 MAY INCLUDE OTHER FSG WHEN SUPPLIED FOR COMMUNICATIONS EQUIPMENT				NR		

Unclassified ground communications equipment, spare parts and electronic supplies to support standard ground communications and radar systems

Estimated Cost Summary:

(8) Net Estimated Cost	\$352,108
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	12,324
(11) Transportation	11,250
(12) Other	0
(13) Total Estimated Cost	\$375,682

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 2014	\$40,145	\$85,887
15 Sep 2014	\$64,379	\$150,266
15 Dec 2014	\$82,461	\$232,727
15 Mar 2015	\$78,122	\$310,849
15 Jun 2015	\$48,465	\$359,314
15 Sep 2015	\$16,368	\$375,682

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.

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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)

J1-D-SXX

BANDARIA , Section 1206, PL109-163, as amended, BPC

Based on funds provided and the Memorandum of Request (MOR) (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) Cessna 208B aircraft and the associated support.

Estimated Cost: \$23,768,405

Initial Deposit: \$23,768,405

Terms of Sale:

Cash with Acceptance 1206

This offer expires on 30 January 2014. 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 26.

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

No Purchaser Signature required

U.S. Signature

Date

Purchaser Signature

Date

Khan N. Singh
Chief, International Support Branch

Typed Name and Title

Typed Name and Title

AFSAC International Division

Implementing Agency

Agency

DSCA

Date

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: _____

Customer reference continued: E-mail dated 13 September 2013 from SAF/IAR.

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 D1 47	A5U 151000CESS208 (S)(N)(R)(VIII) AIRCRAFT UTILITY CESSNA 208 Aircraft Utility Cessna 208B. (Note(s) 1)	2 EA	\$2,900,140.23	\$5,800,281 P(1-21) TA5	-	-
002 D1 47	H2A 5821ADATALINK (S)(N)(R)(XI) INTERNATIONAL WAVEFORM DATA LINK AIRBORNE TERMINAL EQUIPMENT (ATE) Airborne Data Link. (Note(s) 2)	2 EA	\$1,218,000.00	\$2,436,000 P(1-21) TA5	-	-
003 D1 47	H2G 5895014555467 (S)(N)(R)(XI) RECONNAISSANCE SYSTEM, AIRBORNE THEATER, SQUAD GROUND STATION Ground Station with Antenna. (Note(s) 3)	2 EA	\$1,218,000.00	\$2,436,000 P(1-21) TA5	-	-
004 D1 47	H2Z 582000000TBWR (S)(N)(R)(XI) TACTICAL BRODBAND WIRELESS RADIO Tactical Broadband Wireless Radio. (Note(s) 4)	4 EA	\$88,812.50	\$355,250 P(1-21) TA5	-	-
005 D1 47	H6A 5865E01RANAAQ (S)(N)(R)(XI) IMAGING SYSTEM, ELECTRO-OPTICAL INFRARED, AN/AAQ- 35 (WITH FULL MOTION VIDEO) MX-15HDI Electro-Optical Forward/Infrared Sensor System. (Note(s) 5)	2 EA	\$1,218,000.00	\$2,436,000 P(1-21) TA5	-	-

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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
006 D1 47	H7Z 5810001SPIDER (S)(N)(R)(XI) ISPIDER, A DERIVATIVE OF THE REMOTE OPERATED VIDEO ENHANCED RECEIVER (ROVER) iSpider with Data Link (GROUND). (Note(s) 6)	4 EA	\$81,200.00	\$324,800 P(1-21) TA5	-	-
007 D1 47	A9C 9A9C00ACPARTS (N)(N)(R)(VIII) A/C COMP, PARTS, ACCESSORIES A/C Components, Parts, Accessories. (Note(s) 7)	XX		\$1,613,850 P(1-21) TA5	-	-
008 D1 47	A9D 9A9DC0NSPARES (N)(N)(R)(VIII) CONTRACTOR-PROVIDED A/C COMPONENTS, SPARES, ACCESSORIES Intelligence, Surveillance, and Reconnaissance Spares. (Note(s) 8)	XX		\$2,134,647 P(1-21) TA5	-	-
009 D1 47	N0O 000000FMSTRNG (N)(N)(R)(IX) TRAINING Contracted Training. (Note(s) 9)	XX		\$774,445 P(1-21) TA5	-	-
010 D1 47	R9A 0761000000CLS (N)(N)(R)(-) CONTRACTOR LOGISTICS SUPPORT Contractor Logistics Support. (Note(s) 10)	XX		\$761,250 P(1-21) TA5	-	-
700 D1 47	R9Z 079Z000THSERV (N)(N)(R)(XXI) OTHER SERVICES AFLCMC Other Services. (Note(s) 11)	XX		\$611,488 X(-) TA4 Jan 2014 - Sep 2015	-	-

(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
701 A1 15	R9Z 079Z000THSERV OTHER SERVICES SAF/IA Other Services. (Note(s) 12)	(N)(N)(R)(XXI) XX		\$219,951 P(-) TA5 Jan 2014 - Sep 2015	-	-
702 D1 47	A6B 9A6B0MAJ0RM0D MAJOR MOD/CLASS V Major Mod/Class V. (Note(s) 13)	(N)(N)(R)(VIII) XX		\$1,796,550 P(-) TA5 Jan 2014 - Sep 2015	-	-
761 D1 47	L1C 016700ACFSUSV AIRCRAFT FERRY, SUPPORT ONLY FMS SERVICE ONLY Aircraft Ferry. (Note(s) 14)	(N)(N)(R)(XXI) XX		\$121,800 P(-) TA5 Jan 2014 - Sep 2015	-	-
931 E1 88	R9Z 079Z000THSERV OTHER SERVICES Travel & Living Allowance (TLA) Management (Note(s) 15)	(N)(N)(R)(XXI) XX		\$2,308 S(-) TA3 AP Jan 2014 - Sep 2015	-	-
934 E1 88	R9Z 079Z000THSERV OTHER SERVICES Other Services - AFSAT Travel (Note(s) 16)	(N)(N)(R)(XXI) XX		\$41,685 S(-) TA3 AP Jan 2014 - Sep 2015	-	-
939 E1 88	N0O 000000FMSTRNG TRAINING Blanket Order Training (Note(s) 17)	(N)(N)(R)(IX) XX		\$1,098,336 S(-) TA3 AP Jan 2014 - Sep 2015	-	-

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Estimated Cost Summary:

(8) Net Estimated Cost	\$22,964,641
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	803,764
(11) Transportation	0
(12) Other	0
(13) Total Estimated Cost	\$23,768,405

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	\$23,768,405	\$23,768,405

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 7. LINE 007—A/C COMPONENTS, PARTS, ACCESSORIES.

This line provides for the procurement of two (2) years of aircraft spares and consumables, to include, but not limited to: one (1) spare propeller, support equipment, tools, consumables, and secure storage adequate to maintain a utilization rate of one hundred (100) flying hours per month per aircraft with a fleet wide Fully Mission Capable (FMC) rate of eighty percent (80%). This line also includes costs for contractor-provided transportation of spares, consumables, support equipment, tooling, secure storage, aeromedical equipment for one (1) aircraft, and management of the above.

Note 14. LINE 761—AIRCRAFT FERRY.

This line provides for the contractor ferrying and fuel of two (2) Cessna 208B aircraft from Wichita, Kansas to the in-country destination.

Contractor is responsible to ship in accordance with the contract. It is the contractor's responsibility to obtain commercial export licensing when applicable before shipping items.

Note 15. LINE 931—TRAVEL AND LIVING ALLOWANCE (TLA) MANAGEMENT.

This line provides for the management and administration of travel allowances, living allowances, and medical bills applicable to students. Non-Standard Level of Service (SLS), is required in pricing, processing bills, making payments, and closure of financial data pertaining to student TLA and non-standard medical bills under this case, reference Department of Defense (DOD) 5103.38-M, *Security Assistance Management Manual* (SAMM), C5.4.7.9 and C10.7.5. TLA, along with any medical bills, which are above the normal SLS provided to the student at a Military Treatment Facility, care for elective treatment, when authorized by Country, must be manually tracked and processed using detailed spreadsheets for each bill received. At the request of Country, and with waiver approval by Defense Security Cooperation Agency (DSCA) (Operations, Programs, and Strategy Directorates) TLA and student medical care has been authorized and the costs are included in Line 939. Additional financial processing, analysis, and reconciliation is required to ensure manual spreadsheets and reports are updated and accurate in processing travel allowances, living allowances (meals, lodging, and incidentals), and medical bills, until final payment is made, reconciliation is accomplished, and case closure is complete. Purchaser will be responsible for all student pay. TLA will be provided as established, per SAMM DOD 5105.38M, Table C10.T12.

Note 18. TRAINING—BPC.

1. General

- a. All training will be conducted using the performance objectives and standards of the USAF. Exceptions to USAF standards may be considered on a case-by-case basis.
- b. Students to be trained will meet all course prerequisites. Exceptions to meeting course prerequisites may be considered on a case-by-case basis.
- c. Student(s) must adhere to DOD regulations and publications concerning the administration of international students, including compliance with procedures for safeguarding information and prerequisites for training. Students not adhering to regulations or publications may be eliminated from training.
- d. The Benefitting Country shall be informed that it will be held liable for any loss or damage to USG aircraft or other property resulting from training and related activities and will indemnify the USG against any such loss or damage.
- e. Cancellation: For Dedicated/Contracted training, once a contract is let or a quota is confirmed, a 100% penalty (forfeiture) fee will apply if Benefitting Country fails to send a student to the training, unless the quota is filled by another international student. Once a training contract is signed between the USG and a contractor to support the requirements of this LOA, all costs associated with cancellations will be charged to the case. For all other USG-provided training, there may be a 50% charge to the case for all confirmed training cancelled or rescheduled with less than 60 days notification, unless the quota is filled by another international student.

- f. Medical charges indicated on the Letter of Offer and Acceptance are for emergency medical services at DOD facilities for students under this case. Final billing for services at DOD facilities will be based on actual services rendered, at the rates determined by the Assistant Secretary of Defense Comptroller. In an emergency, treatment at private facilities may be required when students are undergoing training at a contractor location and no DOD facilities are available. Such treatment will be charged to this LOA based on actual costs incurred. All medical bills should be sent to AFSAT/FM, 315 J Street West, Randolph AFB, TX 78150-4354.
- g. Orders for training must be sent to AFSAT/DO, 315 J Street West, Randolph AFB, TX 78150-4354.

2. CONUS Training—USG Provided

- a. The Benefitting Country will be responsible for all student pay and allowances unless specifically provided for by a line on this case. Travel from the Benefitting Country to the CONUS training location and return will be charged to this case. Travel and Living Allowances (TLA) for CONUS training may only be covered by this case if the funds are obligated before they expire and will be limited to the rates authorized in the *Security Assistance Management Manual* (SAMM) DOD 5105.38M, Table C10. T12. US Carriers must be used for travel. To the extent feasible, on-base quarters will be provided to unaccompanied students attending DOD courses. Maid fees and services charges, as appropriate, will be billed directly to the student. No on-base dependent housing will be provided. Local transportation at the training location will not be provided unless specifically provided for by a line on this case.
- b. If clothing and equipment required for training are issued to students, the full replacement cost of such issue will be charged to this case. No clothing or equipment will be issued to students if it is needed for USAF Peacetime Operating Stocks or War Reserve Materiel requirements.

3. CONUS Training—Contractor Provided

- a. Benefitting Country will be responsible for all student pay and allowances. No government quarters will be made available at contractor locations, even when in the vicinity. The contractor will make arrangements for housing unaccompanied students. Officers and enlisted personnel will occupy separate quarters. Dependent housing will not be provided. Costs of contractor furnished housing and support will be charged to the training contract, and will be paid under this LOA.
- b. The USG may develop contracts that provide students meals when the USG determines meals provided by the contractor is the best method to ensure students receive meals during training. The cost of these meals will be charged to the training contract and paid under this LOA. If the Benefitting Country does not want meals to be provided by the contractor when the USG determines it is the best method to ensure students receive meals during training, they must provide documentation that the students will support their own meals during contract training.
- c. Student transportation costs from the Benefitting Country to the CONUS contractor location and return will be charged to this case. US carriers must be used for travel. The contractor will provide transportation between that location and other training locations. The contractor will provide local ground transportation for the students between their quarters and the training location. Such transportation will be provided only during the scheduled training days. Transportation costs incurred by the contractor will be charged to the training contract, and will be charged to this LOA.

Note 19. TRAINING—HOMELAND SECURITY INFORMATION AND FORFEITURE CHARGES.

The purchaser or Benefitting Country must provide information for its personnel receiving training under this LOA to ensure that all training tracks in the Security Assistance Network (SAN) database have completed names, dates of birth, and places of birth (consisting of city and country) for each student no later than 16 calendar days prior to students' report date in the US. If the required information is not available in the SAN by such date, the US Government will cancel or re-schedule the subject training. Forfeiture charges will apply in accordance with the DOD FMR, Volume 15, chapter 7 and the *Security Assistance Management Manual* (SAMM), Chapter 10.

Note 23. SYSTEM SALE SUPPORT.

- a. The expiration date may be extended without extending the tentative delivery schedule and increasing estimates.
- b. This system is not currently in the USAF inventory.
- c. Follow-on support and long-term training are not included in this offer.
- d. Follow-on support for non-standard systems must be negotiated separately for inclusion in a follow-on LOA. Purchaser is encouraged to deal directly (non-FMS) with the contractor for non-standard support.
- e. Insurance, if desired, should be obtained directly from commercial sources unless a specific request has been made to the USG for the USG to obtain the insurance.
- f. There are no agent's fees involved in this pseudo FMS case.
- g. Program Management Services relate to program management functions that exceed routine FMS case management.

Note 27. FUNDS SOURCE AND AVAILABILITY—SECTION 1206 (FY14).

Funds are provided in support of authority to build the capacity of foreign military forces to conduct counterterrorism or to support military, stability and maritime security operations.

1. The funds are subject to all the requirements and restrictions specified under Program Authority P.L. 109-163, as amended, and Appropriation Authority CR P.L. 113-46, FY14.
2. The funds carry the same time, purpose, and availability restrictions associated with fund source 97 4 0100.
3. Funds not obligated within the period of availability ending on January 15, 2014 will be rendered unavailable for new obligations unless a subsequent authority extends the period of availability. Funds will cancel at midnight on September 30, 2019.
4. This is the only source of funding for costs associated with this LOA and funds are limited to the total estimated cost of this LOA. Neither DSCA nor the IA has other funds legally available to them for this requirement or for any costs that exceed the value of this LOA.

Note 28. 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 US 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 US Government representative) will confirm receipt of all materiel deliveries.
 - c. Any shipment discrepancies or damage will be reported by a US Government representative through the existing DOD discrepancy reporting system (Transportation Discrepancy Report [TDR] or Supply Discrepancy Report [SDR]), according to procedures for processing US 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 US 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 US 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 US 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 US 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 US 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.

Note 29. 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 32. 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. US Government and/or US Government contractor personnel are responsible for timely and complete submittal of the necessary information and forms directly to the appropriate Benefitting Country agency for the required passports, visas, licenses, or permits. US personnel are responsible for processing permits for US 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 US 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. US 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 US 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 33. STATUS OF FORCES AGREEMENT (SOFA).

US Government military and civilian personnel present in the territory of the Country for purpose of implementing this LOA shall be entitled to all of the rights, privileges, and immunities accorded in the Diplomatic Note Number 247 regarding the status of their forces, dated 10 September 2012, and any related implementing agreements.

Note 34. 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, 0.65%; for Quality Assurance and Inspection, 0.65%; and for Contract Audit, 0.20%. CAS has only been applied to the portion of X-coded line items expected to come from procurement.

Note 35. ADMINISTRATIVE SURCHARGE.

An administrative surcharge of 3.5% has been applied to lines 001-010, 700, 701, 702, 761, 931, 934, and 939.

