



DEPARTMENT OF THE AIR FORCE
OFFICE OF THE UNDER SECRETARY
WASHINGTON, DC 20330-1080

INTERNATIONAL AFFAIRS

15 October 2003

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/IAPX
1080 Air Force, Pentagon
Washington, DC 20330-1080

SUBJECT: New Policy, Procedures and Processes for Leases and Excess Defense Articles
(EDA) (SAF/IAPX 03034)

References: (a) DSCA ltr I-02/016522-P2, Implementation of Electronic Countersignature
Processing for Leases (DSCA 03-16) of 1 Aug 03

(b) DSCA ltr I-02/016347-P2, Implementation of Multiple Duration Leases (DSCA
03-17) of 7 Aug 03

This memorandum implements DSCA guidance for electronic countersignature of all leases and the use of multiple duration lease lines. This memorandum will also address procedures for lease and Excess Defense Articles (EDA) pricing and the initialization/development of leases in DSAMS.

Electronic Countersignature - The procedure for electronic countersignature of LOA's was implemented in 2001. Effective immediately, this procedure is mandatory for all country leases with the exception of emergency situations and classified leases. For these exceptions **only**, DSCA will accept hard copy documents. All DSAMS milestones must still be entered for these documents. DSCA should be notified in advance of these documents being processed in hardcopy form. As in the case of all LOA's, SAF/IAPX will be provided all back-up documentation electronically, such as Letter(s) of Request (LOR's), any pricing back-up data or worksheets provided by SAF/FMBIS, or any waivers associated with the lease. SAF/FMBIS should provide to the country director, back-up pricing information in either a .pdf or .tif file. Each of these documents must be provided to SAF/IAPX in a .pdf or .tif file and each file must contain the country and lease identifier. Once the electronic packages are assembled and coordination is complete, they will be e-mailed to SAF/IAPX. SAF/IAPX will then electronically send completed package to DSCA for countersignature. Separate correspondence will be provided by SAF/IAPX with a point of contact. Once the lease is countersigned and SAF/IAPX has been notified through DSAMS that the lease is in the "offered" status, the document will be signed in SAF/IAPX and returned to the country director for forwarding to the country. Per DSCA policy the "Lease Certificate of Determination" is now printed out by DSCA and signed by Director, DSCA prior to the DSCA countersignature milestone being posted in DSAMS.

Multiple-Duration Leases - DSAMS Release 6.09 (release date August 2003) has the capability to allow for the use of multiple duration lease lines. It also changes the line sequencing from alphas to numerical. In the past, there has been a limitation to a set lease duration period, not to exceed five years, for all items contained in a particular lease. This generated the need for many lease amendments to reflect the actual time period and rental payment for each item that was leased. When a country director is advised that the forecasted and actual item return dates have changed, an amendment will be initiated with a changed duration period. Lease durations will continue to be calculated in months only. The shortest duration time is one month, and the longest duration time period is 60 months. The time period required to complete a major refurbishment is not calculated as a part of the lease duration period. At the time of development/development of the lease, any lines that have a different duration than the total time of the lease, need to be identified to SAF/IAPX.

Procedures for Requesting Lease and EDA Pricing - This memo formalizes the procedures for the request of lease or EDA pricing items from SAF/FMBIS and SAF/IARW. This procedure is effective immediately. Country directors and SPO's must coordinate all lease and EDA pricing requests and issues with SAF/FMBIS and SAF/IARW. A checklist has been attached as the vehicle to ensure that all information necessary to complete lease and EDA pricing is complete. Separate correspondence will be provided by SAF/FMBIS and SAF/IARW with designated points of contact within FMBIS and IARW for pricing issues.

Initialization and Development of Leases within DSAMS - When a requirement is received from the country for the leasing of equipment, please contact SAF/IAPX to obtain a lease designator for the development/development of the lease in DSAMS. SAF/IAPX will then begin the development of the lease based on information provided in the LOR or direction from the country director. At this time, SAF/IAPX will formally task SAF/FMBIS through DSAMS all lines that require pricing. When pricing is complete, SAF/FMBIS will task SAF/IAPX to complete the lease development. A draft copy will be provided to the country director to complete the coordination process.

This memo has been fully staffed and coordinated with SAF/IA and SAF/FMBIS. SAF/IAPX POC is Colleen A. Henson, 703-588-8975, colleen.henson@pentagon.af.mil.

//signed//

TERRY L. BATES
Chief, Security Assistance Policy Division
Directorate of Policy

In reply refer to:
I-02/016522-P2

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE ARMY
(DEFENSE EXPORTS AND COOPERATION)
(DASA(DE&C)/SAAL-ZN)
DEPARTMENT OF THE ARMY

DEPUTY ASSISTANT SECRETARY OF THE NAVY
(INTERNATIONAL PROGRAMS)
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY OF THE AIR FORCE
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

DEPUTY DIRECTOR FOR SECURITY ASSISTANCE
DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER

SUBJECT: Implementation of Electronic Countersignature Process for Leases (DSCA
03-XX)

REFERENCE: (a) DSCA Memorandum 01-21 "Implementation of Electronic
Countersignature Process"

(b) Arms Export Control Act, Chapter 6

Reference (a) implemented the electronic coordination and countersignature of Letter of Offer and Acceptance (LOA) documents. This capability was initially limited to LOA documents, in that the authority to sign one of the lease documents cannot be delegated below the Director, DSCA, and additionally, the ability to generate PDF files of leases was not available. These issues have been worked through, and leases will now be electronically coordinated and countersigned. The following policy guidance and instructions are provided for this purpose and should be given wide distribution to everyone involved in the document preparation and coordination process of leases.

- a. Electronic countersignature procedures will be mandatory for all countries' leases. DSCA will continue to accept hardcopy documents for emergency situations and classified leases. All DSAMS milestones must still be entered for these documents and DSCA should be notified in advance that these documents will be processed in hardcopy form.

- b. DSCA will be notified automatically when lease documents have moved to “proposed” status in DSAMS. We will then be expecting to receive an e-mail requesting our approval and forwarding all applicable files (cover memorandum, and when required, the congressional notification certification). All e-mails submitting packages for countersignature must be sent to policy-dsca@dsca.mil. DSCA cannot review the package until both of these actions have taken place – the “proposed” status change and receipt of the e-mail.
- c. In order to discriminate between lease documents received electronically, we are requiring a specific naming convention for files submitted for countersignature. Each e-mail subject line and each PDF file for a lease should include the lease designator. If the lease is an amendment, that too should be addressed in the naming of the lease file. For example, a DSCA lease to Bandaria could have the following file names: “BN-Q-ZAA B.pdf” (for a basic lease) or “BN-Q-ZAA A2.pdf” (for amendment 2). The subject line of the e-mail should reflect the same name as the lease file attachment.
- d. The electronic countersignature process requires the use of DSAMS and Adobe Writer for PDF file creation. Instructions on how to create a PDF file of a lease in DSAMS are attached. The PDF lease files are to be submitted to policy-dsca@dsca.mil.
- e. As with LOAs, DSCA reviewers will now be entering their comments in the “Lease Remarks” section of DSAMS. This field is at the “lease” level and does not automatically identify which document version the reviewer is commenting on (e.g., Amendment 2, Basic Lease, etc.). To make it easier to track these comments, we will require DSCA reviewers to use a specific format when creating a title for their comments. The title must be entered as follows: Document Version, Revision Number (if applicable), Individual’s Office, Concur/Nonconcur. A sample entry might read: “A02, Rev2, ERASA-ASA, Nonconcur.” DSCA reviewers must enter Lease Remarks for all nonconcurrences. Comments may also be entered for concurrences (optional).
- f. Implementing agencies should use existing DSAMS Management Flags to provide notification, as a minimum, when documents have been countersigned by DSCA (Milestone -- DCSGN), returned from DSCA (Milestone -- DDOCRTN), or rejected from DSCA (Milestone -- DCSGNRJ).
- g. When the lease is countersigned and the implementing agency has received notification that the lease is in “offered” status, the implementing agency will sign the document and send it to the customer. At this time, the implementing agency will also be responsible for sending a hardcopy of the document to DFAS-DE/AY.

Reference (b) requires that a determination be made that there are compelling foreign policy and national security reasons for leasing, rather than selling defense articles, and that the defense articles are not for the duration of the lease needed for public use. The

authority to make this determination is not delegated below the Director, DSCA, and will continue to require his/her signature, vice an electronic signature. DSAMS report RP111 "Lease Certificate of Determination" generates the lease determination, which will be printed out by DSCA and signed by Director, DSCA prior to the DSCA Countersignature Milestone (DCSGN) being posted in DSAMS.

If you have any questions regarding this matter, please feel free to contact Ms. Dawn Burke at (703) 601-3864 or e-mail dawn.burke@dscamil. Guidance in this memorandum is effective immediately. Thank you for your cooperation.

Attachments:

- (1) Lease Milestone Matrix
- (2) Creating Lease PDF Files

cc: DSADC
USASAC
AFSAC

Attachment 1
Lease Milestone Matrix

<u>MILESTONE</u>	<u>NAME</u>	<u>DETAILS</u>
LEASEINIT	Lease Initialized	DSAMS creates this milestone when a lease is created (Initialize Lease Window).
DSTATUS	Case Status 'Development'	Any case versions created will create this milestone. Whenever the case version is "Restated", this milestone will be created. Whenever a case version is returned/rejected by DSCA or the State Department, this milestone is created.
LEASEASGN	Lease Assigned to Preparer	DSAMS creates this milestone when the PREPLEASE workflow task is assigned to an activity (Assign Task Window).
LEASERETD	Lease Returned from Preparer	DSAMS creates this milestone when the PREPLEASE workflow task is completed (Complete Task Window).
MILAP	MilDep Approval	Enter this milestone when the case version document is approved by the MILDEP document (Case Milestone List Window).
MILSGN	MilDep Signature	Enter this milestone when the MILDEP has signed the case version document (Case Milestone List Window). There must be a MILAP milestone for the case version before this milestone can be created. When you enter this milestone, the case version status will be changed to the appropriate status.
DAPREQ	DSCA Apprvl Requested	Enter this milestone when the case version document was sent to DSCA for approval and countersignature (Case Milestone List Window).
PSTATUS	Case Status 'Proposed'	DSAMS will create this milestone when the case version status is changed to "Proposed". If you are changing the case version status from "Development" to "Proposed", there must be a MILAP and MILSGN milestone before this milestone can be created. If you are changing the case version status from "Canceled" to "Proposed", there must be a MILAP and MILSGN milestone; and no ASTAP and OSTATUS milestone before this milestone can be created.

<u>MILESTONE</u>	<u>NAME</u>	<u>DETAILS</u>
DOCMNTSENT	Document Sent from IA	Enter this milestone to indicate when the document (Lease, modification, etc.) has been sent to the customer.
SDWVR	Secretary of Defense Waiver Requested	Enter this milestone when a waiver is requested from the Secretary of Defense for the case (Case Milestone List Window).
SDWVRAP	Secretary of Defense Waiver Approved	Enter this milestone when a waiver is approved by the Secretary of Defense for the case (Case Milestone List Window). There must be a SDWVR milestone for the case version before this milestone can be created.
SDWVRRJ	Secretary of Defense Waiver Rejected	Enter this milestone when a waiver is rejected by the Secretary of Defense for the case (Case Milestone List Window). There must be a SDWVR milestone for the case version before this milestone can be created.
DCSGNRJ	DSCA Rejection	Enter this milestone when the case version document was rejected by DSCA (Case Milestone List Window). There must be a DAPCS milestone for the case version before this milestone can be created.
DDOVRTN	DSCA Document Return	The date that DSCA returns an unapproved document to the MILDEP based on MILDEP request. This milestone is not used to indicate that the document has been rejected. Milestone DCSGNRJ is used to indicate rejection.
CSTANOT	Statutory Notification to Congress	Enter this milestone when the DSCA submits the statutory Section 62(a) notification to the Congress (DSCA Statutory Congressional Notification Window).
STANOTEND	Statutory Notification Period Ends	DSAMS creates this milestone when you enter the DSCA submittal of the statutory Section 62(a) notification to the Congress (DSCA Statutory Congressional Notification Window). The milestone date is based on the Period End Date calculated or entered in the window.
STLST	State Department List	DSAMS creates this milestone when the State Department List was submitted by DSCA. This milestone is not applicable to leases, however, due to the setup of DSAMS, it must be posted before the DCSGN milestone can be posted.

<u>MILESTONE</u>	<u>NAME</u>	<u>DETAILS</u>
DCSGN	DSCA Countersignature	Enter this milestone when the case version document was countersigned by DSCA (Case Milestone List Window). There must be a DAPCS, MILAP and STAP (if the State Department Approval checkbox is checked) milestone for the case version before this milestone can be created.
STAP	State Department Approval	Enter this milestone when the State Department approves the Section 62(a) case version document (Case Milestone List Window). There must be a DSTATUS and MILAP milestone for the case version before this milestone can be created.
OFFERED	Offered	Enter this milestone when the case version status is ready to be changed to Offered. There must be a MILSGN milestone for the case version before this milestone can be created. When you enter this milestone, the case version status will be changed to "Offered".
OSTATUS	Case Status 'Offered'	DSAMS will create this milestone when the case version status is changed to "Offered". If you are changing the case version status from "Development" or "Proposed" to "Offered", there must be a MILAP, MILSGN, OFFERED, DCSGN and STAP milestone before this milestone can be created. If the Congressional Notification Checkbox is checked, there must be a STANOTEND milestone.
OFFERACC	Offer Accepted by Customer	Enter this milestone when the customer signs the case version document (Case Milestone List Window). Enter the customer signature date as the milestone date. When you enter this milestone, the case version status will be changed to "Accepted".
CGDISCREP	CG and DSAMS Values Disagree	DSAMS creates this milestone when the CG Transactions from DIFS do not match the DSAMS Values. DSAMS performs a validation of the Total and Net Case Values between the DSAMS computed values and the CG values. If these values do not match, this milestone is created.

<u>MILESTONE</u>	<u>NAME</u>	<u>DETAILS</u>
ASTATUS	Case Status 'Accepted'	DSAMS will create this milestone when the case version status is changed to "Accepted" (Case Milestone List Window - Tools/MILDEP Options/Offer Accepted). If you are changing the case version status from "Offered" to "Accepted", there must be an OFFERACC milestone before this milestone can be created.
DOCVAL	Document Validation	(Navy) Enter this milestone when the case version has been validated.
FINIMP	Financial Implementation	DSAMS creates this milestone when DFAS indicates that all financial requirements have been met (initial deposit received). NOTE: This does not implement the case version in DSAMS.
MILIMP	MilDep Implementation	DSAMS will generate this milestone when the MILDEP manually implements a case version (Case Milestone List Window).
ISTATUS	Case Status 'Implemented'	DSAMS will create this milestone when the case version status is changed to "Implemented". If you are changing the case version status from "Accepted" to "Implemented", there must be a FINIMP, OAAPPROV (required by Army and Navy only) milestones before this milestone can be created.
LEASEEXP	Lease Expiration	Identifies the date that a lease will expire. This milestone will be created when the lease document is implemented.
CSTATUS	Case Status "Closed"	DSAMS will create this milestone when the case status is changed to "Closed". This milestone will be associated with the current implemented case version.

Attachment 2
Creating Lease PDF Files

To create a PDF file of a lease in DSAMS, the following steps are required:

- a. Go to the *View* menu in DSAMS
- b. Select *Response Documents*
- c. Select *RP109 Lease*
- d. Enter the lease designator data
- e. *Lease Previewer* will display the Lease
- f. Go to the *File* menu in the Previewer
- g. Select *Print*
- h. Go to the *Name* dropdown menu to select printer (you will not actually print a document from your printer)
- i. Select *Client\ (user name)\ Acrobat Distiller* for your printer
- j. Select *OK*
- k. Assign a file name to the lease, using the lease designator as the name, when prompted
- l. Acrobat Writer will open, and display the PDF file of the lease
- m. Go to the *File* menu in Acrobat Writer
- n. Select *Send Mail*
- o. An e-mail will open with the lease attached
- p. Attach a copy of the forwarding cover memorandum, and when required, the congressional notification certification to the e-mail
- q. State the document name in the e-mail's subject field
- r. Send the e-mail to policy-dsca@dsca.mil

In reply refer to:
I-02/016347-P2
7 August 2003

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE ARMY
(DEFENSE EXPORTS AND COOPERATION)
(DASA(DE&C)/SAAL-ZN)
DEPARTMENT OF THE ARMY

DEPUTY ASSISTANT SECRETARY OF THE NAVY
(INTERNATIONAL PROGRAMS)
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY OF THE AIR FORCE
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Implementation of Multiple Duration Leases in DSAMS

REFERENCE: (a) Minutes for Lease Duration Meeting, 7 Oct 02, DSADC,
Mechanicsburg, PA

The Security Assistance Management Manual (SAMM) delegates the administration of Leases (under chapter 6 of the Arms Export Control Act) to the implementing agency (IA) responsible for the defense article(s) being leased. In preparing leases, the IA has been limited in DSAMS to a set lease duration period, not to exceed five years, for all items contained in a particular lease. This method has proven cumbersome, in that leases with multiple line items often have leased assets returned during multiple time periods. This situation has generated multiple lease amendments to reflect the actual time period and rental payment (depreciation) information for which each item was leased.

To resolve this problem, reference (a) discussed the development of multiple-duration leases in DSAMS. To allow the development of multiple-duration leases in DSAMS, the duration of leases must be calculated for each line on a lease, rather than for the lease as a whole. To accomplish this change, the IA will now enter the individual line item durations at line level during lease development in DSAMS. This will require the IA to forecast the return date of each item at the line level. The total lease duration will be systemically updated utilizing the longest line item duration period. The calculation for the lease total case value will consider the line duration in lieu of the lease duration.

When a discrepancy occurs between when the IA has stated a leased item will be returned in the original lease, and when an item is actually returned, an amendment should be prepared moving the items with the changed duration period to a new line and

removing them from their original line. The amendment will need to be clearly documented so deliveries are moved and not duplicated.

The duration of leases will continue to be calculated in months only. The smallest lease duration period is one month, and the longest lease duration period is 60 months. The time period required to complete major refurbishments is not calculated as a part of the lease duration period.

The changes to DSAMS to allow for the development of multi-duration leases will be released with DSAMS 6.09. If you have any questions regarding this matter, please feel free to contact Ms. Dawn Burke at (703) 601-3864.

//s//

cc: DSADC

_____ Condition code

_____ Major overhaul (date)

_____ Cost of last major overhaul (if known)

_____ Number of aircraft, missiles, engines, equipment, or helicopters to be leased

_____ Term of Lease

Required data to calculate replacement cost and monthly lease cost for aircraft, engines, missiles only

Aircraft:

_____ Flight Time on Aircraft

_____ Projected Flight Hours per Month

_____ Total Flight Hours to be flown during lease

_____ Normal Flight Time Life

_____ Flight Time Remaining

Missiles/Engines:

_____ Projected Number of Cycles Per Month (Engines)

_____ Total Cycles per Engine during lease (Engines)

_____ Total Useful Service Life

_____ Service Life Used

_____ Service Life Remaining

SAF/FMBIS will provide based on information obtained above

_____ Replacement Value

_____ Monthly Lease Cost

Note: If the tail numbers or serial numbers are not known, provide the oldest year of the aircraft, missile, or helicopter in stock that might be available for lease.

EDA Pricing Checklist

INSTRUCTIONS: Collect the following information, coordinate with SAF/IARW, and then submit request to SAF/FMBIS for pricing.

1. Item ID

List aircraft by tail number

List missiles and engines by serial number

List all other items by NSN

2. For each item provide:

- a. Original acquisition cost (or current stocklist unit price)
 - b. Scrap value
 - c. Cost of last major overhaul (if known)
 - d. Estimated interval between overhauls
 - e. Federal condition code
 - f. Cost of any Class IV and Class V modifications
-

2. SAF/IARW Coordination:

SAF/FMBIS will calculate:

1. Total acquisition value
2. Nonrecurring cost(s)
3. Current value of each item
4. Estimated current value of total package
5. Total package selling price



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

OFFICE OF THE UNDER SECRETARY

21 October 2003

MEMORANDUM FOR SAF/IAPX
SAF/IARE
SAF/IARL
SAF/IARM
SAF/IARP
SAF/IARS
SAF/FMBIS

FROM: SAF/IARW

SUBJECT: Pricing of Excess Defense Articles (EDA) (SAF/IAPX 03034 Memo, 15 Oct 03)

A checklist attached to SAF/IAPX 030304 Memo identifies all information necessary to complete EDA pricing.

The point of contact for EDA pricing in SAF/IARW is Maj Kari Thyne, (703) 588-8862. Country directors must coordinate all EDA pricing requests and issues with her.

//Signed//
DENNIS R. MITCHELL, Col, USAF
Chief, Weapons Division