



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

APR -2 2003

DPAP/DARS

In reply refer to
DAR Tracking No: 2003-F0002

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC

SUBJECT: Class Deviation from Federal Acquisition Regulation (FAR) 31.205-20,
Interest and Other Financial Costs

I authorize the Air Force to deviate from the requirements of Federal Acquisition Regulation (FAR) 31.205-20 to permit the payment of interest and other financial costs associated with the foreign military sales (FMS) procurement of 48 F-16 aircraft, associated hardware and software, and related support equipment, training and integrated logistics support. This procurement is delineated in the Government of Poland's Terms of Reference, dated 8 July 2002.

This authorization is based on the following understandings:

- The Government of Poland has requested a deferred payment schedule on this FMS case and recognizes that the contract price will include interest costs to accommodate the deferred payment schedule;
- Consistent with the Letter of Offer and Acceptance, the Government of Poland's obligations to pay interest and other financial costs attributed to the deferred payments will not be paid by Foreign Military Funding or other U.S. appropriated funds; and
- The reasonableness criteria of FAR 31.201-3, Determining reasonableness, shall govern the acceptability of those expenses.

My point of contact for this matter is Mr. Ted Godlewski at e-mail:
Thaddeus.godlewski@osd.mil or via telecon at (703) 602-2022.

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

cc: DSMC, Ft. Belvoir

