

HEADQUARTERS  
AIR PROCUREMENT REGION, FAR EAST  
APO 323

Letter Contract AF62(531)-1758

Letter Contract

Air America, Inc.  
Field Executive Office  
APO 239  
San Francisco, California

Dear Sirs:

1. An order is hereby placed with the Contractor for the furnishing to the United States Government of the supplies or services set forth in Exhibit "A" attached hereto and hereby made a part hereof.
2. Except as otherwise expressly provided to the contrary herein, the Contractor is directed, upon its acceptance of this order, to proceed immediately to procure the necessary materials, and to commence the manufacture of the supplies or performance of the services called for herein, and to pursue such work with all diligence to the end that the supplies may be delivered or services performed at the earliest practicable date.
3. Excepting the Clause titled "Termination" set forth in paragraph 6. hereof; the General Provisions Clauses 1 through 31 applicable to this Letter Contract are attached hereto.
4. By the Contractor's acceptance hereof, it undertakes, without delay, to enter into negotiations with the Department of the Air Force looking to the execution of a definitive contract which will include the clauses enumerated above and such other clauses as may be mutually agreeable. The definitive contract will also contain a detailed delivery schedule and prices, terms and conditions as agreed to by the parties which may or may not be at variance with the provisions of this order. It is expected that such definitive contract will be executed prior to 15 August 1963, and will be an Open End Type Contract.

5. Excepting Parts IX and X of Exhibit "A" hereof, the maximum amount for which the United States Government shall be liable if this contract is terminated is \$600,000 and any expenditure or obligation by the Contractor in excess of that amount, in furtherance of performance hereunder, shall be at the Contractor's own risk.

6. (a) In case a definitive contract is not executed by the date specified in the clause hereof entitled "Provision for Definitizing Contract," because of the inability of the parties to agree upon a definitive contract, this order may be terminated in its entirety by either party by delivering to the other party a notice in writing specifying the effective date of termination, which date shall not be earlier than thirty (30) days after receipt of such notice.

(b) The performance of work under this order may be terminated by the United States Government, in accordance with this clause, in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the United States Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under this order is terminated, and the date upon which such termination becomes effective.

(c) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) stop work under this order on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under this order as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to the United States Government, in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders or subcontracts so terminated; (5) settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts with the approval or ratification of the Contracting Officer to the extent he may require, which approval or ratification shall be final for all purposes of this clause; (6) transfer title to and deliver to the

United States Government, in the manner, at the times, and to the extent, if any, directed by the Contracting Officer, (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in respect of the performance of, the work terminated by the Notice of Termination, (ii) the completed or partially completed plans, drawings, information, and other property which, if this order had been completed, would be required to be furnished to the United States Government; (7) use its best efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in provisions (6) of this paragraph: Provided, however, That the Contractor (i) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer: And provided further, That the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the United States Government to the Contractor under this order or shall otherwise be credited to the price or cost of work covered by this order or paid in such other manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary or as the Contracting Officer may direct, for the protection and preservation of the property related to this order which is in the possession of the Contractor and in which the United States Government has or may acquire an interest. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, or as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the United States Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the United States Government will accept title to such items and remove them or enter into a storage agreement covering the same; Provided, That the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustments to correct the list as submitted shall be made prior to final settlement.

(d) After receipt of a Notice of Termination, the Contractor shall submit to the Contracting Officer its termination claim in the form and with the certification prescribed by the Contracting Officer. Such claim shall be submitted promptly, but in no event later than 1 year from the effective date of termination, unless one or more extensions in writing are granted by the Contracting Officer upon request of the Contractor made in writing within such 1-year period or authorized extension thereof. However, if the Contracting Officer determines that the facts justify such action, he may receive and act upon any such termination claim at any time after such 1-year period or any extension thereof. Upon failure of the Contractor to submit a termination claim within the time allowed, the Contracting Officer may, subject to any Settlement Review Board approvals required by Section VIII of the Armed Services Procurement Regulation in effect as of the date of execution of this contract, determine, on the basis of information available to him, the amount, if any, due the Contractor by reason of the termination, and shall thereupon pay to the Contractor the amount so determined.

(e) Subject to the provision of paragraph (d) hereof, and subject to any Settlement Review Board approvals required by Section VIII of the Armed Services Procurement Regulation in effect as of the date of execution of this contract, the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination of work pursuant to this clause. In the event of any termination pursuant to paragraph (a) hereof, such amount or amounts shall not include any allowance for profit or fee. In the event of any termination pursuant to paragraph (b) hereof, such amount or amounts may include a reasonable allowance for profit or fee, but only on work actually done in connection with the terminated portion of this order. Any such amount shall not exceed the amount set forth in the clause hereof entitled "Authority to Obligate Funds." Any such agreement shall be embodied in an amendment to this order and the Contractor shall be paid the agreed amount.

(f) If the Contractor and the Contracting Officer are not able to agree in whole or in part, as provided in paragraph (e) hereof, as to the amount or amounts to be paid to the Contractor in connection with the termination of work pursuant to this clause, the Contracting Officer without duplication of any amounts agreed upon in accordance with the above-cited paragraph (e), shall, subject

to any Settlement Review Board approvals required by Section VIII of the Armed Services Procurement Regulation in effect as of the date of execution of this contract, pay to the Contractor an amount determined in accordance with the applicable cost principles of the Armed Services Procurement Regulation. In the event of the termination of this order pursuant to paragraph (a) hereof, no allowance for fee or profit shall be included in the amount to be paid the Contractor.

(g) The Contractor shall have the right of appeal, under the clause entitled "Disputes" incorporated in this order by reference, from any determination made by the Contracting Officer under paragraphs (d) or (f) above, (including any dispute as to whether termination has in fact taken place pursuant to paragraph (a) hereof), except that if the Contractor has failed to submit a claim within the time provided in paragraph (d) hereof, and has failed to request extension of such time, the Contractor shall have no such right of appeal. In any case where the Contracting Officer has made a determination of the amount due under paragraphs (d) or (f) above, the United States Government shall pay to the Contractor the following: (i) if there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer, or (ii) if an appeal has been taken, the amount finally determined on such appeal.

(h) In arriving at the amount due to the Contractor under this clause there shall be deducted (1) all unliquidated advance or other unliquidated payments theretofore made to the Contractor, (2) any claim which the United States Government may have against the Contractor in connection with this contract, and (3) the agreed price for, or the proceeds of sale of, any materials, supplies, or other things acquired by the Contractor or sold pursuant to the provisions of this clause and not otherwise recovered by or credited to the United States Government.

(i) The United States Government may from time to time, under such terms and conditions as it may prescribe, make partial payments, and payments on account against costs incurred by the Contractor in connection with the terminated portion of the contract whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally agreed or determined to be due under this clause, such excess shall be payable by the Contractor

to the United States Government upon demand together with interest computed at the rate of 6 percent per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the United States Government: Provided, however, That no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until 10 days after the date of such retention or disposition.

(j) Unless otherwise provided in this contract or by applicable statute the Contractor, from the effective date of termination and for a period of 3 years after final settlement under this order, shall preserve and make available to the United States Government, at all reasonable times at the office of the Contractor without direct charge to the United States Government, all books, records, documents, and other evidence bearing on the cost and expenses under this order and relating to the work terminated, or, to the extent approved by the Contracting Officer, photographs, microphotographs, or other authentic reproductions thereof.

7. a. It is understood and agreed, Between the parties hereto, that the rates set forth in Exhibits "C," "D," and "E" hereof are provisional billing rates for interim billing purposes only, and that negotiations to establish firm rates to be paid the Contractor shall be completed, and a definitized contract executed at the earliest possible date. Such rates shall be set forth in the definitized contract which, when executed and manually approved, will supersede this letter contract in its entirety.

b. Subject to the provisions of paragraph "a" above for the satisfactory performance of the work under this letter contract, the United States Government will pay the Contractor in accordance with the rates set forth in Exhibits "C," "D," and "E" hereof.

8. The Contractor's acceptance of this order will be indicated by affixing its signature to three (3) copies thereof, and returning the executed copies to the Contracting Officer not later than 30 June 1963. Such acceptance will constitute this order a contract on the terms set forth herein.

9. It is mutually agreed and expressly evidenced by the signing of this Letter Contract that the following schedule will be the target for definition of this Letter Contract:

(It should be noted that the Contractor has submitted his Proposal for the negotiation of this Contract by his letter P-63-187 dated 6 June 1963.)

|  |                        |
|--|------------------------|
| Pre-negotiation Conference   | 12 thru 15 July 1963   |
| Negotiation Conference   | 16 thru 20 July 1963   |
| Preparation and review   | 22 thru 26 July 1963   |
| To Contractor for signature  | 1 August 1963          |
| Return from Contractor   | 8 August 1963          |
| Signing by Contracting Officer   | 12 August 1963         |
| Final review and preparation for<br>transmittal to AFLO for Manual<br>Approval | 13 thru 17 August 1963 |
| Transmittal to AFLO HQTRS.   | 17 August 1963         |
| Return from AFLO HQTRS.  | 9 September 1963       |
| Final Distribution   | 16 September 1963      |

10. CONTRACTUAL CONTENTS: This Contract consists of:

- a. Title Information, consisting of two pages.
- b. Letter Contract AF62(531)-1758. Paragraphs 1 thru 10, consisting of 7 pages.
- c. Exhibit "A". Part I thru Part XV, consisting of 20 pages.
- d. Exhibit "B" consisting of 1 page
- e. Exhibit "C" consisting of 1 page
- f. Exhibit "D" consisting of 3 pages
- g. Exhibit "E" consisting of 1 page
- h. Exhibit "F" consisting of 1 page

THE UNITED STATES OF AMERICA

By

JAMES E. SPENCER  
DAFC USAF

Contracting Officer 26.1963

Accepted:

Hugh L. Grundy  
President

AIR AMERIC., INC.

(Contractor) (affix Corporate Seal)

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Letter Contract AF62(531)-1758

PART I. SERVICES TO BE PERFORMED:

a. The Contractor shall, during the period set forth in Part II hereof, provide, establish, manage, operate, and maintain a complete flying and maintenance service, inclusive of all facilities, supplies, materials, equipment, and support services not furnished by the United States Government, including required maintenance and referred to as the contract services, to permit utilization by the United States Government of a quantity of four (4) to twenty (20) helicopter aircraft dependent upon the Contractor's capability to perform as such may be affected by the result of hostile acts or other unforeseen circumstances beyond the control of the Contractor during performance hereunder. The aircraft are to be operated in the Work Zone as set forth in orders issued pursuant to paragraph "I" hereinafter and at points in the Work Zone designated by the Deputy Chief, JUSMAG. The contract services shall be rendered at airports or other locations in a specified area made effectively available by the United States Government and designated in writing to the Contractor by the Deputy Chief, JUSMAG. Pursuant to the services called for herein, the Contractor will provide the following:

- Item Nr 1. Flying personnel consisting of, but not limited to, the classifications set forth in Exhibit "C" hereof.
- Item Nr 2. Non-flying personnel consisting of, but not limited to, the classifications set forth in Exhibit "D" hereof.
- Item Nr 3. Flying services required herein in and over hazardous areas in accordance with paragraph "b.(iv)" of Part IV hereof.
- Item Nr 4. Furnish direct parts and materials:

For parts and materials (aircraft): The Contractor shall be reimbursed for the costs of parts and materials to be utilized in the repair and maintenance of the aircraft pursuant to the provisions of Clause 4 of the General Provisions, entitled "Payments" and paragraph "(h)(1)" of Part IV. The Contractor shall furnish if available:

a. The supplies coded CP (Central Procurement) in support of the aircraft set forth in Exhibit "B" hereto, to the extent the United States Government is unable to furnish same, provided the need for the Contractor to furnish such supplies is approved by the Deputy Chief, JUSMAG. Supplies so furnished shall be chargeable to this contract Item 4.a. and the Contractor's invoices or vouchers submitted for payment shall contain the following statement:

"All parts, equipment, and materials listed on this invoice (voucher) are coded CP (Central Procurement) and are furnished pursuant to the terms of Item Nr 4.a."

b. Direct materials that normally are provided by the Contractor such as Base Procurement items (BP and GSSF, etc., materials). Supplies so furnished shall be chargeable to this contract Item 4.b. and the Contractor's invoices or vouchers submitted for payment shall contain the following statement:

"All parts, equipment, and materials listed on this invoice (voucher) are coded BP (Base Procurement) and are furnished pursuant to the terms of Item Nr 4.b."

Item Nr 5.

Furnish parts, materials, utilities, facilities, and services to the extent provided for in the contract schedule excepting Items 1. through 4. above in accordance with Part VI of this Schedule.

For Contractor furnished parts, all materials including expendable supplies, utilities, facilities, services, etc. whether acquired through purchase, lease, construction, or otherwise furnished in the performance of this contract, the Contractor shall be reimbursed pursuant to the provisions of Clause 4 of the General Provisions, entitled "Payments" and paragraph "(h)(2)" of Part IV.

b. The Contractor shall also provide helicopter flight and maintenance training to such students as are presented by Deputy Chief, JUSMAG, at time or times when the aircraft are not performing other operations hereunder or undergoing necessary maintenance.

c. The Contractor will, within the classifications set forth in Exhibits "C" and "D" hereof, and subject to the prior written approval of the Deputy Chief, JUSMAG, assign such personnel as the Contractor determines to be required to provide the contract services directed by the Deputy Chief, JUSMAG.

d. The Deputy Chief, JUSMAG, may elect to provide personnel, in addition to those personnel provided by the Contractor, if required, to support the contract services. In such case, the United States Government will pay all salaries and other costs for such personnel furnished by it, but such personnel will be responsible to the Contractor for the performance of duty when such duties are within the scope of the provisions of this contract.

e. The Contractor will provide medical services, equipment, and materials, as needed, for Contractor personnel, except that to the extent medical facilities may be available to the United States Government to furnish to Contractor personnel requiring the use of such facilities, in which event such facilities shall be made available to Contractor personnel at the regular rates charged for such services. The assistance of the United States Government as required will be given to the Contractor for personnel who require medical evacuation.

such medical evacuation being in accordance with the prevailing practices and regulations governing JUSMAG personnel.

f. Consistent with the provisions of paragraph a. hereinabove wherein the Deputy Chief, JUSMAG, is authorized to designate in writing to the Contractor the services to be performed, the Procuring Contracting Officer will issue orders to the Contractor designating the "Work Zone" at which the services provided for herein will be performed, to be hereinafter referred to as the "Work Zone". Such orders will further specify the United States Government agency for whom the Contractor will render the services and which United States Government agency will be responsible for technical surveillance and operational control. Except as pertains to the First Order #64-1 dated and effective 1 July 1963 and hereby made a part of this contract by reference, the Contractor will not be required to perform in any area other than that designated in said First Order #64-1 unless and until the written concurrence of the Contractor with such order shall have been obtained.

**PART II. PERIOD OF PERFORMANCE:**

The services called for under Part I hereof shall commence on 1 July 1963 and continue through 30 June 1964.

**PART III. TECHNICAL SURVEILLANCE AND OPERATIONAL CONTROL:**

The Deputy Chief, JUSMAG, and/or his duly authorized representative, shall provide technical surveillance, supervision, and operational control necessary to assure that the Contractor performs the services in accordance with the provisions of the contract; provided that such services will be commensurate with the rated capabilities of the aircraft, reasonable professional standards, and the qualifications of the Contractor's personnel. The Contractor will have final authority to decide all matters in connection with the services involving safety of operation and will maintain the aircraft in accordance with the Contractor's standards, applicable aircraft handbooks, and related Technical Orders furnished pursuant to Part V. hereof.

**PART IV. CONSIDERATION AND PAYMENT:**

a. The United States Government will pay the Contractor in accordance with Clause 4 of the General Provisions herein; upon satisfactory performance hereunder and at the appropriate rates as set forth in Exhibit "C", "D", and "E" hereof, as full payment for the services to be performed by the Contractor hereunder. For payment to the Contractor, there is hereby presently obligated to this contract the sum of

b. As pertains to Items 1 and 2 in Part I above, the Contractor will maintain a daily roster of personnel authorized and assigned for the performance of contract services under this contract which will include full name, classification (as per Exhibits "C" and "D") and location. Billings and payments will be made in accordance with such rosters. The roster will not include personnel who are not actually assigned to this contract, and who

are not located in the Work Zone. As pertains to Items 1 through 3 of Part I above, the Contractor shall be paid upon the submission of proper invoices or vouchers, the rates stipulated herein for services rendered and accepted, less deductions, if any herein provided.

(i) It is understood that payment to the Contractor as provided in Exhibit "D" for personnel furnished hereunder shall accrue from the date such personnel are made available at their place of duty in the Work Zone for the purpose of performing the services hereunder. It is understood that the time necessary for the Contractor's personnel to proceed to the work site and from the work site to areas outside of the Work Zone shall not be considered as time spent in performance of the services hereunder. However, it is understood that the time necessary for the transfer of Contractor personnel between the different work sites as directed by the Deputy Chief, JUSMAG, shall be considered as time spent in performance of the services hereunder.

(ii) All flight time in the performance of this contract shall be paid for at the applicable rate or rates per hour or pro rata for a portion of an hour as set forth in Exhibit "C", provided that the Contractor shall be paid for each pilot, flight mechanic, and assistant chief pilot position hereunder a minimum of 70 hours per month at the non-hazardous rate for such personnel as set forth in Exhibit "C" hereof. However, it is understood that the guaranteed minimum number of flying hours applicable to flying personnel shall relate to a 24 day period and that in the event proration of such minimum guarantee becomes necessary proration will be accomplished at the rate of 2.92 flying hours for each day of such 24 day period.

(iii) The Contractor shall be paid for those personnel covered by Exhibit "D" at the man-day rates set forth in Exhibit "D" for each work day or fraction thereof. A work day shall consist of 8 hours of presence and availability for work assignments in each 24 hour day. The Contractor will not be paid for more than 24 working days for each individual in a calendar month excepting individuals in the "D" category. For individuals in the "D" category Contractor will not be paid for more than 25.42 days for each individual in a calendar month. The Contractor at its discretion may require his personnel assigned hereunder to work longer than 8 hours in a 24 hour work day and later allow equal compensatory time off during subsequent days, and such compensatory time shall be considered time spent in performance of services hereunder. The rates set forth herein include full compensation to the Contractor for all leave including Sundays and Holidays.

(iv) The Contractor shall be paid for those personnel covered by Exhibit "E" at the hourly rates for hazardous area flying set forth in Exhibit "E" for each hour or pro rata for a portion of an hour of hazardous area flying. Flying time in a hazardous area to be determined in accordance with the definition and procedure set out in order #64-1 issued pursuant to paragraph f. of Part I. hereof.

(v) Unless otherwise specified, payment will be made on partial deliveries accepted by the United States Government when the amount due on such deliveries so warrants; or, when requested by the Contractor, payment for accepted partial deliveries shall be made whenever such payment would equal or exceed either \$1,000 or 50% of the total amount of this contract.

c. When an established operational and/or maintenance base is transferred, closed down, or otherwise evacuated, and a new base or bases are established at other locations, the United States Government will provide at no cost to the Contractor, transportation for Contractor personnel and for Contractor and Government furnished property in possession of the Contractor for use in connection with services rendered under this contract.

d. In the event of an emergency wherein an aircraft is believed to be missing during the course of operation hereunder, or has made a landing at a location or in a manner whereby the aircraft and/or its flight crew and/or passengers is believed to be in imminent danger, so that an air search or air rescue is deemed by the Contractor to be necessary or warranted, and provided that aircraft operated under this contract are unavailable, inadequate, or unsuitable to cope with such air search or air rescue as provided by paragraph "k" of Part XI, hereof, the United States Government shall make available without cost to the Contractor suitable aircraft or aircraft flying services for such purpose. If the United States Government cannot furnish such aircraft or flying services, the Contractor shall be authorized to employ such other aircraft flying services as it may have immediately available and may be suitable or obtain the flying services of non-Contractor aircraft for such air search, and/or air rescue, in which event the Contractor shall be reimbursed for any and all costs incurred by the Contractor in performing or obtaining said air search and/or air rescue services.

e. The terms "Flight Hour," "Flight Time," and "Flying Time" as used in this contract for determination of payment due the Contractor for services rendered are synonymous and shall for rotor wing aircraft commence upon engagement of the rotors for the purpose of taking-off and shall continue until the aircraft returns to the ground and the rotors are disengaged and shall include time at intermediate stops when the rotor is engaged and the pilot remains at the controls while loads are being discharged or taken aboard, plus five (5) minutes for each separate flight as recorded in the aircraft log book.

f. The Deputy Chief, JUSMAG, shall designate in writing those personnel authorized to certify certificates for hazardous area flight time as provided for in orders issued pursuant to Part I., paragraph f.

g. In consideration for furnishing the services provided under this contract, the Contractor shall be paid in accordance with the provisions of this contract upon the Contractor presenting to the Deputy Chief, JUSMAG, an original plus four copies of Contractor's invoices certified by the Contractor as follows:

"I certify that the above bill is just and correct and payment therefor has not been received."

The Deputy Chief, JUSMAG, will cause to be affixed on each copy of the Contractor's invoice the following statement:

"I certify that the services covered by this invoice have been satisfactorily performed and/or the materials and/or supplies listed therein have been received and accepted for the United States Government in accordance with the terms and provisions of the contract."

The Deputy Chief, JUSMAG, will sign this statement appearing on the original and three copies of the Contractor's invoice.

h. Reimbursement pursuant to the provisions of Items 4 and 5 shall be subject to the following:

(1) As pertains to Item Nr 4 hereof, the Contractor shall be reimbursed for all direct materials. Direct materials as used herein are defined as all items of materials purchased, supplied, manufactured, or fabricated with the intention of entering them into, or making them a part of, the end product. For the purpose of this contract cleaning, brightening, polishing compounds, packing and packaging materials, POL (petroleum oil lubricants) necessary to operate only those GFP, ground powered equipment, and other materials, used or consumed directly on the aircraft or component parts thereof, shall be direct materials. The Contractor, when billing for CP items (Item 4.(a)) and LP stock listed material (Item 4.(b)), must clearly identify such material with the contract item number provided for that purpose.

i. The sums to be paid by the United States Government under this contract may include a tax levy by the Government of the Republic of China on Sales (known in Taiwan as a "business Tax", which is composed of a business tax, a defense tax and a stamp tax). Such taxes are considered as an allowable cost (in the absence of agreements providing exemption to the United States Government therefrom) under the provisions of Section XV, Part 2 of the Armed Services Procurement Regulation, in effect as of the date of this contract, and may be included in the fixed prices for labor utilized in Taiwan and in the allowable cost of materials and parts furnished by the

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Contractor hereunder. The prices for direct materials furnished by the Contractor also may include customs duties paid to the Government of the Republic of China, and customs duties are considered an allowable cost under the provisions of Section XV, Part 2 of the Armed Services Procurement Regulation (in the absence of agreements providing exemption to the United States Government therefrom). In the event the assessed "business tax" or customs duties paid by the Contractor to the Government of the Republic of China under this contract should be recovered by the Contractor, the United States Government shall be reimbursed (at the current rate of exchange at the time of recovery) to the full extent of the tax or customs duties plus any interest thereon recovered. The Contractor agrees where required to render assistance to the United States Government in the recovery of such taxes and/or customs duties.

ii. For those parts and materials furnished by the Contractor for which, in accordance with the Contractor's established practices, the costs cannot be determined either by reference to a paid vendor's invoice or any other means, the method of pricing will be by utilization of the Current Market Price or the price set forth in the most recent available USAF Parts Catalog, whichever price is most advantageous to the United States Government. The Contractor will segregate all items falling in the above category and so identify in the invoice as a separate line item.

iii. All of the Contractor's claims for reimbursement of the costs of items purchased directly for this contract must be supported by Contractor invoices, approved by the Administrative Contracting Officer. This applies to all authorized cost reimbursable items including direct parts and materials furnished pursuant to Item Nr 4 hereof, and parts, materials, utilities, facilities, and services furnished pursuant to Item Nr 5 hereof. Claims for reimbursement of costs for items withdrawn from the Contractor's stock must be supported by Contractor's invoices approved by the Administrative Contracting Officer.

iv. Procurement, delivery, and material handling expense (current landed costs) incurred by the Contractor to point of use will be considered as allowable elements of price for purpose of reimbursement under this contract. As pertains to landed costs, materials, and supplies which are used hereunder which are transported to or enroute to the point of use on commercial flights, the Contractor shall be reimbursed at the commercial rates for such transportation in effect at the time the transportation is utilized.

v. Where a statement of cost is to be submitted with an invoice for direct material payment, it will consist of a schedule in which the amount billed is analysed by individual aircraft number or direct issue to United States Government Furnished Property or by reference to a contract in the event of lease or rental. For audit purpose, totals by aircraft can be cross checked with individual issue slips maintained by the Contractor for each item purchased.

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(2) As pertains to Item 5 hereof, and subject to subparagraphs i - v of paragraph h(1) of this Part IV, the Contractor shall be reimbursed at cost excepting:

i. Transportation furnished pursuant to paragraph "i" of this Part IV.

ii. For repair, fabrication, maintenance, overhaul, and testing of aircraft, and aircraft parts, components, and equipment requiring skilled labor beyond the capacity of personnel otherwise assigned to this contract, for which the Contractor shall be paid 2.23 outside the Work Zone, and 4.24 within the Work Zone for each hour of such direct skilled labor required and expended.

iii. For the construction, alteration, fabrication, maintenance, and repair of Government Furnished property excepting Item ii, immediately above which is beyond the capacity of personnel otherwise assigned to this contract for which the Contractor will be reimbursed actual cost not otherwise covered in this contract, to the extent directed by the Deputy Chief, JUSMAG, and approved by the Administrative Contracting Officer, plus 2.23 outside of the Work Zone and 4.24 within the Work Zone for each hour of direct skilled labor required and expended by the Contractor personnel not assigned to this contract.

i. All transportation authorized for the accomplishment of the work and services provided for in this contract, with the exception of that required for Contractor personnel to arrive at their initial station of assignment hereunder, and return to their normal Contractor stations upon their release or transfer from performance hereunder, shall be furnished by the United States Government at no cost to the Contractor or upon direction of the Deputy Chief, JUSMAG, and approval of the Administrative Contracting Officer, shall be furnished by the Contractor within its capability. The Contractor will be reimbursed for such transportation including handling and packaging at its usual rates therefor, for which the Contractor is not otherwise expressly reimbursed hereunder.

j. "Direct Skilled Labor" as used herein includes that labor which can be performed only by individuals possessing the professional, specialized and/or technical skills, knowledge and capability to accomplish inspection, adjustments, repairs, tests and similar operations; machine shop work, welding, electroplating and similar operations on or incident to reconditioning, overhaul and repair of aircraft or related components, accessories, or parts. "Direct Skilled Labor" includes only those skilled laborers, artisans, craftsmen and operators, together with their leadmen and foremen actually and directly employed in the performance of work and services as required under this contract. It does not include that labor which is performed in cleaning and polishing of aircraft, aircraft components and

equipment, paint removal, assisting in heavy work such as moving equipment or heavy components; generally, performing menial tasks and/or miscellaneous work of a nature which requires none of the technical skills, knowledge or professions referred to in first portion of this paragraph "j". It also does not include work and labor performed by administrative personnel, corporate officers, supply personnel, all supervisory personnel above the foreman level, office personnel, time-keepers, watchmen, guards and janitors.

k. (i) It is estimated that the total cost to the United States Government for the performance of this contract will not exceed the amount set forth in the Schedule. If at any time the Contractor has reason to believe that the costs which it expects to incur in the performance of this contract in the next succeeding thirty (30) days, when added to all other costs previously incurred will exceed eighty-five (85%) of the estimated cost then set forth in the Schedule, the Contractor shall notify the Administrative Contracting Officer to that effect giving its revised estimate of total cost for the performance of this contract. If at any time during the performance of this contract, the Contractor has reason to believe that the total obligations of the United States Government for the performance of this contract will be substantially greater or less than the then stated estimated cost thereof, the Contractor shall so notify the Administrative Contracting Officer, giving its revised estimate of total cost for the performance of this contract.

(ii) The United States Government shall not be obligated to pay the Contractor any amount in excess of the estimated amount set forth in the Schedule and the Contractor shall not be obligated to continue performance by virtue of which the United States Government's obligation hereunder would exceed the estimated amount set forth in the Schedule, unless and until the Administrative Contracting Officer shall have notified the Contractor in writing that such estimated cost has been increased and shall have specified in such notice a revised estimated cost which shall thereupon constitute the estimated cost of performance of this contract. When and to the extent that the estimated cost set forth in the Schedule has been increased, any expenses incurred by the Contractor in excess of such estimated cost prior to the increase shall be allowable to the same extent as if such expenses had been incurred after such increase in the estimated cost.

**PART V. UNITED STATES GOVERNMENT FURNISHED PROPERTY, FACILITIES, SERVICES ETC.**

a. At any location where the Contractor shall, by direction of the Deputy Chief, JUSMAG, provide services hereunder, the United States Government will make available in a timely manner, in specific area at such locations, at no charge to the Contractor, adequate equipment, materials, and

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facilities necessary for the proper accomplishment of the contract services. Said equipment and facilities shall consist of, but not necessarily be limited to, the items set forth in Exhibit "A" and the following:

- (1) The aircraft set forth in Exhibit "B" hereto.
- (2) Facilities, ground handling equipment, ground servicing equipment, spare parts, special tools, test equipment, and other items as may be reasonably required.
- (3) POL storage facilities at operating sites.
- (4) Teletype and telephone facilities at the main operating site.
- (5) Vehicles, including trucks, jeeps, POL trucks, ambulances, fire trucks, etc. as may be reasonably required.
- (6) Air transportation for Contractor personnel and supplies within the operating areas.
- (7) Utilities consisting of power and water at operation sites.
- (8) Personnel facilities including equipment for messing, billeting, recreation facilities and limited medical care.
- (9) Technical data required by the Contractor for operation and maintenance of all G.F.P.
- (10) Office space and facilities including toilets, office furniture, equipment, and materials for operations, maintenance, supply, and other Contractor activities, in areas as conveniently located as practicable with respect to the aircraft maintenance, parking, and departure and arrival areas.
- (11) Warehouse space, adequate for the storage of all parts, materials, and tools required for use on the G.F.P. Such facilities will be provided with suitable racks and shelving and provide shelter from the elements as well as reasonable security against theft.
- (12) Covered space for equipment such as ground radios, generators, and compressors where required.
- (13) Aircraft maintenance area consisting of a hanger with paved flooring of sufficient size to house at least two aircraft, and a paved area near the hanger of sufficient size to park at least three additional aircraft.

(14) Ground communication facilities, adequate to establish point to point communications between the various operations, maintenance, supply, and control center locations, and to establish air to ground and ground to air communications for flight watch and other purposes. Such facilities shall be complete including power sources, transmitting and receiving equipment, and necessary back-up equipment.

(15) All aircraft spare parts.

(16) All spare parts and materials required for the maintenance and repair of Government furnished ground handling equipment, ground servicing equipment, communications equipment, vehicles, ground powered equipment, etc.

(17) Survival equipment and personal gear.

b. United States Government will secure and provide sites (real estate) on which the Contractor will operate and perform the services required pursuant to the provisions of the contract.

**PART VI. CONTRACTOR FURNISHED PROPERTY, FACILITIES, SERVICES, ETC:**

a. Notwithstanding other provisions in this contract, in the event the United States Government cannot provide any of the facilities, materials, equipment, property, services etc. set forth in Part V above, the Contractor agrees, subject to the written approval of the Deputy Chief, JUSMAG, and within its capability to undertake to obtain by purchase, manufacture, lease, rental, or otherwise, and furnish at point of use, such facilities, materials, equipment, property, services, etc. for which the Contractor will be reimbursed pursuant to the provisions of Part IV above. Prior to furnishing any items pursuant to the provisions of this Part VI, the written approval of the Deputy Chief, JUSMAG, will be obtained in accordance with Exhibit "F".

b. The Contractor will furnish and/or bear the costs for all necessary common hand-tools, required for the performance of maintenance hereunder.

**PART VII. SUPPLY PROCEDURES:**

a. System

The Contractor will operate and maintain a supply system in consonance with Air Force Manual 67-1 and pursuant to the provisions of Clause 23, entitled "United States Government Furnished Property," of the General Provisions hereof.

b. Authorization For LP and LM

The Contractor will purchase LP items and locally manufacture items as required and authorized by appropriate technical orders and may purchase or manufacture other items as required due to emergency needs when approved by the Deputy Chief, JUSMAG.

e. Work Stoppage Items

As pertains to work stoppage items, subject to the approval of the Deputy Chief, JUSMAG, and for the purpose of relieving or preventing an emergency situation, the Contractor may purchase, repair, or overhaul any replacement item or component for use on an item requiring repair beyond the limits imposed by field level maintenance restrictions, in order to return the item to a serviceable condition.

d. Disposition Instructions

(1) Reparables. All reparable (recoverable) items not authorized for Contractor repair will be prepared for shipment and delivered as directed by the Administrative Contracting Officer.

(2) Serviceable Excesses. All serviceable excesses will be prepared for shipment and delivered as directed by the Administrative Contracting Officer.

PART VIII. MAINTENANCE OF AIRCRAFT:

a. The Contractor will accomplish all scheduled and unscheduled aircraft maintenance and repair except IRAN. The Contractor will accomplish the maintenance and repair of all components within the limits of organizational and field level maintenance. Repair of crashed or battle damaged aircraft shall be subject to the prior approval of the Deputy Chief, JUSMAG, and all aircraft repair shall be subject to the Contractor's ability to gain removable access to the aircraft. Transportation of such aircraft, components, and equipment from the operating site to the maintenance facility to be utilized and return will be provided by the United States Government at no cost to the Contractor or will be provided by the Contractor within its capability pursuant to paragraph "i" of Part IV hereof.

b. The Contractor will maintain the aircraft and aircraft forms and records in consonance with applicable aircraft handbooks and related technical orders.

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PART IX. INDEMNIFICATION (WAR RISK):

The indemnification provisions contained herein are applicable to the Contractor's operations conducted under and pursuant to this contract only.

a. The United States Government does hereby agree to indemnify the Contractor, within the limits of amounts appropriated, for losses, damages, or liability as set forth in subparagraphs i and ii below, resulting from war risks as defined in i(1) - (4), it being understood that the Contractor does not maintain insurance to cover such risks and that the cost therefor has not been included in the contract price.

i. Losses or damages to the Contractor's aircraft, to aircraft chartered by the Contractor for performance under this contract, to aircraft components, parts, accessories, carried in Contractor's aircraft or other aircraft performing under this contract, and to the Contractor's property located at locations in Southeast Asia utilized as directed by the Deputy Chief, JUSMAG, due to or resulting from:

(1) Capture, seizure, arrest, restraint, or detention, or the consequences thereof, or of any attempt thereat, or any taking of the property or damage to or destruction thereof, by any Government or Governmental authority or agent (whether secret or otherwise) or by any military, naval, or usurped power, whether any of the foregoing be done by way of requisition or otherwise and whether in time of peace or war and whether lawful or unlawful.

(2) All consequences of hostilities or war - such as operations, invasion, civil war, revolution, rebellion, insurrection, whether there be a declaration of war or not.

(3) Strikes, riots, or civil commotion.

(4) Malicious mischief, sabotage, or any intentional injury or destruction (or attempt thereat and by any person whatsoever).

ii. Liability of the Contractor in the event of death, detention, injury, or disability to the Contractor's personnel resulting from war risks, as hereinabove defined in i(1) - (4), for any benefits which the Contractor may be obligated to pay to such personnel or their duly appointed personal representatives in accordance with the Contractor's current personnel manual or other contract benefits as approved by the Administrative Contracting Officer or legal action as a result of such death, detention, injury, or disability.

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iii. In no event shall Contractor be indemnified under Part IX for such loss, damage, or liability compensated by Contractor's insurance, including any Government-approved program for self-insurance.

iv. The United States Government shall indemnify the Contractor to the extent and up to the amount that the Contractor would have been indemnified or protected had "war risk" coverage been included in his insurance program.

b. The indemnification of losses, damages, or liability as defined in paragraphs a.i. and ii. above, shall only extend to and include settlement, including settlements and/or payment of judgment made with the written approval of the Administrative Contracting Officer. Losses, damages, or liability shall also be construed to include reasonable costs and expenses incident thereto approved by the Administrative Contracting Officer.

c. The Contractor shall give the Administrative Contracting Officer and the Deputy Chief, JUSMAG, immediate notice in writing of any claim within the scope of this indemnification.

#### PART X. INDEMNIFICATION:

To the extent that the Contractor is not covered by insurance, including Government-approved self-insurance, the United States Government does hereby agree to indemnify the Contractor and hold the Contractor harmless, within the limits of amounts appropriated, from any and all claims and damages with respect to cargo, to passengers and other persons, except Contractor's personnel, carried by or with the consent or solicitation of the United States Government, and to third party personal injury and property damage claims resulting from services furnished pursuant to the provisions of this contract, it being understood that no costs for any insurance for the risks covered by this indemnification have been included in the contract price. Paragraphs b. and c. of Part IX hereof are applicable to this Part X.

#### PART XI. SPECIAL PROVISIONS:

##### a. Marking of Aircraft and Operation

The aircraft shall bear the identification and shall be operated subject to Part III hereof, in the manner prescribed by the Deputy Chief, JUSMAG, provided that the Deputy Chief, JUSMAG, shall bear the responsibility for the propriety of the use of such numbers, insignia, and markings.

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g. Obtaining of Permits, etc

Subject to the provisions of Part V.b., and Part XI.c. hereof, the Contractor will secure any and all business permits and licenses required in performance of this contract. The Contractor will obtain clearances, personnel passes, passports, visas, and other similar requirements for the performance of this contract except that the Deputy Chief, JUSMAG, will render assistance to the Contractor when necessary.

h. Responsibility for Personnel

Except as expressly provided in this contract, the United States Government shall have no responsibility to or for Contractor personnel engaged in the performance of services hereunder.

i. Personnel History Data

The Contractor shall furnish in writing to the Administrative Contracting Officer the name, personal history data, and any other pertinent information available to the Contractor, if requested by the Administrative Contracting Officer, in connection with all Contractor personnel assigned to this contract.

j. Employment Contracts

The Contractor shall make available to the Administrative Contracting Officer such copies of the Employment Contracts, if any, entered into with Contractor personnel engaged in performing the services to be rendered under this contract, as may be required by the Administrative Contracting Officer.

k. Additional Flight Requirements

The Contractor, subject to the prior approval of the Deputy Chief, JUSMAG, or without such prior approval where the exigencies of the situation makes such prior approval impractical, is authorized to make flights with the aircraft operated under this contract deemed necessary by it, to transport personnel, equipment, and parts to make serviceable or recover downed aircraft, or rescue downed flight crew members, to prevent loss of such downed aircraft or hardship to flight crews and/or aircraft passengers.

PART XII. PROVISIONS APPLICABLE TO GOVERNMENT FURNISHED AIRCRAFT AND RELATED PROPERTY INSTALLED THEREON:

a. The aircraft shall be delivered to the Contractor in a serviceable condition by United States Air Force standards (Technical Order 30-25-4), but are furnished without any warranty expressed or implied, as to their serviceability or fitness for use for the purpose intended by the Contractor. For the purpose of this paragraph, 'serviceability of the aircraft shall be determined by the United States Government prior to delivery of the aircraft and prior to any flights or maintenance which may be accomplished pursuant to the provisions hereof, subject only to safe arrival of the aircraft at the delivery point provided for herein.

b. The aircraft furnished pursuant to the provisions of this contract may be used by the Contractor in accordance with the criteria, limitations, rights, and privileges as are specified in this contract. The aircraft shall not be used except as set forth in this contract, except that, prior to delivery of the aircraft the Contractor's pilots and mechanic personnel may be given flight and maintenance training in/on said aircraft at such time, place, and by such other personnel as shall be designated by the appropriate United State Government authority.

c. Except for gross and willful failure on the part of the Contractor's officers or directors to comply with the provisions of this contract, the Contractor shall not be liable for any loss, damage, or destruction of said aircraft or related property support equipment or aircraft spares furnished pursuant to the provisions of this contract including the period of training provided in paragraph "b" above, or for expenses incidental to such loss, damage, or destruction.

d. In the event of major damage to or loss or destruction of the Government furnished aircraft and or related property and support equipment, the Contractor shall notify the Administrative Contracting Officer as soon as possible after the occurrence thereof. This preliminary report shall be followed by a complete written report of the accident, documented with copies of all reports, and/or photographs available to the Contractor which detail the extent of the damage to the Government property.

e. All repairs to and restoration of the Government property shall be in accordance with the provisions of this contract.

f. The United States Government shall have no obligation to replace the aircraft and/or related property in the event of damage, destruction, or loss. However the United States Government may, at its option, replace such property with similar property. The quantity of the aircraft may be increased upon prior agreement with the Contractor.

g. The United States Government shall at all times have reasonable access to the premises wherein the aircraft and related property are located for the purpose of inspection or inventory or for the purpose of removing the property upon the expiration or termination of this contract.

h. Upon the expiration or termination of the contract, the aircraft then remaining in the Contractor's possession shall be returned to the Government in whatever condition then obtains, at a point in the Work Zone to be designated by the Deputy Chief, JUSMAG, provided, that sufficient prior notice of termination of this contract shall be given to the Contractor to enable it to return said property, or the Contractor shall be relieved from obligation to effect return of such property as it reasonably is unable to return within such period of notice.

PART XIII. CALIBRATION:

All United States Government owned test tools, gages, and equipment furnished to the Contractor for use under this contract shall be calibrated by the United States Government if it is beyond the Contractor's and/or intracountry capabilities. Shipping and delivery point for those United States Government owned tools, gages and equipment requiring calibration, if needed to be shipped outside the Work Zone, will be F.O.B. at the facility utilized by the Contractor at the Work Zone. The method of transportation including packing of those United States Government owned test tools, gages, and equipment requiring calibration shall be as determined by the Administrative Contracting Officer and costs of transportation thereto to ship outside the Work Zone shall be borne by the United States Government. Those Contractor owned test tools, gages, and equipment that cannot be calibrated locally in the Work Zone area, shall be also calibrated by the United States Government, provided that those items are delivered to the United States Government calibration facility at Headquarters Air Procurement Region Far East, APO 323, by the Contractor. The calibration of those contractor-owned test tools, gages, and equipment shall be at no additional cost to the Contractor and the Contractor represents that the contract price does not include any charge or reserve for calibration which is to be accomplished by the United States Government hereunder. Prior to shipping those items for calibration, the Contractor shall make necessary arrangement through the Administrative Contracting Officer. The Contractor's test tools, gages and equipment to be calibrated under this contract shall be those items listed in Exhibit "A" to this contract, a copy of which is attached hereto and made a part hereof.

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PART XIV. SOVIET-CONTROLLED AREAS:

For the purpose of this contract, Soviet-controlled areas are the following:

Albania  
Bulgaria  
China, excluding Taiwan (Formosa), but including Manchuria, Inner Mongolia, the provinces of Tsinghai and Sikang, Sinkiang, Tibet, the former Kwangtung Leased Territory, the present Port Arthur Naval Base Area, and Liaoning Province  
Communist-controlled area of Viet Nam and Communist-controlled area of Laos  
Cuba  
Czechoslovakia  
East Germany (Soviet Zone of Germany and the Soviet Sector of Berlin)  
Estonia  
Hungary  
Latvia  
Lithuania  
North Korea  
Outer Mongolia  
Poland and Danzig  
Rumania  
Union of Soviet Socialist Republics

PART XV. ADDITIONAL SERVICES:

In addition to the services provided for herein above, and subject to Contractor's capability at the time called upon to do so, the Contractor agrees to provide additional services as directed by the Procuring Contracting Officer consisting, inter alia, of airlift and maintenance services, including furnishing aircraft, operating aircraft, recovery and repair of aircraft, and the necessary personnel, parts, components, supplies and materials therefor, and including the establishment, maintenance and operation of facilities and services. Any services or supplies ordered and provided pursuant to this Part XV shall be at the rates, reimbursement of costs, at the delivery schedules, and upon such terms as are mutually agreed upon between the Government and the Contractor.

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Contract AF 62(531)-1758

University of Texas at Dallas - Department of Special Collections

EXHIBIT "B"

LISTING OF U.S. GOVERNMENT FURNISHED AIRCRAFT

| <u>ITEM NR.</u> | <u>TYPE</u> | <u>CONTRACTOR NR.</u> | <u>BUNO NR.</u> |
|-----------------|-------------|-----------------------|-----------------|
| 1               | UH-34D      | H-12                  | 149320          |
| 2               | UH-34D      | H-13                  | 149392          |
| 3               | UH-34D      | H-14                  | 149393          |
| 4               | UH-34D      | H-15                  | 149394          |

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Exhibit "B"

Contract AF62(531)-1758

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EXHIBIT "C"

FLYING HOUR RATES FOR  
CONTRACTOR FURNISHED FLYING PERSONNEL

| <u>Slot No.</u> | <u>Classification</u> | <u>Estimated Quantity</u> | <u>Category</u> | <u>Rate Per Flying Hour</u> |
|-----------------|-----------------------|---------------------------|-----------------|-----------------------------|
| 1               | Project Chief Pilot   | 1                         | A               | * \$23.27 (1)               |
| 2               | Pilot                 | 17                        | A               | * \$20.45 (2)               |
| 3               | First Officer         | 3                         | A               | * \$14.50 (3)               |
| 4               | Flight Mechanic       | 12                        | A               | \$16.67 (4)                 |
|                 |                       |                           | B               | \$ 6.34 (5)                 |
|                 |                       |                           | C               | \$ 5.89 (6)                 |
| 5               | Chief Flight Mechanic | 1                         | A               | ** \$14.15                  |
|                 |                       |                           | B               | ** \$ 5.63                  |

For each billable flight hour in excess of 70 hours per month per man (or pro-rata portion thereof as provided for in Part IV, 6, 11), the flight hour rate shall be:

|     |        |                     |           |
|-----|--------|---------------------|-----------|
| (1) | Slot 1 | Project Chief Pilot | * \$18.65 |
| (2) | " 2    | Pilot               | * \$16.89 |
| (3) | " 3    | First Officer       | * \$11.24 |
| (4) | " 4    | Flight Mechanic A   | \$13.81   |
| (5) | " 4    | Flight Mechanic B   | \$ 4.94   |
| (6) | " 4    | Flight Mechanic C   | \$ 4.91   |

\* If more than 1,470 flight hours are billable for the classifications designated by one asterisk (\*) in the aggregate for any one month, the amounts which the Contractor shall be paid as provided for in this schedule shall be reduced by \$0.30 per flight hour for each flight hour in excess of 1,470 billable for such month for the employees within such classifications.

\*\* For each billable flight hour for the classifications designated by two asterisk (\*\*), the Contractor shall be paid \$2.00 per flight hour or pro-rata portion thereof.

Contract AF 62(531)-1758

EXHIBIT "E"

HAZARDOUS FLYING HOUR RATES

I. For Non-flying Personnel when aboard the aircraft on official contract duties:

|            |        |     |        |      |
|------------|--------|-----|--------|------|
| Category A | \$3.75 | per | flying | hour |
| B          | \$2.25 | "   | "      | "    |
| C          | \$2.25 | "   | "      | "    |
| D          | \$0.94 | "   | "      | "    |

II. For Flying Personnel:

Classification:

|                         |        |     |        |      |
|-------------------------|--------|-----|--------|------|
| Project Chief Pilot     | \$7.50 | per | flying | hour |
| Pilot                   | \$7.50 | "   | "      | "    |
| First Officer           | \$3.75 | "   | "      | "    |
| Flight Mechanic A       | \$3.75 | "   | "      | "    |
| Flight Mechanic B       | \$2.25 | "   | "      | "    |
| Flight Mechanic C       | \$2.25 | "   | "      | "    |
| Chief Flight Mechanic A | \$3.75 | "   | "      | "    |
| Chief Flight Mechanic B | \$2.25 | "   | "      | "    |

Contract AF 62(531)-1758

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Reference: Contract AF62(531)-1758  
Date \_\_\_\_\_  
Control No. \_\_\_\_\_

Deputy Chief, JUSMAG

Dear Sir:

1. In accordance with the terms of referenced Contract, it has been determined that a definite need exists, for the following equipment or facilities which come within the scope of Government Furnished Property pursuant to PART V of the Contract: \_\_\_\_\_
2. It is intended that the above will be utilized at \_\_\_\_\_ (location) for the following purpose: \_\_\_\_\_
3. In the event that you determine that the above listed equipment or facilities cannot be obtained and provided by the Government within \_\_\_\_\_ days, which period is considered to be a reasonable time considering the urgency of need, the Contractor estimates that it can provide such through his own resources at a reimbursable cost or price estimated at \$ \_\_\_\_\_.
4. Please signify that action has been initiated to procure or that the Contractor is authorized to obtain by returning two signed copies of the letter completed as indicated below.

Yours truly,  
AIR AMERICA, INC.

By \_\_\_\_\_  
Title \_\_\_\_\_

THRU: Administrative Contracting Officer

TO: Air America, Inc.

With reference to the above request, Deputy Chief, JUSMAG advises the Contractor as follows (line or cross out those sentences not applicable):

1. Action has been initiated to procure the requested equipment or facilities. It is anticipated that approximately \_\_\_\_\_ days will be required to fulfill this requirement.
2. Pursuant to PART VI of the Contract, the Contractor is hereby authorized to obtain the requested equipment or facilities at an estimated sum not to exceed \$ \_\_\_\_\_; the actual cost and/or price is to be charged to the Government as provided in the Contract.
3. The request for equipment or facilities is not favorably considered for the following reason: \_\_\_\_\_

ACKNOWLEDGED:

Signed \_\_\_\_\_  
Deputy Chief, JUSMAG  
(or designated representative)

Signed \_\_\_\_\_  
Administrative Contracting  
Officer

Contract AF62(531)-1758

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