

**§ 863.7 No cost to the USG.**

The lessee is responsible for all rent, costs and charges relating to the leased property during the lease. Generally, the lessee may not include any charges or costs resulting from the lease directly or indirectly in any USG contract or subcontract. Exceptions may be approved for contracts for foreign military sales, for independent research and development costs, international air show costs and in other limited cases where specific USG contracts or programs benefit from the lease activities or when otherwise authorized by law.

**§ 863.8 Risk of loss.**

The lessee must agree to assume the risk of loss, damage, or destruction of the leased property during the period of the lease. This applies when equipment or an aircraft is leased whether a lessee or USAF operator or pilot is operating the equipment or acting as pilot in command. The lessee must obtain insurance to cover the insurable value of the leased property, unless the contracting officer agrees that the lessee may be self-insured.

**§ 863.9 Indemnification of the USG.**

The lessee must agree to hold harmless and indemnify the USG, its agents, employees, and officers from any and all loss and liability. The lessee must obtain insurance adequate to cover all such liabilities.

**§ 863.10 Maintenance responsibilities.**

The lessee must maintain the leased property during the lease period according to standards established by the USG or pay the cost of maintenance accomplished by the USG.

**§ 863.11 Inspection responsibilities.**

The contracting officer should ensure appropriate inspections are performed by contract administration services personnel or others during lease performance and by the activity receiving the property after lease performance to determine whether the lessee maintained and leased property according to USAF standards.

**§ 863.12 USG support.**

Any support provided the lessee by the USG will be on a noninterference, cost-reimbursable basis. This applies to material, facilities, support aircraft, and crewmembers.

**§ 863.13 Terminating the lease agreement.**

The USG may terminate the lease at any time and at no cost. The lessee may terminate the lease upon prior written notice to the contracting officer and subject to its residual responsibilities under the lease (payment of charges, return of the leased property, etc.). In long-term leases it may be appropriate to provide for periodic interruptions of the lease so the leased property can be returned to the USG to satisfy its requirements.

**§ 863.14 DSAA and State Department approvals.**

When a lessee proposes to demonstrate the leased property to representatives of foreign governments or international organizations or to participate in international air shows, the lessee must secure DSAA approval and obtain export license clearance from the State Department. If the lessee knows the details of the proposed demonstration or evaluation at the time the lease request is submitted, SAF/AQ will obtain DSAA coordination when processing the lease request to the SAF/AQ for approval. If these details are unknown at the time of the lease request, then the lessee must obtain DSAA approval by separate request through HQ USAF/PRI (Directorate of International Programs) channels.

**§ 863.15 Flights for dignitaries.**

The lessee must get prior approval for flights if one of the authorized uses of a leased aircraft is orientation flights for foreign nationals or dignitaries, including members of Congress and representatives of the US news media (see DOD Regulation 4515.13R).

**§ 863.16 Air show participation plan clause.**

Leases authorizing participation in an international air show must contain

a provision requiring the lessee to obtain prior USAF approval of its plans for conducting flight operations and providing adequate crew rest. The provision also requires the lessee to describe its demonstration flight profiles. Leases for international air shows require compliance with part 862 of this chapter. The Air Show Participation Plan clause is shown below.

AIR SHOW PARTICIPATION PLAN CLAUSE

(a) Prior to any flight performed for demonstration, exhibition, practice, or evaluation purposes at a scheduled international air show as authorized elsewhere in this lease, the Lessee shall obtain the approval of the Director of Operations and Readiness, Headquarters, USAF (AF/XOO), for an Air Show Participation Plan covering the following:

(1) Detailed schedule of planned use of the leased aircraft.

(2) The name (or names) and qualifications of the pilot (or pilots) who are scheduled to fly the aircraft in practice, deployment or redeployment, and air show flights.

(3) Specific information on the qualifications of other crewmembers who may be needed.

(4) The names, qualifications, and exact duties of contractor supervisory personnel who may take part in any way in the management and control of the USAF aircraft while it is leased.

(5) The intended flight profiles planned for:

(i) Favorable weather conditions (specify favorable weather conditions for subject aircraft).

(ii) Weather conditions less than favorable but above the air show minimums, AFRs 60-16 and 60-18, and the aircraft handbook (Technical Order) limitations.

(iii) Alternate modified profiles for both weather conditions that would be flown if air show authorities limit flight time due to scheduling problems.

(6) Provisions for ensuring adequate pre-flight crew rest for the pilot (or pilots) and other crewmembers. This must include the way in which the flightcrews (pilots) will be isolated from potential marketing or other pressures that may be expected in the internal air show environment.

(7) Specific schedule and attendees at pre-flight planning, preflight briefings, and postflight debriefings.

(8) Provisions for providing a visual record of all practice flights and air show demonstrations (16mm film or three-fourth inch video tape).

(9) Provisions for providing maximum flight data recorder coverage (if subject aircraft is normally flight data recorder

equipped) of all practice flights and air show flight demonstrations.

(10) Provisions for ensuring the pilot who flies the aircraft wears suitable flight clothing for maneuvers to be performed (such as, anti-g suit).

(11) The Air Show Participation Plan as submitted for such required approval shall specify each nonstandard configuration of the aircraft to be leased and shall list each item of equipment or stores intended to be incorporated in or used to support the leased aircraft that is not part of the USAF standard equipment or approved stores list.

(b) Lessee's initial proposal and any revised proposals for such Air Show Participation Plan are to be submitted to the cognizant Systems Program Office or Plant Representative Office according to part 862 of this chapter.

(c) The provisions of such Air Show Participation Plan as so approved shall be complied with by the Lessee as regards all air show demonstrations, exhibition, and evaluation flights performed with the leased property during the term of this lease, at or in the general vicinity of the air show location, and shall also be complied with regarding all practice and pilot qualification flights performed during the term of this lease in preparation for such demonstration, exhibition, or evaluation flights.

(d) The Lessee shall permit the Contract Monitor or a delegate, as appointed by the United States Government (USG) for this lease, to monitor air show participation under this lease, and to have access to the leased aircraft during the entire period of air show participation and during all periods of practice or qualification for such air show participation as authorized under this lease, together with access to the maintenance and staging areas used for such participation or practice.

(e) The Contract Monitor shall be considered an element of USAF support, the costs of which are charged to the Lessee as lease support costs.

(f) The Lessee shall submit to the Contracting Officer, within thirty days after the completion of such air show participation authorized under this lease, a lease completion report outlining and explaining any problems encountered in and during the performance of the lease as regards such aircraft practice and participation flights, together with recommended procedures and procedural changes to improve the safety of USAF aircraft leased for air show participation under future leases. If no such problems are encountered, a negative report shall be submitted. The Lessee shall also, upon the written request of the Contracting Officer, and at no cost to the USG under this lease, provide the USG with copies (duplicate) of all visual record and of the flight recorder

data of all practice flights and air show demonstrations as called for in the foregoing paragraphs.

(g) The Lessee shall also advise the cognizant System Program Director of its proposed participation in static displays or flights demonstrations at the air show, and shall ensure that appropriate Lessee personnel are available, at the time and place designated by the System Program Director, to receive a cautionary prebriefing on the military security requirements and other sensitive areas related to the leased aircraft and equipment.

(h) It is mutually understood and agreed that the sole purpose of this clause is to give the USG full knowledge of the intended use of the leased property and an opportunity to observe the Lessee's compliance with its proposed plan. Lessee acknowledges and agrees that the USG makes no warranty that the approve plan is safe and that the USG assumes no risk of loss or liability to third parties that may arise despite the Lessee's adherence to the approve plan. This clause creates no exceptions to the Lessee's obligations to assume risk of loss and third party liability, including obtaining insurance, as set out fully in the clauses elsewhere in this lease.

### Subpart C—Lease Requests and Evaluation

#### § 863.17 Request initiation.

The prospective lessee initiates the lease request and submits it to the appropriate SPO or ALC responsible for the items described under the lease. The lease request must contain, as a minimum, the following information:

- (a) Identification of the property to be leased (including tail numbers or part numbers, if known).
- (b) Purpose of the lease.
- (c) Proposed start date and duration.
- (d) Proposed location(s) of the lease activity.
- (e) Expected benefits to the lessee.
- (f) Expected benefits to the USG.
- (g) Statement as to nonavailability of suitable commercial items.
- (h) Other pertinent facts (flights for dignitaries, for example).

#### § 863.18 SPO or ALC.

When the SPO or ALC receives a request to lease USAF assets, they evaluate the request for the benefits to the USG and the lessee and the availability of the property during the proposed lease period. Also, they address the ap-

propriateness of the intended use of the property and any limitations on reservations which should be imposed on such use. If the property requested for lease is assigned to an operational command, the SPO or ALC coordinates with that command then sends the request through contracting channels to command headquarters.

#### § 863.19 HQ AFSC or HQ AFLC.

Command headquarters review each lease request and prepare a draft Secretarial D&F. The command then forwards the lease package consisting of the lease request, the D&F, and other supporting data with an endorsement to SAF/AQC for approval. The command forwards lease packages requesting participation in an international air show to HQ USAF/XOO (with an information copy to SAF/AQC).

### Subpart D—Coordination and Approval Process

#### § 863.20 Air Staff coordination.

Coordination requirements depend on the intended use of the leased items and whether the items are developmental or operational. SAF/AQC coordinates with HQ USAF/XOO, PRI, and LEY, as necessary. SAF/AQC coordinates with HQ USAF/PRP on the use of aerospace vehicles counted in the USAF inventory. If the proposed lease is for participation in an international air show, follow part 862 of this chapter.

NOTE: HQ USAF/XOO approves the lessee's international air show plans, including flight profiles. HQ USAF/PRI coordinates on requests involving demonstrations of leased property to representatives of foreign governments.

#### § 863.21 Secretariat approval process.

Secretariat coordination and approval involves offices of diverse responsibilities. SAF/PA coordinates on air show lease requests. SAF/ACCS reviews all requests and provides rental charge guidance to the contracting officer. The DSAA approves all requests involving potential sales to foreign governments and organizations. In all cases SAF/GC reviews lease requests and D&Fs. SAF/AQ gives final approval on all lease requests.