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MEMORANDUM OF UNDERSTANDING

BETWEEN THE

DEPARTMENT OF THE TREASURY

AND THE

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

NOVEMBER 1977

In August 1977, the Department of the Treasury (Treasury) and the Department of Transportation (DOT), Federal Highway Administration (FHWA), jointly entered into a six-year multimillion dollar Agreement with the Kingdom of Saudi Arabia ("Project Agreement Between the Government of the Kingdom of Saudi Arabia and the Federal Highway Administration, Department of Transportation, and the Department of the Treasury, Government of the United States of America for Technical Cooperation in Highway Transportation") hereinafter called "the Agreement." In connection therewith, it is necessary at the outset to amplify the Agreement by delineating certain responsibilities that Treasury and FHWA have to each other and in other instances to separate responsibilities between the two action departments.

#### Regulations

It is understood that all overseas personnel and project administrative matters will be guided in priority order by:

1. State Department's Foreign Affairs Manual
2. State Department's Standardized Regulations (Government Civilians, Foreign Areas)
3. Agency for International Development Regulations
4. Federal Personnel Manual and Supplements
5. Department of Transportation Regulations

From time to time, the above regulations will be clarified and defined in terms of the Saudi Arabian situation by the Interagency Action Group Memoranda issued by Treasury.

#### Finances

Article XIII of the Agreement, states as follows: "This Agreement shall become effective after signature by representatives of the MOC, MFNE, FHWA and Treasury and the deposit by the Government of Saudi Arabia of the sums described in "Cost Estimate" of the Conceptual Project Proposal for the first two full years of the Agreement."

Article IV of the Agreement, states: "The Agreement shall be effective for a period of six years. The scope of work, services to be performed and cost estimates will be prepared on a two-year basis. During the first two years, the work to be performed shall be divided into two phases. Phase One will begin with the arrival of the advance contingent of the FHWA team and end six months later. Phase Two will commence at the end of Phase One and end eighteen months later. The Agreement will become effective in Accordance with Article XIII, but for work related and cost estimate purposes the six-year period of the Agreement will begin with the departure of the advance contingent of the Project Team from the United States."

Article XI of the Agreement, states: "The Government of Saudi Arabia agrees to deposit in the Dollar Trust Account in the United States Treasury established by the Technical Cooperation Agreement sums sufficient to cover in advance the estimated costs of this Project. The costs for the services to be provided by and through FHWA and Treasury for the initial period of the Project, covering two full years are set forth under "Cost Estimate" in the Conceptual Project Proposal. Cost estimates for subsequent periods of this Project will be prepared and submitted by FHWA and Treasury for acceptance by the Government of Saudi Arabia during the life of this Agreement. The Government of Saudi Arabia will authorize disbursement of required funds from the Dollar Trust Account for this Project pursuant to the Technical Cooperation Agreement."

On the basis of a statement of funds required, prepared at six-month intervals, Treasury shall deposit in advance with FHWA sums sufficient to cover the estimated costs of the Project for each six-month interval.

Based on the above requirements, the following Treasury/FHWA financial schedule is hereby adopted:

1. FHWA will prepare and submit to Treasury an estimate of cost for the first six months of operation, which shall begin on the first of the month closest to the departure date of the advance contingent of four and shall include preliminary cost for both the advance contingent and the second flight of eight.
2. Immediately following review and approval of the estimate and upon the effective date of the Agreement, Treasury shall advance an amount to FHWA equal to the amount of the estimate.
3. Five months after the departure of the advance contingent of four and every six months thereafter for the duration of the Agreement, the process of FHWA submitting an estimate of cost to Treasury and Treasury depositing the amount of the cost estimate with FHWA shall be repeated. Each of these subsequent estimates submitted to Treasury by FHWA will be adjusted by any remainders of funds previously provided.
4. The FHWA shall prepare and submit to Treasury a monthly statement on cumulative expenditures and the balance of funds under this Agreement.
5. Treasury shall be responsible for the preparation of a quarterly and yearly statement of expenditures for the project which would include funds dispersed by the Joint Economic Commission office in Riyadh.

6. Both Treasury and FHWA recognize that the estimate of cost of \$6,366,086 for the first two-year period of the six-year Agreement is based on an average of the grade level, average family size, 1976 prices (inflation factor has not been included) and is subject to price trends. For these reasons an updated estimate of cost will be prepared about midyear 1978. It will be primarily for internal Treasury and FHWA use.

Schedule of Finance Disbursement Responsibility

Both Treasury and FHWA will be vouchering expenditures and paying bills. The following schedule lists and describes the items for which each is responsible:

<u>ITEM</u>	<u>TREASURY</u>	<u>FHWA</u>
<u>Prior to Departure</u>		
Recruiting		X
Country Clearance		X
Medical Clearance		X
Security Clearance		X
Stateside Briefing	Briefing Per Se	Transportation and Per Diem
Passports		X
Visas	Saudi Arabia	Others
Shots		X
Travel Order (Including Voucher)		X
Air Freight		X
Storage (HFE)		X
Household Effects		X
<u>Riyadh and Thereafter</u>		
Salary (Including Post Differential, Fringe Benefits & Sunday Differential)		X
Housing	X	
Furniture (Including Appliances)	X	
Automobile	X	
Utilities	X	
Allowances		
Cost of Living	X	
Clothing		X
Miscellaneous Expenses		X
Educational	X	
Rest and Recuperation	X	

<u>ITEM</u>	<u>TREASURY</u>	<u>FHWA</u>
Travel Orders		
Home Leave		X
Others		X
Medical	X	
Evacuation	X	
Motor Pool	X	
Recreation	X	
Claims		X

FEDERAL HIGHWAY ADMINISTRATION

DEPARTMENT OF THE TREASURY

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*11/30/77*

DATE

*November 28, 1977*

DATE