

(v) *Prior Related Cases, if any:* AT–P–LGN, AT–P–LGL (P&A)

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* See Attached Annex

(viii) *Date Report Delivered to Congress:* May 4, 2023

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Australia—Surveillance Towed Array Sensor System Expeditionary (SURTASS–E) Mission Systems

The Government of Australia has requested to buy Surveillance Towed Array Sensor System Expeditionary (SURTASS–E) mission systems for Vessels of Opportunity (VOO); a shore processing mission system, a spare SURTASS passive acoustic array; containers; communications parts and support equipment (Classified and Unclassified); software (Classified and Unclassified); publications (Classified and Unclassified); training; U.S. Government and contractor engineering support; and other related elements of logistics and program support. The estimated total cost is \$207 million.

This proposed sale will support the foreign policy and national security objectives of the United States. Australia is one of our most important allies in the Western Pacific. The strategic location of this political and economic power contributes significantly to ensuring peace and economic stability in the region. It is vital to the U.S. national interest to assist our ally in developing and maintaining a strong and ready self-defense capability.

The proposed sale will improve Australia's capability to meet current and future maritime threats by providing tactical platforms with the detection and cueing of enemy submarines. The ability to provide acoustic Wide Area Surveillance and generate Indications and Warnings to Australian Commands will significantly improve shared maritime security. Australia will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractors will be Lockheed Martin-Syracuse, Syracuse, NY; and Lockheed Martin-Manassas, Manassas, VA. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require U.S. Government personnel

and U.S. Contractor representatives to visit the Commonwealth of Australia on a temporary basis in conjunction with program technical oversight and support requirements, including program and technical reviews.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 23–29

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

(vii) *Sensitivity of Technology:*

1. The Surveillance Towed Array Sensor System Expeditionary (SURTASS–E) mission system is a containerized variant of the passive SURTASS system providing long range detection and cueing for tactical weapons platforms against both diesel and nuclear-powered submarines. SURTASS–E allows the fleet to detect, classify, localize, track, and report emergent threats, thereby improving overall maritime security.

2. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce mission system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that Australia can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

5. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of Australia.

[FR Doc. 2024–22238 Filed 9–26–24; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

Notice of Funding Availability— Covered Technology Categories— Equipment Financing

AGENCY: Office of Strategic Capital (OSC), Office of the Under Secretary of

Defense for Research and Engineering, Department of Defense (DoD).

ACTION: Notice of Funding Availability (NOFA).

SUMMARY: The OSC is announcing the availability of up to \$984,000,000 aggregate funding for direct loans for equipment financing for technologies in the designated covered technology categories.

DATES: Applications will be accepted per the terms set forth below.

FOR FURTHER INFORMATION CONTACT: For questions about this notice, please contact David Vidal, Office of Strategic Capital Director of Credit Programs, at *Federal.Register.Notice@osc.mil*, tel. no. 703–545–1903. Please direct media inquiries to the OSC Press Team at *engagements@osc.mil*.

SUPPLEMENTARY INFORMATION:

1. Notice of Funding Availability Overview

- *Federal Agency Name:* Office of Strategic Capital, U.S. Department of Defense.

- *Federal Funding Opportunity Title:* Office of Strategic Capital Notice of Funding Availability (Equipment Finance).

- *Announcement Type and Date:* Initial announcement for the Office of Strategic Capital Notice of Funding Availability (Equipment Finance), as authorized by section 903 of the National Defense Authorization Act for Fiscal Year 2024. Effective date: September 27, 2024.

- *Purpose:* This Notice of Funding Availability seeks applications for financing the construction, expansion, or modernization of commercial equipment in the United States. These commercial facilities and their products will support, either directly or indirectly, Covered Technology Categories as set out in 10 U.S.C. 149(e). The Office of Strategic Capital will provide direct loans in the amount of \$10–\$150 million under this Notice of Funding Availability. The eligibility and selection criteria for investments include compliance with statute, the extent to which an investment supports U.S. national security or economic interests, the impact that direct loans would have on the project or transaction, and the creditworthiness of the investment, among other factors OSC will evaluate in the application process. See section 5 for additional information on evaluation criteria.

- *Application Format and Timeline:* This Notice of Funding Availability will employ a two-stage application process. The application process under this

Notice of Funding Availability consists of an Application Part 1 to validate eligibility and project or transaction suitability. As further detailed below, Applicants with a successful Part 1 submission will be invited to complete the full application.

○ *Application Part 1.* Part 1 of the application may be submitted starting on January 2, 2025 and must be received by 4:59 p.m. Eastern Time on February 3, 2025. See section 7(B) for additional information on Application Part 1 submission instructions.

○ *Application Part 2.* Following Application Part 1 review, the Office of Strategic Capital will invite certain applicants to complete Application Part 2. See section 7(E) for additional information on Application Part 2 submission instructions.

Application Part 2 submissions will be considered on a rolling basis. The Office of Strategic Capital may amend, cancel, or withdraw the Notice of Funding Availability at any time. All changes will be communicated via **Federal Register** Notice and the OSC website at <https://www.osc.mil>.

• *Eligible Applicants:* Pursuant to section 903 of the National Defense Authorization Act for Fiscal Year 2024: (1) an eligible applicant must be an Eligible Entity, (2) investments must be in a Covered Technology Category, and (3) investments must not be in a technology that solely has defense applications (each of Eligible Entity and Covered Technology Category, as defined in the National Defense Authorization Act for Fiscal Year 2024). Furthermore, eligible applicants will be assessed for creditworthiness, alignment with the mission of the Office of Strategic Capital, and compliance with certain provisions of the Federal Credit Reform Act of 1990. See section 3 of this Notice of Funding Availability for a full assessment of Eligibility.

• *Funding Opportunity Description:* Direct loans made under this Notice of Funding Availability will seek to strengthen U.S. economic and national security by providing equipment finance loans for companies investing in Covered Technology Categories. Through this Notice of Funding Availability, the Office of Strategic Capital will issue approximately \$10–\$150 million in loans to approximately ten successful applicants, subject to the availability of funds as set out in section 4(B)(I) below. Subsequent Notices of Funding Availability will offer additional forms of financial assistance for companies investing in Covered Technology Categories.

2. Covered Technology Categories

Per 10 U.S.C. 149(e), the Covered Technology Categories are:

- (A) Advanced bulk materials;
- (B) Advanced manufacturing;
- (C) Autonomous mobile robots;
- (D) Battery storage;
- (E) Biochemicals;
- (F) Bioenergetics;
- (G) Biomass;
- (H) Cybersecurity;
- (I) Data fabric;
- (J) Decision science;
- (K) Edge computing;
- (L) External communication;
- (M) Hydrogen generation and storage;
- (N) Mesh networks;
- (O) Microelectronics assembly, testing, or packaging;
- (P) Microelectronics design and development;
- (Q) Microelectronics fabrication;
- (R) Microelectronics manufacturing equipment;
- (S) Microelectronics materials;
- (T) Nanomaterials and metamaterials;
- (U) Open RAN;
- (V) Optical communications;
- (W) Sensor hardware;
- (X) Solar;
- (Y) Space launch;
- (Z) Spacecraft;
- (AA) Space-enabled services and equipment;
- (BB) Synthetic biology;
- (CC) Quantum computing;
- (DD) Quantum security; and
- (EE) Quantum sensing.

3. Notice of Funding Availability

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4. Program Description

This Notice of Funding Availability (“NOFA”) from the United States Department of Defense (“DoD” or the “Department”) Office of Strategic Capital (“OSC”) seeks submission of Part 1 of the Application for Loan Financing (“Application Part 1”) from eligible applicants based on criteria set forth in subsequent portions of this document. Successful Application Part 1 submissions may receive an invitation from OSC to submit an Application Part 2.

OSC has the authority to provide multiple forms of assistance, including direct loans, loan guarantees, and technical assistance that support commercial supply chains for technologies that are critical to U.S. national security. This inaugural NOFA specifically seeks applications for direct loans that will support modernization of manufacturing equipment in Covered Technology Categories. Applicants are not required to have any past, current, or future DoD or Federal Government contracts or provide sales or services to the Federal Government to be eligible. Subject to additional appropriations, OSC expects to publish opportunities in the future for additional CTCs and types of assistance, including loan guarantees.

This NOFA provides detailed information about the program objectives and requirements applicants will need to meet to receive funding. It also describes the procedures the program will use to evaluate and select applications for funding. Application Part 1, OMB Control Number 0704–0694, is due no later than 4:59 p.m. Eastern Time on February 3, 2025. OSC will invite certain applicants to submit Part 2 of the application (OMB Control Number 0704–0694, “Application Part 2”) based on its evaluation of Application Part 1. OSC may provide further guidance on these requirements and procedures in subsequent publications and through a series of public outreach sessions, information about which will be available at OSC’s website: <https://www.osc.mil>. Interested

parties should routinely check the website for updates.

OSC reserves the right to amend or modify any of the terms, procedures, or conditions set forth in this Notice of Funding Availability.

A. Purpose of Program

OSC's mission is to attract and scale private capital to technologies critical to the national and economic security of the United States. The NDAA (as defined below) states OSC shall:

- develop, integrate, and implement capital investment strategies proven in the commercial sector to shape and scale investment in critical technologies and assets;
- identify and prioritize promising critical technologies and assets that require funding and have the potential to benefit DoD; and
- make eligible investments in such technologies and assets, such as supply chain technologies not always supported through direct investment.

The United States is in a global competition to be the world's leader in emerging and critical technologies. These technologies are vital to creating enduring national security advantages for the U.S., its allies, and partners. Today, the private sector funds the majority of technological research and development, and, consequently, private capital is the driving resource that determines the United States' research and development agenda.

DoD will utilize financial tools available to OSC to attract and scale the private capital needed to commercialize and scale critical technologies that enhance the United States' broader national security and economic interests. OSC is authorized to provide loans and loan guarantees to eligible projects in select covered technology categories. OSC aims to build on successful examples of administering efficient, cost-effective financial tools to advance national security priorities. By aligning government and private sector incentives around technologies vital to national security and economic interests, DoD aims to use the power of the market and economic competition to attract the capital required for critical technology investment.

B. Program Objectives and Priorities

OSC aims to support entities in expanding and modernizing their production capabilities while simultaneously encouraging private capital investment. A key goal in OSC's efforts is to attract and scale private capital alongside public funds, rather than relying on public funding alone for investment in national and economic

security priorities. For this inaugural NOFA, OSC's objective is to provide direct loans to entities for equipment modernization, refurbishment, and expansion efforts in existing manufacturing facilities that support the CTCs.

C. Statutory Authority

This NOFA is issued pursuant to the National Defense Authorization Act for Fiscal Year 2024, Public Law 118–31, section 903 (the “NDAA”), which authorized the Office of Strategic Capital. Under the NDAA, OSC is authorized to carry out a pilot program to provide direct loans to eligible entities for investments in technologies that fall within specified CTCs and have existing or forecasted commercial applications beyond solely defense purposes. The eligibility and selection criteria for investments include compliance with statute, the extent to which an investment supports U.S. national security or economic interests, the impact that direct loans would have on the project or transaction, and the creditworthiness of the investment, among other factors OSC will evaluate in the application process.

5. Federal Funding Information

A. Funding Instrument—Type of Funding

To accomplish program objectives described in section 3(a) and section 3(b) above, OSC will provide direct loans to eligible applicants. Additional financial products will be available in future NOFAs.

B. Funding Availability

I. Fiscal Year Funds

The Further Consolidated Appropriations Act, 2024 (Pub. L. 118–47) (the “Appropriations Act”) included appropriations to support up to \$984,000,000 in direct loans, available for obligation through September 26, 2026. Total amount of funding for direct loans under this NOFA may include future appropriations. Amounts funded under this NOFA will depend on the creditworthiness of applications received and program priorities. Remaining funding, if any, will be used for future funding opportunities.

OSC reserves the right to issue funds up to the amounts appropriated under fiscal year 2024 under this NOFA. Additionally, OSC retains the discretion to apply funds from future appropriations to loans issued under this NOFA. OSC will determine the total level of funding to be issued based on current and future appropriations.

II. Funding Categories, Interest Rates, Terms and Conditions

Based on statutory authority provided in section 903(b)(3)(A) of the NDAA, OSC has established requirements for terms and conditions for direct loans under this NOFA. Specific terms will be developed for each transaction, but this section describes guiding principles for certain terms.

Interest Rate

The interest rate on direct loans provided under this program shall be set depending upon factors specific to the transaction and market factors at the time of approval, including prevailing market interest rates and the credit risk of the transaction, but in no event at a rate less than the yield on marketable United States Department of the Treasury securities of a similar maturity.

Maturity Date

The maturity date for direct loans under this program shall be determined depending upon factors specific to the transaction at the time of approval, including the credit risk of the transaction, use of loan proceeds, useful life of the underlying assets, and collateral.

Prepayment

Direct loans provided under this program may be prepaid without penalty.

Non-Subordination

OSC loans are senior loans and shall not be subordinated to any other indebtedness, subject to certain exceptions. The form of acceptable security will be determined based on factors specific to transactions and can include a lien on pledged collateral, or other form of security acceptable to OSC in its sole discretion. In some cases, pursuant to the NDAA, OSC may make an unsecured corporate loan.

Other Terms and Conditions

OSC reserves the right to determine terms on a transaction-by-transaction basis under this program. Transactions may be subject to such other terms, conditions, covenants, representations, warranties, and requirements as OSC deems appropriate.

III. Direct Loan Amounts

The total amount of direct loan financing provided under this NOFA will vary by project or transaction and applicants will be required to specify their financing needs in their Application Part 1. For this NOFA, a project or transaction is defined as the comprehensive effort encompassing the

purchase, refurbishment, installation, maintenance, and/or related activities associated with the use of equipment for manufacturing purposes. Direct loan financing will be individually negotiated and obligated based on considerations specific to each project, as well as the availability of program funds.

Under this NOFA, OSC will accept loan applications for loan amounts of no less than \$10 million and not exceeding \$150 million. The NDAA section 903(d) requires not less than 80% of the total capital invested in a CTC-focused industry come from non-Federal sources at the time of OSC investment. While OSC will monitor compliance with this requirement, OSC generally does not expect this requirement to restrict investment into individual projects.

6. Eligibility Information

The eligibility information below applies to this inaugural NOFA. OSC may revise the scope of eligible projects for future funding opportunities.

A. Eligible Applicants

The following entities (including relationships by and among entities, *e.g.*, joint ventures or strategic alliances) are eligible to apply for direct loans from OSC:

- an individual;
- a corporation;
- a partnership, which may include a public-private partnership, limited partnership, or general partnership;
- a trust;
- a State, including a political subdivision or any other instrumentality of a State;
- a Tribal government or consortium of Tribal governments;
- any other governmental entity or public agency in the United States, including a special purpose district or public authority, including a port authority, or
- a multi-State or multi-jurisdictional group of public entities.

To ensure the effective allocation of direct loans, OSC will require that borrowing entities (or sponsors) demonstrate a minimum of three years of operating history. OSC reserves the right to waive or increase this requirement in its sole discretion if the application demonstrates exceptional alignment with NOFA objectives and requirements.

B. Eligible Projects

Eligible projects or transactions under this NOFA must align with authorizing language provided in the NDAA, which requires that all eligible investments made:

- are in a CTC, and
- are not a technology that solely has defense applications.

For this inaugural NOFA, OSC aims to fund the procurement or rehabilitation of equipment for manufacturing processes in the CTCs.

C. Section 8140 Eligibility Criteria

OSC will evaluate project applications for existing Federal involvement. The Section 8140 Eligibility Criteria were developed pursuant to section 8140 of the Appropriations Act. The third proviso of section 8140 requires the Secretary of Defense and the Director of the Office of Management and Budget (“OMB”) to jointly develop criteria for “eligibility for direct loans and loan guarantees that limit Federal participation in a project consistent with the requirements for the budgetary treatment provided for in section 504 of the Federal Credit Reform Act of 1990 (“FCRA”; 2 U.S.C. 661c) and based on the recommendations contained in the 1967 Report of the President’s Commission on Budget Concepts. All applicants submitting applications for funding under this NOFA must complete responses for the Section 8140 Eligibility Criteria. OSC and OMB will perform a holistic review of the responses to the Section 8140 Eligibility Criteria responses and determine whether the application meets the criteria.

Federal Eligibility Threshold Questions

1. Is the prospective borrower seeking financing for a project or transaction to produce a technology, product, asset, and/or service for which the Federal Government is the sole user?
2. Is the prospective borrower seeking financing for a project or transaction to produce a technology, product, asset, and/or service where repayment is majority dependent on current or anticipated Federal sources (*e.g.*, grants or contracts)?

Federal Transaction Screening Criteria

1. Is the borrower a public-private partnership, or does the Federal Government otherwise have a role in the governance of the activity financed by the proposed transaction (*e.g.*, a corporate officer position, membership on the Board of Directors, the ability to unilaterally elect or veto members of the Board of Directors, or other forms of control or influence reserved for a stockholder), excepting any terms and conditions contained in the Credit Agreement or ancillary documents?
2. Is the proposed transaction financing an activity for which a Federal agency has received previous

authorization in legislation, and without which authorization a private sector entity would not engage in the activity?

3. In the absence of an OSC loan, is the project economically viable (*e.g.*, is the OSC loan critical to securing favorable ratings opinions or catalyzing private investments)? If yes, please explain how the proposed transaction fits within the assessed current private market.

4. Does the transaction depend on the Federal Government making other in-kind contributions (land, real estate, right-of-way, etc.)? If yes, please explain.

5. What, if any, current Federal capital assets (*e.g.*, Federal land, structures, equipment, or intellectual property) will be affected by the transaction? For example, will the transaction finance construction of an asset on Federal land, or does the transaction rely on the Federal Government’s continued ownership and maintenance of a structure for viability?

6. To your knowledge, excepting an event of default, would the Federal Government be required to cover financial losses associated with the project?

In the Application Part 1, if the applicant answers “yes” to any of the Federal Transaction Screening Criteria, the applicant will be invited to supplement the answer to provide further detail.

D. Eligible Costs

Direct loans made for eligible projects through OSC may be used to finance the purchase or rehabilitation of equipment, as well as the following costs directly associated with the financed equipment:

- Pre-installation costs, such as planning, development, engineering analysis, financing, legal expenses, and associated fees (excepting application costs, which shall not be covered);
- Ancillary costs, such as preparation of facility, permitting, utility upgrades, delivery, calibration, first-article testing and/or qualification, integration with existing systems, as well as associated modifications or software necessary for operational use;
- Installation costs, including cost of labor and materials required for installation;
- Appraisal and inspection costs, appraisals required to determine value of asset, or appraisal or inspections required by law and industry regulations; and
- Refinancing costs, on a case-by-case basis.

For any equipment that is purchased prior to submission of the Application Part 1, any of the above costs that have

been incurred during the useful life of an underlying asset may be included, at the sole discretion of OSC.

7. Application and Submission Information

This section 7 describes the application completion and submission process. First, potential applicants will submit Application Part 1 complete with descriptive information about the equipment purchase or rehabilitation and the potential borrower. Next, Application Part 1 will be reviewed using the criteria described in subsection D below. Finally, applicants who meet these criteria will then be invited to apply and submit Application Part 2.

A. How To Access an Application

Application Part 1, Application Part 2, FAQs, and other materials are available at <https://www.osc.mil>.

B. How To Submit Application Part 1

a. All instructions required for submitting Part 1 are located on the OSC web page, <https://www.osc.mil>.

b. Applicants can submit only one application.

c. A parent company that has subsidiaries applying for funding based on the parent's audited financials can only be the proposed guarantor for one application for funding under this notice. If multiple subsidiaries apply based on the same parent audited financial statement, only one application for one subsidiary can be funded, chosen at OSC's discretion.

d. Applications and supporting documents will not be accepted through mail or courier delivery, in-person delivery, or fax.

C. Pre-Application Consultation

Subject to OSC availability, Applicants can request pre-application consultation sessions with OSC prior to completion of Application Part 1. This optional pre-application consultation can be useful for feedback in anticipation of review of materials. Topics of discussion may include but are not limited to: OSC's economic and national security goals; the scope of the OSC mission; the application process; CTCs; long-term investment plans for capital expenditures, as well as standard, market-oriented terms and conditions for loans. No findings from a pre-application consultation shall be used to evaluate an Application Part 1 or Application Part 2 and OSC shall make no binding agreements whatsoever with applicants during a pre-application consultation.

D. Application Part 1, Review and Selection

Application Part 1 submissions must be received by 4:59 p.m. Eastern Time on February 3, 2025. Application Part 1 submissions received after this date shall not be considered or reviewed. For all Application Part 1 submissions, OSC and OMB will assess whether the proposed project meets minimum eligibility requirements described in this NOFA as well as the loan proposal and supporting project information. OSC reserves the right to reopen this NOFA for the purpose of additional submissions of new or amended applications or to offer additional notices of funding availability.

I. Foreign Ownership, Control, or Influence and Adversarial Capital

During both the Application Part 1 and Application Part 2 evaluation, OSC will assess the degree to which the applicant (including the borrower, sponsor, or guarantor, as applicable) or the project or transaction is subject to Foreign Influence and Adversarial Capital (each as defined below). The scope of the assessment will include the entity's customers, suppliers, management team, board of directors or equivalent governing body, the entity's ownership, as well as other contractual relationships.

For the purposes of this NOFA these terms can be clarified as described below:

Foreign Influence is a condition that exists when a Foreign Country of Concern (as defined below) or a Foreign Entity of Concern (as defined below) has the power, direct or indirect, whether or not exercised, (A) to direct or decide matters affecting the management or operations of the company or (B) to access material non-public information, or (C) to access material intellectual property of the company. *Adversarial Capital* is an investment in an entity, in the form of ownership or credit, from persons, whether legal or individual, in Foreign Countries of Concern or from *Foreign Entities of Concern* hostile to the interests of the United States, its allies, or partners. For the purposes of this NOFA, a *Foreign Country of Concern* is as set out in 15 U.S.C. 4651(7) and a *Foreign Entity of Concern* is as set out in 15 U.S.C. 4651(8) and 15 CFR 231.104(c).

In connection with any concerns about Foreign Influence or Adversarial Capital, OSC reserves the right to employ mitigation agreements or other measures during the application process, including not approving a loan application.

II. Evaluation Criteria

OSC will review eligible Application Part 1 submissions and prioritize them by selection criteria, which include readiness to proceed and alignment with OSC's mission. Following review, OSC will invite applicants to submit Application Part 2. At that time, OSC will furnish an application number for employment throughout the remainder of the application process.

Application Part 1 will be assessed and prioritized on factors that include, but are not limited to, the following:

a. Economic and National Security Objectives

OSC is guided by the OSC mission statement: to attract private capital to national security priorities and scale private investment into critical technologies. Successful applicants will have a demonstrated investment in one or more CTCs, either through previous actions or a comprehensive business plan.

b. Adherence to OSC Statutory Requirements

Applicants that align with covered technologies eligible for investment and are not solely for defense applications, as outlined in the NDAA will be eligible for consideration.

c. Alignment With OSC Funding Objectives

Applicants that align with CTCs for equipment modernization efforts in existing manufacturing facilities will be prioritized under this NOFA.

d. Speed to Commercialization

Applicants for projects or transactions for which a technology or product can be quickly brought to market and made commercially available will be prioritized in the evaluation process.

e. Readiness To Proceed

Applicants in a position to execute on the purchase of equipment will be prioritized in the evaluation process.

f. Availability of Government Financial Support

The extent to which the project or transaction uses available funding (*i.e.*, appropriated funds from Congress), allowing OSC to fund a diverse portfolio of investments for the initial funding round.

g. Creditworthiness

OSC will review applicants for a demonstrated history of reliable credit repayment. OSC will not issue a loan unless it determines that the applicant has a reasonable prospect of repaying

the principal and interest on the loan in a timely manner and that the principal, when combined with amounts available to the applicant from other sources, will be sufficient to carry out the purchase or refurbishment, installation, and use of the equipment.

h. Technical Assessment

Projects or transactions may be prioritized based on a technical assessment associated with the subject application.

i. Anticipated Results or Benefits of Resulting Capability

Projects or transactions may be prioritized, at the discretion of OSC, based on the prospective benefits or results of the subject application.

j. Current Associated Financing for Past Purchases (as Applicable)

In the case of equipment purchased prior to submission of the application, OSC may prioritize projects or transactions associated with current financing or obligations to maximize the benefit of the subject offering.

k. Other Factors (as Applicable)

Projects or transactions may be prioritized on other factors relevant to OSC, the applicant, or the subject application as appropriate.

l. Timeline

Following review, at any time following the submission of Application Part 1, the OSC project development team may notify applicants of their status and invite them to submit Application Part 2.

E. How To Submit Application Part 2

a. OSC will invite applicants to complete Application Part 2. Unsolicited Application Part 2 submissions will not be reviewed. OSC will employ the contact and notice information listed in Application Part 1 to send its invitation.

b. All materials and instructions for completing an application are located on the OSC web page, <https://www.osc.mil>. Please note there are several supporting studies and documents that will need to be submitted along with Application Part 2.

c. Applicants can submit only one application.

d. A parent company that has subsidiaries applying for funding based on the parent's audited financials can only be the proposed guarantor for one application for funding under this notice. If multiple subsidiaries apply based on the same parent audited

financial statement, only one application can be funded, chosen at OSC's discretion based on the factors in section 6(D)(ii) above.

e. Applications and supporting documents will not be accepted through mail or courier delivery, in-person delivery, or fax.

F. Part 2 Application Review

Following receipt of a complete Application Part 2, the proposed project will undergo environmental, credit, legal, and technical due diligence on the proposed project or transaction, including compliance with relevant Bank Secrecy Act requirements. This review will inform a final determination on whether to make commit to a project and on what terms. OSC may request the applicant to retain outside consulting services to assess relevant aspects of the project. Those costs may be included in the project costs listed in the financial plan and may be the responsibility of the applicant, as determined by OSC. In some cases, OSC may request additional information to ensure the best financing options for an applicant's needs.

OSC will conduct the business, technical, and legal review during the due diligence phase to evaluate the financial and legal soundness of the proposed project or transaction. The areas that the origination team evaluates include the following:

- Proposed Capitalization Structure;
- Financial History of Key Participants—Borrower(s), Guarantor(s), Contractors(s);
- Financial Condition of Key Participants;
- Terms and Conditions of Project Contracts;
- Target Market and Marketing Strategy;
- Proposed Project Management Team and Operating Plan;
- Financial Projections of the Project;
- Historical Financial Performance;
- Legal, Regulatory, and Tax Issues;
- Bank and Trade References; and
- Character Risk Due Diligence.

Following due diligence, the application materials and findings will undergo an approval process within OSC. OMB will evaluate the final subsidy cost of the direct loan.

Following OSC and OMB approval processes, OSC may share a final term sheet and conditional letter of commitment with the applicant. At this stage, OSC may seek the applicant's approval for employment of consultants or advisors to perform any confirmatory due diligence items which may include, but are not limited to, independent engineering assessment, appraisals, and insurance evaluations.

G. System for Award Management and Unique Entity Identifier

Applicants should make efforts to complete the process of registering for the System for Award Management ([SAM.gov](https://sam.gov)), including obtaining a Unique Entity Identifier, prior to submitting a full application. Applicants are strongly encouraged to begin the process of registering for [SAM.gov](https://sam.gov) as early as possible. While this process ordinarily takes between three days and two weeks, in some circumstances it can take six or more months to complete due to information verification requirements. The Department is unable to issue the OSC loan to an entity that lacks an active [SAM.gov](https://sam.gov) registration. Throughout the term of the OSC loan, applicant will be required to maintain its [SAM.gov](https://sam.gov) registration in good standing.

In considering applications, OSC will assess the record of the applicant, as well as of its corporate parent, in executing programs or activities under Federal grants, cooperative agreements, procurement awards, and other transactions, as well as its integrity and business ethics. As part of this consideration, OSC will review and consider the non-publicly available information about that applicant in the designated integrity and performance system accessible through Responsibility/Qualification Records on [SAM.gov](https://sam.gov). This review may also include the applicant's corporate parent or affiliates that are under common ownership and control. Each applicant, at its option, may review information in the designated integrity and performance system accessible through SAM and comment on any information about itself that a Federal awarding agency previously entered and is currently in the designated integrity and performance system accessible through SAM. OSC will consider any comments by the applicant, in addition to the other information in the designated integrity and performance system, in making a judgment about the applicant's integrity, business ethics, and record of performance under Federal awards.

H. Submission Dates and Times

- Beginning on January 2, 2025, Application Part 1 will be accepted until 4:59 p.m. Eastern Time on February 3, 2025.

- Application Part 2 will be accepted on a rolling basis following OSC's invitation to complete an Application Part 2. The invitation to complete an Application Part 2 will include a submission deadline.

- OSC will not solicit or consider new scoring or eligibility information that is submitted after the application deadline. However, OSC reserves the right to ask applicants for clarifying information and additional verification of assertions in the Application Part 1 and Application Part 2.

I. Confidential Business Information

OSC recognizes the importance of protecting proprietary or otherwise confidential business information. OSC and the Department will follow applicable laws, including, for example, the Trade Secrets Act, and the Freedom of Information Act ("FOIA"), as well as the DoD Controlled Unclassified Information ("CUI") policy to protect such information.

All Federal employees are bound by the Trade Secrets Act, which makes Federal employees criminally liable for the unauthorized disclosure of "information [that] concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or to the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or association". Violations of the Trade Secrets Act may result in the loss of employment, fines, or imprisonment. OSC will also ensure any contractors or consultants working in support of OSC uphold relevant standards for protecting the Confidential Business Information of any applicant.

Exemption 4 of FOIA protects trade secrets and commercial or financial information obtained from a person that is privileged or confidential. This exemption is designed to protect the interests of both the government and private parties doing business with the government by exempting the disclosure of information that is customarily kept confidential by the company providing the information. The Department will apply this exemption to FOIA requests in accordance with the law and the Department's FOIA regulations.

CUI policy outlines the handling, dissemination, and protection of information that requires safeguarding or dissemination controls pursuant to and consistent with law, regulations, and government-wide policies. CUI policy encompasses a wide range of information categories including proprietary business information, defined as material and information relating to, or associated with, a company's products, business, or activities, including but not limited to financial information; data or statements; trade secrets; product research and development; existing and

future product designs and performance specifications. The policy mandates proper marking, handling, and dissemination practices to prevent unauthorized access and ensure the protection of sensitive information, thereby enhancing operational security and reducing the potential damage associated with data breaches. Instructions for the identification and marking of information or documents that the applicant treats as confidential are included in Application Part 1 and on the OSC website at <https://www.osc.mil>. Any requests for information covered by a confidentiality claim will be disclosed by OSC in accordance with the procedures set forth under 32 CFR Subchapter N, or as otherwise required by law or order of court with appropriate jurisdiction.

J. Funding Restrictions

In the case of an eligible investment made through a direct loan, OSC requires not less than 80% of the total capital invested in a CTC-focused industry come from non-Federal sources at the time of OSC investment. OSC will evaluate applications against this requirement by sector and covered technologies. OSC will monitor this requirement but based on OSC's market research to date, OSC generally does not expect this requirement to restrict investment into individual projects under this NOFA.

Funds made available under this NOFA may only be put to eligible uses. In addition, funds made available through this NOFA may not be used for any purpose that would violate the following laws and regulations:

- *Foreign Corrupt Practices Act and Domestic Anti-Bribery Laws*: Prohibited uses include making payments to foreign or domestic government officials to assist in obtaining or retaining business, and willfully using mails or any means of interstate commerce corruptly to offer, pay, promise to pay, or authorize the payment of money or anything of value, directly or indirectly, to a foreign or domestic government official to influence the official in their official capacity, induce the official to do or omit to do an act in violation of their lawful duty, or to secure any improper advantage to assist in obtaining or retaining business for or with, or directing business to, any person.

- *Anti-Lobbying Laws*: Prohibited uses include using money appropriated by any enactment of Congress, in the absence of express authorization by Congress, to directly or indirectly influence or attempt to influence any official or employee of a government

agency, or any official, employee or member of Congress, in connection with a government loan or contract.

- *Anti-Boycott*: Prohibited uses include participation in foreign boycotts not sanctioned by the United States.

- *Foreign Entities of Concern*:

Prohibited uses include purchases or other commercial or advisory relationships with Foreign Entities of Concern.

Additionally, OSC funds may not be used for any illegal or other prohibited purpose.

K. Intergovernmental and Regulatory Review

Under this NOFA, financing for equipment modernization and expansion may constitute a major Federal action and cross-cutting regulations may apply. Accordingly, receiving financial credit support may—in certain circumstances—require borrowers to comply with a variety of Federal environmental, labor, transportation, and equipment sourcing requirements.

In certain circumstances, and based on potential borrowers' responses to Application Part 1, applicants may be required to provide a description of whether and how they intend to utilize domestically produced iron, steel, and construction materials as part of their projects, including for non-Federal entities how they plan to meet any applicable legal requirements pursuant to the Build America, Buy America Act. Applicants may also be required to comply with Davis-Bacon and its related acts (40 U.S.C. 3141 *et seq.*).

In addition, applicants may be required to provide environmental studies necessary to verify compliance with the National Environmental Policy Act (42 U.S.C. 4321 *et seq.*), and other applicable Federal environmental laws and authorities such as the National Historic Preservation Act, Endangered Species Act, Clean Water Act, and related Executive Orders. OSC expects applicants to design their projects so that they avoid, minimize, and mitigate the potential for significant environmental effects.

The applicant will also be responsible for obtaining and complying with applicable Federal, State, and local permits such as those required under the Clean Water Act, Clean Air Act, and Resource Conservation and Recovery Act. OSC expects that each applicant invited to submit an Application Part 2 will be prepared to submit required environmental studies as outlined in the application requirements. OSC encourages applicants to begin preparing for the environmental review

process as early as possible so that the applicant can demonstrate its readiness to commence the project(s). Applicants should therefore prepare for the environmental review, including gathering data and analysis, engaging experts or outside contractors, etc., as early as possible. Such actions will facilitate an expeditious environmental review process if invited to submit Application Part 2.

In connection with any loans issued by OSC and depending on the nature of the project or transaction, borrowers may be required to adhere to additional regulations. OSC and potential borrowers (or sponsors) will determine which regulations shall apply during the development of legal documentation.

8. Federal Funding Administration Information

A. Third-Party Expenses and Fees

OSC may utilize independent technical, financial, environmental, insurance, or other consultants and contractors and outside legal counsel during the due diligence process. Subject to the express agreement of the applicant, the applicant shall be responsible for the payment of all expenses charged by the independent consultants or contractors and OSC outside legal counsel in connection with an application. In such case, OSC shall not be responsible for expenses incurred if an application is denied.

B. Funding Availability and Limitation of Liability

Funding for the program is contingent upon the availability of appropriations. In no event will OSC be responsible for application preparation costs. Neither publication of this NOFA nor invitation to complete an Application Part 2 will oblige OSC to fund any specific project or transaction or to obligate available funds. This NOFA also is not intended to and does not create any rights enforceable by any alleged third-party beneficiaries.

OSC is not under any obligation to provide additional future funding in connection with funding made under this NOFA.

C. Reporting

OSC understands the importance of undertaking systemic data collection and rigorous evaluative activities to assess the outcomes related to funds given under this NOFA. OSC is committed to this goal, and all applicants should expect this will be a requirement of funding.

All funding recipients will be expected to comply with all reporting

requirements, as well as program evaluation activities undertaken by OSC, in a format acceptable to OSC.

OSC may publish generalized information through the review, selection, and loan issuance process. OSC may inform and, to the extent required by law, seek consent from applicants of any such disclosures. In addition, as will be set forth in the terms and conditions of each loan, successful applicants will be expected to support program and project reviews, audits, and program evaluation activities, including by submitting required financial and performance information and other relevant data in an accurate and timely manner, making available documents and other records related to the project upon request, and by cooperating with OSC and external program evaluators, including the Office of the Inspector General. Certain post-loan issuance progress reporting may also be made public.

OSC may also publish aggregated information from Application Part 1 and Application Part 2.

D. Additional Information

Any decision by OSC to reject an Application Part 1 as ineligible, or to deny an Application Part 2, shall be final and non-appealable. Unsuccessful applicants will be notified of a denial by email and will have the opportunity to receive a debriefing. Unsuccessful applications will be retained in accordance with Department of Defense recordkeeping requirements.

E. Privacy Advisory

a. Authority: The information requested by Application Part 1 and Part 2 is authorized by the NDAA.

b. Purpose: The information requested by Application Part 1 and Part 2 will be used to determine whether the loan transaction presents a reasonable assurance of repayment, meets the eligibility requirements set forth in NDAA section 903 and section 8140 of the Further Consolidated Appropriations Act, 2024, and supports the mission of OSC to attract and scale private investment for national and economic security. The information collected will also be used for “know your customer” purposes to assure that transaction parties do not have ownership, control, or influence from or by foreign parties adverse to the United States.

c. Uses: While the information requested by the Application Part 1 and Part 2 is primarily intended to be used internally at OSC, in certain circumstances it may be necessary to disclose this information externally,

including to contractors, experts, consultants, and others performing or working on a contract, service, or other assignment for the Federal Government, when necessary to accomplish an agency function.

d. Disclosure: Provision of the information requested by the Application Part 1 and Part 2 is voluntary. However, failure to provide the requested information may result in OSC being unable to determine eligibility under this Notice of Funding Availability and rejection of an Application Part 1 or Part 2. At all times, OSC reserves the right to decline to process or to discontinue processing any application.

e. OMB Control Number: Unless a currently valid OMB control number is displayed on Application Part 1 and Application Part 2, OSC may not ask applicants to submit, and applicants are not required to provide, the requested information.

F. Office of Strategic Capital Contact Information

For general inquiries regarding the NOFA, please contact: Office of Strategic Capital, Department of Defense, Phone: (703) 545-1903, Email: OSC.Loan.Application@osc.mil.

DoD is an equal opportunity provider, employer, and lender.

Dated: September 24, 2024.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2024-22229 Filed 9-26-24; 8:45 am]

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 23-39]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense (DoD).

ACTION: Arms sales notice.

SUMMARY: The DoD is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Pamela Young at (703) 953-6092, pamela.a.young14.civ@mail.mil, or dsca.ncr.rsrcmgmt.list.cns-mbx@mail.mil.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the