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UNITED STATES OF AMERICA

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DEPARTMENT OF STATE

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INDUSTRY ADVISORY PANEL MEETING

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THURSDAY, DECEMBER 9, 2004

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9:34 A.M.

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U.S. DEPARTMENT OF STATE

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2201 C STREET, N.W.

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LOY HENDERSON AUDITORIUM

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WASHINGTON, D.C.

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22 Reported and transcribed by Deborah Turner, CVR

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1 INDUSTRY ADVISORY PANEL MEMBERS
2 Harold Lynn Adams, Chairman
3 RTKL Associates, Inc.
4 Senior Director, Federal Affairs
5 Representing the American Institute of Architects
6
7 Ida Brooker, Manager, Construction and Environmental
8 Contracts, Supplier Management and Procurement,
9 The Boeing Company
10 Representing Women Construction Owners and
11 Executives, U.S.A.
12
13 Mary Ann Lewis, President
14 Lewis and Zimmerman Associates, Inc.
15 Representing the Society of American Value Engineers
16 (SAVE)
17
18 Robin Olsen, President
19 Construction Consultants International Corporation
20 Representing Associated Owners and Developers
21
22

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1 INDUSTRY ADVISORY PANEL MEMBERS
2 S.G. Papadopoulos, Principal
3 PKP Engineering, PC
4 Representing American Council of Engineering
5 Companies
6
7 Thomas J. Rittenhouse, III, Principal
8 Weidlinger Associates, Inc.
9 Representing the American Society of Civil Engineers
10
11 Craig Unger, President
12 Design-Build Institute of America
13 Representing the Design-Build Institute of America
14
15 Derish M. Wolff, President and CEO
16 The Louis Berger Group
17
18 Joel Zingesser, AIA, Director of Corporate Development
19 (not present)
20 Grunley Construction Company, Inc.
21 Representing the Associated General Contractors of
22 America

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1 OBO STAFF

2 General Charles E. Williams, Director/Chief Operating

3 Officer

4

5 Suzanne Conrad, Chief of Staff

6

7 Phyllis Patten, Special Assistant/Scheduler for

8 General Williams

9

10 Terry Wilmer, Managing Director, Planning and

11 Development

12

13 Jay Hicks, Managing Director, Real Estate and

14 Property Management

15

16 Jurg Hochuli, Managing Director, Resource Management

17

18 Richard Smyth, Managing Director, Operations and

19 Maintenance

20

21 Joseph Toussaint, Managing Director, Project

22 Execution

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1 OBO STAFF
2 Bob Castro, Special Assistant/Liaison for
3 Congressional and Business Affairs
4
5 Gina Pinzino, Public Affairs Specialist
6
7 Bill Prior, Director, Construction and Commissioning
8 Division
9
10 Robert Soule, Director, Security Management Division
11
12 Roberto Coquis, Director, Management Support Division
13
14 Elizabeth Sines, Director, Area Management Division
15
16 Arthur Frymyer, Director, Facilities Management
17 Division
18
19 Greg Krisanda, Deputy Director, Facilities
20 Maintenance Division
21
22

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1 OBO STAFF
2 Nick Retherford, Acting Director, Design and
3 Engineering Division
4
5 Alexander Kurien, Director, Planning and Development
6
7 Vickie Hutchinson, Deputy Director, Planning and
8 Development
9
10 Patrick McNamara, Deputy Director, Real Estate and
11 Property Management
12
13 Robert Etheridge, Deputy Director, Resource
14 Management
15
16 Shirley Miles, Internal Review Officer
17
18 Will Colston, Deputy Director, Project Execution
19
20 Dave Barr, Division Director, Project Development
21 Division
22

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1 OBO STAFF
2 Ernest Mensah, Internal Review
3
4 Matttie Matzen, Branch Chief, Interiors and
5 Furnishings
6
7 Marcus Herbert, Branch Chief for Capital Projects
8 Branch, Project Evaluation & Analysis Division
9
10 Chris Mawdsley, Branch Chief, Project Evaluation &
11 Analysis Branch
12
13 Steve Urman, Deputy Director, Operations and
14 Maintenance
15
16 Luisa M. Alvarez, Attorney-Advisor, L/BA
17
18 Walter R. Cate, Contracts Office, A/LM
19
20
21
22

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1 P R O C E E D I N G S

2 - - - - -

3 MS. PINZINO: If everyone could just be
4 seated. I have a couple of administrative
5 announcements. First of all, I'd like to welcome you
6 to the Fourth Quarterly Industry Advisory Panel.
7 Please turn off all your cell phones and pagers at
8 this time.

9 For emergency -- in case of an emergency
10 please look for the red exit signs by the doors. We
11 have staff posted outside this room so that they can
12 take you and escort you wherever you need to go.
13 Should you need to leave at any point please identify
14 one of the staff members outside the doors.

15 We will break for lunch at about 12:30
16 today, a little bit later than usual. So once again,
17 thank you and will you please join me in welcoming
18 General Williams. (Applause.)

19 GEN. WILLIAMS: Good morning. It's
20 delightful to see you again and particularly our
21 panel and also you the visitors and observers. As we
22 have said many times before that everything that

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1 happens with the Overseas Building Operations today
2 and even yesterday is open.

3 We're delighted to have those who would
4 like to come and see the process. We think that this
5 is the way government should work. I know that there
6 are representation from time to time from
7 congressional and departmental oversight committees
8 and we welcome that as well.

9 We must report a couple of things, and then
10 I'm going to give you a little update on where we are
11 with the program. It's that advisory panels are
12 delicate apparatuses here in town. They're put in
13 place via charter and it's not just a finger-snap to
14 get these in place. They're expected to perform in
15 such a way.

16 Our panel has been in place for three
17 years. It has been queried and evaluated twice by
18 the Gallup ratings for the government. This very
19 last time that Gallup made its survey and evaluation
20 and this is talking about all advisory panels to the
21 federal government. And there are many.

22 This panel was rated as one of the highest,

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1 if not the highest, in terms of its effectiveness and
2 productivity in government. This is a testament to
3 all that the panel has been able to do in the way of
4 supporting the Overseas Building Operation but more
5 specifically it speaks to the professionalism that's
6 been displayed throughout these processes. And this
7 evaluation was done randomly and I think that's
8 worthy of noting.

9 So I'm especially delighted to have this
10 panel as a support element for us. And as I go
11 through the update this morning I will highlight a
12 couple of points around the table. And we will be
13 able to be closer to where we are.

14 I will make certain that all the observers
15 are in fact introduced at the end of the session
16 today. So sit back and collect and watch the
17 process.

18 I think most of you know our panel members
19 but just in case there's someone here for the first
20 time and may not know them I'm going to start with
21 Harold Adams and ask him to just introduce himself,
22 his name, the company, and then we'll just go around

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1 so that anyone who may not have observed us before
2 will know the panel members. Harold?

3 MR. ADAMS: My name is Harold Adams. IÆm
4 chairman emeritus of RTKL Associates, an
5 architectural engineering firm. IÆm here
6 representing the American Institute of Architects but
7 IÆm also the new chairman of the Design-Build
8 Institute of America.

9 GEN. WILLIAMS: How about that. We like to
10 think we had something to do with that. Okay.

11 MS. LEWIS: Good morning. IÆm Mary Ann
12 Lewis. IÆm president of Lewis and Zimmerman
13 Associates which is a firm which specializes in value
14 engineering and I represent SAVE International which
15 is the professional society for value engineering.

16 GEN. WILLIAMS: Thanks, Mary Ann. Derish.

17 MR. WOLFF: Good morning. My name is
18 Derish Wolff. IÆm the chairman of the Berger Group
19 and I represent the Building Futures Council.

20 GEN. WILLIAMS: Thanks, Derish. George.

21 MR. PAPADOPOULOS: Good morning. My name
22 is George Papadopoulos. IÆm the principal of PKP

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1 Engineers, a consulting engineering firm in
2 Washington, D.C. and I represent the American Council
3 of Engineering Companies.

4 GEN. WILLIAMS: Thank you. Todd.

5 MR. RITTENHOUSE: Hi. Todd Rittenhouse,
6 principal, Weidlinger Associates, Structural
7 engineering and blast company. And IÆm here
8 representing the American Society of Civil Engineers.

9 GEN. WILLIAMS: Thanks, Todd. Robin.

10 MS. OLSEN: Yes, my name is Robin Olsen. I
11 represent, IÆm President of Construction and Business
12 Review and HIK Global Communications. I work with
13 Construction Consultants International Corp, and I
14 represent Associated Owners and Developers.

15 GEN. WILLIAMS: Thanks, Robin. Ida?

16 MS. BROOKER: Ida Brooker with the Boeing
17 Company in their facilities organization and
18 contracting. I am here representing the Women
19 Construction Owners and Executives.

20 GEN. WILLIAMS: Thank you very much. And
21 this fine lady who has been with us since we started
22 is our recorder. SheÆs busy now so donÆt even

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1 attempt to have her say anything. But I do want to
2 say on behalf of all of us that we appreciate once
3 again you being with us. You do such a fine job.

4 We keep accurate minutes. This is part of
5 what caused this committee to be evaluated as high as
6 it was because of the professional way we run things.

7 Okay. With that I'm going to give you an
8 update. We're going to start with this first chart
9 which is a tone setter, quite frankly. And this is
10 where the traction comes from, this division.

11 It goes without saying that Secretary
12 Powell has in conjunction with the President have
13 decided that he will be leaving government for a
14 while and returning to the private sector. That
15 actual switchover will be at a time yet to be
16 announced.

17 So in the meantime he's busy in Brussels,
18 just left the Balkans where he was in Bulgaria doing
19 some things for our country. But the bottom line is
20 Secretary Powell has been unbelievably supportive for
21 this whole process and has helped me immensely with
22 my responsibilities.

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1 This next slide talks about something that
2 you quite frankly have helped me with over the last
3 three years. We had to go after this whole matter of
4 culture because we had to make a very careful
5 transition from a traditional governmental
6 organization to something that was quasi from the
7 standpoint of the way we do business.

8 Our kinship is more closely related to the
9 private sector than it is to a traditional government
10 organization. So we had to do some culture-bending
11 and this little slide sort of depicts some of those
12 issues we had to deal with.

13 This next slide depicts our problem and I
14 have shown this before. In fact, the origin of this
15 slide came from this panel. Most of what we own
16 overseas, and it is much, is quite old. The average
17 age is about 40 years and those of us who design,
18 build and plan facilities know that after 40 years
19 most systems begin to require major renovation and/or
20 replacement. And that's our problem. We're chipping
21 away at it, but that's the problem.

22 If you look on the side and look at what

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1 else the U.S. government owns overseas, oil
2 companies, hotels, et cetera, their portfolio is
3 about one half of that. So you can see how we're a
4 little bit out of sync, or quite a bit out of sync.
5 And when the Secretary and I came on board as leaders
6 we were faced with this problem.

7 So basically, we had to work our way, begin
8 to work our way out of a hole because of the lack of
9 attention devoted to facilities through many, many
10 years.

11 This next slide depicts the problem a
12 little bit closer. We call it MR4. MR4 to the
13 fourth power. ItÆs any number of analytical ways to
14 look at this but it talks about maintenance, repair,
15 replacement, remediation and those are the small
16 ankle biters, if you will, that are out there in our
17 260 locations that worry ambassadors and whatever.

18 This particular slice of work had never
19 been illuminated to the extent that we have it today.
20 It was sort of recognized and was there in kind of a
21 glob but never without any visibility.

22 So what weÆve tried to do is illuminate it,

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1 tell everyone in the department that we had it, have
2 OMB be aware of it and also on Hill. So we have now
3 in place all of the oversight and stakeholder
4 apparatuses clearly focused on the fact that we have
5 \$600 million of just things that do not work. This
6 has nothing to do with major renovations or any new
7 facilities. This is just maintenance work. Part of
8 having buildings that are 40 years old.

9 This next slide speaks to where we are
10 going forward. It talks about the capital security
11 program. It shows that yet to be done we have 140
12 new embassies and consulates after this fiscal year
13 to get done. And you can see it will take us through
14 FY 18 at our current program. That's valued at about
15 \$15 billion and over the next 13 years at about a
16 billion and a half a year we can get this done.

17 Now, how does all of this connect to where
18 we were three years ago? Some visibility is on the
19 next slide. It shows that we are responsible for
20 15,000 properties at 260 locations around the world.

21 We have currently under construction, under
22 management, 41 new facilities, either a total

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1 compound or an annex and one picture of that if you
2 would focus to the right rear and look back you will
3 see Tirana in Albania which is a tough area just
4 rebounding from some very difficult things through
5 its little small life. We're putting up an annex
6 which will significantly improve that location.

7 We have 13 new embassy compounds planned to
8 be awarded and commenced this year. We have 41 large
9 rehabs under way valued at a half a billion dollars.
10 We have 81 of the 140 yet-to-be-done new NECs in our
11 long-range plan, our strategic document valued at
12 roughly six and a half billion dollars under
13 planning. So that's what the plate sort of looks
14 like going forward.

15 Now, I've talked about 140 remaining. When
16 we arrived we had roughly slightly over 200. So what
17 has happened here, we have completed 13 and turned
18 them over and we'll give some visibility on that a
19 little bit later.

20 We will be commissioning and turning
21 another one over Tuesday of next week in Sofia,
22 Bulgaria. And then of course about every couple of

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1 months going forward we will be having a ribbon
2 cutting out of the 41 that we have under management.

3 So we are on the roll now from the
4 standpoint of production. So you can look at it
5 another way. On the Powell watch there has been 54
6 new embassy facilities that have either been
7 completed, in the process of completing or under
8 management, which is not too shabby. And we have
9 another 141 to go.

10 This next slide speaks about the new
11 embassy compound because this is what we are building
12 today. We are proud that Sofia, Bulgaria is ready
13 now just before Christmas. The Secretary was there
14 on Tuesday. He lit the Christmas tree. He gave a
15 nice smile because he knows that he broke the ground,
16 we broke the ground. We built it. It all happened
17 under his watch.

18 On that campus setting, itÆs a beautiful
19 setting. It looks pretty much like any one of our
20 junior colleges, community colleges here in terms of
21 setting. It has a large diplomatic building where
22 all of the business takes place. It has support

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1 facilities, Marine housing and all of the associated
2 utility shops and vehicular control apparatuses
3 around all enclosed in a ten-foot, nine-foot anti-
4 climb wall with all the surveillance equipment.

5 So when we talk about a new embassy
6 compound we're talking about the things we have
7 listed here including a recreation center. So the
8 140 somethings would be 140 of this construct.

9 Okay. Let me just run through some slides
10 to give you a picture of what we have because what
11 I'm going to show you now has been the most credible
12 piece of any presentation that we've ever given
13 because it's easy to stand up and make speeches but
14 it's a little bit different when the proof is in the
15 pudding because people sometimes have to see because
16 we're all around the world and nothing is any better
17 than a picture.

18 So this next slide talks about what is
19 happening. This is Doha in Qatar in a part of the
20 world where it's very difficult. As you know, the
21 war in Afghanistan to some degree but more
22 specifically in Iraq was planned and launched quite

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1 frankly out of this location.

2 This next one is in Lima, Peru in the
3 Western Hemisphere. And this is a very large annex.
4 This annex is as large as some of our embassies
5 around the world. ItÆs quite a structure.

6 This next one is in Tunis, Tunisia which is
7 at the tip of Northern Africa. Very difficult
8 location. It is sitting on the large acreage that we
9 try to procure these days. And itÆs very nicely
10 done.

11 We show an exterior shot and also a little
12 bit of the interior. This interior shot shows sort
13 of the grand entrance as you would walk in this
14 place. And we try to do this to let everyone know
15 that we're really not building bunkers.

16 You know, when this whole notion came out
17 about fast tracking those that were connected to the
18 trophies that we had around the world were all bent
19 because they thought we were going to deal with
20 trophies.

21 And all you have to do is see Sofia in
22 Bulgaria that weÆre going to open on Tuesday and you

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1 know quite frankly that we've taken a lot of care to
2 make certain that it presents the United States well.

3 Now, Dar Es Salaam, been open a year-and-a-
4 half, fairly mature now. This picture is roughly
5 nine months old but you can see what this looks like
6 in Tanzania. You know this is where what started all
7 of this in 1998 when the bombings occurred.

8 And also just recently completed at Dar Es
9 Salaam is this beautiful Marine quarters, and you
10 know this doesn't take a back seat to anything. This
11 is a dormitory. This is a living area for our
12 Marines and quite adequate. This is the USAID
13 facility on that same campus. It is also a warehouse
14 and et cetera.

15 Moving now to Nairobi which is just up the
16 east coast, a couple or three hundred kilometers. We
17 opened Dar and Nairobi a day after each other, a year
18 and a half ago. You know the bombings occurred one
19 hour after each other so we kind of sent a little
20 signal back that we're back and that's working quite
21 well.

22 This now shows the Marine quarters coming

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1 out of the ground very nicely as well. You can see
2 now that what we're doing today we're bringing all of
3 this out at the same time. These projects obviously
4 had gotten started before we put the new touches on
5 it. And so we're catching up and making them right.
6 This is the Marine quarters. What follows next is
7 the USAID building, practically out of the ground.
8 And that will make Nairobi right.

9 This next slide shows Istanbul, Turkey and
10 many of you know, at least a few of you know, that
11 this particular facility opened about nine and half
12 months ago, won all of the international recognition
13 for aesthetically pleasing design, whatever you
14 wanted to rate, this building for the building
15 industry won this.

16 This is a consular general's operation.
17 You're looking from the CG's office down over into
18 the cafeteria area which is a beautiful sight.

19 This next slide is in Croatia, a very
20 difficult area. In fact, this was a cornfield,
21 ladies and gentlemen, when we started and the biggest
22 issue, I guess, when I made the first visit is that,

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1 well General, nobody's going to come here. And I
2 said, well, we will see.

3 We went back for the ribbon cutting and we
4 had everyone from KFC to McDonald's to housing, a
5 six-lane road and everything was modern. All of a
6 sudden they shifted a whole development corridor in
7 Croatia out near our embassy. And I will tell you up
8 front when we build they do come.

9 So this is in Sao Paolo, Brazil. This was
10 a remake of a Swiss plant that was about 29 years
11 old. It was good structurally and we had to stand up
12 a consulate rather quickly. This now represents the
13 largest and the most efficient consulate we have in
14 the system in my opinion.

15 The waiting area here will accommodate 250
16 people, have tot areas, all kinds of accommodation
17 for the people who wait is covered so it is ideal.
18 The Secretary has been here and he, too, agrees with
19 that assessment.

20 This is in the Emirates in Abu Dhabi, a
21 little bit of a strange design and probably the last
22 one you'll see that looks like that. So get a good

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1 taste of it. This one is up and running and we are
2 proud of that.

3 We did a lot of work on a lot of different
4 aspects of this. Environmentally, we did some things
5 relative to several environmental enhancements and
6 also with the skin of the building and the treatment
7 of some of the structural components. So there is
8 something to be studied out of this building.

9 This next slide is Tirana. Made reference
10 to it in the back. Moving to the next one we'll show
11 what the new annex looks like now coming out of the
12 ground. One of our local contractors who do a lot of
13 work in the area is doing that job. A lot of work in
14 this area.

15 This is Sofia, Bulgaria. About a week or
16 two ago you can see we got every piece of equipment
17 that will run working because somebody is coming to
18 town to cut a ribbon on the 14th and the line is
19 drawn in the sand that it has got to be done. So
20 that's where we are.

21 This is the main building and of course I
22 talked about the other buildings that will be

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1 associated with this. A beautiful shot. You can see
2 a little bit of the mountain line looking in the left
3 side of the picture. The ambassador's office is on
4 the end that leads to the mountain. It's a beautiful
5 setting.

6 This next slide is in Yerevan which is in
7 the general area as well. This one will be completed
8 in a couple of months. And this is a sort of a 60-
9 day ripple effect that I'm talking about in terms of
10 ribbon cuttings.

11 This in Dushanbe in Tajikistan, very tough
12 area. We tried a little different concept here.
13 This is totally modularized as a modular and we tried
14 this concept to see what we could get out of it. And
15 we are gaining some experience there.

16 This next one is Abidjan in Cote D'Ivoire,
17 Ivory Coast for some of you. It too will be ready
18 early to late spring and will be ready as well. Now,
19 I'm showing one building but it has these other
20 components, Marine house, et cetera, obviously.

21 Abuja, Nigeria, much the same. This is an
22 early summer completion as well, ribbon cutting.

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1 This is Kabul, Afghanistan. This too is an
2 early summer completion. What we did is remade the
3 14-acre campus, retained the old building because the
4 skin of the building was basically suitable, we got a
5 rebuild, remake inside but more importantly all the
6 rest of the structures including housing are new. So
7 the total 14 acres will be remade.

8 Now, right across the street was another
9 complex we called Kabul II which is already finished
10 and operating. It is a temporary site but itÆs one
11 of the models for setting up and operating very
12 quickly. And we would like to take this forward. We
13 had an excellent team that worked this, met the
14 schedule, made the budget. It was a terrific
15 accomplishment. Got our people in on time and itÆs a
16 very good interim fix. And we copied a lot of this
17 with our Baghdad setup going forward.

18 Luanda in Angola is next. Again, this is a
19 summer opening. Tashkent in Uzbekistan, again will
20 be a mid to late summer opening. Tbilisi, Georgia
21 will be an early fall to winter opening.

22 Cape Town, South Africa will be early 2006

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1 but moving very nicely. Yaounde, Cameroon again will
2 be early spring of æ06. Moving along well. Phnom
3 Penh in Cambodia again will be mid-summer.

4 Next, this is Frankfurt, Germany. This is
5 a remake, somewhat similar to Sao Paolo of the old
6 hospital there but will have a new very large all
7 purpose, special-built warehouse. ThatÆs what you
8 see in the lower right hand corner.

9 And of course, weÆre doing refurbs inside
10 of the building structure itself, this large acreage.
11 It gives us a significant improvement. It does not
12 meet any further security standards that any existing
13 building we have.

14 ItÆs sort of a misnomer for people who,
15 even some of our consultants who worked on it, and
16 even people who had to evaluate, that somehow we were
17 going to take an old building and make it new. And
18 those of you who build things know you can't do that.

19 So we have had a little bit of an issue
20 here trying to explain to people that what we're
21 doing here is taking an old structure, doing the best
22 we can with it, putting it in a usable state and then

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1 we'll have to chip away at rehabilitations and all
2 the rest to get it at a reasonable level. It will
3 never equal, never equal our new facilities. So we
4 don't want anyone who evaluates or think about this
5 to even think about that.

6 Bridgetown, Barbados is a new facility and
7 Conakry, Guinea is much the same. These are late 2006
8 completions. Kingston, Jamaica, just coming out of
9 the ground about a year and a few months away. We
10 have also a housing component with Jamaica as well,
11 not on the same site but in the vicinity.

12 Bamako, Mali is just getting ready, 18
13 months or so away. Freetown, Sierra Leone, now these
14 are tough places, ladies and gentlemen, but things
15 are moving along very nicely.

16 I will point out that on this particular
17 site, on the highest point in Freetown, this is the
18 first time that there's been any construction at all.
19 This is a very pristine land that has been owned by a
20 private fellow for a long time, the family, and he
21 had it in place to do something special for he and
22 his family.

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1 And we were able to get this property. It
2 overlooks everything. It's going to really make that
3 country and make the American presence unquestionably
4 dominant.

5 This next slide shows Astana, in
6 Kazakhstan. We now have been through the third -stan
7 in Eastern Europe. And again it's moving along. And
8 the contractors here, you see some long poles and you
9 know what that's about. A lot of bang, bang, bang
10 because we've got to stabilize the foundation.

11 This is Beijing in China. Today it is our
12 largest diplomatic facility our government has ever
13 built. It is moving along very nicely, very nicely.
14 I couldn't be more proud of the way this is being
15 executed. And the construction manager is moving
16 along very well. As you know, this is a very
17 delicate piece of work for us and very expensive.

18 Berlin, after ten and a half years is now
19 up and running. We had a wonderful groundbreaking a
20 couple of months ago and you can see how neatly this
21 folds in with the historical Brandenburg Gates. It's
22 a lot of chatter about why this location but at the

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1 end of the day I think unquestionably it was the
2 right thing to do. It connects everything now back
3 in place and fixes the history quite nicely for our
4 United States.

5 And then, like I said before, when we build
6 they really come. Are there any questions? Craig, I
7 know you slipped in while we were talking. Welcome.
8 Good morning. And I wanted to give you this update
9 so that we would all have a little bit of a
10 foundation as to where we have been and what we've
11 been involved in.

12 And those of you who are observing and
13 obviously our panel as well you can tell a story as
14 well as I that there's a lot there. I showed you
15 everything that I mentioned verbally that we had
16 under construction. So you've seen it and we have
17 much to go. Added to this list will be another 13 of
18 these this year and then, of course, ten to 15 a year
19 going forward.

20 Now, let me just say a word or two about
21 Baghdad because Baghdad will be, and Tripoli to some
22 degree, but first Baghdad will be managed in a little

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1 bit different manner because of the nature of what's
2 taking place.

3 Some of you in the room remember Ft. Drum,
4 I know, because you either were aware or you
5 participated and you know how the government built
6 Ft. Drum is we had to stand up our light infantry
7 division. We had to do it very quickly. We got some
8 property in the northern part of New York City, very
9 close to the Canadian border, a place called
10 Watertown, New York.

11 And we had about three years to put in
12 place everything from start to finish. Virgin
13 infrastructure. I think it's 55 miles of interior
14 road, water, sewer, et cetera. And about 200
15 structures above the ground including an air field.

16 It was not a small feat. We used a design
17 team and a simultaneous construction method where
18 everything started out of the ground at the same
19 time, the housing, the office facilities, the
20 airfield, you name it. And we had some success in
21 getting that done.

22 So the same concept, since I was sort of

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1 the same fellow that was in charge of that, we're
2 going to try this, not try but we're going to do this
3 in Baghdad. We have teed this up. We have briefed
4 everyone. I've talked to the Association of General
5 Contractors about it and got good feedback from the
6 roundtable. We have briefed the OMB. We have
7 briefed all committees on the Hill about this
8 approach. They are very supportive.

9 It's going to be very fast, 24 months
10 versus three years for the Ft. Drum piece. We have
11 acquired considerable acreage to make this a win-win
12 for everyone. We have over a hundred acres of
13 property. I think professionally it's the best piece
14 of property in the Green Zone.

15 It's flat; it's buildable. It had been
16 worked a little bit before. There was something the
17 previous regime was thinking about doing. It's laced
18 with palm trees which we can relocate, save some,
19 help with our landscape package.

20 So I think in spite of being where it is we
21 have a good opportunity. We're going to do a
22 considerable amount of prep work which is a break

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1 from our normal traditional way of doing things
2 because at least what I've experienced in my 30 plus
3 years of construction management is that the prep
4 stuff kind of is number one very difficult to
5 estimate and it creates stagnation up front.

6 So we want to make certain that we do like
7 we did at Drum when we bring contractors on board the
8 site is absolutely clean. The geo-tech's done. The
9 utility identification is taken care of. In the case
10 of Baghdad, any unexploded ordnance, demining, all
11 that's taken care of.

12 We'll have all this business sort of sorted
13 out and a good start on the infrastructure package,
14 know where roads should be and where the water's
15 going to go, where the pipes and cables going to be
16 in the ground.

17 So that's what we're going to attempt to do
18 and then invite our contractors and others to join us
19 and they will come in on a clean site, have
20 sufficient room for lay-down, sufficient room to
21 build main camps. So we're hoping that they would
22 house, feed and build.

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1 We don't have any heavy zoning restrictions
2 relative to light discipline and noise and all of
3 that so it will be at 24/7 operation but we have to
4 do this in 24 months. We have to get our people out
5 of these old residential facilities we have them in.
6 We operate now in a couple of palaces and villas.

7 And two things play here; the Iraqis want
8 them back and we want them to have them back because
9 they don't necessarily meet what we want at the time.
10 And so it's a pull and it's push and we're working
11 together to get all this done in 24 months.

12 I only say this so that you can help me
13 with this when you move around with your colleagues.
14 It is fast track. It is totally different than the
15 speed and whatever we have in the rest of our work.
16 So we don't need any doubters now on this. Is it
17 tough work? Yes, but we must do it.

18 So I'm enlisting everybody's attention
19 there so that we move this. And we're going to
20 manage this is a little bit different. We're going
21 to have it as a surged component because it's purely
22 in-place, that is, the apparatus to deal with Baghdad

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1 and anything else subsequently in Iraq and when
2 thatÆs over it will sunset and go away. We don't
3 plan to make that an integral part of our normal
4 staff and our apparatus.

5 We will hopefully capture some lessons
6 learned from this fast-track method and we may change
7 the direction of how we do business going forward.
8 We will be depending on the private sector as a
9 strong partner with us, with the planning and helping
10 sort through this very quickly and everybody on the
11 same page.

12 And of course weÆll be depending on the
13 private sector to fast track and move with us in
14 Baghdad. This will be the largest diplomatic
15 facility we think our government has built to date
16 once we put it in place.

17 Housing, diplomatic facilities and a slice
18 of community facilities all coming out of the ground
19 at the same time and when we walk away in 24 months
20 it's all done. And we say to our ambassador, here
21 are the keys -- not literally -- but hereÆs the
22 installation. Cut the ribbon and we walk away.

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1 Okay? All right. I've just given you the
2 long and short of that part so when you stay tuned
3 for Federal BizOps we'll be inviting all interested
4 people to come in and chat with us and check your
5 interest. But what we don't need is any doubters
6 because if you don't believe this, don't show up.
7 Okay.

8 You've got the lights? I know I'm good
9 looking but not that good looking, so get the lights
10 off me. We're going to proceed ahead now with the
11 program and try to get into some of those topics.

12 And the first one that I think would be
13 useful to look at will be Number 4 in the book. And
14 I know this came from Bill Miner's shop so I'm going
15 to ask Bill to, you see what's been written there but
16 I'm going to ask him to sort of elaborate on what the
17 foundation for the Green Building concept and relate
18 to our set designs. Bill?

19 MR. MINER: Thank you, General. Good
20 morning. It's a very straightforward question and I
21 think we have discussed it a bit in the past. And we
22 want feedback on industry's perception of the extent

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1 to which programs such as the one the general has
2 outlined can incorporate or further incorporate
3 sustainable design features in our buildings.

4 What we have done is we've been active
5 participants with the U.S. Green Building Council and
6 we have specialists in our architectural and
7 mechanical engineering branch who focus on
8 sustainable design features.

9 We have incorporated and embedded those
10 features in our prototypical designs so that our
11 designers have a good starting point. We have
12 targeted the base level, used to be called the Bronze
13 level, it's 26 points of U.S. Green Building Council
14 features.

15 They fall in ten general areas that have to
16 do with energy conservation but it also has to do
17 with recycling of construction material, proper use
18 of wastewater, proper siding and orientation of the
19 building, the whole spectrum of environmentally
20 sensitive features.

21 And the best of our designers take the 26
22 points that are embedded in the prototype not lose

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1 those points and in fact enhance the package in terms
2 of its sustainable environmentally performance and to
3 demonstrate that back to us.

4 What we have not done or what we have
5 decided not to do at this point is to submit that
6 material formally to the U.S. Green Building Council
7 to get their certificate. We prefer to take the
8 submissions from our designers and self-certify using
9 the USGBC methodology.

10 There are a couple of reasons for that.
11 One is the time and the speed with which our program
12 is moving is not the same time and speed with which
13 U.S. Green Building Council can move. ThatÆs one
14 issue for the U.S. Green Building Council.

15 And the other is some of the features in
16 their program do not totally match our program.
17 They're focused on individual buildings, and as the
18 general showed you, our program is about campuses of
19 buildings and support structures. ItÆs hard to
20 sometimes relate their scoring method to ours.

21 So thatÆs an overview of what weÆre doing.
22 WeÆd like to know more about what youÆre doing and

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1 what you've heard about your colleagues.

2 GEN. WILLIAMS: Thanks, Bill. That's a
3 good opener. What's your thoughts about this whole
4 green building concepts? Harold?

5 MR. ADAMS: Well, it's a concept that I
6 think is long in coming and very necessary as our
7 environment becomes more and more fragile. We're
8 seeing great interest across the board in owners,
9 private and public.

10 The federal government projects are almost
11 all requiring the team to be elite certified, to be
12 selected for the projects. We're seeing it with GSA
13 buildings and with other agencies of the federal
14 government.

15 I think the profession is moving rapidly to
16 get into visual certified and to learn more about it.
17 We've been operating in Europe for some years and
18 it's a movement that certainly started with the Green
19 Movement in Germany. Throughout Central Europe
20 you're seeing really great benefits and a lot of
21 innovation on the part of engineers and architects in
22 coming up with new products, new materials and ways

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1 of truly saving energy and enhancing the environment.

2 One of the areas that I think the -- with
3 your projects you're going to have a struggle between
4 meeting many of these criteria and also maintaining
5 the security. We're working on some projects here in
6 the city that have great security requirements and
7 it's very difficult at times to meet all of the
8 criteria.

9 But I think it is something that you need
10 to have as a high priority and to look to ways of
11 incorporating them in your projects. I do have a
12 paper with a great deal of background information
13 that I will leave with you. It was prepared by the
14 American Institute of Architects that will help all
15 of you for more reference.

16 GEN. WILLIAMS: Thank you, Harold. That's
17 useful. Are there other comments on -- yes, Mary?

18 MS. LEWIS: General, one of the things that
19 we found useful in applying a Green Building concept
20 is to take a look at it during the value engineering
21 process. And it's very useful in the very early
22 stage, in the planning stages so that you can plan

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1 ahead. And at that time you're also able to sit down
2 and take a look at the cost verifications here
3 because certainly you're playing against initial
4 versus life-cycle costs.

5 And so this is a good way to weigh the
6 alternatives and to find out how many points can you
7 get to or what are the best alternatives and weigh
8 them one against the other. So it's been very
9 effective using it in a value-engineering format.

10 And many certified value specialists, the
11 people who are actually facilitating these workshops
12 are also nowadays lead accredited professionals. So
13 they understand the process very well and can help in
14 the evaluation.

15 GEN. WILLIAMS: Thank you. That's very
16 useful. Yes, Craig.

17 MR. UNGER: Similar to Harold, I brought
18 with me a couple of documents in regard to this
19 question one a field guide recently published only
20 with you Bill on a guide for sustainable construction
21 prepared by and with the Pentagon renovation with
22 Penn State. So it's pretty soup to nuts from

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1 procurement to substantial completion field guide.

2 And also, in July-August we asked our
3 members, we published a special edition of our
4 dateline on sustainable design and construction. And
5 there's some sort of emerging issues and trends that
6 I've brought a copy of that to share with you.

7 One of the things that looking at this
8 question is thinking we know we've all talked about
9 performance specs before in the design-build
10 environment but maybe even taking it another step and
11 listing energy requirements, for instance, as BTU per
12 square foot.

13 Maybe you're doing that; maybe you're not,
14 and asking for trade-offs. What would a 30 percent
15 reduction target and give you those sort of options
16 as value engineering, as Mary Ann is saying, that you
17 could make perhaps decisions very early of whether
18 those cost outlays would be offset in the operations.

19 GEN. WILLIAMS: Thank you. Are there other
20 questions or concerns or comments on this -- yes,
21 George?

22 MR. PAPADOPOULOS: Yes. While I fully

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1 agree with the previous comments on the Green
2 Building design and concepts IÆd like to bring a
3 little bit of a reality check to the situation.

4 The private sector is very much driven
5 about first cost concerns. The culture of first cost
6 concept has not changed, and giving an answer of how
7 does the industry problem set up and design is the
8 only reason that the private industry today,
9 particularly from the engineering point of view is
10 trying to maintain some sort of a balance is because
11 it is legislated and itÆs regulated.

12 The leads program or the Green Buildings
13 set up and design it seems to be applicable, not
14 because itÆs the right thing to do but itÆs because
15 it is regulated and itÆs legislated towards our
16 designs.

17 What that has created is that weÆre hearing
18 weÆre seeing some compromises between Life Safety
19 Code requirements versus the energy savings or Green
20 Building design that we are experiencing.

21 And that conflict hopefully is going to be
22 worked out whereby we do not compromise the interior

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1 climate and environment of the building where other
2 issues such as mold or indoor air quality are
3 becoming the immediate followup a few years down the
4 pipe when the building has fully met the Green
5 Building concept.

6 On the first part of the question, where it
7 says what features do you think are most beneficial,
8 I would like to suggest that the very specific issues
9 such as better heat transfer envelope on the
10 structure and a more efficient HVAC infrastructure
11 along with control of internal heat gains in the
12 building are the majority of the items that will meet
13 the requirements of the Green Building concept and
14 requirement and also the easiest one to measure
15 because we have enough sophisticated computer
16 programs that we can simulate and see the impact in
17 very realistic terms.

18 GEN. WILLIAMS: Very good. Thank you,
19 George. Does everyone follow what George was getting
20 at there? Okay. Are there other comments on this
21 question, this concept? Any further, Bill?

22 MR. MINER: No, I think that's very helpful

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1 and some of the references that people brought IÆm
2 very anxious to read those and share those with the
3 staff.

4 GEN. WILLIAMS: Sure. Well, thank you very
5 much, panel, for that information. Moving now to
6 Number 7 itÆs a construction type of concern. It
7 reads as stated about the problems you see relative
8 to labor. ItÆs an HR kind of a matter, and with the
9 world the way it is and the requirements that we have
10 on our industry, how are you coping with the obvious
11 labor shortage or scarcity of labor? Derish, youÆre
12 writing so I know youÆre getting ready to write me a
13 note or write your notes down.

14 MR. WOLFF: Well, itÆs an important
15 subject. Appropriately, I was just at a CETA meeting
16 and they were discussing the same issue. One of the
17 things, Canadian foreign aid, one of the things
18 CETAÆs going to do, in fact, is require in their
19 projects entry level people be included because itÆs
20 dawned on CETA that if you only want experts thereÆs
21 no pipeline.

22 And as more and more use of third-country

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1 nationals or host-country nationals come in itÆs hard
2 for a country like U.S. or any of the OECD countries
3 to develop a cadre of people because thereÆs no
4 entry-level. The entry-level people are increasingly
5 the host country nationals or TCS. So thatÆs one
6 serious concern.

7 Another thing we're doing is weÆre actually
8 making a very conscious effort to start rotating our
9 international and domestic people which we never had
10 to do before. Usually, we have a large domestic base
11 and those people who are interested in going
12 overseas, typically people who are turning 40, 50,
13 children out or at college or something, would go
14 overseas.

15 But thatÆs not reliable enough and more and
16 more weÆre requiring our capable 30, 35 year old
17 managers to rotate overseas. And itÆs worked out
18 better than I thought. In the old days we always
19 thought that Americans really didnÆt like to go
20 overseas or there were only a small bunch of
21 adventurous ones. So that's encouraging.

22 Now, they are three different problems.

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1 The first problem I think is construction workers,
2 and those you're going to see less and less -- you're
3 not seeing very many now, Americans going overseas,
4 maybe at the foreman level or the superforeman level
5 but you're not going to see them. Host country or
6 third-country nationals more and more play that role.
7 So that you're going to see.

8 Then you have the professionals. These are
9 the architects, the engineers, the people you need to
10 be aware of overseas work. And that's the program
11 where we're trying to rotate people.

12 But here, and this is a serious problem for
13 OBO as well, here the problem isn't just to rotate
14 people in design where it's not enough to have an
15 architect or engineer know how to design a facility
16 overseas. He really has to get or she has to get
17 into construction operations to get a feel for what
18 they're designing.

19 This is harder to do and especially where -
20 - I noticed maybe 40 percent of your sites you were -
21 - and you're a tough guy bemoaning how difficult the
22 sites were.

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1 So moving people from Los Angeles to
2 Dushanbe to supervise construction is not as easy as
3 it sounds. But we're trying to do that because if
4 they don't get a feel on the ground they really have
5 a difficult time designing.

6 And then the third level is the management.
7 If you're going to be a global company you're going
8 to have to have global management. This, I think we
9 have less trouble with. Here two things are
10 happening: one, we are rotating more and more
11 Americans overseas and secondly, more and more companies
12 are becoming global companies so their managerial
13 people are more and more drawn from different parts
14 of the world.

15 And two things happen with that: one,
16 people naturally know more of the world but secondly
17 all, even your American or Canadian colleagues are
18 living in a world where 40, 50 percent of the staff
19 or in the case of CitiGroup maybe 70 percent are
20 coming from developing countries or other parts of
21 the world. And so the dialogue, the natural dialogue
22 makes it easier and more familiar with the world.

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1 So I think itÆs not going to be a problem
2 with the managerial class. ItÆs going to be a
3 practical problem in the engineering and
4 architectural class to get them to know how to build,
5 not just to design.

6 And I think itÆs going to be a continuous
7 problem in the working group because in the working
8 group, if anything, America's importing foremen and
9 importing that group of people. So itÆs going to be
10 hard for us to export them. But youÆre not the only
11 one worried. CETA is worried and the Europeans are.

12 GEN. WILLIAMS: ThatÆs very good insight,
13 Derish. Emile, would this come from your area, this
14 question?

15 MR. CORNEILLE: Yes.

16 GEN. WILLIAMS: Would you want to say a word
17 or two more maybe stimulate someone else concerning -
18 - I think Derish hit on a couple of things about
19 looking younger which, you know, I know hasnÆt been a
20 big thing of ours.

21 MR. CORNEILLE: I think Derish brought some
22 interesting point and the idea of bringing more

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1 entry-level workers is interesting but however we've
2 got to be careful there because the speed of our
3 project, you've got to have somebody that can hit the
4 ground running. And you have to have a good mix of
5 experienced people so that they can get those entry-
6 level people so they can get up to speed rather
7 quickly.

8 And the other aspect of getting workers
9 interested is that in the economy that we have now we
10 have a good economy in the States and American
11 workers after 9/11 there's a certain amount of
12 resistance. I wouldn't say fear but a little bit of
13 resistance to go work overseas.

14 But we find that once people experience it
15 then there's a cadre of workers that are following
16 project to project. And it's that kind of a group
17 that you really want to expand on. People who go
18 from project to project such that you have a
19 continuing base.

20 And we are doing it in a sense in our group
21 also by trying to get younger workers and then have
22 them as office engineer in projects and then bring

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1 them up to speed and hopefully we'll move them to
2 construction managers on following projects.

3 And we have gone to job fairs so that we
4 can get people stimulated. We've gone back to our
5 alma mater's to recruit entry-level people to get
6 them stimulated to come into the overseas industry.

7 So we're trying all the venues. Of course,
8 the standard Monster.com and, you know, the
9 Washington Post and we've been very successful but
10 our rate of attrition is quite high. And you just
11 have to keep building more resumes so that we can get
12 an amount that will be useful.

13 GEN. WILLIAMS: Thank you. We're going to
14 continue this line of thinking but I do have to just
15 break 30 seconds for an administrative point. You
16 are in the Loy Henderson Hall. It is the largest and
17 most sensitive conference room in the State
18 Department.

19 I hear a cell phone. I am going ask you
20 kindly it must be cut off. And I didn't need to go
21 any further with that. Please, let's go ahead.
22 George?

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1 MR. PAPADOPOULOS: IÆd like to share a very
2 recent experience that I had a couple of weeks ago
3 when I returned back from a particular project that
4 IÆm doing in Africa, in two locations, one in Lesotho
5 and the other in Swaziland. These are two kingdoms
6 within South Africa, very small countries.

7 And the -- my task is to deliver two
8 buildings in a compound nature, in a micro NEC, if
9 you please, concept by December 1st of next year. I
10 liked the term you used earlier. It is really virgin
11 infrastructure available.

12 And the problem with the qualified overseas
13 personnel, available personnel or U.S. personnel is a
14 very serious one, particularly in that part of the
15 world.

16 I chose to recommend to my client and he
17 accepted it that the property was to select and
18 partner with a qualified local A and E construction
19 manager person, that we spent extensive amount of
20 time in interviewing and comparing our cultures and
21 our approach, and also to bundle the projects
22 together as one package with the exception of phasing

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1 them in such a way that we can shift the personnel
2 and hopefully we can get them to be delivered at the
3 same time. Not hopefully; they will be delivered by
4 December 1st, a very aggressive schedule.

5 So the approach that sometimes brought us
6 like that depends on the location, depends on the
7 specific asset of availability that we have and
8 creating the proper management technique, the proper
9 management approach in having the infrastructure
10 prepared and then letting go of the buildings and
11 phasing in such a fashion where we can share
12 resources, appears to be an efficient way of doing
13 it.

14 So there's a specific unique solution to a
15 specific problem and I think that will be the method
16 of operation in all those situations. You have some
17 very interesting countries that you showed earlier,
18 very strange countries perhaps the knowledge and
19 expertise of construction and architectural
20 engineering is not as locally available. But that
21 learning curve can take place by investing up front
22 in a proper partnering with the local people going

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1 forward.

2 GEN. WILLIAMS: George raised a very
3 interesting point, and I know you all heard it but
4 I'm just lifting it for further consideration, just
5 recognizing our problem and facing our problem in
6 general and facing reality we have to look for a path
7 forward with the amount of work in particular that we
8 have to deal with a little different way.

9 And he is introducing a concept of entering
10 into a host country partnership of a sort and then
11 working to build that cadre of expertise through the
12 host nation venue. What are the thoughts about that?
13 Yes, Robin?

14 MS. OLSEN: I was going to say that when
15 you look on the Internet or whatever you see and
16 there are associations for all the different groups
17 in the industry in the United States. There are also
18 associations overseas in the same professions.

19 So perhaps in the host country or
20 surrounding countries if you can't find immediate
21 people in the immediate area would be an approach to
22 consider, at least to start looking and perhaps get

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1 recommendations and start a network that way. And
2 maybe looking for checklists that you may have of
3 certain things that you need, certain certifications
4 that you would have that people would have to qualify
5 with.

6 GEN. WILLIAMS: Very good. Are there other
7 thoughts about this? This is a real issue and it's
8 going to, I know it's one that we don't necessarily
9 talk about every day but we really are going to have
10 to focus on this going forward because a lot of the
11 U.S. effort in the industry that we are akin to is
12 overseas. And they are in difficult places as we
13 tried to depict here.

14 And we need to try every innovative method
15 we can to make certain that we have the expertise to
16 manage and the workforce to deal with it. So that's
17 one of the reasons we have this as a topic. I'll be
18 right with you, Todd. We've heard two things. We've
19 heard let's make a little bit about looking early and
20 younger and also the concept of using some venue
21 through the host nation to grow, if you will, our own
22 level of expertise. So there's two very interesting

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1 concepts which we will take and see what we can do
2 with. Todd?

3 MR. RITTENHOUSE: A couple of things.
4 First, I want to echo what Derish said because I
5 think there's been a great awareness with a change in
6 what's happened in the world in the last couple of
7 years, a lot of different people are coming to the
8 United States for education and working here and
9 going back.

10 And they don't always come just to be, in
11 my case, professional engineers. Some of them want
12 to get into the construction industry. In fact, I
13 think the last count we had 78 dialects spoken inside
14 of our firm. But this issue has been around for
15 awhile and it will always be here and it's been
16 around for awhile within this forum.

17 Each session you ask how we're going to do
18 it. And we had the suggestion a while ago that there
19 needs to be a diversification. Who's going to award
20 the contracts which you've done a wonderful job doing
21 and now it's not just J. Jones doing a whole bunch --
22 you have many people, many firms.

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1 And so just by recognizing the need for it
2 you have actually gone out and had several firms to
3 choose from. And that's a very important issue is
4 that you've diversified, you've self-diversified that
5 issue by bringing more people. And yes, I'm sure
6 staff migrates from one firm to another but it's
7 really helped with the cause.

8 I think one hindrance that you might have
9 is a hindrance that we have and amongst other reasons
10 to be thankful for the recent election is the fact
11 that there is not a new administration which doesn't
12 clog up the clearance issue. Right?

13 If there had been a new administration we'd
14 have to start a whole clearance issue over a whole
15 bunch of people. But we found that to be a problem
16 and I think that you might want to see if there's a
17 way you can get more people cleared for the
18 industries that work with you not only on the
19 professional design side but on the construction
20 side.

21 Now, I know from experience with OBO that
22 for selected projects there are special arrangements

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1 to get people pushed through the system quicker. I'm
2 not sure if you have the power to broaden that, not
3 just for the special projects in special countries
4 which you have done but for the less special
5 countries and for the entire -- not the entire
6 industry but the key industries that work with you
7 whether it be on the professional side or the
8 construction side.

9 We've had the problem and some of the
10 contractors have had problems of, great, I want this
11 job but I don't have clearance and they tell me it's
12 going to be a long time. So what used to be called a
13 mama bear, papa bear program within State to push
14 people through, maybe there is a lesser level that
15 you could help to secure clearances for firms that
16 want to work for you but are hampered by the
17 clearance issue.

18 GEN. WILLIAMS: You know, this is a very
19 good issue that Todd's put on the table. And I'm not
20 going to sit here and tell you that I am particularly
21 pleased with the arrangements. It's something that
22 is embedded and sort of the way things were done but

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1 it may have been put in place when we were not as
2 proliferated as we are now with work and I tell you,
3 I don't mind.

4 And as I know you know me well enough, I
5 don't mind going back into the fray again with our
6 diplomatic security colleagues and asking them to
7 take a fresh look from the standpoint of trying to
8 help create a situation where there can be more
9 diversity and time expedited and so on.

10 You know the routine now because most of
11 you is that, and Bill you might want to explain it.
12 The clearance process starts after what point in a
13 typical process for a consultant contractor?

14 MR. MINER: There's a prequalification of
15 the firm.

16 GEN. WILLIAMS: Can everybody hear Bill?

17 MR. MINER: There's a prequalification
18 process for the firms that is initiated early in the
19 year. For our '05 program that was done in November.
20 And those submissions are coming to us now and we are
21 reviewing those for not only to initiate clearance if
22 required but also looking at their business stability

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1 and their experience in this type of work. That's
2 where it initiates.

3 Then the firm sponsors the individuals that
4 would be part of the managerial staff and they'll
5 have to present that entire package including the
6 clearance at the time of the final bidding which
7 would when issued will be in the spring time.

8 What we might ask some of the panel and in
9 fact some of the audience because I recognize some of
10 the people here are in the human-resources area and
11 deal with that in terms of people is to what extent
12 the requirement for cleared American management is
13 too narrowly defined?

14 Could we consider our allies and use
15 clearances that maybe transfer reciprocally? For
16 example, could we use cleared Canadian or cleared
17 Australian or cleared British management staff who
18 have perhaps a longer tradition of overseas work and
19 would be a larger pool for us to draw on, understand
20 our construction methods.

21 I'm not sure we fully have explored those
22 opportunities along with the association and the

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1 universities, the foreign universities that are
2 turning out skilled labor that could also help us in
3 our work overseas.

4 GEN. WILLIAMS: I think itÆs an excellent -
5 - I appreciate that, your bringing it up. We have
6 tossed it around but I think now that itÆs been
7 mentioned in this forum, I think we need to take this
8 on and see what we can do with it by trying to re-
9 enter and engage our colleagues who have
10 responsibility for this, and see if we can get a
11 fresh look in view of the prevailing situation which
12 obviously when this rule was put in place the world
13 didnÆt look the way it looks today, and we didn't
14 have this pressing requirement.

15 But there's been a lot said around this
16 topic and I'm just going to put another one on the
17 table and that has to do with cleared American
18 workers. It's not just workers in general but the
19 shortage is even further illuminated when you start
20 looking at cleared people. And thatÆs created a real
21 problem for a lot of private sector people and
22 clearly ourselves.

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1 Are there any other thoughts around this?
2 We're really eager to get at every view however
3 remote it may be on this issue so that we can try to
4 discuss it in a wholesome way. Yes, Craig?

5 MR. UNGER: Let me just add I spoke this
6 morning with Lee Evie (ph) and his experience with
7 the Construction Provisional Authority in Baghdad
8 when he was there and one of the issues and we've
9 talked about it briefly on recruiting and it used to
10 be the thrill and adventures of going overseas.

11 Maybe it's a little too thrilling and
12 adventurous to attract some. That anxiety level
13 reluctance as was mentioned earlier, sometimes when
14 they go they see well, it's not what I expected.

15 One of the things Lee had said he was
16 involved with was negotiating awarding security
17 contracts to provide and then let it be known that
18 those vehicles were available to some of the
19 contractors who were going to be doing work there.

20 So I don't know if that's somehow in the
21 recruiting effort to attract young and new folks to
22 consider that what the actual statistical -- it's

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1 kind of like I know when all three of my daughters
2 when I took them to different colleges I always
3 wanted to know what the crime rate was on campus and
4 in the area and those sort of comfort levels.

5 IÆm saying they may or may not be in your
6 recruiting tools now but to again, the 30-second
7 soundbite we see on TV, as I said, the perception
8 often does not match the reality.

9 GEN. WILLIAMS: Excellent. Are there other
10 comments and concerns? Ida?

11 MS. BROOKER: What we have done -- the
12 motivation is somewhat different because when we are
13 in country on foreign soil we usually are there in a
14 commercial business relationship issue.

15 So what we have found is that the solving
16 of two issues which is one, working with the
17 organizations and companies inside the country solves
18 the marketing issue for our product as well as
19 establishing a relationship with the population in
20 general and specifically the areas we're working in.

21 I was talking to one of our subsidiary
22 presidents this week or last week on this issue and

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1 he says that by and large all their employees or the
2 vast majority of their employees are not American
3 anymore overseas.

4 They are citizens of the country that
5 they're in and working more and more to I don't like
6 the word particularly but to partner with the country
7 to establish a relationship, to further our company
8 name, much like the American presence that you're
9 looking at in some of things, the projects you do we
10 are looking at that same concept of company
11 identification and relationship with the communities.

12 So we're more and more going to look at the
13 citizens within the country. And I also with the
14 upgrading in education we're also utilizing some of
15 those people in other countries in the same region of
16 the world. So we've got that opportunity as well.
17 So it's not exactly the issue we're addressing but
18 it's well, we've solved that approach.

19 GEN. WILLIAMS: Very good. Are there other
20 comments on this issue? Yes, Harold?

21 MR. ADAMS: General, we have followed what
22 Ida just talked about, more and more using

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1 individuals in our offshore offices that have
2 knowledge of the country. But we do try to parade
3 them through and give them experience here in this
4 country in our offices and in management.

5 We have recruited very heavily from
6 universities around the world. But I will say that
7 on top of clearance problems the Patriot Act is now a
8 huge problem for bringing in students and to have
9 interns that stay with you, gain the experience
10 before you send them back into their respective
11 countries to work for you.

12 And I would hope that in the coming years
13 that some aspects of the Patriot Act can be reviewed,
14 especially with this great shortage of personnel that
15 we have domestically as well as on international
16 projects. I think as the economy has picked up we're
17 competing -- international projects are competing
18 with projects here at home because everyone's now
19 finding it very difficult to hire for projects here
20 domestically. So I think that that is one area that
21 is definitely going to need attention.

22 GEN. WILLIAMS: Okay. Are there other

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1 questions, other concerns, other comments? Well, you
2 know, there have been a couple of themes and these
3 are wonderful, starting with Harold's the Patriot
4 Act, how that impacts on this whole question.

5 The whole issue of clearances, younger
6 workforce, professionals, and take that through the
7 university piece and everything else. And then
8 alliances and partnerships with host countries seem
9 to be the four dominant potential path forwards that
10 we have talked about to address this workforce
11 problem. Are there others as we continue to think
12 about this subject? Terry?

13 MR. WILMER: Sir, I have a thought I'd like
14 to try to connect that to your earlier presentation
15 talking about the cost sharing program which we now
16 understand will be passed by the President -- excuse
17 me, has been passed by the President and hopefully by
18 Congress, would have to be approved by the President
19 and that would provide, as you've indicated, \$15
20 billion.

21 The kind of business that we do and you've
22 already alluded to the fact we have a niche market.

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1 We have to use top-secret cleared Americans for
2 certain parts of the work. So in addition to the
3 macro problem of trained skilled workers who want to
4 go overseas we have the issue of the top-secret
5 cleared Americans.

6 And I was just wondering if we can find a
7 mechanism for advertising the fact that we are a
8 growth industry, that we're here to stay, that we
9 represent an attractive opportunity for this niche
10 market, being defined as top-secret cleared
11 Americans, if you could advertise that through
12 appropriate means, would that in fact assist our
13 program looking at this very narrowly from our
14 perspective --

15 GEN. WILLIAMS: Sure.

16 MR. WILMER: But I would wonder if we could
17 ask the members of our panel what their thoughts are
18 in that regard?

19 GEN. WILLIAMS: You heard Terry. What do
20 you think? You know, we're groping with this. We
21 don't want to just sit here and assume that it's
22 going to go away. We know this is a problem and we

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1 want every thought that we can muster. You all know
2 how we do this. We put these things on the table and
3 we tug at you.

4 And you've been so helpful during the last
5 three years of really giving us a lot of traction
6 when we leave out because we try not to waste your
7 time by not bringing real problems. These are tough
8 ones. So we need your help. Yes, Derish?

9 MR. WOLFF: I agree a hundred percent with
10 what Terry said but in the past when we saw this
11 market emerging the first thing we tried to do was to
12 develop a pool of secure people.

13 And of course, you had this chicken and egg
14 problem where quite rightfully from their own point
15 of view they don't -- DoD doesn't want to process
16 people that don't work for them. So it's not easy.

17 I agree with you the trick is to increase
18 the pool but every time we've tried to do it we've
19 run into resistance where we've had friendly clients
20 allowed us to have a larger pool than perhaps the
21 minimum pool needed for the job, but that's the only
22 way to do it.

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1 The other problem you get into and we're
2 talking about this is that it reminds me when I used
3 to export-import work in Argentina there. Wonderful
4 products. I said, why don't they export them?
5 Because they were all done by small manufacturers.
6 It used to cost maybe \$150,000 to register because
7 Argentina was always worried people were going to
8 move money out of the country.

9 So all the manufacturers who could produce
10 these projects couldn't afford to register them.
11 This is the very problem you have. One, you can't
12 get a reservoir of people unless someone needs them
13 and secondly the smaller companies are daunted by the
14 task of registering.

15 So it is a real problem but if you look at
16 it from DoD's point of view they don't want everybody
17 sort of registering just because it's a nice thing to
18 talk about on the beach. So it's not an easy answer,
19 Terry.

20 GEN. WILLIAMS: That's very -- that's
21 another good point because you see on almost each one
22 of these paths that we're looking at there are

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1 problems for us. You see there's something sort of
2 embedded in that pathway. But the issue is so
3 difficult that we're going to have to look into it
4 and we're going to have to look at it and try to find
5 some relief one way or the other.

6 And I think the best way to try to frame it
7 is to just have, someone mentioned about reality, is
8 just recognize the world is different today than it
9 may have been when these regs were put in place. And
10 we just may have to look at things a little different
11 now.

12 That's not going to be cured overnight.
13 But I can clearly go back and use the traction of
14 having vetted this with our panel. And you see what
15 I see, I think, would put us in a little different
16 position when we have to address it with our people
17 who deal with security and these other matters
18 relating to trying to expedite and get more people
19 involved. Are there other questions about this
20 stuff? Yes, Joe.

21 MR. TOUSSAINT: Let me try to stimulate it
22 a little bit further. We've all heard at the

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1 industry day one of our contractors was telling us
2 that basically to get 250 workers he had to go
3 through 25,000 applicants. That's what, one in a
4 hundred? That's a lot of work and even then he said
5 maybe I don't have the right skill. And these are
6 down at the craft level.

7 Management he didn't feel as much of a
8 problem with that and that's where he's closer to us
9 in competing for the resources. But hearing this
10 discussion, and it is as Todd says, it's something
11 we've been talking about for years and years and
12 years. But it always comes back to how we look at
13 the security clearance and what do we do with that?
14 And what are levels we do?

15 In the past we used to be able to hire
16 someone to work on our staff and we could have a
17 contract written out of Washington, in our own case
18 certainly, and they could come here and do a tour in
19 our office and go overseas.

20 We really are boxing ourselves out of that
21 capability. Our contractors I think are facing some
22 of the same restrictions. When they're trying to

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1 bring people from one country to another they may
2 have a certain skill level in the country but itÆs
3 not adequate for them to meet the quality level that
4 the contract demands and the schedule.

5 So then they will bring somebody from
6 another country that theyÆve worked with. That
7 brings another clearance cycle, imposes on the host,
8 our mission in that country, the RSO there,
9 clearance.

10 So itÆs very complicated but I think we
11 need to, IÆm going back to industry day when this
12 contractor, a particular contractor, I had to stay
13 behind the meeting presenting their program was
14 appealing to the audience saying you know, IÆm taking
15 applications.

16 So maybe we as an owner need to take more
17 of a facilitating role in this and realize that one
18 of our real stumbling blocks is the security process,
19 clearance process, at whatever level. And that's
20 certainly not to diminish the importance of security.
21 But itÆs to try to find ways so we can thread this
22 needle in a way that gives us what we need.

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1 And then also to take care of the skills
2 that they need. These are very good ideas. The
3 Washington Post ad for our own recruitment and
4 construction we presented it as a growing program.
5 Come join us. And we showed sort of along the lines
6 that Terry was describing.

7 I have to imagine that our individual
8 contractors are doing a similar thing but maybe the
9 industry at wide can join up and develop some sort of
10 a common approach where we have something similar to
11 the industry days. And we really should start
12 shaking the trees.

13 And then there's also big overseas
14 opportunities. There's certainly some opportunities
15 there to even at the planning stages, I've got the
16 stage to start to generate interest in the host
17 country.

18 I know in Yerevan AID has a project whereby
19 they are bringing on to our construction project
20 certain workers that are then trained by the project
21 in the contract. This isn't in the contract but if
22 the contractor is agreeable to that we can probably

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1 take the lead on that more often than we have in the
2 past.

3 But with that, Joel's not here. I would
4 love to hear from the contract, the construction
5 contractor side of it because they're the ones who
6 brought this problem to us, really. We have the
7 problem but they have a bigger problem.

8 GEN. WILLIAMS: Okay. That's -- yes, Todd.

9 MR. RITTENHOUSE: This might be a very
10 different thought, which is to know what you're
11 looking for, you mentioned at the last OBO day that
12 someone mentioned this as actually appealing to the
13 audience for please come help me, when there's not
14 really in the audience the people who can really help
15 him.

16 And I was wondering if, you've heard a lot
17 of construction people come from various lives but
18 one of them is from the military, the various
19 branches of military.

20 And is there a way that you could assist
21 the contractors in general with your DoD contract to
22 find some way to say you could maybe somehow post it

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1 but you're not responsible for hiring these people,
2 find some way, some forum, to get military people who
3 have had various levels of clearance who have various
4 levels of craft together with these guys who are one
5 of your prime subs which are the contractors.

6 Find some forum to bring your old life and
7 your new life together where you can say we are not
8 hiring you. We do not hire you. We're simply trying
9 to facilitate a meeting of the contractors who have
10 the need with the one of the primary areas that these
11 people come from, which is the military.

12 That went on for a couple of hours, how
13 he -- it was a very long discussion of how he got his
14 training to be an x-ray technician through the
15 military. And it's because he flunked out of flight
16 school.

17 But anyway -- which made me feel somewhat
18 uncomfortable -- but the issue was that there is an
19 enormous number of people who we've already trained
20 on tax dollar and is there some way to get them
21 together with the contractors out there. And there
22 might be a venue or some way for you to sponsor this

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1 forum.

2 GEN. WILLIAMS: I'll tell you what, you
3 just sparked an idea. This would be very easy for me
4 to work, and I'm glad I can ride your back to say
5 that it was suggested by the panel. But it's very
6 easy to pull together a career day for those
7 potential young bright military folks who spent a lot
8 of taxpayer dollars.

9 Can you imagine what it costs to go through
10 one of the academies? And our government gets five
11 years out of that and then that individual is
12 equipped with all of that knowledge.

13 So you're right on target with that in that
14 I think there's a potential to have sort of a career
15 day kind of thing that might be in conjunction with
16 an OBO day. And we can sort of marry some of this
17 together. But I'll need to work it a little bit with
18 my DoD friends. But that's a terrific though process
19 because that's a trained talent pool. And they're
20 not all x-ray technicians.

21 MR. RITTENHOUSE: But the key is these guys
22 are people -- it's a big problem with vets, is

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1 finding how to get them back in -- find new skills.
2 But these guys have lived overseas, right, a lot of
3 them? And they have that bug. There's a certain bug
4 that comes with the exposure which many of us have
5 been able to get it. And so it just might be a great
6 way to solve some of your problems.

7 GEN. WILLIAMS: Good idea. Are there any
8 other -- yes, Derish.

9 MR. WOLFF: As you know, the committee
10 always gets me thinking. Just as an aside to what
11 Todd said, the security firms that are arising in
12 Iraq and Afghanistan are doing just that. What
13 they've done is very quickly take up the -- but it's
14 now different.

15 The other thing I was going to raise is
16 there may be merit in setting up a working group or a
17 working committee of OBO defense security people
18 approval people and private sector, both private
19 sector employees and private sector HR people.

20 We may not know each other's problems. The
21 security people may have no idea that they're
22 providing a major bottleneck to OBO. Also, people

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1 this is not very good news for Berger but people may
2 have no idea that this is favoring the larger firms.

3 So this kind of working group, committee
4 might come up with some real conclusions once the
5 security people get some idea of the real scale of
6 the issue. ItÆs not just a matter of processing
7 people and getting the FBI to come in but it may be
8 affecting the whole labor supply. It may be
9 affecting the size of the firms that are operating.
10 It may give them a different perspective so I just
11 throw that out.

12 GEN. WILLIAMS: I think this is excellent.
13 It may be an opportunity to spring a working group
14 that would look at common workforce kind of problems
15 and then we could just smotherboard this whole menu
16 of issues that we have.

17 But the important thing, I think youÆre
18 right Derish, is to get the right people around the
19 table so there can be number one a recognition of the
20 problem.

21 We will take all of this and donÆt be
22 surprised if some of the working groups to fill some

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1 of those that we may come back and ask you to help us
2 out if we get to that point. But I think these are
3 excellent comments and it shows the level of
4 seriousness we have about this. And everything you
5 put on the table is very helpful to allow us to get
6 there.

7 I don't want to stop any of this wonderful
8 discussion on this delicate topic. If anybody has
9 another burning point we want to make we've got a
10 nice helpful list here to get started with some
11 follow-on work. But if anyone has another point
12 they'd like to make? Okay. Thank you very much.
13 That was very good and this was quite helpful to us.
14 It obviously confirmed our thinking and has given us
15 a lot to work with.

16 Let's look at one other issue, Number 13.
17 It has to do with steel prices and as it relates to
18 oil and some other things. What are your thoughts
19 about this whole issue? What do you see on the
20 horizon, short and long, about not only steel but
21 anything else that could impact our cost overseas?
22 Yes, Robin?

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1 MS. OLSEN: Since so much of our
2 manufacturing base is going overseas that's going to
3 be a really huge impact. And you may have to start
4 to dilute a little bit of the buy America policy. I
5 don't know but you're going to have to build things.
6 You have to have materials in order to build with.

7 GEN. WILLIAMS: Buy America, relook.
8 That's a hefty one because you know where that came
9 from. We could probably walk to where it came from.
10 But we are exploring all topics. What are your other
11 thoughts on this? Yes, Harold.

12 MR. ADAMS: General, again, I have a
13 document from the American Institute of Architects.
14 It just happens to have been the subject of an
15 article in last week's newsletter to all the
16 architects of the country.

17 And it's a definitive examination of the
18 price of steel but all other commodities because
19 we're seeing it in concrete. We're seeing it in many
20 other parts, products that we need in construction.

21 And it's a worldwide shortage so it's not
22 something that you get around by relaxing the buy

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1 America because it's being driven to a great extent
2 by the demand in China.

3 China has in the past year they have such a
4 huge construction market, they have been absorbing
5 concrete. They have been absorbing the world's
6 supply of steel, of scrap metal.

7 They bought up scrap metal very
8 aggressively early last year which started the whole
9 process. I happen to be on the board of directors of
10 a steel company, a U.S.-based steel company that
11 operates minimills around the country.

12 And I would like to think that we were well
13 aware of market changes but it caught I think
14 everyone by surprise at how rapidly scrap prices went
15 up. And then it just rippled through ore prices and
16 had gone up earlier than the scrap.

17 But it's all the demand. As the economies
18 around the world have ticked up with China's huge
19 demand, with its incredible construction program, we
20 have seen prices go up astronomically.

21 That is definitely affecting construction
22 projects. Everyone is seeing their budgets blown.

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1 Bids are coming in much higher than anyone expected.
2 And it's showing up, it's also in gypsum. It's in
3 copper tubing. It's in many products that are all
4 driven to a great extent by worldwide demand. And
5 there has been less and less manufacturing in these
6 areas throughout the world.

7 It's not in the cost of labor. I think
8 there are many less hours of human labor involved in
9 making steel today than say ten years ago or even
10 five years ago. All steel companies have modernized
11 and reduced their labor requirement. It's just the
12 raw material.

13 GEN. WILLIAMS: Thanks, Harold. You raise
14 a good point. Do we have the dilemma where the
15 demand and the production is out of sync?

16 MR. ADAMS: I think we certainly do.
17 Certainly the demand is -- China is trying to slow
18 things down as a policy of the country because they
19 realize they have an overheated economy. And we are
20 seeing a little bit of backing away from their demand
21 but it hasn't reflected in the prices yet.

22 As companies are forecasting where they're

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1 going to be next year they are -- they think that the
2 prices are still going to be up there but it's being
3 driven, it's not going to be all profit in the coming
4 year because it's being driven, and I think there
5 were windfall profits that occurred this past year
6 with a great surge that happened.

7 But everything else has gone up
8 dramatically, cost of fuel, cost of shipping, cost of
9 everything that has been affected by this -- there's
10 been a ripple effect to go through all sectors.

11 GEN. WILLIAMS: Thank you. Yes, Derish.

12 MR. WOLFF: I think also because we tend to
13 be dollar-centric we're forgetting that with the
14 dollar dropping it's a major impact on cost because
15 we still quote in dollars. Ore has only gone up
16 about \$6 a barrel in real terms to the Europeans
17 because the euro has floated against the dollar.

18 So they don't feel any -- there hasn't been
19 a huge run up in oil costs for the Europeans because
20 their oil is quoted in dollars. So that's the
21 problem and it's going to be even worse because if
22 the, I believe, the policies of the government are to

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1 encourage exports now, we're going to now find that
2 U.S. products are going to leave us because worldwide
3 prices are going to be higher than the U.S.

4 So we haven't had that experience, we had
5 the experience declining manufacturing but we haven't
6 had the experience where suddenly we're the victims
7 of a world market for demand. So that's an issue we
8 haven't really addressed, and a large part of the
9 steel price run up can be credited to the change in
10 the dollar.

11 GEN. WILLIAMS: This is very interesting
12 because the currency fluctuation on the dollar
13 decline has never been addressed. We have talked a
14 lot about the steel prices and we have always just
15 simply said steel prices going up without trying to
16 figure out what may be causing it. And well, is the
17 cost of manufacturing a cost of plant operation? I
18 know I'm dealing with an energy type issue here. Is
19 that in this mix as well?

20 MR. ADAMS: Certainly in the domestic
21 mills, the company I'm involved in, energy prices are
22 a significant factor because they use a great deal of

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1 energy to create that ton of steel.

2 GEN. WILLIAMS: Yes, George.

3 MR. PAPADOPOULOS: Also from a different
4 point of view, I think what we're doing as engineers,
5 we're taking a little bit of an aggressive approach
6 to this issue. We know for a fact that the steel
7 prices are going to be affecting a lot the sheet
8 metal industry, air-conditioning equipment, air
9 handling units, what have you, electrical industry
10 whether it is panels, et cetera, conduits.

11 I was in a recent meeting with a major HVAC
12 manufacturer, Trane Company and they're seeing a 400
13 percent increase in the buying their sheet metal from
14 manufacturing air handling units. That is going to
15 be passed through.

16 The approach that we have, all seem to be
17 taking is to become aggressive in the sense of
18 allowing substitute materials in the construction of
19 a building. We're looking more towards the plastic
20 and composite type of specifications for our various
21 equipment instead of going specifically EMT or
22 electro-metallic tubing for electrical, and metal

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1 components for electrical equipment we're looking
2 more towards the plastic and the composite type of
3 issues.

4 Enclosures that are of different materials,
5 some steel, and where before we feel very comfortable
6 with specifying a particular type of pipe, it might
7 not be the point we need to do a little more homework
8 and feel comfortable with what is really available
9 over there. And the price is going to dictate that.
10 But the thing it starts at the level of the design
11 and specification where we want to be more
12 comprehensive and more liberal in understanding what
13 is available for the benefit of the project. If the
14 job does it, why not type of a thing with materials
15 suitable and it's safe and it would do the job.

16 The other item I see that's important is
17 not just from the first cost that we're going to see
18 increases is the maintenance and repair portion of
19 it. The majority of the building components if they
20 do not have the life expectancy as the structure of
21 the building.

22 So in 15, 20 years when a building is of

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1 age that require replacement of components, we're
2 going to see that the proper budgets need to be
3 apportioned at this point so when we're facing a
4 replacement it might be not just inflation-related
5 cost, replacing a thousand dollar fan-coil unit. For
6 example, it might be \$4,000 if we're going to do it
7 identically.

8 So if we're proactive up front we accept
9 different materials, clever materials, more clever
10 materials and more suitable, we might prolong the
11 life and we also, we might realize a lesser
12 replacement cost in the future.

13 So the attitude of allowing substitution of
14 materials and also doing a better present worth
15 analysis of specified components becomes of paramount
16 importance at this particular stage when we're seeing
17 fuel prices rising, steel prices rising.

18 We faced a similar one years back with
19 copper pipe, if your recall that, and it sort of --
20 one issue was to use a very thin copper pipe, which
21 was fine as long as you didn't burn through it while
22 you were soldering it. It was a paper thin type of

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1 thing. But that's when plastic piping really took
2 off.

3 The M and E portion of a construction
4 building or the building runs 35, sometimes 45
5 percent of the cost of the building. It's a major
6 component that we all see and not look at it.

7 And it doesn't have the life expectancy of
8 the structural steel or the concrete or the other
9 general construction components. So again, a
10 reemphasizing, being more liberal in specifications
11 up front and also doing the proper present worth
12 analysis for the equipment specified on a life-cycle
13 cost is of paramount importance at this stage.

14 GEN. WILLIAMS: All right. Let me just --
15 yeah, I got you, Mary Ann. Let me just make a
16 comment on what George just said because it's very
17 significant. And I know it didn't go over the heads
18 of anyone.

19 You know, what might be one of the pulls
20 here, getting back to this whole reality issue, when
21 you look at all of the things that Harold and Derish
22 talked about, from the standpoint of currency, dollar

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1 slide, the prices themselves, maybe a manufacturing
2 not totally in sync with demand in terms of volume,
3 and what's happening in the other parts of the
4 eastern part of the world, every Asian Pacific
5 partner in the world.

6 All of that might be -- our problem might
7 be our own problem, meaning that we haven't looked at
8 reality and our engineers who set specifications and
9 who deal with that as equals and the substitution
10 issue might have not relaxed the rigidity around
11 these things.

12 And still you're looking for the 50 years
13 useful life that may not be real today. We may have
14 to settle for 30. And what he talked about might be
15 situations where we can mitigate against some or all
16 of this.

17 Because if we are still calling for steel
18 for our structural work rather than something else
19 and our specs are still calling for the standards
20 that we had pre our steel price dilemma, then we may
21 be part of the problem. Because obviously if the
22 specs remain the same and the designs are still the

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1 same and we can't relax any of the useful life part
2 then we have to pay the piper. So that's something
3 for owners to look at.

4 Clearly, I think this was very useful
5 because it looks like to me the pull of this --
6 because we set the tone. We set the tone. I mean,
7 through our design. We say what we want, how much
8 steel, how much -- well, it's a whole issue about
9 that.

10 And when we do our present worth analyses
11 we look at these kind of matters. So I see lots of
12 work here but it's industry work that has to be
13 looked at because really we can't have it both ways.
14 We can't continue to demand keep our specs at the
15 level if we have a shortage or if we have a price
16 inhibitor that's going to create problems for us.
17 Yes, ma'am. Well, let me just go to Mary Ann. She
18 was first.

19 MS. LEWIS: I just wanted to thank George
20 for putting in a plug for value engineering because
21 really that's what this boils down to. Now, the
22 cornerstone of VE is the analysis of function.

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1 What's the function I need to perform and how else
2 can I perform, what other materials, what other
3 methods, what other processes?

4 And when VE started was at the end of World
5 War II at General Electric when they were facing
6 shortage of materials, just what we're facing now.
7 How did they do it? What else can they do?

8 And so this is -- we've seen, our own firm
9 probably does maybe 120 value engineering studies a
10 year. So you see 120 different construction projects
11 in a year, all types of construction. And it has
12 been very interesting over the last year or a little
13 bit more than a year, owners have changed why they do
14 value engineering. It is this shortage.

15 It's not just that I'm going to check off
16 the box to say I've done my VE study and I'm done
17 with it. It's all right, I need help. I really need
18 help. What are my alternative here? And so we're
19 seeing a definite change in how owners view their
20 projects. And it's driven by need.

21 GEN. WILLIAMS: That's the VE component.
22 That's very good. Robin?

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1 MS. OLSEN: I was just going to say all of
2 this, alternative fuels, alternative materials, all
3 ties back into the Green Building also. So itÆs
4 actually looking ahead and it's kind of making us
5 stop and think that we have to do something now that
6 in the end is going to be for our own good probably
7 any way.

8 GEN. WILLIAMS: Excellent. Are there other
9 comments about this whole issue of prices, cost,
10 realizing that weÆre going to be overseas for some
11 time. Yes, Craig?

12 MR. UNGER: We've kind of identified the
13 problem from it being spoken. We talked about this
14 actually yesterday with Robin at the Construction and
15 Industry Coalition Council. And itÆs looking at it
16 from a risk-management, how you're going to deal with
17 it, knowing what started out as steel went from
18 concrete to gypsum to copper. It's really a
19 construction material volatility issue.

20 I was in sticker shock two days ago. I
21 went to LoweÆs. I was going to build a dollhouse for
22 my granddaughter for Christmas. And a sheet of T1-11

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1 was \$26.88 and the last time I was in there it was in
2 the teens. So it's truly in all areas.

3 We talked in our April meeting about
4 incorporating the economic price adjustment clause
5 which we talked about and while this certainly is not
6 an avenue for designers and builders to pass through
7 costs to you it at least from -- because if it's in
8 there it has to be pretty compelling increases in
9 certain materials for them to seek some relief.

10 But absent that clause it's kind of forcing
11 in a firm, fixed-price contract environment it kind
12 of forces -- it's like buying an insurance policy
13 with a zero deductible. You're going to pay a little
14 more for premiums.

15 So by incorporating that and knowing there
16 is some relief for some of the uncertainties I think
17 would at least help mitigate and not force some folks
18 to have to price every -- that they might anticipate
19 market trends that end up biting you through claims
20 or something. Or you couldn't.

21 I know when I was, when steel started we
22 had some folks that government agencies truly wanted

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1 to grant some relief to, to contractors knowing they
2 were in a bind and their steel fabricators were
3 saying go ahead and default me. I'll go bankrupt if
4 I perform at the price I gave you. And there wasn't
5 a lot of relief there absent that clause, so I don't
6 know -- I just wanted to get that on the table once
7 again.

8 GEN. WILLIAMS: I think all of that is very
9 important. It's a big dilemma. We don't know where
10 the endgame for this price escalation is going to
11 take us. We do know some real things like Harold was
12 talking about. We know one part of the world has a
13 big draw and a major appetite for building. And we
14 see some trends on how we are managing our own
15 business relative to exports and the like.

16 So it's something that we have to come to
17 grips with. I think it's some utility and again I've
18 only had 20 minutes or so to think about this but
19 there is some utility in, I think, reexamining the
20 wholeness of this problem and that is looking at what
21 are the drivers.

22 And sort of because if we're not going to

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1 do anything about previously established standards
2 that were centered around the ability to acquire
3 goods and materials at some reasonable level then I
4 don't know how we get out of the problem other than
5 going back, in our case, to the providers of funds
6 and say that we've got a whole different construct
7 now as a function of these worldwide, these industry
8 shortages.

9 And we don't want to get tossed out for
10 having not done our homework by looking at some of
11 these other potential things to put on the table,
12 such as substitutes, specs, and the like.

13 And having introduced the subject of specs
14 I'm going to exercise the Chair and kind of drift
15 into specs a little bit now. What's your thoughts
16 about specifications in general, not necessarily
17 OBOEs. Are we on target? Off target? Are we in
18 line with 2004 and going forward or are we -- where
19 are we with specifications?

20 I know you didn't have a chance to do
21 homework on this one but it just hit me that we might
22 want to spend a minute or two thinking about specs.

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1 Engineers? Bill, you want to say something?

2 MR. MINER: General, this could be a
3 perfect segue to Question 14 which talks about a
4 perceived decline in the quality of drawings and
5 specifications in the industry. And this quote is
6 out of the ASCE newsletter. This is Todd's
7 organization.

8 GEN. WILLIAMS: So you want Todd to answer
9 that question?

10 MR. MINER: He may have a few words to say.
11 But I did a little research and I got a copy of that
12 newsletter to see what their president, Ms. Patricia
13 Galloway, had to say about that.

14 She was quoting from some research done by
15 the Construction Users Round Table, the so-called
16 CURT organization. As you know, I met with them and
17 periodically sit and deliberate about the so-called
18 reduction in quality drawings and specs.

19 A couple of things come to my mind. As an
20 industry, drawings and specifications really evolved
21 in support of a design-bid-build methodology. They
22 were and continue to be a way to universally describe

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1 requirements to a pool of potential bidders in
2 universal language.

3 As we move more into a design-build mode,
4 certainly for OBO, a very large percentage, the way
5 drawings and specifications have traditionally been
6 done do not really serve our purposes as well as they
7 perhaps should be.

8 And with members of DBIA and other folks
9 that work with us we're trying to find out if indeed
10 the specs and drawings really need to be revisited.
11 You have a builder who has expertise, who has shop
12 drawings, who knows how he's going to build a
13 reinforced concrete wall and doesn't need a third-
14 party to explain to him or her how that will be done.

15 Performance narratives may be all we need
16 as we go forward. Certainly we're in our third year
17 of using a standard embassy design with fairly
18 detailed prototypical drawings. I'm not sure we need
19 to have them submit to us the same type of detailed
20 drawings and specifications as we have traditionally
21 received.

22 There is a benefit to us internally to

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1 understanding the extent of the detailing and the
2 quality of materials, the finishes as illustrated in
3 the specifications, for our cost estimating exercises
4 and our scheduling exercises. But IÆm not sure the
5 drawings and specs as weÆve used them historically
6 will stay the same.

7 So now a final point. In terms of the
8 decline in quality, my own experience in OBO which is
9 narrow; itÆs focused on your business exclusively,
10 individually, the disciplines, I think, still have a
11 good quality of drawings and specifications,
12 individually.

13 ItÆs the cross-coordination of work, from
14 discipline to discipline, where we see failings. And
15 the design team is much larger than it used to be.
16 We had at one time a team that would have six primary
17 disciplines: structural, mechanical, electrical. But
18 now we've got blast consultants, specialty
19 consultants in kitchen design, specialty consultants
20 on seismic design.

21 And getting all of their drawings and
22 specifications to line up and have the same amount of

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1 material in the same places is where we're having
2 problems despite the good use of CAD technology
3 today.

4 GEN. WILLIAMS: Very well. Any comments
5 about Bill's introduction of the matter on specs?
6 Yes, Todd?

7 MR. RITTENHOUSE: Where do I start? I
8 actually agree on several of those things. And it's
9 an important issue that we see in the drawings and
10 product that we produce, whether it's in a report
11 form or a drawings and specifications.

12 One of the things I asked some of the more
13 senior partners in our firm what has changed over the
14 years in the cost to do a building. And in
15 yesteryear everything was done by hand.

16 And today we are part of our problem and
17 technology is part of our problem. Yesteryear you do
18 a design and change the size of the building, they
19 told us throw that drawing away and start over from
20 scratch. Okay, there's a title box. You outline
21 that.

22 Whereas today, I don't like this really,

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1 you just go to the computer and you lop off three
2 storeys or you change it from a stone face to a glass
3 face just with the click of a button. And to get
4 those button clicks to drawings is a real problem.

5 And what people are doing is changing their
6 minds so quickly and not allowing things to mature.
7 I think that's one of the freedoms that technology
8 has given us.

9 But the problem also has become a
10 scheduling issue. We were at a meeting recently and
11 someone said okay, we're going to get a building on
12 line and it has to be done in two years. Therefore,
13 the design has to be or the construction here and the
14 design there. And that means by the way the concept
15 had to be fixed three months ago and today's the
16 kick-off meeting.

17 There just isn't enough time because of
18 everyone's demands. And it's not just OBO. It's
19 everybody's demands whether it's a commercial
20 building it goes back to a thought process from the
21 oil days. They lose more money not drilling for oil
22 than they waste with the hurried aspect.

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1 And so we getting very, very concerned, our
2 firm is very concerned, we had a retreat recently
3 just within our firm what are we going to do to
4 ensure that we meet the clients -- just pick on OBO,
5 say -- if we meet your goals of getting a design out,
6 will we meet Harold's goals of getting a good design?
7 Will we meet our insurance goals of getting
8 everything properly documented and cross-referenced?

9 It is a major issue within all of our
10 industries. And I think unfortunately there's a
11 little too much freedom for -- I'm going to insult
12 everybody today -- architects keep changing, you
13 know, we change our mind, change our mind, change our
14 mind because they're trying to please someone but
15 they're not actually on schedule.

16 And the owners are saying, yes, but I need
17 -- I promised it -- 22 and a half months from now
18 we're going to have this. And no one's stopping to
19 say, you know, we can't have the perfect drawings and
20 meet the schedule and have the flexibility of design.

21 The three-legged stool. Everything's got
22 to give just a little. So what do we do? We go

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1 sometimes through performance spec, which is a great
2 thing as long as you trust who's giving it to you.
3 There was the pipe issue because. What do you want?
4 I want some vehicle for transporting cold water and
5 hot water to a sink a hundred yards away, whatever.

6 So what they say, okay, fine just give me
7 some vehicle. Well, they could use buckets. But
8 there's a labor problem there. Or you could go to
9 this thing called pipe but, okay, copper's going
10 through the roof so we'll get really thin. And if
11 someone comes by and bumps it with their head we can
12 spring a leak.

13 So it's very difficult, as we have seen not
14 only in the specialty areas of blast, happens to be
15 my area, but getting and trusting what you're paying
16 for. So it's not -- we're going to come up with a
17 lot of issues and where do I start. There are so
18 many issues here.

19 And perhaps in carrying on with this, but I
20 think the whole industry has to take a big deep
21 breath and say what are we going to do to ensure that
22 we are getting the proper things out? Everybody step

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1 back and say here's a schedule and to meet that
2 schedule I had to start designing it three months ago
3 is not realistic.

4 We all want to please everybody. I want to
5 please Harold. Harold wants to please you. You want
6 to please Congress. We have to please, we have to
7 realize that there are certain compromises.

8 And another thing and we don't have it as
9 much with the State Department but with other
10 contracts the compromise is not to go to the
11 designer's insurance policy. That's not a
12 compromise. That's bailing out. But if you want a
13 good product you have to give a legitimate time
14 frame, a legitimate cost, and a legitimate agreed-to
15 goals.

16 The State Department's standard embassy
17 design is great. This is what we want. It looks
18 like this. You may change the color of the paint but
19 don't build the Taj Mahal. There's a great step
20 towards unifying and streamlining that whole process
21 so the architects know this is the building. It's
22 not the Taj Mahal.

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1 The contract says this is the building.
2 Everyone has to respect their place in the chain and
3 everyone else's place in the chain and together it
4 will come together to be a better project at the end
5 of the day.

6 GEN. WILLIAMS: Yes. Chris, you're raising
7 your hand.

8 MR. MAWDSLEY: Yeah. Good morning, Sir.
9 The issue of design and the relationship between our
10 specifications for the design submission and the
11 standard embassy design is causing a great measure of
12 concern from a cost perspective.

13 And I would like to understand from the
14 industry panel here this morning what is it out of
15 our requirements in the design specification which is
16 apparently pushing the design fee element of the
17 proposal prices much higher than we would have
18 anticipated?

19 GEN. WILLIAMS: Okay. Industry?
20 Obviously, that's not my question. Well, what I can
21 do is table Chris's question and we'll come back to
22 it right after lunch once you've had a chance to

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1 think about it.

2 ItÆs a good question because it connects
3 somewhat to what Todd talked about. And I made some
4 notes when he was talking. He referenced the
5 ultimate stakeholder for us which is the U.S.
6 Congress but the real customer would be those 15,000
7 or 60,000 Americans we have overseas who need
8 protection.

9 So from the standpoint of looking at a
10 standard and disciplined approach to try to solve
11 this problem which is getting our people out of
12 harmÆs way and realizing that perfection is in the
13 eyes of the beholder and the prevailing conditions we
14 went to the standard design. We think today and so
15 does Congress and the OMB that this is a reasonable
16 and somewhat smart way to look at things.

17 The endgame is playing out the way we
18 anticipated, that is we are getting something done.
19 I talked about the 41 and et cetera. Now, the
20 dilemma weÆre in is we have two, itÆs two-pronged.
21 ItÆs what Chris mentioned, the adaptation of our
22 standard design to a particular site and doing just

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1 whatever it takes to make that adaptation from the
2 standpoint of redesigning it or tweaking the design
3 and then coming away with a reasonable product.

4 And when I say reasonable IÆm not talking
5 about something thatÆs deficient but IÆm talking
6 about that meets the reasonable acceptable standards
7 and protecting the schedule at the same time.

8 What is most critical to us because of the
9 business we're in and the dilemma that weÆre in, is
10 what I talked up front when I emphasized the duration
11 that we are planning to deliver a product in Baghdad.

12 ThatÆs important. So all of us have to
13 understand that as Todd pointed out itÆs going to
14 have to be some shifting and giving and also that we
15 can make it to this level in reasonably good shape,
16 that we can all stand up and be very proud of.

17 We cannot get perfect in that process but
18 we have to meet certain things in terms of standards
19 which relate to the protection of our people.

20 So there is a dilemma right now and IÆm
21 happy that it came out from the industry side on how
22 we should end up with this. We know what we have to

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1 do and we know what the stakeholders want. They want
2 assurances that funds that have been provided have
3 been used appropriately and that's what we tried to
4 do and that's the reason we have gone to the standard
5 approach so that we can control things and whatever.
6 It's discipline.

7 And out of everything that Todd said, it
8 gets after discipline. And I don't think he was
9 picking on anyone because we've operated enough on
10 this panel to know that we are open and we just put
11 things on the table.

12 What we cannot have in this process is
13 tweaks along the way. We have to get it right and
14 that's one of the reasons OBO put in place a very
15 elaborate planning operation. And I would say I'm
16 quite pleased with how this has grown from zero to
17 where it is today over the last three years.

18 As you know, Terry Wilmer is our managing
19 director of that. He's brought a tremendous amount
20 of professionalism to this area. And the whole idea
21 of trying to ensure that we plan and get everybody on
22 the same page and try to get everybody to see where

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1 we are trying to go.

2 Because overseas, as Derish and a lot of
3 other people know, we have to decide that up front
4 because we can go in a lot of different directions if
5 we don't walk down this path together.

6 But if we're trying to get from this point
7 to there and the ultimate is to have a structure that
8 protects our people and meet reasonable aesthetics
9 that we're not going to be not proud of, I think
10 we're there.

11 And our stakeholders think we're there.
12 They're not expecting us to build a trophy. I can
13 tell you this. They want us to build a facility that
14 meets the requirements of the problem that was
15 identified after the bombings in Africa. And that
16 was we would not -- didn't have secure facilities.

17 And functioning facilities with dealing
18 with issues like heating and ventilation, the
19 circulation pattern, having the bio-chem capability
20 and all this. These are things that today are very
21 important to people who serve overseas.

22 So I think it's a discipline, the process

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1 is a disciplined one. And that's the approach we are
2 taking right now. And it's pleasing to hear that
3 there's some thought in industry about the same
4 thing. Are there other questions?

5 Well, I'm going to ask you to continue to
6 work on this issue or pick another one and be working
7 on it very prolifically while I go upstairs and bring
8 a visitor down.

9 But what we don't want is to have everybody
10 staring at each other when I come through the door.
11 (Laughter.) See I can talk to this group because I
12 know all of these guys. They know how to take me.

13 MR. WILMER: If I could follow up as kind
14 of while you're departing, I'm very sympathetic to
15 what you had to say in terms of the whole electronic
16 age has given us all great capabilities.
17 Capabilities create opportunities, opportunities for
18 change. And change without a structure or a
19 disciplined structure without leadership is chaos.

20 And I think we have been very fortunate, I
21 can say this, Gen. Williams is out of the room. We
22 have been very fortunate having his leadership. I

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1 want to tell the story about what we did in Baghdad
2 because we had exactly this problem that we had a
3 very clear mission to stand up our embassy in
4 Baghdad, the embassy itself, the annex and the chief
5 mission residence by day certain.

6 This was not an opportunity, there was no
7 opportunity for failure. We clearly were working at
8 a very dangerous location in a war zone. We had to
9 manage a firm fixed-price contract within the scope,
10 the schedule and budget.

11 Gen. Williams gave me that responsibility.
12 I met with him. We came up with what I call the
13 mantra. And the mantra was the criteria under which
14 we would manage that project. And it was scope,
15 schedule, budget. One July we're going to do it.

16 We entertained any thought, any comment
17 from any side whether it was from the client side or
18 the security side, the legal side, the technical side
19 and then we would make the decision through our
20 leadership structure of whether or not we could
21 accommodate that within the criteria, meeting the
22 objective, meeting the mission.

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1 What IÆm really suggesting is, unless you
2 have that, it seems to me, in projects that we
3 collectively undertake you're going to have a lot of
4 frustrated well-intended people. You're going to
5 have something approaching chaos.

6 Gen. Williams understands that. So he uses
7 the term quite often, very disciplined, very orderly
8 process, managing expectations. And frankly, IÆve
9 thoroughly enjoyed working with him and learned a
10 great deal because I have seen how he can take
11 something, provide the leadership in a vacuum in many
12 cases and really drive something from an idea to
13 reality.

14 That's an exceptional ability to have but
15 he understands leadership. He understands and
16 respects the need to change within while still
17 meeting the overriding criteria to leading the
18 mission.

19 I was fortunate to work with Joe Toussaint
20 and all the managing directors in OBO. We had a
21 wonderful combined team, State, USAID, DoD. We had
22 terrific contractor support through many of you

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1 around State would have mentioned you by name.

2 We had the superb support of a Turkish
3 contractor working with a U.S. firm. And so it all
4 came together. It was intensively managed. But as
5 you can well, I think, understand in that context
6 there were all these pressures brought to bear to
7 modify what we were doing.

8 We had enough trouble, frankly, pulling
9 FEBR doors out of about six different locations,
10 getting them there to transportation routes,
11 decisions would come to me do we send it by truck or
12 do we send it by air. And I said, how critical is
13 it? Can we afford it? If they need it, send it by
14 air.

15 Now, people can sit around and say gee,
16 that seems like an inefficient way of doing it.
17 Perhaps. We got the job done. We opened that
18 mission on the 28th of June, three days ahead of
19 time. Surprised everyone. It was meant to do that.
20 Surprised those who might have thought we were going
21 to do it the first of July. It was done frankly
22 ahead of schedule, firm, fixed-price contract and we

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1 do have some money left over, IÆm pleased to say.

2 But it all started with a leadership
3 vision, with a mantra. And when I needed Gen.
4 WilliamsÆ help with someone more power than me, and
5 there are lots of them in the State Department and
6 elsewhere, would try to get us off course -- get us
7 back on course.

8 I would like to suggest that for us thatÆs
9 a model that works extraordinarily well. If it's of
10 some use to you in your relations, your discussions
11 with your clients, this is one of the great things
12 about this panel is that we can exchange stories and
13 ideas, that collectively make us all more effective.
14 So IÆll just say that for what itÆs worth. I think
15 heÆs going to be coming down here in a very few
16 minutes. IÆll open it up to any further discussion.

17 MR. RITTENHOUSE: Just some feedback on
18 that. It is the two parts, right? ItÆs the
19 discipline and managing expectations. ItÆs not what
20 I think you want. ItÆs not what you thinks he wants.
21 ItÆs what you think you want, that person being the
22 client.

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1 So itÆs as I said before, itÆs discipline
2 and respect for whatever one has to do around the
3 table. But if this table were a design table -- but
4 that key element of managing expectations is the
5 biggest thing.

6 As Gen. Williams said, not every job is
7 perfect. Not every element of every job is perfect
8 but if we were to hit 98 percent on all the elements
9 that would be damn near perfect. And some things are
10 going to come up short. ThatÆs just life. But if
11 you manage that and the overall win, thatÆs the key
12 element.

13 MR. WOLFF: ItÆs a very good point you
14 raise, Terry. One of the questions I was going to
15 comment on with CURT was that CURT themselves are
16 under terrible pressure. They the construction,
17 owners, a lot of manufacturers. But even for example
18 the head of CURT, Weiss, works for Intel. His basic
19 problem is IntelÆs got a nine-month product cycle and
20 theyÆve got a 12 to 18-month not matter how they do
21 it delivery. So unless youÆre willing to pay a price
22 like you said, like OBO does.

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1 MR. WILMER: I think that's the point. You
2 have to have a collective agreement on what you are
3 trying to achieve. And when you do that what are the
4 tradeoffs that you're willing to accept? I remember
5 years ago I was having a conversation with a
6 gentleman who was, it was called Chesapeake Bagel
7 Factory or something. He started this.

8 And I was in the real estate side of the
9 business at that time. And I said how did you end up
10 choosing this person to be your real-estate person.
11 And he said it was simple. I interviewed all these
12 folks and I finally found one guy who said he could
13 locate fifty stores for me and get them under
14 contract in one year. He was the only one who could
15 do it.

16 And I said, really? I said that must have
17 been expensive for you. He said no. What was
18 expensive for me is not being in business and having
19 the competition literally eat my lunch. So he didn't
20 mind having to pay the extra money, the premium.
21 Later sold the business; made a lot of money.

22 To me that's the classic of what are you

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1 trying to achieve. What is the common objective here
2 and how do we then adjust for any kind of course
3 corrections? That's what we're trying to do, keep it
4 very clean and simple. My mantra is scope, schedule,
5 budget. Scope, schedule, budge. Then we'll do it.
6 And so far it has been working fairly well despite
7 some challenges as Suzanne can attest.

8 MS. CONRAD: I think one of the things that
9 has been so interesting about the way the general
10 does this, and I love this statement, we sit around
11 the table and we're in the midst of executing a
12 project. And somebody comes in and wants to change
13 something and so our mantra is the train has left the
14 station. You're going to have to catch the next
15 train.

16 And this is now in the planning process.
17 We're in the middle of a project and somebody comes
18 in and says oh, we need to accommodate 50 more
19 people. The general says that's fine. That's
20 wonderful. That's a new project. You need to send
21 it down to the planning office. We need to plan it;
22 we need to get it in the long-range plan. And then

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1 we need to get it in the funding stream. But I can't
2 do it today.

3 And that has been a very hard thing for
4 people to accept. We have some folks that sit around
5 the table that when you tell them the train has left
6 the station, they think it doesn't matter. You
7 should fix it. Well, there are a lot of things you
8 can't.

9 And it has been, there have been some very
10 strong conversations about well, I have to have it.
11 Well, that's fine but there's no money for it. You
12 cannot affect the schedule. You cannot affect the
13 budget and that's a hard thing for people to accept.

14 MR. TOUSSAINT: If I could add to that,
15 we've talked about the various sandboxes we have.
16 Oftentimes, that discussion would come during the
17 execution phase.

18 And we need to remind them that we have a
19 process that has the project basically be validated
20 and scoped at the planning stage. So when we get it
21 to the execution stage we're really not interested in
22 knowing about additional space requirements or you

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1 left out the cafeteria or we have 150 cars to be
2 parked. We're the wrong people to talk with. We're
3 here to deliver the product that the stakeholder
4 participated in defining. So it's a discipline.

5 GEN. WILLIAMS: Panel, let me interrupt
6 just a moment. This is our Deputy Secretary Rich
7 Armitage who has taken some time out of his busy
8 schedule to come in and say hello to you. (Applause.)

9 MR. ARMITAGE: Thank you, Chuck. Let me
10 say -- thank you. Say hello to the Industry Advisory
11 Panel. This is my second opportunity. A couple of
12 years I had the opportunity of coming down in another
13 room rather in this building.

14 Thank you for your efforts, OBO staff, and
15 we acknowledge you and all of our observers from
16 industry and interested parties. Thanks for joining
17 us here today.

18 This is one of those occasions where I'm
19 absolutely delighted that my boss is in Brussels
20 because I can be a pretend Secretary of State and
21 have some fun for a change.

22 It was important for me to take a few

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1 minutes to come here, particularly to speak to the
2 Industry Advisory Panel and obviously to thank you
3 for what you've done. For those in the broader
4 audience here's a panel that in the last two years
5 has been voted by GSA as a panel embracing best
6 practices.

7 And I know from this end we sure have
8 benefitted from your advice under Chuck's leadership
9 and your guidance, ten new embassy buildings
10 completed, three annexes completed, 41 other under
11 management, which to me means building or being built
12 or almost about to be built. It's a hell of a record
13 and no one in this building in the Department of
14 State has ever seen anything like that.

15 And I want to acknowledge it. But I also
16 want to give you a little encouragement for what
17 you're doing. I think we saw the value of getting
18 outside advice and guidance, you know what happened
19 in Saudi Arabia, in Jeddah.

20 I don't know how much of this you've been
21 briefed. I'll give you a little bit. Obviously, the
22 investigation is still continuing. We have both FBI

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1 and our diplomatic security folks out there.

2 But I have reviewed the tapes because the
3 day before the incident we put in a new surveillance
4 system. And the tapes are very interesting. They
5 show exactly how the five perpetrators or perps got
6 in the building.

7 The second physical barrier prevented their
8 car from getting in. They crashed in right behind
9 one of our embassy personnel. But the second barrier
10 prevented the car from getting in but of course it
11 doesn't prevent people from getting in. And they ran
12 in in various ways. They even got in a car that was
13 inside and they had themselves driven around a bit.

14 We have learned a lot, some of what works
15 out of this and some of what we need to fix,
16 particularly some more physical security. But we
17 learned that the safe areas in our chancery worked
18 very well. The Marines got the entire consulate
19 locked down within four minutes, which was pretty
20 good.

21 Two of our people were just scratched.
22 Unfortunately, five of our foreign service nationals

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1 died. There were not Saudi but Filipino and Indian.
2 But from our point of view they're all family and we
3 mourn their loss just as we mourn the loss of a civil
4 servant or foreign service officer.

5 So as I say investigation is continuing.
6 We have learned a bit about what we have to do in
7 future embassies to get the motor pools closer to
8 safe areas or hardened lines, things of that nature.

9 But we also have to do a little bit more
10 thinking about the command and control of our
11 approach to these things, which is not primarily
12 something that's in your ken but something that we're
13 going to have to take into consideration.

14 But the point I'm making is that all of
15 this advice it all comes together because at the end
16 of the day it's about representing the United States
17 overseas and protecting our people and our interests
18 overseas. And you're very much a part of that.

19 And since the Secretary and I will not be
20 here that much longer -- it's only 44 days, but who's
21 counting -- I wanted to take the opportunity to come
22 down and thank you and salute you for all this.

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1 I know, though Chuck refuses to take any
2 credit for this, I notice the lady who's the author
3 of this book, Building Diplomacy, or Building
4 Diplomacy, it's a very interesting title, got an
5 awful lot of help from the building here.

6 And it seems to me they got a lot of access
7 and she put it to very good use. And if you haven't
8 seen this book you ought to take a look at it. It's
9 fascinating. But there's something the author writes
10 in here that made an impression on me. She wrote,
11 our embassies tell a story of who we are in relation
12 to the world at any given time in any given place.

13 So I think it's a nice sort of capstone to
14 this, your last meeting of the year, I guess, last
15 quarterly meeting. So let me thank you for the past
16 year. I thank you for years past, and look forward
17 to further guidance and advice from this panel.

18 What is already a great success story for
19 the administration but moreover for U.S. foreign
20 policy can continue into the second term of the Bush
21 administration. So from the Secretary of State and
22 from the pretend Secretary of State today, let me

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1 tell you how grateful we are for your efforts. You
2 do your homework. You do the work. You don't just
3 come to the meetings. And I know it and the
4 Secretary knows it and most of all Gen. Williams
5 knows it. And he benefits from the guidance. Thanks
6 so much. Here's to you. (Applause.)

7 MR. WILMER: Gina, we'll be breaking for
8 lunch.

9 MS. PINZINO: Yes. We'll be breaking for
10 lunch as soon as the general returns and we will come
11 back at 1:30, 1:45.

12 MR. WILMER: In the interest of time, it
13 may be helpful for you to make the appropriate
14 announcement.

15 MS. PINZINO: If the managing directors
16 would join the panel members and follow Phyllis, our
17 famous Phyllis, to the executive dining room and for
18 our distinguished guests, if you could kindly exit
19 through these doors to the right doors our staff is
20 waiting for you and will escort you to the cafeteria
21 and return back here to this room. You may leave
22 your coats in here but I would suggest taking your

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1 valuables. Thank you.

2 MR. WILMER: I would think that if the
3 panel would be kind enough to wait for the general's
4 return, recognizing that this is right at lunchtime
5 in the State Department, if the others would like to
6 adjourn and return at 13:30 we would appreciate
7 seeing you in the afternoon. Thank you again for
8 being here.

9 (Whereupon, a lunch recess
10 was taken.)

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1 AFTERNOON SESSION

2 (1:49 p.m.)

3 MS. PINZINO: Just as a reminder, should
4 you need to leave prior to the end of the afternoon
5 session, please see the personnel posted outside of
6 the conference room to escort you back to the same
7 entrance where you came in to return the escort badge
8 that you were given. So once again, if you could
9 just upon leaving see the staff posted outside of the
10 conference room who will escort you back to the same
11 entrance where you came in this morning. Thank you.

12 GEN. WILLIAMS: Okay. We're going to
13 commence now and try to move ahead. We only got
14 through about three of our questions this morning
15 because evidently we picked the right ones because it
16 created a lot of, stimulated a lot of discussion,
17 much of which was carried on even through lunch.

18 I do want to return back to this matter of
19 specifications for just a moment and make certain
20 that we have really had an opportunity to get what we
21 need to get out of that because this is so critical
22 and then we'll move into others. We've got about an

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1 hour and a half now to work through the rest of our
2 time. And we'll just begin with some thoughts about
3 specifications. As you know, we were into a dialogue
4 before lunch about that and what's your thoughts?
5 George?

6 MR. PAPADOPOULOS: Thanks, General. Let me
7 very, very briefly give my own opinion about this
8 issue of specifications. In looking at the evolution
9 of the specifications my understanding was always
10 that they were an addendum to drawings.

11 Drawings, originally, that contained also
12 building materials were supplemented by
13 specifications. Over the years an evolution took
14 place whereby the specifications became the primary
15 document with the drawings becoming an appendix or an
16 addendum to the specs.

17 In other words we took the art of
18 architecture and engineering and we put a lot of
19 legalese in it. And I think that's what we're
20 suffering today on the issue of specifications.

21 I'm a student of believing that the
22 ultimate sophistication in engineering is simplicity.

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1 Simplicity. That's the most important part. And
2 having done several commissions for corporate clients
3 and governmental clients with the belief that
4 standard or master specifications is the answer I
5 tend to agree with it for a certain period of time.

6 Standard specifications and master
7 specifications are in need of continuous and dynamic
8 review. We spoke earlier about the cost effect in
9 our construction industry. Specifications should be
10 exactly what they are. They should be specifying
11 something not because it is there and it's
12 comfortable to use it but something that is suitable
13 for the project.

14 So I feel that there is a need in our
15 profession, in our industry to revisit the issue of
16 specifications as they stand. I believe they need to
17 be more simplified. I think they should be -- if
18 we're going to stay with the concept of performance
19 they should become more performance oriented.

20 And in reality not many people in the
21 construction industry read the specifications. They
22 will read them afterwards if there is a problem but

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1 basically they don't seem to be as they are today
2 they don't seem to be serving their purpose as the
3 were intended to.

4 And we have fallen behind, hiding behind a
5 standard or a perceived standard because of
6 schedules, because of time demands, because of
7 several excuses. And the result is that we are
8 hurting the end product, the project.

9 I respect very much the project that OBO,
10 the program that OBO is doing with several facilities
11 but these for the next 13 years you mentioned there
12 is a budget of so many, 13 years.

13 I'm pretty sure there are a lot of
14 modifications and changes that need to be implemented
15 in the next 13 years. And if we stay with them as
16 they are today the end product will be compromised
17 either in cost or performance or further down the
18 pipe when the repairs and replacements will need to
19 take place.

20 So I want to offer that as my opinion as a
21 practicing engineer that what I have seen over the
22 years of what is happening either it is the corporate

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1 world where they produce numerous numbers of the same
2 things over and over again like hotel chains or
3 clinics or hospitals or what have you. And they're
4 in need of a dynamic and constant review. Not just
5 changing it for the sake of changing it but a
6 periodic proper evaluation and upgrading of
7 specifications with the goal of simplicity. That's
8 been the best remedy for that situation.

9 GEN. WILLIAMS: You all have heard George's
10 very passionate explanation or comments concerning
11 specifications. I pick up a couple of threads from
12 what he said because I agree with a lot of it.
13 Simplicity, and of course, Joe, Bill and I have
14 talked some about that.

15 But he raised another issue on sort of the
16 reversal of the intent. As most of you know I listen
17 for the nuggets and he pointed out that I guess the
18 original intent was to have the drawings what we
19 would expect to see and have done be the leader and
20 everything else be an addendum to that.

21 But because of some swings, I guess, as he
22 pointed out driven by legal we now have the specs out

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1 front and everything else is an addendum to the
2 specs.

3 What's the idea of how we might tackle this
4 because now with our business having settled down
5 around a standard design, we've taken a whole lot of
6 mystery out of our business going forward. We still
7 have to deal with some of the rehabs but I'm talking
8 about the main core of our new facilities.

9 We've taken a lot of mystery out because if
10 anyone out there now is confused as to what we really
11 want and what we're trying to do they really haven't
12 paid a lot of attention to what we're looking at.

13 We're not really trying to create something
14 different through every project. We're trying to
15 take a design that we have worked on a bit and that's
16 what it's about. So the corresponding specifications
17 should have been equally simplified to correspond
18 with that. So Bill, you have any comments about this
19 simplicity or about --

20 MR. MINER: Well, the industry leads, we
21 follow in this particular case, General. We do have
22 a standard specification that goes with the standard

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1 embassy design. The traditional 16-division format
2 stack based upon the AI master stack system.

3 But it is far more prescriptive than I
4 think a lot of other owners use and this is
5 intentional. As you said, we take the mystery out.
6 We don't really necessarily generate trophy buildings
7 and we know when we want concrete we say we want
8 concrete. And if we don't want something we don't
9 say it. And it's served us very, very well.

10 But from an owner's standpoint the specs
11 have a short-term and a long-term purpose. And the
12 long-term purpose is the one that might be not -- we
13 could make some improvements. In the construction
14 project we will have as-built drawings. Never
15 anybody talks about as-built specs. The specs
16 actually describe what you really have in terms of
17 the material composition, its performance
18 characteristics, its maintenance requirements.

19 So we will then get as-built drawings and
20 maybe some operation and maintenance manuals. Those
21 are useful. But still the specification information
22 of what actually went into the making up of this

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1 wall, this floor, this ceiling is not really well
2 recorded and it should be, I think, if we're going to
3 try to get life-cycle value out of some of the
4 materials, be able to replace in kind, got to know
5 what in kind means, and so forth. And again, the
6 industry leads here. I want to follow but I'm not
7 seeing a lot of leadership from industry.

8 GEN. WILLIAMS: Well, I wonder how we get
9 there because we've had some of these discussions
10 through the last couple of years. I guess we've
11 asked a question about almost everything. And there
12 are some things that as an owner we can begin to
13 initiate.

14 But you all have heard it, Industry. My
15 experts are telling me that we are locked into this
16 spec control process because that's what industry
17 wants. And you all are industry. So any other
18 comments about that? Yes, Ida.

19 MS. BROOKER: I've got to say that having a
20 standard specification is the right thing to do for
21 what you're looking to do. The issue that it's not
22 amendable or you can't change it has got to be a

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1 misnomer because you need to be able to look at the
2 life-cycle costs of what you're asking to be built.

3 You need standardization across all the
4 facilities you have from country to country to
5 country. You also need to have a record of how it is
6 -- what you put in a spec and how in usage it's
7 surviving or not depending on the situation.

8 Now, what you do is you amend as you find
9 that you need to amend for the situation. It could
10 be climate. It could be any number of things but
11 what you want to do is look at that.

12 Now, what I understand that you are doing
13 is gathering data on how your facilities are
14 functioning across time in the facts of repairs or
15 maintenance and that kind of thing. That will tell
16 you whether or not the specification, the standard
17 specification that you have is the appropriate for
18 the usage that you have.

19 But I think that the advantages of having a
20 standardized approach to the quality and the usage
21 and the occupancy type arrangement that you have is
22 going to do you far better than to try and design

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1 something for that specific location and have it
2 dissimilar to anything else that you have. Because
3 then you have no track record. You have a lot of
4 individual -- you've got what you've got now, which
5 is a lot of dissimilar facilities around the world
6 that have no similarity to each other.

7 But if you have the standards and then you
8 start tracking those standards as to how they're
9 surviving and maintaining themselves and you look at
10 the life-cycle cost of what you have put in those
11 specifications, now you've got something to go by to
12 determine whether or not you've really put the right
13 things in the specification.

14 Because that to me, the specification is
15 the quality of the project. The drawings are the
16 content of the project. So what you're looking at is
17 looking to see if that quality that you are putting
18 in the field is what you need and if it's
19 satisfactory to the functionality that you're
20 intending for that facility to have.

21 GEN. WILLIAMS: Well said. Harold?

22 MR. ADAMS: First of all, I would like to

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1 say that I disagree with the statement that it's all
2 in the quality of the drawings, the drawings and
3 specifications. The fact is that design and
4 construction is a pretty messy process. It's not
5 unlike our democracy.

6 And if you look at major companies, buyers
7 of buildings, developers, corporations, they often
8 will go a lot further along than you're allowed under
9 the competitive bidding proscriptions that you have
10 of prebuying.

11 They will go through writing a performance
12 spec for a product for a system and perhaps prebuying
13 them and having them then the A and E is told use
14 this system whether it be windows or air-conditioning
15 systems or whatever, then you start getting some
16 consistency.

17 Because where it all falls apart and where
18 the problems occur is in the coordination. Someone
19 else spoke to the problem of coordination. And
20 that's where the problems come about. Our disjointed
21 system that we have design and construction is one of
22 the reasons I'm interested in design-build is to try

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1 to get over some of that adversarial relationship,
2 bring all of the knowledgeable parties from both
3 design and construction together at the earliest
4 possible date, and hopefully you can get through some
5 of that.

6 But it still is all coordination and under
7 the current system that we have and under the
8 competitive bidding system you have, that we all live
9 with, you're still assembling parts that may or may
10 not coincide with what the designer had in mind when
11 they were writing the spec.

12 And that's where all kinds of things fall
13 through the cracks, in the coordination. You're not
14 getting quite the product that you thought you were
15 getting. And that's exactly what happens in the
16 field when you discover that.

17 But I was just thinking if we have a
18 standard spec as Bill has said, which is now an
19 outgrowth of our standard designs and we are using a
20 design-build delivery system because you can see what
21 we had vision about on this whole process.

22 Should we be -- this particular owner -- be

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1 getting closer to where we should be and then of
2 course should be in a better position to minimize
3 these disconnects you're talking about.

4 MR. ADAMS: I think you should but I think
5 it would be worthwhile. You're sitting in a really
6 wonderful position to go back and do an analysis of
7 major components in your buildings and see if there
8 is any commonality and there's any commonality in
9 problems that you're encountering.

10 That may lead you to look to ways to do
11 some prepurchasing or having a prepurchasing
12 arrangement with certain major systems so that when
13 the project is -- the fact is most of our -- if we
14 have the responsibility that Ida's company, that
15 Boeing -- they've got to fly.

16 Most of our buildings would not fly, if we
17 had to make it happen because of the lack of
18 coordination, the problems that we have in the field,
19 in construction projects. And I think that more
20 systems thought that you could go through. And I
21 have to believe especially with your prototype
22 designs that you could take it that next step.

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1 You know how many buildings of this type
2 you're going to be building over the next -- you've
3 got 2018 now projected. But you could start looking
4 to creating arrangements with certain manufacturers.
5 Let the competition occur at the performance spec
6 level, put it out to the competition. Do it from
7 time to time. But specify and be more specific in
8 some of those systems I think you would -- I believe
9 that you would start to see a lower number of
10 problems in assembling the building.

11 GEN. WILLIAMS: Are there other -- yes,
12 Craig.

13 MR. UNGER: Building upon what Harold said,
14 and what Mary Ann said earlier this morning in the
15 specifications trying to constantly think in terms of
16 output as opposed to process to allow for emerging
17 technologies and materials and constructability I
18 think's important and timed with Harold's thoughts to
19 Boeing, most of us wouldn't think of buying a car
20 that was designed by Ford and built by GM. Most of
21 us wouldn't want to fly in a plane designed by
22 Lockheed and built by Boeing or vice versa yet that

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1 is what we've done traditionally in our design and
2 construction community.

3 And now when we say design -- it's one
4 thing to say and it's one thing to say we're going to
5 collaborate but to truly have an integrated team and
6 again, I would say you've done enough projects
7 similar to when we started in the federal prison
8 system, until you got three or four or even a dozen
9 under your belt you start seeing truly high
10 performing teams that work together and you select on
11 something other than price.

12 I mean, you always put that best value in
13 your bid. When it comes down to the bottom line and
14 we're either constantly or most of the time awarding
15 to the low responsive bidder you're not going to get
16 the full benefits and avoid some of these issues.

17 We've already picked the architect in
18 Brooks Atkins qualifications and then we held our
19 breath with the low bid. And I think some of us are
20 still in the public arena looking at design-build as
21 tweaking design-bid-build.

22 And there's simply -- they're totally

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1 separate delivery systems and ones selected on price
2 only, oneÆs on best value. And in the traditional we
3 have the solution already and weÆre telling people
4 hereÆs the expected outcome.

5 And when you flip that over with design-
6 build and say here is the expected outcome. You give
7 us the solution. Well, it may not tinker with your
8 footprint of what you know you want and maybe you do
9 but I was going to ask Bill, when you say you want
10 concrete do you care if itÆs cast in place, tilt-up,
11 CMU, precast? Do you get down to the detail of
12 saying we want concrete and this is --

13 MR. MINER: Usually not unless it really is
14 important to us. Precast, for example, we need some
15 help on. But in terms on the finish, that example
16 was pointing to a finish of concrete versus stone
17 versus brick versus level panel. If we have a
18 preference we will call out that preference.

19 MR. UNGER: So and again I would say most
20 of the people certainly the people along if you know
21 you want that, tell us and donÆt waste our time
22 trying to create it. But again, I think itÆs how you

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1 do the selection process and it was pretty scary.

2 I remember the first time we awarded a \$90
3 million project and we said best value. And we did
4 all the scores and it came out that the one we were
5 going to pick was \$2.9 million higher.

6 I mean, my own team said gee, how did we
7 narrow 20 teams down to three and this is the best of
8 the designers and builders in America and they've
9 done all these projects before for us. How can we
10 justify spending \$2.9 million of taxpayers' money?

11 And we even struggled with that internally
12 of awarding -- but we did award to the other than low
13 bid and we started getting -- I know it's a worn out
14 word, synergy but it's true. There's something about
15 why certain -- I like to use sports analogies that
16 certain teams win -- probably throw the Steelers out
17 there this year -- with not a high payroll. What is
18 it about certain teams that are performing, that
19 produce results?

20 GEN. WILLIAMS: Very interesting. Any
21 other comments about this? I think there is an
22 opportunity here. Staff probably wants to as we

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1 deliberate and go forward to look at a way to start
2 capturing data in order to fine tune the process
3 because I go back and connect to the no-fly business
4 that both Harold and Craig alluded to. Designed by
5 Lockheed and built by Boeing. That's pretty
6 frightening when you get on an airplane.

7 So designed by firm X and built by firm Y
8 is equally, should have the equal sensation. So I
9 think we tried to address this with our design-build
10 approach. IÆm hearing a subliminal message in
11 CraigÆs pronouncement that maybe we might need some a
12 little bit further cleanup with the design-build
13 concept to make it absolutely clean. And so I think
14 thereÆs room for us to continue to do this a little
15 bit.

16 MR. TOUSSAINT: General, let me roll this
17 stone back in the middle here and turn it around.
18 Harold said something that caught my attention or the
19 bulk purchase or standardization of certain systems.

20 And itÆs something we could do with a
21 program of our size and something where we have a
22 predictability to it and actually you, Sir, brought

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1 that to your attention about the forced entry
2 ballistic windows.

3 We saw that as a long pole in the tent. So
4 for the first time now we were buying windows for a
5 standard design and thatÆs what we are embarking on.
6 So weÆre taking that off the contractorÆs shoulder
7 and that would help us achieve the time and delivery
8 of these buildings.

9 With that I would just be interested in
10 knowing how we can push that concept further, what
11 experience you may have with that and how it ties
12 into this discussion about specs and how it ties into
13 the discussion about risks and so forth. Because we
14 could buy the whole -- I mean, whatÆs the limit? Any
15 comments?

16 GEN. WILLIAMS: Yes, Ida?

17 MS. BROOKER: Communication is the limit.
18 The more you take off the table for the contractor
19 the more coordination has to happen to make it come
20 together. And I think that you need to analyze and
21 pick and chose where there is some cost effective
22 savings that are possible, where thereÆs long-lead

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1 items that make it more feasible to order them owner
2 furnished than contractor furnished.

3 But be very careful that you're not taking
4 the responsibility of delivery away from the
5 companies that you hire. But again, there are
6 certain things just like you're saying the windows
7 are a perfect example and some of those other things
8 that might be long-lead that on your short track
9 projects could be a problem.

10 So you need to look at the valuation. The
11 sky is the limit if you want to hire a whole
12 department to start coordinating materials but maybe
13 that's not really what you do best. And you need to
14 figure out where the experts are and the coordination
15 of those projects, how you're going to get the
16 materials into the country, what makes the most
17 sense?

18 Are you the better participant to do that
19 or are they? And it could be different for different
20 projects but there's going to be some analysis that
21 can be done where that line is drawn. But I would
22 say that the more you take on yourselves the higher

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1 the risk is that your contractor is going to miss the
2 dates. And of course I have a whole problem with the
3 term schedule-driven projects because in my
4 vernacular it has nothing to do schedule. ItÆs all
5 date driven.

6 The word schedule denotes a logical
7 progression of events that have given substantial
8 enough time to be achieved. And as many of us in
9 this room know, construction notoriously has nothing
10 to do with schedule. It has to do with July 1st.

11 GEN. WILLIAMS: How about line in the sand?

12 MS. BROOKER: That very definitely. So the
13 concern is the more the owner takes on as being
14 owner-furnished materials the greater the risk. But
15 there is a balance there and I think that you can be
16 looked at especially for those items that are long-
17 lead.

18 GEN. WILLIAMS: ThatÆs interesting. Yes,
19 Mary Ann.

20 MS. LEWIS: Following on what Ida is saying
21 I agree. The other side of our business is program
22 and construction management. So we consider our

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1 projects schedule driven. But I guess I'll have to
2 rethink that now.

3 But I think we see a lot of techniques that
4 help in a design and construction program. And one
5 of the things that we found very useful is doing a
6 constructability review early on, not waiting until
7 95, 98 percent complete but taking a look at the
8 constructability of the project, almost during the
9 planning stages to decide what are these issues, what
10 are these issues that are out there. What about the
11 long-lead items? What about mobilization?

12 What about whatever it is, all of the
13 constructability issues instead of having kind of a
14 balanced approach at the very beginning from a
15 contractor's perspective does try to identify these
16 risks and help you to mitigate them so that you've
17 got a plan to go forward. And so constructability
18 early on is a very good tool.

19 GEN. WILLIAMS: Marcus, aren't we looking
20 at that now?

21 MR. HERBERT: Sir, Chris and I were just
22 speaking doing this constructability review is

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1 something that we need to improve upon and
2 potentially put into our planning process. What we
3 are doing in our integrated design review is looking
4 at the totality of the site utilization diagram and
5 the ability to build the massive buildings in our
6 facilities within the site constraints that we have
7 on the sites we are purchasing.

8 And to an extent we're doing that but we
9 need to bring it to the next level to understand, for
10 instance, if the utility building is on the far side
11 of the compound what implications that may have on
12 our water piping as well as the electrical lines.

13 GEN. WILLIAMS: Very good. Excellent
14 points. Is there anything else on this very
15 important topic? Yes, Jurg.

16 MR. HOCHULI: Yes, I have a question. With
17 regards to value engineering would it be normal under
18 value engineering study to look at not only the
19 project but how it would fit in our program relative
20 to specifications? I don't know whether we do that
21 but again, along the lines of air-conditioning, HVAC
22 and things like that.

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1 MS. LEWIS: Say it again.

2 MR. HOCHULI: When we do a value
3 engineering study do we look at just the specific
4 project or do we look at the project in the context
5 of the whole program meaning if we're all going to be
6 using Trane air-conditioning is there some added
7 value? Are we going to use the same chem-bio system?

8 MS. LEWIS: Yes, you can definitely do
9 that. That's very typical. We did just that for the
10 New York City School construction authority, taking a
11 look at major systems for all schools, elementary,
12 middle, high school systems. And looking at design
13 criteria you know how are we specifying what's going
14 to happen in these school designs. Lots of owners
15 are doing that, elevating it to a program level. And
16 it is a very logical step.

17 MR. URMAN: Would that include the
18 maintainability as well?

19 MS. LEWIS: Definitely. Yes, because as
20 you're analyzing it, you are looking at not just the
21 first cost but the operations and maintenance cost of
22 the system that you're choosing. So you need to know

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1 those things. And again, that's where sustainability
2 comes in as part of the conversation.

3 GEN. WILLIAMS: Okay. Are there other
4 questions on this? This turned out to be very useful
5 and I appreciate the conversation on the specs. We
6 have some ideas there and just understand the reason
7 we are urging and pushing so hard on this we're
8 trying every day to get a little bit closer to that
9 ideal state. And we know we'll never get perfect but
10 we want to not leave these things unturned.

11 If there's more to get out of a different
12 look at constructability in terms of timing we want
13 to do that. And if it's anything else to be gained
14 out of looking at this standard spec we want to do
15 that as well. So that's the whole purpose of this.

16 I'll use this designed by Lockheed and
17 built by Boeing in one of my speeches going forward
18 to make my point. So you made my day at least.
19 Okay. Let's move ahead to one of the others. What
20 are your thoughts on electronic procurements? This
21 whole e-gov initially that we're on now and we've got
22 some IT folks in the place here. And this came about

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1 I think from Bill's shop but has it helped or hurt
2 industry in terms of preparation and proposals,
3 preparing the Q and As and the bidding process? What
4 do you think, Derish?

5 MR. WOLFF: Well, there are two elements of
6 it. The first is it certainly speeds up the bidding
7 process. It also gives our people a lot of time to
8 the last minute. So from our own internal point of
9 view for a manager, especially those who want to
10 spend the weekend somewhere, it's a real nuisance
11 because everyone's putting off bids until the last
12 minute and you're never sure you got the bid if
13 you're not there the second they decide it.

14 So it is efficient but we're having trouble
15 monitoring some of the bids because of the fact that
16 you have to actually be in the room every second
17 before you close your bid. So that's one issue.

18 On QA/QC it's quite -- especially with
19 clients who allow an open QA/QC period. Since
20 everyone sees it or at least everyone who's computer
21 literate -- not being very computer literate I
22 sometimes have been shut out of some interesting

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1 information -- but you can have an online -- you can
2 literally turn QA/QC into a chat room legally now.
3 And itÆs very effective.

4 Now, the other side, the very pernicious
5 problem is these negative auctions, which have
6 changed the bidding processing. I donÆt know if
7 everyone knows what a negative auction is but itÆs a
8 bidding system being pushed more and more and itÆs
9 quite effective in buying materials and supplies.

10 MS. OLSEN: Reverse auction.

11 MR. WOLFF: Reverse auction, yes. I call
12 them negative. And thatÆs coming in very actively
13 with some interesting results. One of them seems to
14 be including one we got involved in you donÆt always
15 get the lowest price you think. You actually wind up
16 -- people game the system as we do.

17 So itÆs very interesting. So itÆs a whole
18 new world and one youÆve got to be very careful about
19 IT is whether itÆs a delivery system, a more
20 efficient one, or whether youÆre changing the whole
21 paradigm of your bid. And I think in the reverse
22 auctions you can actually change the whole paradigm

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1 of bidding and not know it, and think that you're in
2 an auction and you're getting the lowest price and
3 prices are bouncing all over the place.

4 So those are the two things. For me as a
5 manager it's a real pain in the neck because you've
6 got to watch what everyone's bidding in your staff
7 because people feel very comfortable putting a bid in
8 three minutes before the deadline.

9 GEN. WILLIAMS: So you're saying that e-gov
10 has a potential for putting in the wrong bid data?

11 MR. WOLFF: It can, if not supervised.
12 It's the same issue that Harold was talking about and
13 Todd about. You have so many computer systems and
14 you've got to integrate them. You have none of the
15 same problem where everyone is playing around with
16 the numbers and you've got to make sure you integrate
17 them. So that becomes a real problem.

18 And you start bidding so close to the
19 deadline, you can now bid so close to the deadline
20 that there's a tendency for your subsystems to all
21 take advantage of that and you don't have enough time
22 to step back and say wait, a minute. What did we

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1 just bid?

2 GEN. WILLIAMS: Other comments on that --

3 MR. WOLFF: You remember the generators we
4 got a few years ago? That was that issue.

5 MR. UNGER: I want to underscore what
6 Derish said. Reverse auctioning is about the
7 epitome, the opposite as you can think of as best
8 value where we're truly treating construction as a
9 commodity.

10 And then for years again, the professional
11 service of architecture we wouldn't dream of buying a
12 low bid yet on the construction side we treat it as a
13 commodity and we know better now, hopefully.

14 Also, to take not exception but with
15 legally on chat rooms most contracting officers some
16 of us still have that reclusive view of we can't talk
17 to the short-listed vendors or if we want to ask a
18 question we have to make sure that everybody heard.

19 That requirement is not there. You're
20 trying to create a fair and reasonable avenue to
21 discuss and have discussion. My concern back to the
22 question of e-procurement in this day of e-mail and

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1 text messages and fax, we somehow don't talk as much
2 as we can and should on these major multi-hundred
3 million dollar acquisitions.

4 Seems like we've erred on the side of the
5 guessing game more than we should. So I would say
6 while I agree it's expeditious and speeds up that
7 ability to again, legally, it's okay to talk and
8 exchange information, somehow we have -- I know as
9 being a procurement executive for years it just felt
10 awkward when we got into that arena that that's the
11 way our folks on the private sector wouldn't think of
12 sealed bids, some of the things that we did on the
13 government side.

14 GEN. WILLIAMS: Excellent. Todd?

15 MR. RITTENHOUSE: One of the things in
16 addition to, and I totally agree with, I think
17 everyone would, the e-mails and text messaging is
18 really taking some of the personalities out of doing
19 business but there's also no longer the off-record
20 conversation.

21 What if I said this to you, would that work
22 because all of a sudden we're seeing this with a lot

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1 of litigation, becoming more litigious society, and
2 with a lot of electronic things there are no sidebars
3 because itÆs all recorded.

4 And there are no like, let me just tell you
5 if I do this and I say to, come up to someone on the
6 side okay, Craig, what if I do this and that? Would
7 that suffice? Because thatÆs now a record. And itÆs
8 just a concern.

9 Sometimes IÆm glad I donÆt have a
10 Blackberry because I would probably use it too much
11 and not pick up the phone whereas I prefer to have
12 short messages, electronically or pick up the phone.
13 But itÆs something to be aware of and the same
14 thingÆs going to happen with e-procurement. YouÆre
15 stuck. What did we just bid? And then it turns out
16 hey guys, we just bid this.

17 And that goes to the story this morning of
18 would someone rather be fired because if theyÆre not
19 fired theyÆre going to go bankrupt. So it sometimes
20 happens too fast.

21 But by the way I will say weÆve had very
22 good success with the other half of e-business which

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1 is electronic shop drawings. It gets around quicker.
2 You get good documents and you can keep it when you
3 have to defend yourself or defend some decisions that
4 were made. So there's a good side to it too.
5 There's no quote, losing the documents. And you also
6 can't lose evidence you want lost.

7 GEN. WILLIAMS: I think what I'm hearing
8 and which is a good dialogue is that there's a little
9 bit of good and a little bit of not so good in e-gov
10 and it's not a panacea. Is that what I'm hearing?
11 And we just have to know what mode we're in when
12 we're doing business and recognize the fact that
13 there are some pitfalls and not be, not fall into
14 those traps. And documentation on all that is
15 excellent but what did we just bid is a pretty big
16 question.

17 MS. OLSEN: You can't take the people
18 factor out of it.

19 GEN. WILLIAMS: Okay. This is very good.
20 Yes, Derish.

21 MR. WOLFF: One point to reinforce what you
22 said is that different people if you're going to more

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1 and more e-commerce different skills are going to be
2 more important because apparently there's been a
3 shift. And that's the hardest thing to realize that
4 the kind of documentation Todd is talking about you
5 may need different kinds of expertise in your bidding
6 process and we for one took a fair amount of time to
7 recognize this so suddenly IT people in the
8 simplistic model become much more important.

9 You want to make sure what you sent, when
10 you sent it, how you sent it but there are other
11 processes too of integration become more critical.
12 So different people rise up in importance in the
13 bidding process and others become less important.

14 GEN. WILLIAMS: I guess you have the whole
15 issue of system integration and all that. So any
16 other comments on this whole matter of e-gov,
17 electronic procurement and the like?

18 MS. BROOKER: We use both in our business
19 and I will tell you that the e-bid or the one best
20 and final offer type of scenario has worked far
21 better than the reverse auctions.

22 There's a lot of controversy on whether you

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1 get the best value in the reverse auction scenario
2 but the biggest advantage to us in the e-bidding is
3 that people don't have to figure out where to deliver
4 the bids. They just put them in the system. And in
5 our case they're always behind security gates or you
6 have a building number and they go to the wrong
7 building because they go to the building they've
8 always been to and they didn't read it.

9 And the e-bidding is a phenomenal tool and
10 the documentation that it allows is great. So we
11 really like the e-bidding scenario. If any of you
12 have not seen how it works the suppliers put the bid
13 in and no one sees them from the owners side of the
14 house until after the bid time is up.

15 So the supplier can take their bid out and
16 rebid it if they find something that they like, a
17 number that they like better. Or they found they
18 left something out, they can change it.

19 We don't see it until after the bid time is
20 up and then it closes and it is just very efficient.
21 I can see where the last-minute scenario could be a
22 problem but it beats the guy driving down the road

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1 with a cell phone to his ear.

2 I've always been very concerned about that
3 and safety-wise and then trying to get through our
4 gates, especially now with the added security. And
5 then there's the argument well, if he's late is his
6 bid now unqualified or can we still accept it?

7 We're a private company so we don't have
8 the dictates of the -- well, it was only five minutes
9 late. It's on time. It's on time. If it's late you
10 don't see it. And that to me takes a lot of stress
11 out of my group because they always have to say he's
12 late. He's late. That doesn't count. And he was
13 low. Well, how do you know? He wasn't supposed to
14 be opened. That kind of thing.

15 But the whole electronic transfer of
16 information and addendums especially we have a last-
17 minute addendum that has to go out. We don't have to
18 worry about whether or not it got there or not
19 because it's all electronically done. So we love the
20 e-bid scenario.

21 The reverse auctions, my management loves
22 them but for my commodity because one of my pet

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1 peeves is that construction is not a commodity but
2 thatÆs a whole other problem, it just is not to me if
3 itÆs a one contractor scope we found that it works
4 with demolition because there are very few
5 participants in a demolition project and there are as
6 many ways to demolish a building as there are people
7 out there who can do it. So there are a lot of ways
8 you can attack the building.

9 It seemed to be the best for reverse
10 auctions. Other than that if you have too many
11 subcontractors then it gets to be very messy and then
12 thereÆs a lot of talk through the industry that itÆs
13 a lot like bid shopping. And we donÆt consider it to
14 be bid shopping but I think eventually what happens
15 is bid shopping occurs as result of having the
16 scenario that youÆve now got the bid. Now youÆve got
17 to figure out how to make that number. And we donÆt
18 care for that. So we feel it encourages some
19 behavior that we donÆt think is appropriate for this
20 industry.

21 GEN. WILLIAMS: Excellent. Are there other
22 comments on e-gov? Walter, do you have any comments

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1 about that? Walter is in our procurement side of the
2 house.

3 MR. CATE: We have used the reverse auction
4 with some success for small commodities but we
5 haven't tried it for anything. I'd be inclined to
6 agree with you although I have no experience proving
7 that.

8 GEN. WILLIAMS: Very good. Let's move
9 along. We're going to try one item -- we've had this
10 before but obviously we're not there so we just want
11 to ask a question or two about it. Before I go to
12 that one, let's try 12. And this has to do with
13 formal risk assessments and I don't know whose arena
14 this would fall. I know it came from our planning
15 and development.

16 But we're just asking here what do you use,
17 what is the process, who participated and what were
18 your results around risk assessment. In almost all
19 of our projects because of the nature of them we have
20 to consistently do risk assessment. In fact, we have
21 a weekly very senior level arrangement chaired by the
22 chief of staff that looks at this whole matter

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1 because we have to constantly look at a whole bunch
2 of things.

3 We're just interested in your thoughts
4 about it. Do you get what you want out of it? I've
5 got kind of mixed emotions because we do it and still
6 at the end of some of these we still have discussion.
7 So I'm just trying to get your view about it. Risk
8 assessments, Joe, you want to start it off?

9 MR. TOUSSAINT: This is in the planning
10 stage and I think it might tie a little bit to some
11 of the discussions that Marcus brought up about value
12 engineering. We don't really look at the risks of
13 doing a project, the doability of it.

14 Now, we're going to do a project because
15 that's where it's required. But we don't have a
16 formal process that we go through to see the actual
17 doability of that and what the special risks might be
18 in that location and factor those into our planning
19 of the project. I use planning in the broadest
20 sense, planning, execution.

21 We have a lot of experience in one sense.
22 We probably feel that we know this because we do

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1 this. This is our job. But I would be interested in
2 knowing I think whatÆs behind this question is really
3 what examples does industry have out there to
4 identify the risks in executing the project in a
5 location how you incorporate that into your planning
6 and your execution document how thatÆs passed on.

7 GEN. WILLIAMS: Marcus, you and Chris got
8 anything to add?

9 MR. MAWDSLEY: Yeah, I would like to make a
10 few comments in connection with risk. The OBO cost
11 management branch was actively engaged as a
12 participant with the Construction Industry Institute
13 to develop a new technique which has recently been
14 published by the CII.

15 ThatÆs the international project risk
16 assessment tool and through that initiative the tool,
17 the objectives of the tool is to identify risks
18 associated with commercial projects executed in an
19 overseas and international environment.

20 Although the intention was to really
21 address issues in connection with the commercial
22 sector, CMB has identified the tool as a useful risk

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1 assessment and analysis method for orchestration
2 projects which of course are in an international
3 market.

4 The CII tool which has recently been
5 implemented by CMB in fact on two occasions, we've
6 implemented at budget stage four in the FY '06
7 program. We have also implemented it at the IGE
8 stage for the FY '04 program.

9 The implementation of that tool links to
10 the cost estimating function. And the way we have
11 used it is to have independent A/E firms utilize the
12 tool while developing an independent estimate in
13 parallel with CMB's effort on the same project.

14 We then come away with two independent
15 views of what that project is likely to cost and the
16 risks associated with execution of that project.
17 Through a meeting and discussion of those issues we
18 have come to concurrence on what the risks should be
19 documented for a given project associated with that
20 risk analysis, that assessment or a discussion
21 concerning mitigation strategies which the budget
22 phase could impact the way the project is ultimately

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1 planned. At the IGE stage, could impact the way we
2 perceive requirements for contingency funding and
3 other issues in connection with that risk.

4 So essentially, that's in a very broad high
5 level view that's the process that we are currently
6 intending to adopt as a standard process for
7 assessing risk.

8 In furtherance of that we have undertaken
9 the customization of the IPRA tool for specific
10 application on OBO projects under OBO construction
11 program.

12 GEN. WILLIAMS: Thanks, Chris. Yes,
13 Marcus.

14 MR. HERBERT: If I could add to that just a
15 little bit. The risks that were identified by
16 Chris's branch during the '06 budget process will be
17 carried forward in our planning of the '06 projects.

18 We're going to look at those risks that
19 have the highest probability of being a risk to the
20 project as well as the significant dollar value risks
21 and attempt during planning to come up with the
22 mitigation strategies to minimize those risks.

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1 GEN. WILLIAMS: Okay. Any questions or
2 comments from industry? You can kind of see what
3 we're looking at here again. We're trying to again
4 mold more into planning and to try to identify the
5 rough edges and come up with a better process.

6 Let's move now to another area that we hope
7 we can get some help with is the whole issue of those
8 of you who work at businesses overseas and or even if
9 you don't and we want to try to help us with this
10 one. The locations are obviously, cost is driven by
11 a particular location.

12 We're just interested in whether or not you
13 use standard templates in every locale across the
14 board or do you shift in your thinking about this
15 depending on the location. And I think what I'd like
16 to do is ask -- I believe this was generated from our
17 real estate -- Jay Hicks's area. He can further
18 elaborate on what you're trying to get at.

19 MR. HICKS: Certainly. Thank you, Sir.
20 Simply put, we're charged with selling and otherwise
21 disposing of property all over the world and there
22 are a lot of standard techniques to do that in the

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1 industry that we are commonly or have commonly been
2 applied domestically.

3 Sometimes those same techniques work well
4 overseas and other times we need to be a little more
5 creative and inventive about how we do things for a
6 variety of challenges that we face overseas that we
7 don't have here, legal challenges, the less
8 transparency in how business is done overseas.

9 We, of course, have to adhere to very
10 strict U.S. government business standards as we
11 transact overseas. And that's something that is very
12 atypical in some locations. How do we maneuver those
13 troubled waters of doing things right, doing things
14 legal but getting things done in a creative way
15 within a bureaucracy?

16 This may not be the area of chief concern
17 for each of you but it's the kind of industry and
18 you're the type of people that come in contact with a
19 lot of different complex projects overseas. And if
20 you have seen some interesting techniques I'd be
21 curious to know what they are.

22 GEN. WILLIAMS: Well, it appears that they

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1 have the same problem we have, not much information.

2 MR. HICKS: I'll give you an example. For
3 instance, when we dispose of property that
4 traditionally means selling the property. We have
5 some instances where for a variety of reasons we're
6 not permitted to sell property and we're going to
7 retain it and be a landlord in some form.

8 So that would be one instance where it's a
9 role we normally don't play but it's something we're
10 looking at as a way to achieve the variety of
11 objectives we're looking to achieve.

12 Another instance is a city internationally
13 that will go unnamed where we've had a very, very
14 difficult time finding a new embassy site. And we've
15 tried everything we traditionally do. And I came
16 back to my staff and said well, look are there any
17 construction cranes on the horizon? Is anybody doing
18 anything?

19 And the answer was sure, there's
20 construction going on. Well, you need to find out
21 who's doing that work. You need to find out how
22 they're getting it done. We may not like the answer

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1 but you need to dig into it because if somebody is
2 doing something we need to find out precisely how
3 they get it done. And then we'll determine if how
4 they got there is something useful to us.

5 Another example is in every city we go by
6 an NEC site I want to know who the biggest developer
7 and landowner in that city is. And I want to make
8 contact with him. We have an elaborate process where
9 -- elaborate third-party contractors to identify
10 sites but I want somebody somehow to have made
11 contact and identified who those people are, the
12 movers and shakers.

13 It doesn't neatly fit into a process. It's
14 a very person-oriented activity but somebody needs to
15 do that whether it's my staff or the embassy staff.
16 So those are just stream of consciousness things that
17 I'm trying to incorporate into our everyday practices
18 as to how buy, how to sell in those challenging
19 environments where there isn't a broker who can drive
20 you around and look at signs for sale.

21 So I hope that stimulates your thinking a
22 little bit. Maybe you have an anecdotal story of

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1 something in your careers or with some of your
2 development partners where they've thought out of the
3 box and did the impossible. Because we and my group
4 is increasingly asked to do the impossible. So any
5 advice you can impart would be appreciated.

6 GEN. WILLIAMS: Yes, Derish.

7 MR. WOLFF: Well, having no expertise in
8 this, we try not to own anything or sell anything
9 overseas property-wise. So that's one bit of advice.
10 (Laughter.)

11 The other -- not much help to you but it's
12 like they said, never eat at a place called Mom's.
13 But I think your issues are more complicated. We
14 were talking about -- I'm cheating a little -- by the
15 fact that your deals are, you can't use the word
16 transparent but they're always complex.

17 The government gave you the land in the
18 first place and the government is always a vague
19 player as the U.S. government is on embassies here.
20 So even if you had a free-market in real estate it's
21 not the same as you want to build a shopping center
22 and someone has a farm.

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1 People will always go the foreign embassy
2 even in Germany and say do these people really have a
3 right to sell this? So I think that makes a
4 difference. So there are a lot of deals. But to
5 begin with you don't really often have a free title,
6 as I understand it, to some of your property.

7 Therefore you have to get into very complex
8 negotiations to exit them. And those by definition
9 aren't -- I mean, again, you get back to e-commerce.
10 You can't really sort of run an ad and get people to
11 bid on a very complex arrangement.

12 I see people do some very exciting things.
13 I've seen them for example, years ago, the Americans
14 did it in Sao Paolo. I've seen them take a site and
15 give a person back some commercial property on it.
16 At that time they get a multiple lease or lower
17 interest. I've seen them sign long-term land leases.

18 So there's a lot of tools out there but
19 it's not an efficient market, I guess, that's the
20 answer for you in the sense or any foreign ministry
21 trying to build embassies. It's just by definition
22 not efficient.

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1 So there's no cheap -- I mean, there are
2 tools but each tool will be subject to the criticism
3 later on if someone said, oh, I would have made a
4 better deal if I had known. So it's not as
5 transparent, not as efficient. That's not much help.

6 GEN. WILLIAMS: This has been very helpful.
7 Two reasons I'm going to stop and recognize our
8 visitors and those who have been sitting and
9 observing, just to introduce themselves and not
10 necessarily looking for speeches but if you have
11 something pointed to say just go ahead and say it.

12 The weather is a little different than what
13 it was when we came in. So in deference to that and
14 the fact that this is on the eve of a holiday we will
15 sort of wrap things up after we have heard from our
16 people. So let me start over on the right-hand side
17 with you, Sir. If you would stand and let us know
18 who you are.

19 MR. SILVERMAN: I'm Robert Silverman with
20 Booz Allen Hamilton. Thank you for having me.

21 MR. SMALL: I'm Ken Small, Lockwood, Andrews
22 & Newman. We're a subsidiary of (inaudible) and

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1 we're (inaudible) architect engineer under contract
2 to OBO. Enjoyable day. Thank you very much, Sir.

3 GEN: WILLIAMS: Thank you. Yes, ma'am?

4 MS. ANGLE: I'm Robin Angle. I represent
5 (inaudible). They're a cost construction (inaudible)
6 and value engineering firm.

7 MS. COX: I'm Kammie Cox. I'm with
8 Froehling & Robertson, Incorporated in (inaudible.)

9 MS. BEYER: Margaret Beyer,
10 3D/International. Project manager and construction
11 manager.

12 MR. FERREIRA: Matt Ferreira, also with
13 3DM, (inaudible) services group.

14 MR. RICHARDS: My name is Monte Richards.
15 I'm with MRM (inaudible). We're consulting
16 engineers.

17 MR. ROTH: I'm Charles Roth. I'm with
18 Perrault Structural Products. We (inaudible).

19 MR. STEVENS: I'm Bill Stevens. I'm a
20 mechanical engineer consulting and I'm (inaudible).

21 MR. HAMMET (PH): My name's Andy Hammet.
22 I'm with Photo Resource Management. We do enterprise

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1 asset management consulting (inaudible).

2 MR. MILLER: My name is Roy Miller. IÆm
3 with MWH out of Denver, Colorado. WeÆre an
4 engineering and construction firm. And I want to say
5 IÆm totally in favor of e-bid and IÆm totally in
6 favor of standing high on specifications to the max.

7 MS. GOLDMAN: My name is Juliette Goldman
8 and IÆm vice-president of Safe Haven Enterprises. We
9 build forced-entry ballistic resistant buildings and
10 doors.

11 MR. HUBBARD: My nameÆs Ron Hubbard and IÆm
12 president of C & H Associates here in Northern
13 Virginia and I want to thank you all for giving us
14 the opportunity to be here.

15 MR. QUINN: My nameÆs Jim Quinn. IÆm with
16 Antiballistic Security and Protection. We have a new
17 high protection wall system. We certainly appreciate
18 being here today. Thank you.

19 MR. GRAHAM: IÆm Bill Graham. IÆm
20 executive vice-president of Page Southerland and
21 Page. WeÆre architects and engineers and designer of
22 the Phnom Penh embassy. General, appreciate being

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1 here. Just one comment, I was intrigued by the
2 comment by Thomas Rittenhouse on the whole discussion
3 on capacity building in the trades and so forth.

4 In another life, I chair the International
5 Committee of the Society of American Military
6 Engineers. And we are working an issue dealing with
7 capacity building in Iraq right now the work of the
8 engineering union on the professional side. And
9 thereÆs an issue now for building up the trades.

10 And if thereÆs any way that we can assist
11 you in the effort of dealing around the globe
12 obviously we can marshal the construction folks from
13 the various services together. If thatÆs of any
14 value to you IÆd be more than happy to do it.

15 GEN. WILLIAMS: Thank you. Thank you very
16 much. Yes, maÆam. In the yellow.

17 UNIDENTIFIED SPEAKER: Andrea (inaudible)
18 General Dynamics network systems. ItÆs been
19 delightful. If itÆs data, if itÆs voice, we move it.
20 And weÆre a participant on the (inaudible). I have
21 some thoughts on the risk-management question having
22 to do with the risk-management reinsurance industry

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1 who has been doing this for profit for decades and
2 that might be something that would be good to have on
3 the advisory council.

4 MR. ROCKETT: Brian Rockett. IÆm with AES
5 Corporation. WeÆre a provider of security equipment
6 and technical security services. The embassy
7 (inaudible). Thank you very much. Very informative.

8 MS. QUEJAS-RISDON: My name is Joyce
9 Quejas-Risdon. IÆm with 3M Company. We would love
10 to invite you all or be invited by you all
11 (inaudible).

12 MS. DIEHL: My name is Arlene Diehl. IÆm
13 with Square D Company and when youÆre ready to buy
14 electrical power systems (inaudible).

15 MR. MEYER: Good afternoon. IÆm Greg
16 Meyer. IÆm with JD Jones and Fluor. (Inaudible.)

17 MR. TUTOLOVICH (PH): IÆm Mike Tutolovich,
18 an architect with (inaudible).

19 GEN. WILLIAMS: Let me go in the back.
20 Yes, sir.

21 MR. JUDD: My name is Patrick Judd. IÆm
22 with RDR Incorporated and we design and install

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1 security systems (inaudible).

2 MR. LEFKUS: John Lefkus, Kullman
3 Industries. WeÆre an integrated design builder
4 currently working on (inaudible).

5 MR. ULREY: Jim Ulrey, also with Kullman
6 Industries. Thank you for an excellent program
7 today.

8 MR. WELCH: My name is Fred Welch and IÆm
9 with Northrup Grumman (inaudible).

10 MR. WHITE: My name is Rich White. IÆm
11 with Ingersoll-Rand. We manufacture wide range of
12 products from independent power to security and safe.
13 Thank you for the time (inaudible.)

14 MS. MONNETT: IÆm Michelle Monnett with
15 DMJM Design. WeÆre an architecture, engineering and
16 construction management firm. And weÆre the
17 architects and engineers for the U.S. Embassy in
18 Abuja, Nigeria.

19 MR. GOLDBERG: Andrew Goldberg with the
20 American Institute of Architects. Thank you for
21 hosting this.

22 MR. FOWLER: Barry Fowler with Associated

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1 General Contractors. Good to be here.

2 MS. ANDERSON: Good afternoon. IÆm Mary
3 Anderson and IÆm with Schnabel Engineering. And
4 again thank you very much. Enjoyed the program. IÆd
5 also like to contribute as well to one of your topics
6 regarding transitioning of military into programs
7 with companies.

8 And that would be regarding the Society of
9 American Military Engineers. And our programs and
10 our conferences we always have a military transition
11 career transition program and could fit very well
12 with some of the topics that you discussed. And we
13 have a conference coming up in April. We have a
14 track for that and weÆd be happy to offer that
15 (inaudible).

16 GEN: WILLIAMS: Thank you, Mary. And I
17 think, Emile, you want -- just a minute. You want to
18 connect to that and make certain that we find a way
19 to participate together with some of our HR people
20 and see what we can do there. Yes, sir.

21 MR. OKA: I am Naoto Oka. IÆm with the
22 World Bank. (Inaudible) for the facility in

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1 Washington, D.C. Even though the scale of the work
2 is so much larger with OBO we share with some of the
3 same concerns. So it's quite helpful for me to be
4 here. Thank you very much.

5 GEN. WILLIAMS: And thank you. As I
6 recall, you've been at every one of these pretty much
7 or at least someone from your organization. So we're
8 always delighted to have you and to -- have I omitted
9 anyone who's a visitor?

10 Well, what we wanted to do is cover the
11 agenda that we had today. We have pretty much done
12 that with the exception of a few questions. We
13 always have a little bit more than what we need. But
14 it's a little tricky in Washington when it starts
15 raining and everybody, 3:00 in the afternoon.

16 So we're considerate of that and many of
17 you have come from your places and particularly our
18 panel. You know, they do this job as you know pro
19 bono and we appreciate that and in deference to a
20 little bit of the weather we're going to shave 20
21 minutes and let you be on your way and find a way to
22 get out of the department and hopefully be safe.

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1 And again, I want to specifically thank the
2 panel for your dedication and your diligence around
3 this effort. You've truly been helpful and you heard
4 Secretary Armitage this morning. We in the
5 department are very appreciative of your time and
6 effort and as you can see that we try to explore
7 everything out there that can be helpful to us.

8 We want you the observers and the rest of
9 the public to know that we are trying our very best
10 to get it right and try to improve. And we listen.
11 I don't think anyone can ever brand our organization
12 for not being open and hearing what the concerns are.
13 And that's the whole purpose of it and we're just
14 delighted to have you come.

15 And Gina will be offering invitations to
16 you as we go forward. And having said that, let's
17 give this fine lady a hand. (Applause.)

18 MS. PINZINO: Thank you, Sir. I can't take
19 all the credit. I have tremendous support from
20 Michael Sprague, the MSD staff who time and time
21 again have now gotten this down to a fine art of
22 getting people in here. And I do appreciate

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1 everybody's patience with the security issues around
2 these meetings and look forward to having you again.
3 Thank you, Sir.

4 GEN. WILLIAMS: Okay. Please drive
5 careful. Have a wonderful holiday. We look forward
6 to seeing you again. And thanks so much for coming.

7 (Whereupon, the meeting
8 concluded at 3:03 p.m.)

9
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3 I, Deborah Turner, CVR, do hereby certify
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