

U.S. DEPARTMENT OF STATE

OVERSEAS BUILDINGS OPERATIONS
MANAGEMENT INFORMATION FORUM

Thursday, May 25, 2006

Renaissance Hotel
999 9th Street, N.W.
Washington, D.C.

P R O C E E D I N G S

MS. PINZINO: Good morning, everyone. Ladies and gentlemen, thank you for coming again to one of our forums. This is the first ever industry forum event for OBO.

If I could invite everyone to just be seated at this time, we're just about ready to begin. I would like to invite everyone to please turn off your cell phones and pages so we can get the program moving.

It is so good to see so many of our industry friends and partners here today, and I am even more delighted to see some new faces in the audience as well. For those who don't know me, my name is Gina Pinzino, and I'm the external affairs manager for the Overseas Buildings Operations. Today, I'm joined by the rest of the external affairs team, Michael Sprague, Adelet Kegley and Andrea Specht -- she's our photographer.

Shortly, we'll begin the morning session, and we will have a question and answer session after each presenter. We will break for lunch a little after 12:00, and our lunch will be served in the room right outside the amphitheater to the left. We will reconvene in this room at approximately 1:30 p.m. today for the afternoon session.

And we will hopefully end the program by 3:30 p.m.

We invite all of you to view the day's presentations by visiting our website at state.gov. Should anyone have any questions concerning the day's program, please ask myself or one of the other members of the external affairs team. We will be delighted to answer in whatever way we can.

We do hope you enjoy this event, and I ask all of you to now join me in welcoming Major General Charles E. Williams, the director and chief operating officer of the Overseas Buildings Operations. Thank you.

GENERAL WILLIAMS: Good morning. It's a delight to see all of you out so early this morning in Washington. 9:00 is very early in Washington. But we do want to re-extend a hearty welcome to each of you because today is a very, very important day. It's significant from the standpoint of ensuring that we are all on the same page. This is the first time that we have ever done something like this. I was in government for 29 years in a different situation, and I never saw such before.

So we like to think that this is the new beginning of getting the communication, the transparency, the

partnership interaction right.

We have a big program, as you know, and it's getting larger. It's getting more difficult to maintain and carry out. So active communication and transparency in what management is thinking about is absolutely critical. So you are at the table. We invited everyone in industry who was interested in our program to come to hear it articulated and give you an opportunity to interact with us so that we would be on the same page.

I want to thank, once again, our external affairs staff, led by Gina and her wonderful people. They have worked very hard to put this together. And also our small contractor, who worked with us to organize and communicate with you and register you and get you here and so on.

I have been told that we are going to approach 300 before it's done today. I told Gina when we got started that if we got 50, I would declare a success. So already without evening making an announcement, the fact that you're here shows that there's tremendous interest in what we are trying to do and say, and we hope that your day will not be a disappointment.

I am going to chair the meeting. Someone asked

me, are you going to sit over there for seven hours, or whatever? I said I will sit all day and all night because this has to be right. Okay? Because whether I sit or not, somehow it's going to come back to "Williams did it" and I understand that.

We have issue champions that are going to be speaking to you, and the whole reason for this is to make certain that you do not only hear it from me, but you hear it from people who have the responsibility for implementing what the management focus is, because, you know, there are all kind of papers that are written, and obviously the person in charge of the organization writes the paper or sanctions the writing of it, and it becomes their thing.

But to make certain that there are a host of managers who are responsible for making certain that we get it right, they will talk to you as well.

There will be a question and answer period, as Gina has pointed out, after each presentation for clarity. We have a lot to cover today. We want you to clarify -- we want to be in a position to clarify any issue you may have.

We are taking minutes today because we want to be transparent, because if it was said today and we have to

make reference to it at a later time, then we want to have an accurate record. So we have employed a court reporter type of person to make certain that we get it right, and we won't have to speculate about what we said. We really are serious about this, and I must tell you, we have a reporter for one of our largest and most prestigious publications, from McGraw-Hill, in the audience as well, and you need to know that.

ENR was invited by us to be here because we wanted all of industry to know what this was about, so yes, there's a reporter here.

We also are delighted to have members of our award-winning industry advisory panel here as well, one of the bright spots of our whole program. We have former members. We have members. This group has been absolutely totally supportive of everything that we have tried to do, and to show that they are still with us in the fifth, and now the sixth year, almost, they are out with us today. I would just like for the panel to just wave your hand, those of you who are here -- these are the guys and ladies, and more to come. We are going to break for lunch, as Gina said, and then we'll be back.

This next slide is important because here are some quick facts. You need to know that OBO contractors pool, those that were actively participating, has grown three-fold over the last 3 years. Don't believe me -- this has happened. OBO will have a \$14 billion plus program going forward after 2006.

We are now delivering 12 new embassies or consulates, facility arrangements per year versus one in 2001. So any references that are made about 2001 or 1905 or whatever, the bottom line is when we arrived in 2001, that's what we found. And today when we closed out 2005, that's what history recorded. That's results. Those results were achieved by working together collaboratively with our industry partners.

The new construction program has been rated by OMB as being 97 percent effective. We have achieved a solid green performance rating as the overseas property manager. This is very new. We had a year and a half to work the President's management agenda. We achieved this two quarters ahead of time, and Secretary Rice on -- about a month ago made that announcement over at OBO headquarters before all of the employees.

Congress has tripled the funding for OBO's program since 2001, and I want to publicly thank the U.S. Congress for its support because it has supported this program exceedingly well, but has always cautioned when it provided support: We expect it to be managed correctly. That ties into the issue of money. We asked for an amount of money, and Congress has provided that amount of money, and it expects the job to be done with that amount of money; otherwise, we're not achieving results. It's all about accountability.

We have an award-winning industry advisory panel. By any measure, it's been galloped three or four times -- very, very supportive and engaged group. One of the smartest things that we could have done 5 years ago. Of course, we utilize a whole host of industry best practices, and we have a monthly accountability review for all of the performers in the organization.

This next slide will touch on some realities. OBO's work is in all parts of the world, not just one region. The parts of the world that we are launching into in 2006 and beyond will be the most difficult parts of the world. The nice places that were on Main Street are all

done. So it's going to get increasingly tougher. I can't do anything about that. Our country cannot do anything about that. So we all just need to roll up our sleeves and recognize that it's going to be the Karachis; it's going to be the Beiruts; it's going to be the Kinshasas in Africa. That's where the hard work is.

OBO's mandate from the Department, OMB and the Congress is to get our people out of harm's way as soon as possible. That has linkage to the schedule, so when you sit and work with us, the reason why we have to build Baghdad in 24 months is because you know what's going on there. We have to get our people out of harm's way. So the schedule is dictated by the situation that we are in, not by a desire of the Overseas Building Operations.

OBO utilizes a standard design. You hear a lot about it. Yes, we have employed the design-build method of delivery because we feel connected to our program -- it's the best construct for ensuring that we can deal with this program. We have no favorite firms. Let me say this again.

We have no favorite firms, consultants or vendors or anyone. The entire industry -- and I know there are many of you here today for the first time. We encourage, we invite

you to come and talk to us, and if you prequalify, you are good to go.

OBO has changed the corporate culture for this Department of State function over the course of 5 years, and you will hear some things today which will clearly demonstrate that the culture has changed. OBO has a fair -- extremely fair, by any measure, disciplined management focus to this work.

Now, why this forum? We feel at this point -- as some of you know, at the beginning of the new fiscal year, we tried to be insightful and to look into the future and see the challenges we have. So with good persistence from the ENR Magazine -- they allowed me to announce some things at a forum in Los Angeles. They were kind enough to put this on the website to try to get the word out to industry.

That was the beginning of this new corporate approach.

So at the end of this forum -- and the reason we have it, we want to make certain that the corporate culture is understood by everyone. Everyone would include everyone who works in OBO, and you who will be participating. I want you to be able to know as well as we do -- if someone asks you on the street, what about this OBO business, you can

just hum that tune. Okay?

We want open and transparent communication between all parties, open and transparent communication. There are no secrets in OBO. There's no secret when we leave the Hill with an appropriation. Anyone that's connected to the public can see exactly what we receive.

We want our industry partners to know that the playing field is level, and I would like to check today, at the end of this -- when we finish today, I want you to tell me if what we have presented didn't level the playing field.

I want my team to articulate the program's focus as well as I. It's not enough for me to know this, but others as well. We want to leave today with total clarity of how, overseas, our program will work. We want you to see a real opportunity, in particular, the new persons who might be here today, the new firms who are here for information and thinking about joining up. We want you to see a real opportunity in working with this piece of government.

We must ensure that a good and clear contract is in place and all of us should read it. All of us should read it.

Now, I'm going to close out very quickly here with

my comments around the rollout that I talked about in October. The whole reason for this is to let you know that this forum was not just an afterthought, and it's not connected and grounded to anything or any event other than the fact that we rolled out a new way of doing business at the beginning of the fiscal year 2006. And it's time now to get down into the nuts and bolts of that and make certain that you clearly understand what we were talking about, the 20 items. They call it the Williams 20.

We're going to move to a true risk allocation process where it's very clear from the beginning which side of the ledger it's on. There will be no confusion after today about where the risk is and how it's allocation.

We are going to avoid adding any nontraditional scope of work to the general contractor's plate once we get started. You have to help me check this. If anything is added, then you know that we're not playing by the rules. Time out. Let's get back with the rules.

Especially contractors to perform some of their highly sensitive and special work. It doesn't mean that anything is taken off anybody's plate, but it does mean that if you are a specialty contractor, and you have the juice to

do what we want done, then you come to the table. Our program is not just for large contractors. We want everyone who is capable of making a contribution to come to the table, and we will work with you and figure out a way for you to be involved. Okay?

It takes nothing from no one. Everything is competitive. But we do not want to isolate and forget the fact that this country was built, to some degree, around a lot of specialty contractors, so we want you to have an opportunity.

We will represent to the design-build team that all -- not some -- all of the rights of passage issues that might create problems for you in a particular country are out of the way and will not impact on an orderly construction process. Talk about leveling the playing field. You know, there will be nothing in Karachi that you have to worry about that's related to the host country that will impact your construction. Talk about leveling the playing field. That's pretty level. In fact, that's smooth.

Move to provide clear, simple RFP language in English -- now, you've got a problem, but that's what we're

going to put it in. Okay? You know, very simply stated. Do not -- et cetera, et cetera.

Ensure that estimates are derived from empirical data extracted from normal conditions. Move value engineering in the planning phase of project development to help bring the bright ideas and the new methods and means early on before you touch the project. We'll hear more about that.

We want project directors, people who work for me -- because we are getting after the business of consistency -- we want the project director in Lome, West Africa, to act corporately like the project director in Karachi in the Middle East in terms of conduct and dealing with you.

We're going to pay more attention to the quality of the design-build team on site that you, the partner, put on site, because we want an equally juiced individual out there with us, because we're running fast.

Fix customer expectations at the pre-construction session, and then we'll control them throughout the construction period. In other words, you're not going to receive an extra piece of work from the embassy or from the

consulate. My people, when you sit with us in pre-construction conferences, you will hear this. The program is frozen. Leveling the playing field.

Deliver a building site that is ready for construction. Well, what do you mean by that? You're going to hear today what ready construction is. It doesn't mean that you have to go and make the site ready, whether we're speaking environmentally, geotechnically or whatever. Ready for construction. My risk. Leveling the playing field.

Make the standard design a true adaptation vehicle, not something that this is kind of what we want to do. This is what we want you to do.

Move to a true design-build delivery method, as true as we can get it -- this is still a debatable issue, but I can tell you, we're going to get as up front and close to this process as we possibly can.

Increase emphasis on smart, energy-efficient, sustainable buildings. If you have a better way, a smarter way, and can keep that within the costs that we all know about, then we want that idea because at the end of the day we want to build the best.

We will be bringing the procurement team -- and we

have talked to the procurement team. You know, that's an element, piece of work that is done separately from our organization, but we work together. We want them to understand these new ways so that they can connect the procurement apparatus to what we're talking about.

And ladies and gentlemen, on the matter of change orders, I've been doing this for a long time, and there's nothing any more contentious than a change order, but nothing can be more pleasant if you get it right from the beginning. We're going to deal appropriately with change orders immediately, and we will have a timeline set on how we will discipline and manage this process. Listen today at what we're going to tell you. But the important thing is we're going to deal appropriately with the change order.

Design reviews must be expedited -- my staff will talk to that -- and cannot generate requirements that add to the scope without identifying the corresponding funding. Okay?

Then we're going to give some consideration to O&M. We're going to add more emphasis on commissioning. We've brought some new juice on our staff to deal with commissioning, and you'll hear more about this. There's

going to be an orderly process now to make certain that you can get off that warranty clock smoothly and the call-backs can be eliminated, and we're going to get serious about some other initiatives we're looking at in the way of public-private partnerships.

Okay. That's what I wanted to tell you to try to set the tone, and -- so at the end of the day, when it's all said and done, I do want honest feedback on how you think this piece of government played out. The record I have is about 70 persons here representing the AE community. That's encouraging. There are about ten groups or persons who are clearly here for the design-build side of the house, 20-plus construction representative. Engineering and telecommunication -- and I am encouraged once again because we do have a piece of that. There's a few here for that. Utilities. Now we're seeing that specialty company, which is very good.

Environmental -- yes, we have some of that, and we are delighted to see you here. Marketing. That's a good thing. You can help me get the word out. Security. As you know, our business is laced with security requirements, so we are particularly interested in your attendance and you

understanding what we're trying to do.

Then, of course, there are people here from the IT community. That's very interesting. I am pleased to have you here as well. And I know there must be others that I have overlooked, but -- and I've already mentioned that we have many members from our panel, and all of that is good.

So we have the mix of something wonderful and great -- this is not just for one side of the industry; it's for everyone who has a remote interest in what your U.S. State Department is doing.

Listen attentively. Thank you.

[Applause.]

GENERAL WILLIAMS: I'm going to move right in with the first pass, and that's going to Keith Wilkie. He's going to talk about ready-to-build sites. Keith, you're on.

MR. WILKIE: Good morning. That's a hard act to follow, but my responsibility at OBO is to manage the program that delivers property, sells property, buys property, leases property, and my major focus is delivering sites for the NEC capital construction program. It's probably the easiest job in the room. All I have to do is find perfect 10-acre sites centrally located downtown

capital cities around the world in time to keep up with all my colleagues here at the table. It's a challenge, but I have a great team, and I'll ask you, when I finish, if you have any property for sale, give me a call.

GENERAL WILLIAMS: Can everybody hear Keith in the back? Okay. Good.

MR. WILKIE: Seriously, our primary goal is to acquire only sites that are, in fact, ready-to-build. That's the ideal situation, sites that not only meet our location, security and operational requirements, sites that easily accommodate the program, but sites that have all roads in place, sites with adequate utilities in place, nice flat properties without topographic challenges, clear sites without buildings or other demolition requirements for you, sites clearly with no environmental, historical and cultural issues to slow down progress, no subsurface or other natural hazard problems, sites with all zoning and planning approvals in place. That's our goal. The result should be less risk for everyone.

The reality, though, is that ready-to-build sites are just not always available. There may be market or geographic issues limiting what our choices are. All things

considered, the best site to buy may not be ready-to-build.

In those cases, we will remedy any of those outstanding issues prior to delivering the site to you, the design-build contractor.

In some cases, we will need to work local governments or national governments to address those problem areas after we buy the property. In other cases, we're able to convince a seller through negotiations in buying the property to deal with some of those issues and remedy problem areas. In others, after we buy the property and before we turn it over to you, there may be issues that we have to deal with ourselves.

In any case, though, OBO's commitment is that we will deliver a site that is ready-to-build. In the rare case when there are outstanding issues to be passed on to the contractor, it will be done at our cost, but clearly addressed in site-specific RFPs.

So OBO will deliver, at our cost, this definition of a ready-to-build site: With all host government approvals to use the site for diplomatic purposes; planning and zoning approvals with authorized building heights and development densities specified; host government

certifications that there are no known aviation, cultural or archeological issues on the property; a site that's legally registered in the name of the U.S.A.; subsurface investigation reports and, beginning this year, foundation recommendations; a proposed grading plan as well as the things that we normally do, which are boundary, topo and utility surveys.

We will deliver utility infrastructure up to the site, and specialty resolution of any discoveries found on the site after contract award because sometimes there are just things you can't discover even though you go through extensive due diligence studies and investigations.

All this is more work for us up front, but it should, again, reduce risk.

So ready-to-build sites will be secured until turned over to you, cleared, free of environmental hazards, unexploded ordnance, buildings, foundations, squatters, cleared of any obvious debris or trash on the site.

Here is an example of what was otherwise a wonderful site, recently purchased, that was, in fact, not ready-to-build when we found it, and it wasn't ready-to-build when we bought it, either. But all things

considered, it was the site in this particular city that was best for an NEC.

The site had many old deteriorating buildings on it, streets that had to be removed, needed rezoning. There were mines and unexploded ordnance throughout due to some civil war type activities. There were major steam lines running under the site that heated portions of the city that had to be moved. There were occupants that had to be relocated, and the site needed an additional access road.

So we addressed this by negotiating an agreement with the seller when we purchased the property to deal with every one of those issues, to de-mine the site, remove dangerous materials and get the property rezoned. They agreed to demo all the buildings, all the old paving and foundations that weren't usable, clear the site. They are relocating all those utilities and steam lines that ran under the site that were problematic for us, and the seller is building a new access road to the property as well.

While this site wasn't ready to build when we bought it, all things considered, it was the best site for our use, but it will be delivered, in the end, to the design-build contractor ready-to-build.

With that, I will remind you again, if you know of any property in the 50 or so cities that I'm looking, give me a call. Any questions?

GENERAL WILLIAMS: Audience, the important thing that Keith said today, the most important, is that we will deliver a site that is ready-to-build. We have described to you what -- our definition of ready-to-build. The bottom line is that rests on our part, and that is new. It's part of the new ways.

Your questions -- yes, sir.

PARTICIPANT: [Off mic.]

GENERAL WILLIAMS: Except your construction permits. That's yours. But anything relating to the host government for approvals, that's ours. Is that clear now for everyone? Yes, sir.

PARTICIPANT: You indicated that you were going to bring utility infrastructure to the site. How are you going to coordinate the interface between the site work and where the buildings might be as to the location of that infrastructure.

GENERAL WILLIAMS: Go ahead, Keith.

MR. WILKIE: Could you repeat the question?

GENERAL WILLIAMS: His question was we -- one of our mandates is to bring the utilities to the site. He was interested in how we were going to coordinate with the activity that would be taking place on the site in order to bring these utilities to the boundary of the site.

MR. WILKIE: Our planning office, in working with the real estate office, in conducting due diligence -- you know, part of what they will be doing is delivering, as part of the RFP package, a proposed site utilization diagram, a proposed site layout, proposed grading plan, and they will have already done several configuration studies in terms of how to potentially lay out the site. So in coordination with that -- we will work with them and the local utilities and come up with what we think, with our planning office, is the best location to bring those to the site.

GENERAL WILLIAMS: Let me just mention as well, clarity will be better after we have our next presentation on planning, but if it's not clear, come back to us and make certain that you understand.

But the long and short of it is that the -- getting the utilities from wherever they are to the boundary of the site is our responsibility, and we will not interfere

with any of the orderly processing of construction or pre-construction that the contractor will be doing. Whether we do it before or after or conjunctively, that's not your nickel. Okay?

All right. Now, we will -- any other questions on the ready-to-build? Okay. Let's launch right now with Marcus Herbert into planning because that process now has crystallized, and it is no disciplined.

MR. HERBERT: Good morning. I'm going to speak to you this morning about our discipline planning process. The division I manage is in charge of the detailed planning of all of our capital projects as well as the cost estimating of those projects.

During the planning process, we have two major activities that we conduct in order for us to collect information, to influence what the planning means and what the costs of our projects are. The two major activities are initial planning survey and the integrated planning review.

The information from these activities provide definition to our projects and, ultimately, our products that will go into our RFP.

The initial planning survey is conducted on each

project at the budget stage to allow us to gain an understanding of local market conditions, construction environment as well as cost of doing business.

The initial planning survey consists of three major parts. The first part is legal and business requirements, our local conditions and our architectural and engineering environment. This, in particular, will provide clarity to our cost estimating process throughout our budget stage, our detailed planning and, ultimately, the RFP development stage and the IGE during the RFP.

After our initial planning survey, we embark upon a major effort, called our integrated planning review. The integrated planning review expands upon the analysis that was conducted during the IPS. We incorporate due diligence activities that are collected during the real estate purchase activities and other technical information to develop site plans, floor plans and our final estimates during the planning stage.

During the integrated planning review, we invite all of our technical disciplines to participate in the development of the site plans and to participate in the development of building massing and flow through the

building. We invite our tenants into our embassies, and we invite host personnel to participate.

The product at the end of the planning should meet all of our players' expectations and all of our players' needs so that hopefully during construction and at the completion of construction we have an embassy that's fully functional with an ambassador that's happy to move in.

General Williams, during the Williams 20, insisted on us moving value engineering into the planning process. We moved value engineering this year into our planning process at the integrated planning review. Our process is that, at the draft stage of the integrated planning review, we conduct a value engineering analysis. The results of the analysis are incorporated with all of the other comments and utilized to put together our final documents as well as our final cost estimates during the planning stage.

GENERAL WILLIAMS: Now, Joe, this is one of -- one piece that will speak to your question, the zoning issue.

MR. HERBERT: The results of the integrated planning review was primarily our zoning package. We needed this exercise to go back to the local authorities to confirm things such as building height, building density, setback

requirements from the street, parking requirements, as well as our ability to build a wall or a fence, depending on the security requirement. It's during this stage, going forward, that we will be making our decisions on where those utility lines should be brought into, on which street, on which side of our compound, and which makes the most sense, from an economic standpoint for our cost estimate, as well as a standpoint from the city's perspective.

On the following slide, we just show an example of, at the end of our integrated planning review, the letters that we send to the local governments, as well as host governments, as well as the letters we receive back from the local governments confirming that our development that we intend to build is acceptable from their perspective.

This is our primary goal during planning, as we don't want, during construction, for you to have any problems.

A major component of our planning effort is the disciplined process and our cost estimating. In the first instance regarding risk allocation, we conduct a Construction Industry Institute international project risk

assessment tool at least three times during the planning process, first during the budget stage, second at the beginning of detailed planning, as this will influence if there are risks to cost at the beginning of detailed planning -- it will influence what we look at and our methodologies and our attempts to solve those risks.

The third step where we apply our risk assessment tool is at the completion of planning, moving into our independent government estimate stage.

During budget development, we establish our program requirements and we meet with estimates -- these are met with estimates driven from empirical data. We have a cost model for our standard embassy design. This cost model is adjusted for each project, depending on the results from our integrated planning review, the results from our initial planning survey, as well as the results from our international project risk assessment.

Cost escalation is researched through various recognized industry resources, including the Corps of Engineers, the AGC, ENR and RSMeans. We also reference the Bureau of Labor and Statistics.

At the culmination of our --

GENERAL WILLIAMS: Excuse me, Marcus. You skipped over escalation, which is important. Let's go back and make certain that our friends understand that we do escalate beyond the now year.

MR. HERBERT: Correct, sir. In fact, we --

GENERAL WILLIAMS: Can you go back?

MR. HERBERT: Go back one slide, please.

GENERAL WILLIAMS: Okay.

MR. HERBERT: In utilizing the research that we gain through industry resources, the predominant reason for doing this is to understand the historical escalation that is occurring on a year-to-year basis as well as on a monthly or quarterly basis, depending on the information that we receive. We try to stay right on top of the escalation as it occurs, both in the U.S. as well as the rest of the world.

GENERAL WILLIAMS: So in a nutshell, when our estimate comes out and available, it has a consideration of risk. It has been based on the available market research in the location where the project will take place, and we have escalated the cost. You need to know that. Okay?

MR. HERBERT: The results of all these planning

efforts are actual input into the RFP, which is handled by DE. During the planning phase, we develop test fits for our chancery to prove that the size building that we intend to build will actually work for our program. We've developed site utilization diagrams to inform a very detailed estimate as well as to inform the local government on what we intend to build.

We research the tax relief situations and we gain, where we can -- we gain agreement to tax criteria and tax relief, and we incorporate those agreements as a standard operating procedure in our RFP where the agreements are in place with the local government.

We include our due diligence surveys, our space requirements program and other project-specific requirements such as technical requirements from our various tenants.

The following slide is just another example of a site utilization diagram that we submit to the city showing the density of our site, the green space requirements representing the parking requirements, et cetera.

And my final slide is an example of a test fit that we conducted on one of our projects proving, to our minds, that the building that we intend to build can be

built and planned by the architects as required for the program.

The final slide is to remind everyone that planning drives the budget. We put a very detailed planning effort into our budget stage, and we carry the requirements of that program all the way through our RFP development.

Are there any questions?

GENERAL WILLIAMS: Yes, sir.

PARTICIPANT: At the point when the design-build team gets on board, will there be receptiveness to perhaps value engineering from that end of the proposal stage on?

GENERAL WILLIAMS: The driving and overarching issue is the spec. Whatever you bring to us, if it's at or above the spec and it's within the cost parameter, we'll have a good conversation. And we encourage that because we recognize that all of the thoughts and the brainpower doesn't come from us. That's a part of the design-build delivery concept, so we welcome that.

In terms of timely, there won't be a long debate on that because if we meet the criteria I just framed out, it's not a problem. The overarching issue is the specification.

Yes, ma'am?

PARTICIPANT: Good morning. My name is Sue. I represent Gunnar Manufacturing. We have a protective office furniture system that I would be very interested in learning how to have it spec'd as more of an internal safety mechanism rather than an afterthought with interior purchases.

GENERAL WILLIAMS: Okay. Your question is one where you will have to pay a visit over to our place and sit down -- I can tell you it's an intriguing one. We'd like to engage you on it. And Joe Toussaint is sitting right in front of you. He can give you some initial information now, but we are interested in what you want to say about that.

PARTICIPANT: Would this end up to be a specialty contract that would end up going into the planning process?

GENERAL WILLIAMS: Joe?

MR. TOUSSAINT: I think we've perhaps met with your company before. Certainly at Industry Day a similar product was brought to our attention, and -- that was yours?

Mary Madsen is here in the audience -- I believe she is aware of this -- as well as our colleagues in diplomatic security.

As the general said, it's an intriguing product. How we fit that in in a competitive environment really is -- and not a sole source environment -- is really one of our challenges. I think in one sense we would find perhaps a better application in a retrofit situation where there's a real direct tradeoff between what your furniture could provide in terms of protection to what -- an upgrade of the building itself.

So we have been having these discussions. I think we need to continue. As the general says, it's an intriguing idea, and rather than have an entire environment built for blast protection, maybe we can isolate it to individual personal protection, such as your furniture does.

So let's continue to talk about it. We're always available.

GENERAL WILLIAMS: Okay. Thank you for that question. We're always interested in ideas, and our team will clearly continue to engage you.

Are there other questions? Yes, sir?

MR. KELLY: Brian Kelly, J.A. Jones International.

I was wondering if the panel could clarify the geotechnical recommendations. Is this something that OBO is going to

take ownership of now? In other words, we don't have to submit our own geotechnical report; you take the risk with respect to different site conditions on the front end?

GENERAL WILLIAMS: It will be very clear on that good question -- that will be covered in our design presentation which follows. If you're not clear after Bill Miner completes his presentation, come back at us. But I think we will have your answer.

Yes, ma'am?

MS. HELLER: Barbara Heller, Design and Construction Strategies. I'm interested in knowing what electronic format you're going to use to deliver your test fit drawings.

GENERAL WILLIAMS: Marcus?

MR. HERBERT: Actually, General Williams, I would prefer to defer to Bill Miner.

GENERAL WILLIAMS: Okay. Bill, you've got it.

MR. MINER: Barbara, all of our bridging documents are uploaded the ProjNet, to the E-bid room, and those drawings are provided in PDF format.

MS. HELLER: Would you ever consider providing them in an editable format?

MR. MINER: Upon award of contract, we will make available to the successful bidder all of the files that we have in their original format and will be glad to with them -- even progress files that we may have that they might find useful for background.

GENERAL WILLIAMS: It sounds like we have some cooperation here, and any unique situations, just engage the staff on that.

One point that I want to say while others may be thinking of questions: Marcus talked about sharing of due diligence information, which is important as well, and that information relates to surveys, geotechnical kind of business and so on. So just keep that in mind as we move forward.

Are there other questions on planning and getting it right before we budget for it? These have been very useful to us.

Okay. Now we're going to launch into the standard embassy design. Bill Miner is going to tell you why we went that route, how we're doing it, and how we are disciplining that process and how it connects to your work.

MR. MINER: Good morning. This will be a

refresher for many of you, but first I would like to say that in May of 1926 the U.S. Congress passed the Foreign Service Building Act, and that legislation created a comprehensive property management office that we now call the Office of Overseas Buildings Operations. That was May 1926. That was exactly 80 years ago, so welcome to our 80th birthday party today. The gentleman has some goodie bags for many of you as you leave. But that's a long time to develop a culture, primarily a design-build culture that we took a long look at and, under General Williams' leadership, thought that it was time to make a change.

We have a very different world today and a very different program in response to that. We have an accelerated building program that's unprecedented in our history, and it required a fresh look and a new start and a new best practice.

The introduction of the standard embassy design occurred 5 years ago. It's very mature. We have learned a lot along the way. We have made a lot of improvements, and we think it's really -- our overarching goal is to create facilities that are safe, secure and functional as soon as possible and to get to the A&E team, our designers, the

answer as quickly as possible for them to enhance and refine as we go forward.

Many of you have seen the target goals of size, scope, schedule and budget. There is a small, a medium and a large embassy prototype. We have supplemented this with a super-small in response to some of the smaller remote facilities that we now see on our horizon. It is a prototype design that is meant to be site-adapted to meet the unique needs of topography, orientation, access and views.

Taking a lesson from private sector development, we strive to create a building shell, a fixed platform in which we fit out the interior for specific functions and allow the building internally to be changed and modified over the life of a facility.

In developing the standard design, we went out of Washington, visited firms like Steelcase Corporation -- went to Bethesda, spent a lot of time with Marriott Corporation, a little bit of time with the U.S. Postal Service to pick their brain, learn what they had learned, and glean from them the right ways of rolling out a standard design.

In the end, we took a design that we had actually

built and were very comfortable with in Kampala, Uganda, and that became the basic platform for the SED.

Here are the key features. Here's why we like it.

As I said, it's a prototype design, easily site-adapted for specific needs. It's a buildable shell that we can expand and contract as space programs require. It's a flexible interior for custom fit-out and future changes. Churn is a big issue for the Department of State and all federal agencies, and having a standard way to do that is important to us.

But even more important is the need to address and support a design-build delivery methodology. We developed the SED in order to create a set of bridging documents that we can give to you to start to build, to start to plan, to start to buy materials, mobilize equipment and people. And we are now confident in giving you this answer, that we have established with you the standard of quality that we expect to achieve in this end product. That's key. That's key.

This, then, makes us very comfortable, to relax and come back and reduce our design review and oversight, which I know was very, very onerous in the past.

In conjunction with that, we've developed standard

RFP documents. You will see the same RFP scope of work, section A through M for all 180 facilities as opposed to a custom one-by-one scope of work that you used to have in our first 75 years of existence.

We've also structured it so that there are multiple bid packages that contractors who want to really take advantage of the economy of scale can bid on one or 15 projects simultaneously. You've already experienced this in the pre-qualification phase where you had to submit one pre-qualification package for the entire program. Many of you are just submitting letters of interest from year to year.

There are some key components to the standard design. We always like to reinforce the fact that it is not a building solution only; it's a compound solution. There are many buildings in addition to the chancery that are already pre-engineered, pre-designed.

We have annex buildings of various sizes, various clients, warehouses and shops. Most of you know about the Marine guard quarters. We don't have to reinvent the wheel there very often, and Marriott did provide a lot of information there. Staff and visitor parking, recreation

centers, site and development and landscape strategies were all pre-established. We also know how to best protect our perimeter and our compound access controls.

The best practices that we really care about are embedded in the bridging documents that we give you. Please use them. And if you choose to deviate from them, bring them to our attention. We will review it. We will approve it.

We, first of all, want to make sure that all of the required security measures in our buildings -- and they are considerable -- are already there. Diplomatic security has reviewed and reviewed and reviewed the documents along with us, and through 75 years of experience, they know how to protect our assets, and that material is already embedded.

You've heard that value engineering is also embedded. We've now completed that work for all of the '06 projects. You will not have an interruption at the 35 percent design phase, as you've had in the past, to do value engineering studies.

Sustainable design, both in terms of site, building envelope and interior has already been embedded in

our design work. We have ensured that at least 26 points of lead U.S. GBC credits are in the prototype. Please try to improve that number, but don't lose what we've given you. That's very, very important to us. We don't want to have to check for that. We want you to be champions of a sustainable design approach for us.

So that means that we've already made decisions about building massing. We've already decided about proper and efficient orientation on the site. We've already made some suggestions about sensitive architectural expression so that we can make the best use of local materials, labor and culture.

The space programs and the interior organization have already been worked out during the planning stages. We know which offices we want adjacent to one another, and we know which offices we want separate from one another. Do not change those parameters.

Accessibility standards are becoming very, very important -- always have been important for us worldwide -- are already included in the design. Energy efficiency in our mechanical, electrical and plumbing systems are there in our specifications, and we've gone very, very far to try to

not only size, but locate all of the mechanical equipment in the buildings in your actual test fits, and this includes the ability to get the equipment in, to service it properly, to store filters and the like.

Natural hazards. Since last year, which was a devastating year in terms of tsunamis and hurricanes and other natural events, continuing concern for us since our program is global, and we have already built in and thought through issues such as the potential for hundred-year flooding, such as we had in Mumbai last year. Hurricane risks in a lot of our South American regions. We also spent a good bit of time working out the operation maintenance components, and that's also included in the documentation.

So in summary, we've given you a whole building solution that's pre-engineered to meet our requirements. Please make as few changes as possible. The SED continues to be a three-part mass. It has two office blocks flanking a central atrium. The front portion is devoted to public access and general work areas while the rear is for service, delivery and our secure office areas. The atrium provides a communal gathering space used for special events, also for daily dining, and is a source of strong natural daylight.

We wanted to make sure that we use the same codes and standards that you use for other clients domestically, so several years ago we adopted the International Building Code, as you see here. In addition to that, we thought it was important to embed in that our own special requirements in the IBC format, so we've written a supplement to the IBC, just as the State of New York or the State of California does. We have an OBO supplement -- not very large -- and it is written and structured in the same language as the overall IBC family of documents.

So what's new this year? A couple of things. I'm going to start. The colleagues that follow after me will get in a little more detail. But in general --

GENERAL WILLIAMS: Listen up.

MR. MINER: -- we have captured feedback. We listened to the contractors at our roundtable. We listened to the IAP and the frank input that they give us. We read the review comments to find out if there's some repetitive problems. We have post-occupancy evaluations and we have value engineering reports on all of our work, and we learn lessons and we infuse them in our work.

Here's an example of the first floor, '05/'06.

You can see readily that we thought there was some need to tighten up our public pool areas. We were devoting too much space to that. To simplify the circulation system -- that reduced the footprint of the building overall and actually gave us more general work area to work with, and this is in the new set of documents you have.

This is a different set of documents than you worked with in 2002, 2003, '4 and '5. So don't assume that you know what's in the SED package this year. You really have to look at it again.

Part of the value engineering program is to look at long-term operation and maintenance reduction. Sometimes that requires adding more money to the initial program. In this particular case, one of their strongest recommendations this year was to really examine the atrium space. It is a beautiful and very, very user-friendly space, but it's an expensive space. It is a large volume. It has to be heated and cooled, and it does introduce some difficulties in terms of construction. So while we maintain the space and a lot of the assets that come with the space, we've tried to reduce it in volume. We've taken it down a floor or two in most cases, and by doing this, it becomes more of a gallery

than an atrium. A different fire protection kicks in, which gives us some savings in that regard. And we lose very little in terms of functionality.

What we gain in functionality is more space at the top end of our building where we can do a better job at consolidating our mechanical space and our communication equipment. So you will see that in the new design.

A couple of other changes that -- we looked at all of the buildings and saw if there was some potential for improvement. This is the footprint of the typical NOX, the annex building, that we have on some of the projects, and you can see that there was sort of this entry growth structure in the '05 floor plan, and we've sort of decided that that wasn't necessary; it complicated construction and enlarged the footprint, and that we could handle that with a simpler entry. The compound already has several points of entry, and moving into the NOX should be as simple as the building that we work in every day, and this looks a lot like the OBO headquarters building. These drawings have all been changed and are in the new package that you have now.

In conclusion, I just wanted to show one application that we have -- and Nick Retherford, who follows

me, will show you several more. We have already awarded, built and in many cases opened 32 SED projects to date. This is not a new initiative. And I encourage designers and design builders, especially new ones, to visit facilities that we've built. You can learn an awful lot about what we expect, some of the difficulties and some of the opportunities, by visiting one of the 32 posts, and we can make that list available to you.

All 15 projects in this year's program are based upon the standard embassy design model. All 15.

So with that, I'll answer questions, and the first one I'll answer is the one regarding geotech material. We, as the general said, are very, very committed to leveling the playing field, and we have talked to the AGC for many years about this issue, and that is the actual conditions in the site when you start to excavate and build foundation.

We, this year, decided to share that risk and to make a clear recommendation in section C and in section J of our scope of work, and we tell you the foundation system that we recommend that all contractors bid on.

We, in addition to that, provide you the source geotech reports from which we made our recommendations.

Now, those reports will suggest other systems, and those will be acceptable systems. But so that all of the bidders are working from the same baseline, we say bidders should use the following foundation system as the basis of a bid.

GENERAL WILLIAMS: Now, our friend from J.A. Jones, are you clear now on -- it will say "should." It's a recommendation.

MR. KELLY: Does that mean that we don't have to submit our own deliverable, our own geotech report or study?

MR. MINER: No. You will bid the foundation system that we recommend. Then you will, as a part of your design phase, examine the material, determine its acceptability for your design -- you will be the designer of record -- and you will provide a report yourself. And we ask you to bring to our attention any errors or omissions based upon your own investigation.

MR. KELLY: Understood.

GENERAL WILLIAMS: Okay. Are we clear? It's an excellent question. It's an area where it may be -- there might have been confusion in the past. We think we've cleaned it up, and I'm hearing that the J.A. Jones rep understands it.

Question, ma'am?

MS. McDONOUGH: I'm Erin McDonough with KTA. Can you spend a little bit of time talking about the RCM commissioning plans that you might adopt or are adopting, and how they're going to be put into the project at the beginning?

MR. MINER: I'll just touch upon it. I believe your question is about reliability-centered maintenance plans. That will be part of the contract. There is a requirement in there that, starting early in the commissioning phase, that that design-build team, in conjunction with our facility management office and our construction project director, will start to develop the reliability-centered maintenance plan that's part of the final deliverable, along with the as-built drawings and any other product literature and warranty material.

GENERAL WILLIAMS: Are there other questions for Bill?

While you are still thinking, let me just make a couple of points. Bill talked a lot about the reconfiguration of the atrium and how that will create advantages for construction and allow your construction to

be smoother and less complicated. He talked about disciplined -- any changes that you would suggest to us about our standard design. We have tried to -- we are perfectly happy if you would build just to the design. We are perfectly happy if you would build just to the design. If you have a change suggestion to the design -- obviously it has to be accepted. It has to meet the specification. And it has to be cost-neutral or friendly.

So don't create a hardship for you. We're perfectly happy if you build just to the design.

Are there other questions?

Okay. Thank you very much for your interaction there. We move now to RFP language, and again, please listen up. This is Nick Retherford.

MR. RETHERFORD: Good morning. What I'm going to discuss is the combination of the RFP language as well as the scope of work. This is -- of course, the RFP is for the solicitation, the submission of the offer, the award and the administration of the contract. All those key documents are in this.

Of course, the RFP is where all the detailed contract information, all the requirements, all the

requirements for pricing, all the appropriate FAR clauses, and we also establish all the special contract requirements, and this is a very important point -- I think this is the first time you will hear us establishing the requirement for security clearances, both during the administration of the solicitation, during the design phase as well as the construction phase -- this is very, very important; we take this very seriously. We spend a lot of money on this in every phase of the contract. We also put a lot of emphasis on the way we handle our classified documents, both during the solicitation phase and after award, so this is going to be very important that everybody understands this.

We also discuss the government-furnished materials and, of course, the project-specific, which is the scope of work, as well as the attachment of the contract, which we put in section C.

Of course, the section C is the heart of this, where we get into all the detailed discussions about the standard -- we bring together the standard elements that you heard talking about in planning. You heard it in real estate. You heard what Bill had to say. It's where you bring all this together in this RFP and in the section C.

This is where we get into the discussion about the site descriptions. We give a list of the facilities. We give the requirements for the design. We give the design review process. We establish the submittal requirements. We give you the QA/QC that we expect during the design and construction. We also outline the permits and license requirements -- and I know this was a question earlier.

This is something that we provide that background. Of course, as we've mentioned, the construction permit is still the responsibility of the offeror, the successful offeror.

We do an overview of the construction process, and we also overview the post-construction process, which gets into those O&M issues.

The next key part of this, of course, is our attachment J which is our attachments into the contract. You will find, again, that one of the key documents we have there is the Department of State classification guidelines.

Again, this is the backbone. This is the way we build all of our administration of the classified. This is where we establish the requirements, where classified in different ratings. We also get in there to the cost estimate format.

One of the changes that you will see this year,

the offerors will be submitting their prices to us in a 16-section CSI format that has changed from previous years.

Hopefully -- we've been listening to the industry on this --

GENERAL WILLIAMS: Nick, say that again.

MR. RETHERFORD: A 16-section CSI format will be the format for the offerors this year, not the format in the previous years. So, again, this is a change. We've been listening to what the industry is saying, and we hope this improves our bidding environment.

There is also -- a very key, important element of this, of course, is the accreditation phase. This is the thing that gets -- makes sure that we can certify this project to the Congress, that it passes all the security requirements. We provide a checklist in there, a worksheet, and so all the successful firms can go through this and understand what the requirements are for that.

Again, as Bill mentioned, this is where we include the code supplements. Some of them are project-specific -- or specific to OBO. Some of them are the general backbone documents. This is where we include all the standard embassy design documents. This is where we put all out

technical requirements. Again, we also provide certain project-specific documents to support that that don't really belong in the section C.

The next piece that I want to do is bring together some of the discussion that you heard before about the standard embassy design and then tie that in to the RFP documents that will look at the site, the buildings and, of course, the project-specific requirements.

As you had seen previously, we are using the standard embassy design format that you saw with Bill to produce this documentation that we are providing to the offerors and how we want to see these sites laid out. You will see later on in my presentation more detail on this, but this gives you an idea of the kind of materials that we are taking to host governments during the planning phase and what we expect to see during the design and construction phases.

This is just an example of a project that's underway now in Panama, going from a standard embassy design to a project-specific, and this is the prototype of actually the older annex project before we VE'd out those lower -- that appendage to the building.

Again, this gives you an illustration of a project that's under construction now, what it looks like when we apply all these with all the requirements, and it's actually quite an impressive site when you see these projects under way.

What I'd like to also do now is discuss the requirements that we put into the scope of work. Again, as you heard from Marcus, and you heard mentioned also from Bill and others, is we do give you requirements on the zoning approval that we have established with the host government. We also give you the requirements on the blast resistance, and those of you that have been involved in the program previously know that we are providing this as government-furnished equipment for doors and windows.

We are also giving you updated boundary and topographic information, utility information, and we're also giving you development on the sites. I know there was a question earlier about what we're doing with the utilities.

You can see in a later diagram that I have how we're illustrating that and providing that to the bidders.

Again, as was mentioned, we are providing more detailed geotechnical reports this year, along with

foundation recommendations for every building as well as the perimeter wall.

GENERAL WILLIAMS: Foundation recommendations, okay. So we take the mystery out of that.

MR. RETHERFORD: This is very important. Again, there is a requirement, as Bill mentioned, that we do have a follow-on report by the successful firm to validate what we have, but again, this should be a great improvement over past years.

Also, one of the things that we've done this year is we've combined more of the buildings. You will see that the GSO support annex, warehouse and utility buildings are combined wherever possible. We've taken some of the expensive construction out of those buildings that related to blast to protect the occupants and moved that into the chancery building to make the building a more affordable and less intensive kind of construction.

We've also improved the order of precedent. This has been an item of discussion in the past. You will notice that Marcus mentioned the test fit. It's important that we now reference that in our order of precedence, and you will see that we specifically delineated that, but the most

important thing for us being the codes.

Again, based on the discussions we've had with offerors in the past, we've addressed the issue of stone cladding. We have significantly reduced the thickness of this, as well as what the sources are. We have also provided test fits for all the office buildings this year, which you will see a demonstration of, that has much detailed information to it. We are also giving you again, as I mentioned, foundation types. We are also giving you security requirements for the protection of balconies and terraces. Again, the doors and windows are an important piece of this. This should greatly relieve the contractor of the issues related to procurement of materials if we're doing that.

As Bill mentioned also, with the VE studies now being done and the test fit, we are deleting what we had called the site adaptation session in the early part of the project. We are now using this as a design validation. Again, we expect that this should greatly influence the speed at which you will be able to do the design in those early phases. We have also put more information into the J documents that should improve your design process.

As Marcus mentioned, and I'll expand on it a little bit more, we're giving you master site development plans, site perimeter plans, conceptual grading and drainage plans, site and building sections, boundary, topographic and utility surveys, again, the geotechnical reports, if environmental assessment is applicable -- in most cases it's not, but if there's something that comes up late, we'll make sure you get that, as well as any asbestos management requirements that may have come up late in the program.

Again, this is -- as you saw with Marcus, this is the type of diagram that we're going to give you this year.

We have greatly improved the site layout. We have reduced the hardscape and paving. We have moved things to the perimeter of the site. We have left more development open in the middle of the site for future expansion. We give you a higher level of detail on where we expect the buildings to be, and our geotechnical reports are based on this information. We also give you where pedestrian circulation and CAC locations are on the site.

You will see here we have also given you more detailed information on the perimeter security requirements.

This is a very important piece for us. We will give you

where solid walls, where transparent walls are with fencing materials, bollard locations, all of this we give you very detailed -- again, the anticipation is that this will speed the design process in the early phases.

Again, addressing the issue of utilities, this will give you where we expect to see utilities run around the site as well as the planned entry points for those utilities into the site. This is particularly important for us both from a maintenance standpoint and future construction. We have found in the past that there is a tendency to run the utilities sort of the shortest distance across the site, which does preclude our future development on the site. So this year we are emphasizing to put that in a more logical way around the site so that we can do things without disrupting on a maintenance basis the site, and also to give us room and locations for future site development.

Again, this gives you some detailed information of our preliminary site grading, both with the existing and the grading plan. Some of the municipalities have a requirement for drainage control. We have incorporated that in a preliminary manner. Again, this is guidance. There still is a requirement for the successful bidder to design this

project, but this gets you started in looking at where you can grade the sites.

Again, this is an example of how our buildings -- the elevations both through the site and the building. This is the kind of diagram that we do take to the local municipalities as part of our zoning approval, to give them a sense of what the building requirements are. This is particularly important because there are few instances where we do have height limitations. When you incorporate that onto the setback requirements that we have for security, it's very important that we follow this and not exceed that zoning envelope to make sure that the contractor is successful in getting his construction permit.

Again, as you saw previously, we are providing a test fit drawing for all the office buildings. This does give a footprint of the building. It gives the interior layout all the way down to the furniture. Again, we expect that this will be a significant improvement on accelerating the design, and essentially it goes to another level of what we had shown in the past with blocking and stacking. So, again, we're looking very much to improve the time management during the early phases of this project.

Of course, the last piece that we mustn't overlook is that there are two projects this year -- and there could be more in the future -- where we will be building annex buildings on recently completed embassy compounds. These have some unique challenges. In every case this year, they are unclassified buildings, but they do require that the contractors operate in an existing and operating embassy compound, so there's some unique requirements in terms of access controls, limitations on where they can work on the site. The requirements, since there will be -- this is an unclassified project, all of the workers on this site are not cleared, so there's very special requirements we have to integrate, and these are the kind of things we get into a project-specific requirement, both in the RFP, and it's the kind of thing we discuss during our site visits.

And if there are no questions --

GENERAL WILLIAMS: Are there any questions for Nick? While you're thinking, let me just point out, I hope you were connecting with us. There are 21 significant changes to the RFP, all for clarity, to ensure that there's no misunderstanding, and in many cases, to level the playing field -- 21 new changes to the RFP.

Also, he provided project-specific documents to show you exactly what we have in mind in terms of where utilities should be configured on the site, how the drainage should be worked out, so you're already there with an example. So the mystery is out what are -- you know, what are they talking about?

So I think all of this will greatly assist you with getting there very quickly and eliminating any confusion as to what we want.

Your questions, please. Yes?

MR. DODGE: Greg Dodge with Alutiiq. Part of the RFPs coming out of OBO in the construction arena include public law 99-399. I don't know if you -- I believe it's an anti-terrorism act of 1986. Well, a lot of the 8(a) firms are not able to compete in your RFPs because of this law unless they enter the full and open arena, which they lose their advantage against the large businesses. Is that being looked at anywhere?

GENERAL WILLIAMS: No, we haven't looked at that specifically. I think what you need to do is come in and talk with us separately about that because that's a hard one.

Louis Pruitt is here. Have you looked at it from a small business point of view? Louis?

MR. PRUITT: I'm aware that the question has come up, and I believe that Bob Powell in ALM is aware of the question. I haven't been intimately involved in the answer to the question, but I know Bob has been working with the legal office to answer the question.

GENERAL WILLIAMS: One of the reasons the manager -- that's us, OBO, is a little short here -- this is more of a small business procurement matter than it is a how-to from a management perspective. So we don't want to get into the procurement -- Walter, I think you were here.

MR. KATE: [Off mic.]

GENERAL WILLIAMS: Okay. Are there any other questions? We really want you to be clear here because there have been lots of changes.

MR. AMODEO: John Amodeo from Carol Johnson Associates. I have a question about the site plans in the RFP. Will they reflect the changes required by the local host country for zoning approvals?

MR. RETHERFORD: Yes.

MR. AMODEO: They will? Thank you.

GENERAL WILLIAMS: Remember, now, zoning requirements is on our plate. You don't have to worry about it, so when we pass that schematic to you, we have taken that in consideration. That's the switch in risk. Okay?

Other questions?

MR. KELLY: Brian Kelly again. The classified documents handling -- there was an e-mail from David Vivian, the contracting officer. Could someone clarify the courier requirements? It seemed hard to get an handle around how to price that. Brian Schmuecker can deal with that.

MR. SCHMUECKER: With regards to the issuance of the RFP documents, the classified ones from OBO and ALM to the contractors, those will be delivered to your facility that has clearance for storage of classified material. That will be done through the Bureau of Diplomatic Security -- diplomatic security defense -- courier service. And that will be beginning next week with the first RFPs.

GENERAL WILLIAMS: Are you clear with that?

MR. KELLY: Yes, I am, on the delivery, but our subsequent submission, maybe after successful award of the contract, a submission of the documents has to be by courier, and that's where I think there's a lot of

confusion.

MR. SCHMUECKER: Yes. As a result of increased regulation from the Bureau of Diplomatic Security, we are going to require the contractors to submit material to OBO in a hand-carry method. We are working with the Bureau of Diplomatic Security to have our internal foreign affairs manual documents revised to allow other services, but we're not in a position to permit that at that time.

The requirements for the contractor to work with their subcontractors will still be consistent with the NISPOM, but we will ask for some additional logistic administrative procedures such as pre-notification and online monitoring of the transmission of that material. That will all be spelled out in the RFP when it's issued.

GENERAL WILLIAMS: Is there still confusion.

PARTICIPANT: [Off mic.]

GENERAL WILLIAMS: And the RFP is clear about that, right?

MR. SCHMUECKER: Yes.

GENERAL WILLIAMS: Okay. Are there other questions in this arena, on RFP language? Yes? All the way in the back.

MS. HAWKINS: Lynn Hawkins from Hawkins Food Service Specialists. You said that there's been a review of how all the embassies are functioning. I was wondering if there's been a specific food service review? I am very interested in knowing how some of these things are functioning once we get out there, because there might want to be more variety in the programming in the SED for each individual -- has there been anything that we can know about?

GENERAL WILLIAMS: Okay. I will let Bill answer that.

MR. MINER: Through the years, we have been using standard commercial kitchen designs, even before the SED, and we think they've worked well. Our real challenge is getting staff, cooking staff in the field that can handle a U.S.-grade kitchen. So we're always looking at that. It's something that's also looked at in our post-occupancy evaluation studies to see if we've hit the mark on that. There is a full spec and detail in the package for kitchen work, and we do also talk to posts about special types of menus that are culturally significant, an ability to handle special events. So your services are needed, but maybe a

little bit less than before.

MS. HAWKINS: I was wondering about the post-evaluation studies. I mean, is there a way for us to get some of that feedback from the clients?

MR. SCHMUECKER: With regard to post-occupancy evaluations, the first of the standard embassy designs have just come online within the last year or two. Traditionally, we wait a year to a year and a half before we conduct a post-occupancy evaluation, so in fact, we have not started out yet using the post-occupancy evaluation process to make sure there is a disciplined approach to collecting the information, validating it and then responding to the criteria accordingly.

MS. HAWKINS: Do you have any recommendations for me as to where we could go or who we could ask maybe in another year when you have had a chance to get some of these responses?

MR. SCHMUECKER: Sure. Come back to us.

MS. HAWKINS: To you guys? Okay. Wonderful.

Thank you.

GENERAL WILLIAMS: Yes, and we would encourage you to get in contact with us, and we'll be happy to share with

you what we know. Okay?

Are there other questions? Yes, ma'am? In the back.

PARTICIPANT: I'm with 3M Company. We're a highly diversified manufacturing company, and we offer a number of solutions to the construction of embassy compounds. We normally approach the contractors that have been awarded the projects for our solutions, and to make our offer, our proposal, we need some level of specificity; for example, for fire protection products, we would want to know square footage, et cetera.

What would be the best source of this type of information? Would the RFP be available to us?

MR. MINER: I think you would get some useful information if you had an opportunity to look at the specification, the master specification we use for the SED. I'm very aware of your product line and, in fact --

PARTICIPANT: I think she had a question, Bill -- she said, is that available?

MR. MINER: I'll have to confer with my contractor officer. I'm sure we should be able to give you a scrub version of that, or perhaps sections that are useful to you,

and just those sections -- I think that would be advantageous.

If you're meeting with design builders, they also could share them with you if they see some potential in utilizing your products on their jobs, so you might start with some of the design builders, and we can certainly make that list available to you.

GENERAL WILLIAMS: We don't want to shut you out.

We just want to make certain that we do it correctly and protect all the equities that must be protected. But we understand your question and your concern.

Okay. Are there other questions concerning the RFP language? Lots of changes, and those of you who have worked with us before, don't take the old concept and the old boilerplate. This is all new. If I cannot emphasize anything else, make certain that you read very carefully and pay attention to what we have put here in some notes. This is all done to level the playing field and to allow us to work more collaboratively together.

Okay. Let's move now to design review, and Brian Schmuecker is going to do that for us.

MR. SCHMUECKER: Good morning, everyone. I'm the

branch chief for the engineering support branch in the design and engineering division. Among my responsibilities are the logistics to support the design review process.

This morning I would like to take a few minutes to talk about how we use the design review process to help expedite the completion of our projects, how we have responded to the Williams 20 and how we've used the Lessons Learned program to facilitate that change.

Specifically, I want to talk about three facets of the design review process, that being the design submittals, the reviews and communications. Through our Lessons Learned program, we continuously look for ways to improve the process. Examples of the sources we solicit feedback from in our Lessons Learned program include the Industry Advisory Panel; we also talk to our sister federal agencies; and we also solicit feedback from the private sector to include past and current contractors.

Point 2 of the Williams 20 is to avoid adding nontraditional scope items. As you have already heard this morning, we've taking site adapt sessions as a stand-alone session off of the table, so our focus is on a design development submittal and a construction documents

submittal. You will notice that that site adapt session has been moved into a simple discussion during the kickoff of the project. There is no longer a separate session.

With regards to the submittal formats, what you will see here is that we have revised/updated the submittal matrix. What's important about this matrix is its use by the contractors and their subs, by the contracting officer, the contracting officer's representative, document control, our technical staff and our ten agencies. This is the one place where you can go and find what documents need to be submitted in what format, electronic or hard copy, what the quantity requirements are, and how these submittals are to be repackaged by each office to facilitate distribution. This will help us expedite the design review process. I believe this is in alignment with point 5 of the Williams 20 that asks for a simple, straightforward and firm RFP.

Since the inception of the SED program, OBO has removed the number of submittals but also reduced the period for each of those submittals. To help facilitate that process, though, there is a responsibility on behalf of the contractor to certify that the documents they are submitting to OBO are complete, coordinated and consistent with the

security classification guide and meet the requirements for certification.

For those unfamiliar with the certification process, I'd like to take a side note here. The certification process is where the Department notifies the Congress that our designs meet federally mandated security standards. Historically, this process was not initiated until the hundred percent design phase was completed. Working with the Bureau of Diplomatic Security and other federal agencies, we have been able to advance that process to the design development phase. However, to accomplish that, we must make sure that the submittal includes all the requirements, all the details compared in appendix A of section C to advance that work.

GENERAL WILLIAMS: Let me make one point before Brian departs from this. This has been not as clean as it should have been, and that's one of the reasons we are emphasizing this, because design review process sort of turns to OBO as being the responsible party for that. But what Brian is suggesting is that in order for that review process to go right, the contractor has to be very sensitive to these items which we must have in place in order to do

the proper review.

So the design review or delay could be caused by not being as tight as we should be here. So we are encouraging, we are asking, we are pleading that the participating contractors be especially sensitive to the requirements that we need in order that we can make an expedited review.

MR. SCHMUECKER: We see this as a real advantage for everybody involved because it gets a risk issue up front at the design development phase instead of letting it lag to the final design phase.

With regards to design reviews, OBO embarked on a new design review process a few years ago called the integrated design review. The focus is not only on the identification of design issues, but also a systemic way to getting to closure on those issues and resolving them with the contractor.

What you see here is the current flow chart for the integrated design review process. Value engineering is no longer a component of this, based on the input you have already heard from Marcus Herbert, Bill Miner and Nick Retherford. The process is kicked off with a short quality

assurance check to make sure that the documents that are submitted to OBO meet our basic requirements.

The OBO technical team then receives the documents. They perform a review. Before those review comments are forwarded to the contractor, we perform an internal quality assurance check. Traditionally, 10 to 20 percent of the comments that were generated during the initial review process are deleted at that time.

The contractor then receives those comments for evaluation. They either concur or disagree with each comment. Based on that response, the government re-reviews its initial recommendations and determines whether there is still a disagreement or we have actually come to closure on the issue. Those issues that are still open go to a face-to-face design resolution session at the end of the design review process.

It's at this point it's OBO's goal to have every issue closed. We think we have made progress year from year -- the number of open comments continues to be reduced.

This year, for example, for those designs that have completed the IDR process, out of the 1751 comments that were raised, there are only 15 open issues as of this date.

We hope to have those 15 closed within the next 10 days.

There are two takeaways from my presentation this morning, and this is the first one. We have now instituted a design review checklist. The purpose of this checklist is to discipline the process within our own organization. Each reviewer now has the responsibility to go through a checklist that is designed for their discipline and tailored to the specific phase of the contract review in order to make sure that some basic elements are met. These lists were developed by the individual based on those items they believe are critical and those for which they have continued to see problems.

The net goal is that in forwarding these checklists to the reviewers, having them go through this checklist and then forwarding the comments to the contractor is that you should no longer see items that are outside the scope of the contract as a review item.

Each review comment is now linked to a specific clause in the contract to remove any ambiguity about the nature of the intent and whether it was in or out of scope.

I want to spend a few minutes just talking about design communications. This is very important for us

because this is how we have been able to leverage technology to keep up with the program.

For those of you unfamiliar with OBO's practices, OBO uses an extranet, called ProjNet. It was developed by the Corps of Engineers. The important takeaway about ProjNet is that it meets the Federal Information Processing Standards, FIPS 140, for the transmission of sensitive but unclassified information. The majority of project documentation on our program is, at a minimum, sensitive but unclassified. As a result, it has to be encrypted before it flies across the Internet, and ProjNet provides that encryption.

What you will see here is that while we try to align with industry standards, there are some instances where we feel we are out ahead and we are actually providing the leadership role. With regard to federal and state agencies, this chart shows how we have incorporated nearly all of the ProjNet modules into our basic practices. We will probably get the design quality and lessons learned module completed this year.

We have actually heard from contractors who have pushed other federal agencies to use this program like OBO

uses it. I can understand why too: From a risk standpoint, this is a program that's maintained by the government, it is provided at no cost to the contractor and facilitates the safe transmission of information back and forth between the government and the contractor as well as contractor to sub.

I'm going to have a few slide captures just to give you a flavor of what ProjNet has available for those who have not used the program before. This is a screen capture of the design review process. This is a design review comment entry screen. The benefit of this process is that it allows OBO to generate a comment, allows the contractor to evaluate it and respond, and it allows the government to have a final review at what the contractor's evaluation is. It's all transparent. It's all open. And it's permanent for the record. It can be referred back to during the performance of the contract at any time.

This is the data exchange feature. This is called Filer. This is where drawings and specifications and other project information can be shared among the business partners or between the business partner and OBO on a day-to-day basis in a protected environment. It protects information up to the sensitive but unclassified level.

This is the key difference between this and just having a regular Internet-based data exchange program.

Also available is a portal. This portal is basically an electronic reference library, the one place you can go to get some standard information, such as copies of the security classification guide, the government procured equipment program that Koby Stoll will talk about later this afternoon, and also some basic standard embassy design information, drawings and specifications.

In summary, what I really want to try to explain is we continue to look for ways to improve this process. We know it's core to getting these projects completed, and we've continued to try to find ways, with your help, that we can improve upon it.

With that, I'm willing to open up the floor for any questions.

GENERAL WILLIAMS: Are there questions on the design review process? Yes? Starting with you, sir.

PARTICIPANT: Matthew Ermstead [ph] from DMJM.
Are your design review checklists going to be available on ProjNet?

MR. SCHMUECKER: Our current plan is probably to

roll them out with the '06 program. '05 we're using it internally. We want to shake out any bugs and problems we have with it. But our goal will be with the '06 program we will be delivering those to the contractors as well.

GENERAL WILLIAMS: Everything that we are talking about here today is going forward with the FY06 program to make certain that you know what we are going to do this year and going forward. Yes?

MR. ANGELL: My name is Victor Angell with Wiley & Wilson. In conjunction with the standard embassy design floor plans, will there also be standard details for construction, particularly for security-related aspects that require DS approval and OBO approval, and will that be distributed to the A&E firms?

MR. SCHMUECKER: With regards to the standard embassy design package, it is a complete set of documents with respect to detailing, elevation, sections, floor plans, so on. Also, the compendium of specifications. There are classified components to both of those elements as well, and they include a lot of the detailing required for the treatment of penetrations and the like.

GENERAL WILLIAMS: Lee?

MR. EVEY: Thank you, sir. Good morning. Lee Evey, Design-Build Institute of America. The information that you've provided this morning is excellent, especially many of the examples and the documents that you've provided.

We have a manual of practice. We make it available to our membership, and I'd like to know if we could work with you or if you would have any objection to developing some method of including these examples in our manual of practice so we could make it available to the wider design build community and help educate them, people who may not be here this morning, as to how it is you do your business?

GENERAL WILLIAMS: This is excellent, Lee, and this is the whole purpose of having this forum, because we want the word to get out, and we are very appreciative to that overture, and staff will work with yours and figure out a way to do that. To me, that's partnering.

Okay. Are there any other -- yes, sir?

MR. WALL: Jimmy Wall with Caddell Construction. A quick question about ProjNet and all. I know that in some last forums and meetings that we've had together, there's been some discussions about OBO working with the Corps to improve the accessibility to ProjNet and to be an

expanded -- where OBO would have their own, I guess, link or whatever, because it's been such a slow environment for us to upload and download information because of the masses of people that are using. Can you expand maybe on the use of that?

MR. SCHMUECKER: Certainly. We've been a victim of our own success. Last year, we upgraded the bandwidth. Using a straight line projection, we felt that bandwidth would carry us for the next three years, but instead, it's been upward curve. Back in late April, we basically quadrupled the bandwidth available specifically to the OBO site, and then we have surge capability that we've negotiated with the Corps of Engineers.

If you've had problems specifically in the March/April time frame, we can understand where those problems derived from. There was specifically a lot of interest in using the ProjNet tool. We are hoping that the next upgrade, the one we just completed, will hold us for the next three years, but if demand continues to increase, we will continue to increase the bandwidth.

MR. WALL: It has now been implemented?

MR. SCHMUECKER: Yes. You should see a greatly

improved performance in the use of ProjNet on the OBO site.

GENERAL WILLIAMS: Good question. Are there other -- yes, sir?

MR. VORST: Leon Vorst of HSMM. The Filer section in ProjNet has limited capability as far as the size of the information that you can put on there. Is that being looked at and will that be increased?

MR. SCHMUECKER: If there is interest in it, we will look at finding ways to increase it. This is the first I've heard of it. I'm more than happy to have a discussion about what we can do to try to increase its capabilities.

GENERAL WILLIAMS: Just come in and talk to us about your specifics. This is new for us.

Are there other questions concerning design review? Yes, sir?

MR. PINCIOTTI: Bob Pinciotti with URS. If I understood correctly, the value engineering has been removed from the review process. Has that been moved somewhere else, or that's just not considered necessary?

MR. SCHMUECKER: It's been moved. It's so important it's been moved ahead of the RFP issuance. Value engineering is now done as part of the planning phase. The

recognition is you can get more bang for the buck there.

MR. PINCIOTTI: At an earlier time.

MR. SCHMUECKER: Yes. And, in fact, there has been, I would say, a lack of enthusiasm on the part of the entire project execution team to consider changes, albeit well-intended changes, midstream.

GENERAL WILLIAMS: And I might add, this was highly endorsed by our industry advisory panel that we probably could do better and get more bang for the buck by putting it in the planning phase.

Are there other questions concerning this subject?

Yes, sir?

MR. WALL: Brian, Jimmy Wall again, with Caddell.

One other question about the flow line that you were doing about the IDR process and the time frame. I note that there's a footnote in there that talks about the times are minimum, and I know that that's been a bone of contention, if I'll say nothing else, from our side of it anyway, in dealing with it at times when you submit design review schedules -- and we all know, as the general says, time is of the essence in these contracts.

Of course, for us, as contractors, we've got to

have a design in order to build. A lot of times, you know, it's come back to us and it's been a slower process, and information not being fed to us in the time frames that are given to us in incomplete reviews or -- in this year, I have to say a lot of times this checklist, which we know is out there that you're talking about -- it seems the IDR process was used as a format -- it was being read back to us as though the reviewer was scripting that right back into his comment and these things weren't reviewed internally and editorialized, so again, we ended up spending a lot of additional time reviewing comments that should have been managed before they ever came out to the contractors.

If you might could expand a little bit on how this new program and foresight may be implemented into the '06 program to streamline this and expedite it for us?

MR. SCHMUECKER: Certainly. I'll talk about a couple of things. The first is a mea culpa. Those design review times should not be minimums; they're maximums. In fact, starting this year, General Williams requires me to report every month on our performance against our 17-day review period.

GENERAL WILLIAMS: Listen to this.

MR. SCHMUECKER: Every month, I have to report OBO's review performance against a 17-day measure for completing the initial review.

Now, I will also admit that with regards to the use of the checklist, we still have some internal training to do. It's a crawl, walk, run process. We definitely -- I think we're getting out of the crawl and into the walking phase. I think once we are comfortable enough we can turn the checklist over to the contractors, we will be in a running phase.

So we agree -- we recognize there are some growth problems associated with it, but the idea that no matter who you get selected as a technical reviewer, he is using the same checklist as the person next to him on the next project, we think is going to have an added improvement -- some predictability -- on behalf of OBO to delivering information to the contractors.

GENERAL WILLIAMS: It's a good question. We appreciate your bringing it forth. We know it's been an irritant out there, and that's the reason we have made it a mandate for our accountability review to make certain that these time frames were, in fact, the maximum. Okay?

Are there other questions concerning this, this design review area?

Okay. Thank you very much for your insightful questions. They're very helpful. This is -- the whole purpose of this is for clarity, and we are hopeful that we are all together now on this very sensitive matter.

Now we will move to the one that everyone should have -- should be delighted about. This is called the frequency of payments because that's really what it's kind of all about, isn't it?

MR. COLSTON: Good morning, everyone. I'm Will Colston. I'm the deputy managing director for project execution in OBO and, as you heard, I'll be speaking actually to not just frequency of payments but also currency fluctuations, which is the next topic.

One of the things that kind of excites me today is, number one, seeing so many familiar faces, but then also so many new faces, and the opportunity to introduce myself and meet you all throughout the day and hopefully some of the future forums that we have.

I think, if you haven't figured it out already, there are some common themes that we have going on here. We

have -- the Williams 20 has become really our management focus. In a lot of ways, I view it as a refinement on the best practices that we employed early in 2000. We're really bringing ourselves to the next level, and so you're seeing here where we are employing those, we are integrating them, and we're really blending them seamlessly with our processes. You'll see that also here as I move through my topics.

With regard to frequency of payments, the contract is very explicit in sections G and I as to what the payment terms are. Now, let me give you a bit of a secret decoder ring to my slides, for those of you who have attended. You'll see a footnote at the top of my -- the "moved," the number 5. That is intended to give you a clear linkage back to the Williams 20 so you can refer to it as needed.

But moving back to the sections of the contract, within that section G and I we explicitly tell you and tell the individuals who have those contracts what the remittance address is, the numbers of copies that are needed, what to include in the invoice in terms of labor as well as materials, and where to submit your electronic funds transfer and automated clearinghouse information. It's

extremely important to keep that in mind because you'll see in a later slide I highlight some common pitfalls that people experience with regard to payments, but the full and complete and correct completion of these invoices is extremely important to the timely processing.

I want to highlight the fact that we use firm fixed-price contracts, and that our contracts call for monthly progress payments. These payments are made in accordance with the Prompt Payment Act in which it calls for payment 30 days after receipt.

Now, an interesting element of the Prompt Payment Act is that if you exceed 30 days, you incur interest. Well, that's something that we don't want to do, and so we really endeavor to achieve the 30-day goal to the point -- and I have provided some statistics over the last year because, as you all know, OBO is a results-based organization -- we had 11,390 invoices that were submitted which totalled \$888 million -- in fact, a little bit over; it's 888-292 to be exact. In fact, my accounting folks gave me all down to the 43 cents, but I elected not to include that.

Of these, only six actually exceeded the 30 days,

and when you total the interest associated with that, it was only \$6,700. It's a pretty substantial accomplishment, I say. To the point where, as you've heard, there's briefings regularly on various elements of our program. We actually have internal processes that flag invoices as they approach the due date.

I think one of the most important elements of dealing with progress payments is the project team, the folks who prepare and review the invoices. And with that in mind, we tie it to two Williams 20 items, item number 8 and item number 9, both of which focus on both the government team as well as the contractor's team. I have to emphasize here, this goes back to some of the points that the general made at the beginning, which is partnership and the importance of the teams working together collaboratively to establish the amount of work that's been accomplished and, ultimately, that informs the invoice. So you see that in my points.

The common mistakes that we've seen in invoices that have been submitted are failure to certify subcontractor payments, mailing invoices to the wrong address, invoicing for goods and services not yet

accepted -- and that goes back to point number 1 in which we really need to make sure that both of our teams coordinate closely before the submission of the invoice so there's a clear understanding of the progress made -- and then, finally, incorrectly completed invoices.

One thing I want to highlight or bring to your attention is something that a lot of folks don't necessarily understand until, unfortunately, it's too late, and that is the fact that OBO is not privy to any liens that the IRS may have on a contractor. So we have seen instances where a contractor will submit an invoice, we've processed it in a timely manner, it's been approved, the payment was submitted, and then when the contractor ultimately received the payment, it was less than expected. And they came back and asked questions as to, why did I get paid less? And ultimately when we research it, we come to find out that there were liens against the contractor. So it's something you want to keep in mind and stay abreast of as you submit your invoices.

I think one of the comments the director made early on that really resonates with me is the fact that we need to have open and transparent communication. I mean,

communication is the key to all issues: Resolving problems, making sure we work efficiently and effectively. With that said, the importance of accessibility of information, making it available, just like this forum is today, communicating that information.

So what I wanted to do here was, number one, give you some websites that you could go to, draw-down information -- you know, today we are a web world, so that information is out there and readily available. I can confirm that they work. I did find out my first slides had a few mistakes, but these do not. I checked them yesterday, so they all work.

The other thing that I want to emphasize is the vendor payment staff. We are accessible. The resource management folks have committed themselves to answering any questions you have, so if for whatever reason your questions don't get answered today, you are more than welcome to reach out and touch these folks that you see at the bottom of the screen.

That completes my comment on frequency of payments with one exception. I will highlight the comment at the top, reliable cash flow. One of the things -- I've worked

in the private sector as well as the public sector, and I've come to find out that because of these regulations, because of these rules that we have, the Federal Government really does represent a reliable cash flow when it comes to paying contracts.

But one of the other things I want to highlight that may not be as evidence is -- again, referencing back to some of the director's comments -- you look at our program, the OBO program, it is a large program, and it will continue for a number of years. That also represents a reliable cash flow. So it's a business opportunity. I encourage you all to participate.

Do you have any questions?

GENERAL WILLIAMS: Any questions on the frequency of payment? Any issues regarding payment? Anyone who has worked for us and been paid less -- longer than 30 days? Okay.

MR. COLSTON: Well, with that, I'll move on to our next topic, and that is currency fluctuation and valuation.

This is an area -- a risk area, and I really want to call it out. It's important that we all understand it because I think as we all recognize, with risk, there is reward, or

the potential thereof. But this is something that we corporately have taken a look at very closely, and there has been a decision with regard to leveling the playing field and dealing with the risk associated, and the reward associated with currency fluctuation and valuation.

So what I want to highlight is, number one, the fact that within our contracts we have really moved to make it very clear with using simple language, firm language, to identify where the risk lies with regard to currency fluctuation and valuation. I provide the quote from section B of the contract that says, "nor will the contract price be adjusted on account of fluctuations in currency exchange rates."

We're trying to be very explicit so there's a clear understanding by all parties about where that risk lies, again, emphasizing that our contracts are firm fixed-price and that they are paid in U.S. dollars.

The next point I wanted to make is the risk allocation element of it and recognizing the fact that OBO does not have control over currency fluctuations in a broad global market. The private sector has a lot of tools at its bay that we may not, as the U.S. Government, have available

to us, for example, hedging. But a key element, something that we did in making this corporate decision and looking closely at it is -- you've heard our emphasis on delivering facilities quickly, delivering them fast. And one of the greatest things I can think of in mitigating any risk is time on site, getting off the clock. So by doing that, you can mitigate any risk associated with currency fluctuations.

Now, again, let me emphasize that with risk comes reward. If the dollar swings a different direction, there could be the potential for substantial reward associated with that fixed element of the contract.

So with that, I'll open it up to questions.

GENERAL WILLIAMS: Questions on currency fluctuation? Does everybody understand where this is and where it has to be because it swings both ways? We have tried to level the playing field by having the least amount of time on-site as possible, and this will help. Of course, you have other tools that obviously a government entity cannot connect to.

Any other questions, concerns? Okay.

What we're going to do now -- the next subject is sort of a three-part portion of it. We're going to do one

of them, and then we're going to break for lunch, and then we'll come back. So we're going to ask Yaseem to talk first about schedule, and then he will come back again right after lunch and we'll get into the mobilization process. They are somewhat connected, but we want to make certain that we get schedule on the table before lunch because it has connectivities to some of the other subjects we've talked about. Yaseem?

MR. KARAMAN: Thank you. My name is Yaseem Karaman. I'm a member of the construction and commissioning division team, the division that General Williams like to call where the rubber hits the road or meets the road. We are moving to provide a simple and clear and firm RFP language for the scheduling requirements. Now -- this is something new -- we are only requiring submittals in electronic format only.

The second thing is we are keeping, as a continuation from last year, is that the activity coding the project execution schedule, which is developed after award, should match the UNIFORMAT coding. You heard before that the proposal is -- follows the 16 divisions, and I need some feedback on this element later on from --

GENERAL WILLIAMS: It's a big change for you.

MR. KARAMAN: -- out there.

Now, the second thing, OBO will pay more attention to the quality of the design-build team's on-site staffing to provide a schedule that is the product of the on-site management team, including the subcontractors to reflect a realistic schedule.

A schedule should not be only used as a billing tool. It should be used to realistically monitor the progress. We would like to see a schedule that is based on realistic resource loading and a schedule that is constantly and consistently updated to reflect realistic actual conditions so we can track the management and the progress better.

The bottom line is we need a realistic schedule. You and I in the field, we don't need a Primavera P3 to tell us that we have done 50 percent of the concrete work. If we don't know that by looking at it, we don't need the schedule -- we need a schedule that we can monitor the progress of the work and, if there are any problems, we can deal with it through the schedule.

Any questions?

GENERAL WILLIAMS: Any questions on schedule and what we are trying to say about schedule? This is all about clarity, and if you look at the second bullet -- I'm sorry. Go ahead.

MR. KWONG: Benson Kwong from PMSI. Here it says the schedule will be using UNIFORMAT coding. Earlier it was said that the cost estimate would be using the CSI format. Can you clarify that?

MR. KARAMAN: Yes. The proposal is going to be in -- to follow the 16 divisions, but there is a requirement in the specification that the project execution schedule, the activity coding will follow the UNIFORMAT coding.

GENERAL WILLIAMS: Is this a problem for you or do you see it -- confusing?

MR. KARAMAN: That's what I meant when I said I need some feedback.

GENERAL WILLIAMS: We thought we were helping the situation. Okay. Are there any other questions?

PARTICIPANT: My question concerns the schedule, and specifically the cost loading element. If you want a more realistic schedule, I think separating -- resource loading with respect to man-hours is wonderful, but when the

financial side of it is loaded, it often skews the schedule, and that's what gives this misrepresentation of where we're at in the project, and my suggesting is have a schedule of value separate from the actual construction activities. But -- it is used as a billing tool, but it often doesn't reflect reality; it often reflects only a financial percent complete, and not a physical percent complete, and that's where some separation, I think, needs to be incorporated.

MR. KARAMAN: We're trying to marry both of them so we can look at the financial and the realistic progress.

GENERAL WILLIAMS: We hear your question and concern. We just want to try to make certain that we keep visibility on both.

Are there other questions, comments? Yes, ma'am?

MS. HELLER: Yes. Barbara Heller, D&C Strategies. Are you guys planning to convert to Master Format 2004, which is no longer 16 divisions but 32 divisions? The reason I'm asking that question is because some of the commercially available databases, like RSMeans, are going to start converting to that. So to the extent that you're trying to interact with their data, it might be something to think about.

GENERAL WILLIAMS: Good question.

MR. MINER: Thank you, Barbara. We're aware of that, and we are looking at the CSI proposed recommendations ourselves, and I thought there were 48 -- 48 new sections. For the '06 solicitation and the material we're talking about today, we're going to stay kind of in the back of this transition and stick with the traditional 16 division breakdown, but we're looking at the expanded one because it does a good job of breaking out mechanical, electrical, telecom, IT, which I think we certainly want to look at -- but we're not ready to go there right now. Perhaps you can visit with us again and help us talk about the transition.

GENERAL WILLIAMS: Okay. Good question, Barbara.

Yes, Joel?

MR. ZINGESER: Joel Zingesser, Grunley

Construction. Just a simple observation. If the goals that you're trying to achieve with the schedule are as you state, and I absolutely believe they are, then scheduling the job and running the job in the same way that you procure the job would make the most sense, and that way things will align. And the UNIFORMAT system, while it's a very interesting system in that it moves more towards performance-based

concepts -- it's not actually how the work the work is often procured. There's a disconnect in some of the categories.

So my observation with be that, if you're procuring using the CSI format and you want to eventually track dollars and man-hours and everything, that that would probably be a simpler way to go.

MR. KARAMAN: We will take that into consideration. Thank you.

GENERAL WILLIAMS: That's an interesting observation. We were not quite as closed on that as we have just listened to, but we will take it into consideration. Excellent -- we're just trying to make it as smooth as possible. So we have no objection to looking it.

Okay. Are there -- and we will make certain that we get that clarity to you before you get engaged with the FY06 program. Are there questions -- any further questions?

These are very good, and this is the purpose of this forum, to hear your side as well. Yes, sir?

MR. PREZIOSO: Just a general question. Luigi Prezioso with M.C. Dean. Is this presentation going to be available -- I wasn't able to copy down all those numbers and everything that were on Will's presentation, not to

mention other things.

GENERAL WILLIAMS: Open and transparent.

MS. PINZINO: We are -- we are going to be posting this on the website starting today so everyone can actually view it at their leisure.

GENERAL WILLIAMS: Okay? We think this is only appropriate and fair because we want everyone who wants to know about the program to see it and know where we are coming from, and I think this eliminates any confusion going forward.

Are there any other questions now?

Okay. Before I allow Gina to tell you how we are going to orchestrate for lunch, because it is close to that time, I am going to mention a couple of things. We have many topics left. We told you we're going to get you out at 3:30, and we're going to do that. But I want to emphasize, because having been such a seasoned veteran to conferences, I know that some people come for one-half and they depart.

At the very end of this session, we are going to lay out in simple detail where the risk is and whose plate it's on. So whatever you're going to do it, go do it and come back about 3:00 because what you came here for is going

to be shown at about 3:00, and there will be absolutely no confusion about who has differing site conditions at the end of the day. Is that fair enough? Okay. Now go have your sandwich.

MS. PINZINO: Wait, wait. Before you leave, just so everybody clearly knows, we are going to reconvene at 1:30 today, and the lunch has been prepared and it's just as you exit to your left. Feel free to ask any questions of any of the staff members. While we're in the marketing strategy here, General Williams, if I could, I'm just going to put this up there. We are starting to advertise for saving the date for Industry Days 2006. The fliers have been handed to all of you, and if you haven't had an opportunity, I would urge you to do that. The session is going to be open on the 10th and 11th of Oct, and other details are soon to come.

GENERAL WILLIAMS: Okay. Let me just say one other thing. Gina has orchestrated this exactly the way it was approved, so what I'm going to say has nothing to do with her organization. It's just a little bit before 12:00 now, and I am considerate of the time the rest of the day, so would anyone mind coming back at 1:00? Anyone would not

like to come at 1:00, but come at 1:30?

So you're neutral about that, so let's come back at 1:00 and get on with it.

[Lunch recess from 11:49 a.m. until 12:55 p.m.]

GENERAL WILLIAMS: This is now the afternoon session. We want to make certain that we connect well to what we discussed this morning because all of this is abridged to get you somewhere, and we are about 60 percent along the way with doing that. This is about process. This is about how disciplined the process is, and it's about how management is tackling this job. So we want you to understand precisely how we are doing it so you will know how to participate in here with us a partner.

You heard about sites. You got reintroduced to the Williams 20. We talked to you about how we plan and what's inclusive in planning, which will indicate to you that projects just don't pop out without having considered all of the business matters that you would consider. We talked about our standard design and told you that it's going to be with us. It's not going to go away. We've refined it, and we offer it to you as the start point. And if you just delivered us that, we would be fine.

The RFP and the language -- and I emphasize again there were 20 separate new things. Scope of work we talked about, and we defined that in detail to your satisfaction, because your questions ceased.

Design review, we talked you through it. We talked about what was minimum and what was maximum, and you know now we have a performance measure that indicates that if any element of OBO keeps a design longer than a designated time -- and you have the time -- then it's a problem, not for you but for OBO.

Payments we talked about. We talked about currency. It swings both ways. Good times, it's a reward.

Not so good times, it's the other way. Then, of course, we introduced schedule. Now we're going to go into mobilization. We're going to talk more now about what happens on the site once you mobilize. We're going to talk about how we manage the project. We're going to go in depth about change order business, talk a little bit about commissioning and the O&M.

Then, at the end, I'm going to give some closure remarks. Then I'm going to recognize any of you who are here who might want to have some observations because we

just don't invite you to a meeting at talk at you. You may have something you want to say to us as well. And I would hope that if it's not good, you would have already told me.

It's a lot about being straight upfront, so you don't have to -- I like to take the mystery out of things, and people who work with me on the panel know that's the way we operate.

Then, of course, I will give my panel an opportunity to make some comments, as they desire. Then I'm going to talk a little bit about those of you who are new for the first time, and you're scratching your heads as to how do I get into the process? I'm going to offer a little easier opportunity for you to do that so that we'll make certain that we don't take your day in vain where you just came out and you're still wandering around. This is about communication and clarity, and I intend it to be crystal clear before you leave how you can engage with us.

Okay. We're on now for mobilization.

MR. KARAMAN: Good afternoon again. As the general mentioned and as you heard from my colleagues before me, whether it be providing with a site ready-to-build, whether it be SED design or the design review process or the

planning process, if we take all that under the umbrella of a design-build process, we have a golden opportunity for any contractor to be fully prepared for the start of the major work items as soon as the notice to proceed is issued.

Once that notice to proceed is issued, the schedule is set by the contractor, and its progress from then on is your responsibility. We have noticed that, on an average, we have -- we are seeing tangible mobilization anywhere between 4 to 5 months, and I'd like to point out some of the things that can happen even before we reach that stage.

Once we issue a notice to proceed, there is an opportunity to have an early submission of the site utilization plan that will help facilitate the mobilization process. Once that utilization -- site utilization plan is finalized, the contractor can begin to perform all kinds of preparatory work: field offices, secured storage areas, access control facility, temporary warehouses, shops, perimeter fence, batch plant. They can also start with some of the unclassified structures, depending on the progress of the design. Some site grading.

Also there is a golden opportunity here to make

final deals with the local contractors and start the clearance process for the workers.

OBO will make the standard design, the SED, a true site adaptation vehicle. Like I mentioned, we are not seeing any tangible mobilization anywhere before 4 to 5 months, and that time can be used more efficiently.

There is a lot of energy during that time devoted to the design process, and as my colleagues pointed out, we're trying to mitigate that. We're trying to make that process easier so more resources can be expended towards mobilization, starting the work -- and like I said before, we are where the rubber hits the road, and we'd like to see some smoke once that notice to proceed is issued.

The whole thing, the whole idea of this thing is to try to work within the schedule, and believe me, folks. General Williams every month asks the same question: Are we on schedule? Are we within budget? Are we on schedule? Are we within budget?

So it is very, very, very wise to have -- and very prudent for everyone to work within that schedule and use every opportunity available to take -- to do some work.

GENERAL WILLIAMS: And the real reason we ask the

staff, to put some emphasis on this, in fact, we are doing, if you will, if you will permit me, your work, because you should be asking me, how can I run faster?

The schedule, we know, is what the schedule is. But we feel we have to help create and re-emphasize the opportunity where you can get ahead on the schedule. So what we're saying in this notice to proceed and mobilization arena, there are opportunities where you can do a lot of work that impacts schedule.

So again, it's an offer. We cannot demand it, but this all came to my attention -- I was having a groundbreaking, beautiful site, great location. I asked the question, when were you going to start work? And someone said, 5 months from now. I said, what's wrong with tomorrow? You have all of these things to build, fences, shops and all of that.

So we want to lay it out and put it in writing. If there's any confusion as to what you can do -- and we're prepared to even talk about other things as well. We ran out of things to write down.

MR. KARAMAN: Moving on to the things we are doing to better manage the construction effort in the field, we

have moved to a true risk allocation process by changing some of the requirements for the on-site staff requirements.

This is something new. Please take note of it. That -- I think this year, FY06 onward, we are requiring four secret clearance level staff is now in place instead of six. All right? Also, if you look at that section in the division 1, you will see that there is more flexibility on the usage or the deployment of the four staff members.

MS. PINZINO: How -- would you elaborate that a little more, Yaseem, if you could? What kind of flexibility?

MR. KARAMAN: They don't have to be at the site all the time at the same time.

MS. PINZINO: For instance? That's just one --

MR. KARAMAN: For instance, like the commissioning person is required to have secret-level clearance. That person, he or she, they don't have to be there from day 1. They can come in at the tail end. They are engaged at the beginning of the project over here and maybe in the states, but they can be deployed later on. So there is some flexibility on -- it's up to the contractor. We're going to leave it up to the contractor to choose who is going to be

deployed full-time.

GENERAL WILLIAMS: But you work smart and save money because if you don't have to employ the skill set but for 3 or 4 months, why have them out there for 18 months? It should be obvious, but we just wanted to kind of emphasize that.

MR. KARAMAN: We're looking at our management staff, and we are looking for highly experienced and trained in a consistent -- as project directors and staff, strained in a consistent manner so as to reflect more consistency across all of our projects in the basic management aspects of the project.

We will implement and open and be consistent with the communication between the parties to facilitate the information exchange and issue resolution. What you're noticing today is that we are opening up everything. It has to be clear and opaque and apparent to all to see. So we would like to keep that -- and keep it in the field during construction.

Also -- we will touch on that later on -- we will deal appropriately with the change order in an expedited, consistent manner within agreed-upon time frames, and that

will be addressed later on in more detail.

On the other hand, we will be looking more closely at the quality of the design-build team on the site staffing to ensure better management and better performance by the contractor, and we will be exchanging ideas on that.

A new item also we have added a commissioning staff requirement to be on the site team to highlight the importance of this function. The team will monitor and manage the commissioning process starting from the kickoff meeting preceding construction start and continue until the project completion so it doesn't pile up at the end of the project.

Again, I would like to close that the whole management concept here for the field is emphasize consistency so we do not hear that we are managing projects differently from one site to another. We are trying to make it as consistent as possible.

GENERAL WILLIAMS: Now, those of you who are in attendance and working with us or intend to work with us, you take this piece of paper back with you, and you can help me manage consistency. This is the way OBO will manage. This is the philosophy. This is the cooperative drumbeat.

So -- and this is all new, the three versus six and the flexibility and all of these matters. This is our new rollout of this, so it's going to take consistency on both parts to make all of this work. But we have done all we can do here to level the playing field.

MR. KARAMAN: Any questions?

GENERAL WILLIAMS: Any question? Yes, sir.

PARTICIPANT: The statement about OBO paying more attention to the on-site staff of the design-build team, that gets into judgment and beauty contest and relationship, and sometimes those things backfire because, you know, some people get along, some people don't.

GENERAL WILLIAMS: I understand where you're headed, but it has nothing to do with personality or how tall, how wide or anything you are. What it has to do with is whether or not you're ready to roll when you hit the ground, you have your act together and we can move forward.

We have run into situations where that has not been the case, and we're just simply saying that, let's everybody put it in high gear, hit the ground and move forward. It's not about personality at all. In fact, you can send e-mails; you don't even have to talk to each other. All I want is

the concrete and the steel to get put in.

Are there any other -- yes, sir?

MR. ESTABROOK: I'm Randy Estabrook with the Architectural Woodwork Institute. Thank you for inviting me today.

GENERAL WILLIAMS: Nice to have you.

MR. ESTABROOK: Currently in your specifications you have a requirement for the woodwork manufacturer to provide AWI quality certification program labels or certificates of compliance, and I'm curious, is this new program going to enforce that requirement in your contract documents more readily than what it is doing today?

I'm only aware of one design-build team that is complying with that currently.

MR. MINER: Thank you for bringing that to our attention. I will have to look into that. I'll be honest with you. I had never heard about this issue. As you can see, when we put documents out there and, you know, have one or two review cycles, we have a lot of trust with the design-build team to work to those standards, the ones that we've made available. We think they're clear. We think they protect the customer and protect us in terms of our

product, and I'd like to work with you on specific cases where you think that violations have occurred.

GENERAL WILLIAMS: Okay. Are there other questions? Yes, sir?

PARTICIPANT: Dependence on local contractors in many of these situations leaves a certain amount of risk exposure out there for the design-build contractor. How is this consistency applied across that level where sophistication and available of skilled labor and materials is going to vary from country to country and location to location?

GENERAL WILLIAMS: Well, I don't think the location or the scarcity of resources or the quality of human resources will impact on the consistency of management about that project. What we are talking about when we speak of consistency is that if you are in Lome, West Africa, or you are in Uzbekistan and you're working on projects, four cleared Americans with flexibility to do what we ask should be consistent. That's what we're speaking about. So that there's no confusion out there about how the program is run.

This takes away any individualizing the sites because the program is run with a corporate focus and set of

management, not individualized on a particular project. That is confusing for you and, quite frankly, totally against our method of doing business. That's what we are attempting to have consistent.

PARTICIPANT: Ultimately, though, there's a product that's built, a building, and there may be some quality issues there, and how is that risk assigned? Granted, there might be the proper management controls in there, but how does that get transferred down to that lower tier of skill level?

MR. KARAMAN: The responsibility of quality control is the contractor's responsibility. I mean, we have seen it over and over again, even in the remote areas. If there is a proper management by the contractor, guidance and diligence, we are getting good products, quality products.

Yes, it is easier in some places than others, but if there is a good quality control program instituted and implemented by the contractor, we're getting high-quality products.

GENERAL WILLIAMS: Okay. Are there other questions in this area?

Okay. Thanks for your questions. Now we will

move to cleared American guards, I believe.

MR. SOULE: Good afternoon. I'm Rob Soule. I'm the division director for security management, and I'm speaking on the topic of cleared American guards, cleared American labor and construction surveillance technicians and those requirements in building new embassies.

When you're building a new embassy, you face many requirements that are over and above those found in normal construction. One of these is a requirements in certain areas for cleared American labor, cleared American guards or construction surveillance technicians. Now, this requirement is not new. It's driven by public law 100-204 in that first bullet there. It was enacted in December of 1987. The law has been amended a few times, but in the context of this, in construction of these embassies, it really hasn't changed much in the last 18 years. It was enacted because of the things that happened to us in Moscow, St. Petersburg, the various buggings, things like that back in -- you know, the height of the Cold War.

So this law has certain requirements for certain security measures to be in place while we're building these embassies. So we, the government, provide cleared American

guards to provide access control for personnel and storage of secured materials. These guards have top secret clearances or, in some clearances, higher than TS, and they maintain a 24-hour presence during the secure phases of the project.

We do this as a specialty contract. We fund these guards and we manage the contracts directly. It's not part of the general contractor's scope.

Public law 100-204 also creates a requirement for certain areas to be done by cleared American labor. Other areas can be done by locals, but oversight by construction surveillance technicians is required, and in other areas there's no requirements at all.

This is spelled out clearly in division 1, section 01141 of each request for proposal, so it's an important piece of the document. It can have a significant effect on how you plan to construct these embassies, whether or not you're using Americans or local labor. So it's important to read that section.

Not every contract is the same. They do vary somewhat. But it should be clearly spelled out in there. The security requirements are driven by a number of factors

on the government's side, various -- threat analysis and things like that. It's a fairly close-held process, and I can't really get into the classified details of it here, but just be sure and read that section and understand exactly what the requirements are.

Where construction surveillance technicians are required they are provided by the government. We pay for them, and we provide them as a specialty contractor. Prior to fiscal year 2004, we provided large numbers of CSTs to allow maximum use of local labor, but this had problems for several reasons. The biggest issue was cost control and lack of discipline. CSTs are very costly, so it's prudent from a government manager's perspective to limit their use carefully.

They also -- the construction surveillance technicians don't directly contribute to the construction of the project. They are a cleared American person out there that's, you know, not pouring concrete or doing any kind of work directly contributing. So we changed things in fiscal year 2004 to require more cleared labor provided by the contractor in a lot of the areas in the embassy, and I'll get into those details in a second.

So in '04 we changed the contract. This sheet here is right out of the RFP, and it shows where the cleared American labor is provided, and when it's cleared American labor, that's provided by the general contractor, not by us.

You can see here areas -- note 3, this area here, this is where you must provide the cleared American labor for this contract. Also in note 2 for the finish work in this area, you must provide the cleared American labor. But in the area of note 1, we will provide CSTs so that you can use local labor in that area.

GENERAL WILLIAMS: Does everybody understand what he's saying? CSTs so you can use what type of labor? Local. Okay?

MR. SOULE: Exactly. The next slide is also straight out of the request for proposal. It shows the same thing in an elevation view. Here in the finish work in the controlled access area space you must provide cleared American labor for the finish work. Same way with the roof up here and these exterior elements of the building when they're adjacent to a CAA, you must provide the cleared American labor.

However, the interior areas of the embassy or

consulate or whatever you're building, these areas you can do with local labor and we'll provide the CSTs to provide the security for that.

Any questions about that, or any security matters in construction?

GENERAL WILLIAMS: Any questions on cleared Americans, what's required? That's a very delicate resource, has caused some confusion, misunderstanding in the past. Question?

MR. ROSE: Yes. I'm Tim Rose, Nova International. We provide furniture and installation services. We've worked with OBO a little bit over the years. We did Khartoum last year. We have a team, and we've developed a methodology for this thing -- and we've developed a team. We have Canadians, Brits on a kind of rapid deployment basis, and we use a lot of local labor to do the installation at the various facilities we work in.

How does -- we are not cleared. We need to get cleared. But we also have -- as a company, we also have these other employees that we use who are Canadians, Brits and other NATO country individuals. Can they work within an embassy environment?

MR. SOULE: I'm going to answer your question in a little broader sense. These slides are designed to address the issues of new embassy construction where a general contractor is providing, you know, the whole project basically as a turnkey for us. But you may find yourself in a role -- and Matty right behind you may be able to help me understand better -- but there is maybe some rehab work or things where you could use uncleared labor in certain areas of an existing embassy with oversight of cleared Americans.

But if your company does not have a clearance at all, you will probably be limited to working in the unsecure areas. But for the most part, that's the larger part of the embassy.

And in an existing embassy that's already, you know, built and operating, they will renovate furniture in the -- you know, basically by section, not necessarily, you know, the whole embassy. So there's probably a lot of business opportunities there for uncleared firms. Again, it's not really an area that I get involved in.

But I can tell you with a fair amount of certainty that you won't be able to gain clearance for non-Americans.

We do have under, you know, NATO and the allies, there are

times when we do share or grant certain clearances that go between nations, but I have never seen it granted for any kind of embassy work like this.

GENERAL WILLIAMS: To just clear that up so there's no misunderstanding, and to get to the quick of your question, if it's new construction, the answer is no unless you clear it. If it is rehab, possibly, but it's a touch-and-go situation. If I were in your position and was really interested in overseas work of an assortment with OBO, I would try to get cleared, and that takes it all away; otherwise, it would be kind of a confused thing -- I heard, I thought -- and put you in a real situation, and we just need to be straight with you up front. Okay?

Yes?

MR. PIPER: My name is Bob Piper with Hensel Phelps. Bob, can I impose upon you to go back one slide?

MR. SOULE: Sure.

MR. PIPER: My question is in regard to area 1 where we're talking about contiguous or adjacent space, and it has to do with any type of a penetration or anchor that goes into those areas. Are those now going to be done with local labor under CTSS or a cleared American as has been

done in the past?

MR. SOULE: If you are working in the area of note 1 at this particular project, you could be a local -- you could use local labor under CSTs to drive that connector into that wall. But if you're standing on the other side, you're going to have to be a cleared American and no CST -- but let me get a read-out from my branch chief that defines all this. is that correct?

GENERAL WILLIAMS: That's correct.

MR. SOULE: Yes, that's what we've tried to make clear.

MR. PIPER: Okay. Thank you.

GENERAL WILLIAMS: Now, is that absolutely clear to you?

MR. PIPER: Yes, sir.

GENERAL WILLIAMS: Okay.

MR. SOULE: We do get that type of question a lot, and it sounds kind of odd in terms of what threat are we trying to prevent or whatever, but it's really just -- we had to define some certain boundaries where, you know, you had the responsibility or we had the responsibility, and that's why those boundaries are drawn. The threat, you

know, and how that's mitigated is a little bit different strategy and that's, you know, classified a bit, but basically it just depends on where you're working when you do the work.

GENERAL WILLIAMS: What about the RFP language in respect to this question?

MR. SOULE: It is clear -- this is right out of the RFP. The text was not put up here, but it's just as clear. There is a matrix that shows the various areas and what clearance levels are required -- what, if any, clearance level is required. It's about a six-page matrix.

I didn't put it up on the slides, just to keep things brief, but basically it's all spelled out in the RFP, in this section, and I would encourage anybody in the business in '06 to read it.

The methodology hasn't changed, but we have, we believe, improved the language quite a bit based on discussions with the AGC and the questions we receive in ongoing projects. So the language has been updated a lot, but the requirements really haven't changed.

GENERAL WILLIAMS: The point I was trying to make is that there shouldn't be any confusion.

MR. SOULE: Oh, I don't believe so, not if the RFP is used as the basis for the management decision.

GENERAL WILLIAMS: Okay.

MR. SOULE: Exactly, and we --

GENERAL WILLIAMS: Let me just speak to that. Sure, you can always do that, but you run the risk of holding up the process while we go through debates and redirecting you back to the RFP and all of this. I would just caution you about gray areas, getting into long debates. I'm trying to help you with the schedule and we're trying to have clarity. We muck it up a little bit when we come back and say, can I go left when it clearly said stay in the center?

So yes, you can ask questions, and we would try to respond as much as we can, but we don't want to get into the give and take and going backwards and forwards and get the thing confused.

PARTICIPANT: [Off mic.]

GENERAL WILLIAMS: Right, but the RFP that the 2006 participants will get will have this clarity in it.

MR. SOULE: Exactly, yes. This is language directly from --

GENERAL WILLIAMS: Is that fair enough?

PARTICIPANT: Yes.

GENERAL WILLIAMS: Okay.

MR. SOULE: But it doesn't take the place of the RFI process. We, on the OBO side, vigorously -- you know, we try to keep up with all that aggressively, and we will answer those questions as quick as they come in, but hopefully we have cleared it up a lot to where you won't need to ask as many questions in '06. That's our intent, anyway.

GENERAL WILLIAMS: Okay. Are there -- yes, sir?

PARTICIPANT: Yes. The Office of Personnel Management is responsible for issuing the security clearances, and within the last 60 days or so they have suspended all new applications. Can you address how this is going to be impacted, or what we can do, potentially, to get it back on track?

GENERAL WILLIAMS: I didn't know OPM was issuing --

MR. SOULE: Well, it's through that process -- OPM has a role of actually granting them, but that's been lifted. I believe this is the correct website,

www.dss.mil -- does that sound correct, Bud? Anyway, that problem has been overcome. It was a funding issue with Defense Security Service, and about 2 weeks ago, I think it was, they resolved that. They are working into the backlog.

Things that were submitted and were rejected because of that problem do not have to be resubmitted according to their website.

Again, it's not a program that we manage, but we watch it to keep up with it because it certainly has an impact on the business that OBO is in. But I think if you'll check their website you'll see an update there from about 15 days ago that should explain how that's been resolved.

GENERAL WILLIAMS: Yes, sir?

MR. JOHNSON: Yes. My name is Clarence Johnson. I'm with USIS and we provide the CST and CAG work. Will there be a separate RFP issued for that specialty work?

MR. SOULE: Yes. I'm not sure if RFP is the correct term. We have three contracts in place right now. Each of those contracts has about 4 years left on them. So what we do is solicit proposals from those current contracts that are being held. But we do rebid those occasionally

when they run out. Or if one of the vendors, you know, stops being a good source, we will resolicit that.

But right now we're going with our three suppliers for what we anticipate being needed in these '06 awards. You could certainly sub to them if you're not one of those. I didn't catch the name of your company.

MR. JOHNSON: It's USIS.

MR. SOULE: Okay. In fact, the business that we do have going on with you I guess will continue until those projects are completed also, but no -- yes, I don't believe you're one of the current -- of the three that we use. But other elements in the Department do have their own contracts and their own solicitations, GSA awards and so forth, so that business is still out there. But principally for us, we're not looking for new solicitations right now.

PARTICIPANT: One more quick question. The cleared American requirement for CAA space on the interior, I think among this group is well understood, but it introduces a whole new skill set when they're on an exterior of a building on the scaffolding setting stone. Is that going to remain a requirement that cleared Americans are going to have to be setting the facade finishes, windows and

stone and those elements?

MR. SOULE: Yes, it has not changed since '04. '04, '05, '06, the intent is the same, that the cleared Americans, when it's adjacent to a CAA space or contiguous to it, that --

PARTICIPANT: I'm just saying, with all the problems with the clearance backup and things, finding those skill sets for exterior CAA work with cleared Americans is very problematic. There has been a modification recently on one of our jobs to reduce that cleared American element, specifically on exterior elements. I was curious if that's being still discussed.

MR. SOULE: It is being discussed, not with me. On a case-by-case basis, certainly anything you want to work out on a project, you know, you have the avenues to request that under the change -- what's that exact topic?

PARTICIPANT: Value engineering change.

MR. SOULE: Yes, anyway, as a change under the contract. But our intent is to keep it this way. And some of -- I know some companies are having trouble. Others don't seem to be. At the last AGC meeting, Association of General Contractors, we put it out there for discussion, and

the general consensus I got back was that the change is what seems to add risk from a contractor's point of view.

Keeping it the same is what they wanted to hear from me. At least that's what I took away from the last AGC meeting in March.

So, no, we don't have any intent to change it. But those avenues that you've talked about, of course, still exist, but for the most part, we would like to see it executed as written in the RFP, and we think it can be done competitively.

GENERAL WILLIAMS: Let me ask one question here because, you see, this -- where some of the confusion starts -- and the purpose of this session was to be very clear. What was in the RFP in 2004, what language?

MR. SOULE: The same as this. The intent. The language was slightly different, but it did not have the drawing. So we've added the drawing in '06. But the --

GENERAL WILLIAMS: Did we use words like "exterior" and --

MR. SOULE: Yes.

GENERAL WILLIAMS: Okay. So nothing has changed in the RFP. So -- and, see, we have no authority to change

the security requirement, so we have to stay with what we have. Don't have any problem, and we encourage feedback on -- and asking questions. But what I'm simply saying is that in order to move ahead with the project, knowing that we have no relief -- and I don't want to sit here and tell you that it will be a dialogue just backwards and forward, repeating what we have. We have no authority to change that at this moment. That's what we're trying to eliminate from having dialogue about and end up in delays and, you know, that type of thing.

MR. SOULE: If I could just add, even though the '04s are just coming on-line with that requirement, certainly the requirement was known, you know, 3 or 4 years ago when the packages were developed and the companies were bidding on them and things. So even though you might be in the execution phase now, this is something that everyone should have been working on for -- you know, well in advance of this point, well before getting to execution, at least how we see it on the government side.

Does that answer that, Brian?

PARTICIPANT: Yes, sir.

GENERAL WILLIAMS: Okay. Good question. And this

is the whole purpose of this, is to be clear on it, and that's what we're trying to do, is to leave where there's no ambiguity about the RFP.

Okay. Other questions? Other questions about this topic? Thank you.

Okay. We will move now to FEBR. Koby?

MR. STOLL: Good afternoon, ladies and gentlemen.

My name is Koby Stoll. I'm in charge of special projects inside the construction and commissioning division, so I'm right where the rubber meets the road, as was said earlier.

I'm also with the government, so I'm here to help you.

So if you wake up here now and listen, this is where we're saving money, we think. Okay. OBO is not saving the money, but if time is money, we're saving contractors' time. We've listened to forums like this in the past, the industry advisory panel and everybody else, and we've taken on the risk of providing the FEBR products for these projects. It spun out of trying to meet 15-month and 24- and 28-month delivery schedules, which you saw briefed on small, medium and large SEDs.

It's very difficult to get an 8- to 10-month FEBR product through the pipe, staffed, shop drawings made, back

between OBO and the contractor, get the product made, get it to the field and get the project done in 15 months. So OBO has taken on the risk. Special projects -- I had a full head of hair before I started this. This is not really new, though. We've been at it for about 2-1/2 years. The standard embassy design incorporates the standard drawings.

The GPE, government-purchased equipment numbers on the windows and the doors are tied to those SED drawings. So it's been a project in evolution for a while, and we've got it all pieced together.

We started a pilot test in 2004 with the Port-au-Prince job, and in 2005 we went full bore with all the NEC campus projects. Now, I say campus projects -- if it's an AID building, GPE is not part of the AID projects, the annex projects. We do the NEC campuses, the NOBs, the CACs, the GSO office area, the MSGQ, not an annex. So read your contract. There's a neat little matrix at the back of section C that tells you what is government equipment that is provided and what is not. If it's an annex building, again, it's not provided.

OBO started in '05 full-fledged. We're out there now providing the embeds to the contractors, trying to

negotiate back and forth, and so that's why I'm here today, so you can understand this process a little bit and help me streamline it, learn from the process and maybe make it a little bit better.

We provide these products f.o.b. origin, so the contractor, since you have big organizations with logistics, you provide the transportation from the manufacturing plant to your project site. That's a very important aspect to understand: f.o.b. origin means you ship it -- I load it in the truck. That's the end of my responsibility at that point in time. I provide all the FEBR doors, all the FEBR windows, all the Muntin blast rated windows and the vault doors. So every FEBR long-lead item, we've taken the risk back from you. We've got them and we will provide them.

We do not provide louvers, however, because that's a specialty design item for mechanical equipment, too hard to standardize based on different sizes of these things, so we don't do louvers. We don't do roof hatches. Those aren't a big deal. And, again, we don't do office buildings.

It's not such a big project. If you look at this, the green around the perimeter are the FEBR doors and

windows. They are all around the perimeter, and then inside hard lines are the yellow dotted doors. It's not a big deal. There are 25 different window types and 50 different doors, and if you think about left and right-handed doors, it's really something like 30 doors.

The hardware comes on the door. It's very easy -- this is a training aid that you can get off the website at the end of the day. If you're putting in a door in the IRC, for example, or into the multipurpose room, you can take a look at this and see that if it's leading into the corridor out of the back side of the multipurpose room, it's an MPR door. You don't have to know that it's got a Hirsch keypad on it, it doesn't have hardware for a handle on the other side. You don't have to know any of that. You just have to know where the door goes inside the SED, and you've got the hardware already on there.

So it helps us facilitate this back and forth security requirements, getting the right hardwares on the right doors. It's already there. It's already vetted. It's already approved. And the shop drawings are available.

So it's not as bad as it sounds. The government is furnishing materials. Don't be scared. It's not that big a

deal, but it's hard to communicate with everybody because they get a little nervous right at the beginning saying, oh, my God, the government is in my business.

We're doing pretty well. I think we've got a good record so far, and we'll get some feedback, maybe, from some of the contractors that are involved in this.

The CACs are the same way, and I didn't include the GSO building, but same deal.

OBO has, again, developed these shop drawings. We've already taken that part of the review process out of the cycle. You don't have to get shop drawings anymore, send them to us for review. We've done it. We've reviewed it. We've posted the shop drawings. We've posted them in the ProjNet portal.

Now, I understand vice presidents and presidents don't know what ProjNet is. This is what ProjNet looks like, and if you look across the bar in the middle there, there's a portal. If you click on the portal, you drop down to 2005, there will be the shop drawings for the 2005 SED and the GPE.

Now, the GPE also includes the layups of the windows, the makeups, what the mechanical engineers need,

the properties of the glazings. That's all there. The blast consultant needs the blast reports. The blast reports for the products are there. So you can pick it right off 2005. There will be another version out for 2006. Same products, for the most part. The atrium window has changed a little bit, but basically the stuff in 2005 you can go look at the shop drawings right now. If you're an A&E firm, traditionally you have had to throw in some kind of door and window details from a previous job. These are all Autocad files. You can drop them right into your drawings and actually use the real FEBR door and window shop drawing details right off the website, so it saves some time.

Now, 100 percent FEBR door and window schedule is the key to this. It's a two-way street. I need to get some information from you in order to decide what you want to buy. There's a myth out there that OBO has gone out and bought a warehouse full of FEBR doors and windows and I just show up with my truck and we load them up and away we go. It doesn't work that way.

These are tied to the budgets of the projects. They're budgeted. They're tied exactly to each individual project, so I'm managing, this year, six different contracts

on six different NEC projects. And I need to know what you need. So at DD, we require you to submit a 100 percent door and window schedule with your elevations and your floor plans so that OBO can review them, make sure that you are using the right doors and the right windows and the right applications, and as soon as that's done, 45 days later, I can get embeds to you.

Now, the review process before, you would have to wait 6 months for your embeds -- maybe not 6 months for the embeds, but several months for your embeds. You'd go right in the manufacturing line. A lot of this stuff I've already preordered, so I'll have a certain percentage of it already.

One of the success stories, I think, this year: Some people have gone to the perimeter and done the perimeter work, which doesn't require the classification and certification process, and even before design development, submitted the door and window schedules and the floor plans for our review and picked up the embeds before they submitted the design development drawings. Okay? So that's fast-tracking. If you really think that's fast, that's moving right along. So embeds were on the water before the design development drawings hit our office.

But, again, it's CACs. It's pretty easy. All I need to know is, have you used the right doors and the right applications.

I need to know paint colors so that we can get the paint and send it back and forth. The A&Es sometimes like to look at those paint colors, so we try to send the chips back out so they can look at them and get them produced.

And then the scheduled pick-up date. I need to know when you need your embeds and when you need the inserts. It's been a really hard challenge. The first thing everybody always asks me is, when are my embeds ready?

Well, tell me when you need them, okay, so give me a schedule of what you need and the dates you want to pick up the embeds and the date that you want to pick up the inserts, and I will try to meet those delivery dates -- and, again, it's a partnership between OBO and the contractor. It accelerates the construction, I believe.

Then the last slide here shows you really the only the communication tool that we really need to use outside of ProjNet. On the door schedule and the window schedule, we opened up one additional column marked with the blue arrow. That's the GPE number. That's tied to the SED door number.

It's tied to the GPE product. That's what goes on the crate when it gets shipped out of my warehouse. That's what arrives at your project site.

You need that column so that I, one, know what you want to buy and, two, the guy in the field then looks at that and says, door 1000 is really door 1058C -- because architects all like to number their doors differently than the SED project, so you have to translate between GPE and the SED. So that's the column that's critical, and that's one of the things that we review in this DD so that we're all ordering and shipping and communication off the same sheet of music.

But again, a 1058 door is the entrance or exit door to the NOB -- doesn't matter about all that other stuff on the right-hand side. It's a stainless steel door. It comes. It comes with an embed. It's got all the hardware on it. If that isn't completely correct on the right-hand side, it doesn't really matter because we already know that it's the right door and it's the approved solution for that application.

That's all I've got. I'll open it up for questions. Hopefully somebody has got a couple here.

PARTICIPANT: [Off mic] -- you're giving out to the architects, especially, your security hardware schedules, basically example MSG door 120, security hardware shows an SHW8; in the blue book, an SHW8 is a fire door.

MR. STOLL: The MSGQ door is not a FEBR door.

PARTICIPANT: Right. But I'm just saying on your GPE schedule that you have, all your door details, your SHW details don't jibe from the blue book; they don't jibe with the shop drawings.

MR. STOLL: Well, let's -- use the shop drawings.

PARTICIPANT: And the shop drawings are --

MR. STOLL: The shop drawings are correct. It's an HW3 I think is what the hardware set is on that door. But the shop drawings are correct. The shop drawings have been reviewed for every application on that good training aid I told you was available at the website. All those doors by those numbers have been staffed and reviewed and have the right hardware for the application to meet your accreditation requirement. The shop drawings are correct.

There's a lot of conflicting information out there that -- you know, the blue book and the old security requirements -- and, I did a project a few years ago, and

they told me I needed this kind of hardware. The shop drawings, by us doing them, us reviewing them and us posting them on the web, those are the right things to use. So use the shop drawings, and each hardware set is identified on the shop drawing as to what it is. And it comes with the door. All right?

GENERAL WILLIAMS: Yes?

MR. KUZIO: Paul Kuzio, ECCI. Could you talk for a minute about how you manage the control of keys to the access doors, with respect to keys themselves and pass codes -- what the contractor's responsibility is versus what OBO takes on?

MR. STOLL: I can tell you about keys. It's like shipping. I don't deal with it. In the contract, I provide the service -- or I provide the construction cores for all the FELs and all the door keys. So you will have a construction set of keys. But you're responsible for doing the keying and doing all that good process of making sure masters -- and all that other process that goes along for review. And then you provide the service cores; I don't provide the service cores.

GENERAL WILLIAMS: Is that understood, that it's

the contractor's responsibility after we approve --

PARTICIPANT: [Off mic.]

GENERAL WILLIAMS: Okay. Sure.

MR. STOLL: I'm sure that OBO will still review the keying schedule, like they always do. But, you know, it's your responsibility to get the cores. That's a good question.

GENERAL WILLIAMS: And we will review it timely.

Okay. Are there other questions?

MR. STOLL: Come on. Somebody ask another one.

GENERAL WILLIAMS: Koby, perhaps you should explain why annex buildings are excluded at this time.

MR. STOLL: All right. Annex buildings aren't part -- we didn't get enough time to get annex buildings standardized, so the annex building fell out last year, 2005, and we went ahead and awarded all the NEC projects as campuses. The annex buildings, since it was not a standardized GPE window or door, it was just too hard to try to crank that in.

Then, as we got into '06, we thought about cranking it in, but at that point in time, the VE studies that you've heard about were starting to talk about moving

those out-buildings into the NEC, so the annex building life expectancy may drop off. So we just decided to leave annex buildings alone. A lot of the annexes are constructed on old project sites, and the windows and doors need to match the facades of the windows and doors that are there, and I didn't want to get into the providing one-offs. So people that have annex projects still have the standard -- get shop drawings, get them reviewed, get the design done -- process to go through on an annex. I'm sorry. It's just too hard.

GENERAL WILLIAMS: Questions? More questions?

Okay. Thank you very much. I think the bottom line is review the list and use the shop drawings.

Okay. We're moving now to change order management. Tom Fitzpatrick.

MR. FITZPATRICK: Thank you, sir. Good afternoon, ladies and gentlemen. My name is Tom Fitzpatrick. I serve as a construction engineer, much like my colleagues up here within the OBO construction and commissioning division. This afternoon I will be speaking to you about change order management.

Before I begin, though, I would like to clarify, especially for some of you who may be new to our program,

the organizational relationship between our program office and our contract office. The Office of Overseas Buildings Operations serves as the program office for the U.S. Department of State for the capital program. Our contract services, though, for the program are provided through our sister bureau which is known as the Bureau of Administration, or sometimes shortened as A. More specifically, the Office of Logistics Management within the A Bureau provides contract services, with its staff serving in the capacity of contracting officer. You will frequently hear or see the abbreviation A/LM, which is the acronym for our contract office.

Again, as General Williams mentioned earlier today, our focus is not so much on the contract process as it is on our program, but nevertheless, particularly when we start to talk about change order management, we work as a team with our counterparts in A/LM, so I think it's important to understand the distinction between our offices.

As a government agency, we are required to include various clauses and conditions that address change issues. OBO always has and will continue to include and adhere to these federally prescribed requirements. What I'd like to

do this afternoon, though, is share our management perspective with regard to how we handle change orders.

There are three key components to change order management: Prevention, people and the process. The importance of these three components is very much similar to the analogy of a three-legged stool. We've talked considerably today about leveling the playing field, that being the seat of the stool. But each leg of the stool is equally important, and to lose a leg is essentially to lose balance of the perspective, and again, we're trying to maintain fairness, level playing field, and accomplish a challenging program.

In keeping the stool together, though, when we're talking change order management, responsiveness is the glue or the bond that keeps the stool together. When we encounter a changed condition, it takes teamwork and responsiveness of all parties to work to a quick and equitable solution.

This morning, General Williams elaborated on each of the Williams 20. While it may initially appear that only one of the Williams 20, number 16, would pertain to change order management, there are actually about seven other items

that have an indirect impact. Particularly with regard to prevention, I would argue that five of the seven have a key element of trying to prevent changes from happening in the first place.

If you notice on my slide, as my other colleague pointed out, many of the items highlighted with an underscore have a superscript that refers to the Williams 20. OBO has moved to share the risk, will avoid nontraditional scope of work, will represent clearly rights of passage, will fix customer expectations and move to a standard design equaling approved CDs in an effort to eliminate changes. All of these items have an impact on change management.

As much as we work hard to improve things early on, if we don't do those things early on, we find that there's frequently lack of clarity or ambiguity that causes change.

As has been discussed this morning in quite some detail by my colleagues, there have been numerous -- I think we counted 21 -- enhancements to the SED program which has been going on for several years. Many of these enhancements have been aimed at reducing design and/or construction time,

reducing cost, eliminating ambiguity or simply improving the basic product.

Just again to highlight, OBO -- some of the key items that OBO has done, we have worked towards acquiring and preparing NEC sites that are ready to be built. For those of you who have been our program, in the days when we get a site and someone shows up with a bulldozer to knock down a fence, those days are over.

Standardized RFP format. Making sure that there is consistent and clear requirements in a standard format is something that we have moved to and developed as our standard package so that if you bid one project or ten projects, you should be able to find the same clarity and information in each of those documents.

Providing standardized site plans, thereby eliminating the site adaptation requirements. Recommending the foundation design for both the chancery and the perimeter walls. Preparing the design, obtain the DS approvals and providing the FEB doors and windows.

As highlighted by my colleague earlier, the fact that you can go to a website and pull off an approved shop drawing, something that in the past could take anywhere from

30 to 60 days, is a monumental change in the direction of trying to have faster built facilities with less ambiguity.

Also, as highlighted by my colleague earlier this afternoon with regard to security requirements, the RFP package has taken a requirement that has essentially been the same for the last two SED cycles, but has more clearly depicted cleared American worker requirements so that instead of a PD, a site security manager and a project manager standing in the field trying to interpret language, you have a clear drawing that shows exactly the delineation of work.

These enhancements not only level the playing field with regard to risk, but prevent changes from happening in the first place.

The second element to the change order management involves people. As much as we're in the business of building and dealing with technical issues, at the end of the day, it takes usually two or more parties to work together to get to our shared goal.

In the instance of OBO, this particularly pertains to our OBO project executives who oversee the design management as well as our project directors in the field who

oversee the construction as well as the contractor's personnel that oversee both aspects of the job.

General Williams has charged us with identifying and staffing our projects with strong project directors capable of interpreting and enforcing our contracts in a fair and consistent manner. Equally important, we have expanded our focus to pay more attention to the contractor's field staff. We have had some discussion about this and other aspects, but this is particularly important for change order management.

We need project managers who are capable of articulating their concerns, being able to prepare cost estimates and providing time impact analysis when a change event takes place. Frequently, we find ourselves working with home office personnel who are out of touch with the field team or, in some cases, not even getting input from their field team.

In both instances, the management personnel for OBO and the contractor alike need to be responsive to the other's needs. There are times when we issue correspondence requesting additional information to evaluate a change issue. Likewise, we recognize there are times when you put

us on notice, and we must respond in a timely and clear fashion to provide the necessary guidance to move forward.

A final element involves the mechanics of the change order management process. For changes initiated by OBO, the RFP is issued by our project director. We have heard complaints are not proactive in issuing RFPs when a change is made. This is something we are working to be consistent on when we identify it and, in a proactive fashion, issue the RFP.

Of course, because of the worldwide nature of our business, we have also empowered our project directors to be able to handle changes at the \$25,000 threshold and below. This is intended to keep things moving, given the fact that we are frequently dealing with time zone differences and difficulties with communication.

In the event an RFP involves a change order above the PD's amount, we work closely with our contracting officer to issue the modification. Our goal is to have the mod issued within 30 days from the time we have a bilateral agreement with the contractor.

As indicated on the slide and in conjunction with our A/LM counterparts, we are committed to have a response

to the contractor from this contracting officer within 3 days upon receipt of request for equitable adjustment. As you will note on the slide, we are not talking a bureaucratic "we received your letter." We are talking a response that says, We've got your letter and we either understand your issue or we don't understand your issue and need further information from you. So you basically get a read from us as to where we're headed.

Further, CC is committed to providing the contracting officer with a response within 25 days once we've had a chance to evaluate the nature of the claim, or the REA, the cost and time impact.

If the recommendation is that the REA has merit, then again, we will work with the contract officer to have a contract mod issued within 30 days.

We frequently get feedback that your concerns are not being properly addressed in the field, and while we will strive to have consistency across the world with our project directors, we recognize there are times when you think you might not be getting a fair shake. In these instances, we offer our senior management, both within the construction and commissioning division as well as the Office of Project

Execution, are available to hear your concerns on a consultative basis.

At the same time, as I highlighted at the beginning of my slide brief, the fact that our contract office is a separate bureau, you are also free to work with the supervisory management within that office as well.

Throughout any time in the process, if you feel or we feel we have reached an impasse, we think that alternate dispute resolution is a viable and open alternative to settle our differences.

While every owner or organization strives to have little or no change, we recognize in the construction business it is inevitable that a change will occur. We have taken prudent steps to enhance our SED program to not only provide a better embassy compound product, but to do so through clear and orderly RFPs to prevent changes.

Regardless of the documents, it is both OBO's and industry's construction management personnel that are charged with the exciting opportunity to execute these projects. Our teams must have talents and abilities to work together to quickly and equitably resolve changes when they arise.

Finally, OBO is committed to being responsive when acting on an RFP or an REA. Further, we are open to review by upper management and/or alternate dispute resolution as a means to resolve our change differences.

At this point, I open the floor to questions.

GENERAL WILLIAMS: Are there questions? Are there questions? Are there questions? I'm begging for them. Okay.

PARTICIPANT: How many times have you used alternate dispute resolution in the course of the SED program to date?

GENERAL WILLIAMS: I don't think any.

MR. FITZPATRICK: We had one of the prototype projects where we had a dispute with the contractor, and it did go to ADR, and it was resolved without going to further litigation.

GENERAL WILLIAMS: So you can see, we don't want to go to court.

MR. WALL: Jimmy Wall with Caddell. The time frames which you listed in your readout there, will all these be listed in the latest version of the RFP in the contract?

MR. FITZPATRICK: These are internal control mechanisms that we use within OBO and with our counterparts at A/LM. Our purpose today is to share some insight as to how we manage things internally because there are certain things in the FAR -- where there are certain time requirements identified, the government must follow. What we're trying to do today is to show you our commitment as to how fast we will work to resolve REAs and --

GENERAL WILLIAMS: But Jimmy, what you're interested in is whether or not -- you want to know the expectations from your partner and these --

MR. WALL: Yes, sir, as far as the transparency we were talking about.

GENERAL WILLIAMS: -- are the expectations from your partner; otherwise, we wouldn't be putting them out. You can expect OBO to react -- OBO management to react the way it's been described here. Okay?

MS. PINZINO: Sir, I've been asked to -- I have some questions from some of the contractors in the audience.

GENERAL WILLIAMS: Why can't they ask it?

MS. PINZINO: They're shy, I guess.

GENERAL WILLIAMS: Okay. Go ahead. As you know,

that's not -- I want to see you. I want to see you. Come on. Okay. What do you have over here?

MR. KUZIO: Yes, sir. Paul Kuzio with ECCI.

GENERAL WILLIAMS: Are you one of those?

MR. KUZIO: No, sir.

GENERAL WILLIAMS: Okay.

MR. KUZIO: Would you like me to be?

GENERAL WILLIAMS: No, no. You can talk.

MR. KUZIO: On the subject of changes, a lot of times the true cost of changes comes in when we have to suspend the work, or part of the work, in the field while awaiting direction to proceed. Does OBO intend to use the undefinitized contract modification process to keep things moving in the field while we work out the differences and then come up with a schedule of definitization for a change?

GENERAL WILLIAMS: I think the answer is yes.

MR. FITZPATRICK: Yes.

GENERAL WILLIAMS: Yes, yes.

Okay. Other questions? Can one of the contractors who gave Gina something stand up? Just one? What are we afraid of?

Okay, Gina. Go ahead.

MS. PINZINO: They left, sir.

GENERAL WILLIAMS: Okay. Now, partners, you see what I have to deal with. Okay. Let's go. Go ahead, Gina.

MS. PINZINO: Question number 1. How can we get a copy of the 15 projects for 2006?

Question number 2. The approved design-build companies -- also would like to get that.

Number 3. Blue book list of all approved products for physical security.

GENERAL WILLIAMS: The first two, all you have to do is ask. What about the blue book thing?

MR. MINER: The Fed Biz Opps announcement that came out last fall, November time frame, listed all of the projects that are in the '06 program, and a few extras, because we always have some backup projects. So that list you can get by going on-line to fedbizopps.gov and finding that announcement.

Number 2 was the list of design-build contracts?

MS. PINZINO: Correct.

MR. MINER: I believe the list of prequalified firms has also been listed by our acquisition office at that same website; is that right?

PARTICIPANT: That list is on the OBO website and on the Office of Acquisition website, the list of the --

MS. PINZINO: One last question --

MR. SCHMUECKER: With regard to the third question, I don't know about the term "blue book," but what we can tell is in the contract in attachment J-2 is a list of all the commercial products that have been DS certified.

MS. PINZINO: One last question. How can OBO assist with getting more direct answers from the contracting officer?

GENERAL WILLIAMS: Well, the contracting officer is right here today. Walter, stand up and tell them how they can get more direct --

MS. PINZINO: Actually, if we could --

GENERAL WILLIAMS: No, no. Let me handle this.

MS. PINZINO: And also --

GENERAL WILLIAMS: Walter, go ahead. And also Louis.

PARTICIPANT: [Off mic.]

MS. PINZINO: We can't hear. I'm sorry.

GENERAL WILLIAMS: You see, that's coming across to a private sector person as bureaucracy, and I'm just

going to help my partners out a bit. If you need a direct question -- if you have a question to an issue, it has to be a yes or it has to be a no. So we will strive to get you that.

Okay. You know, going to different people and all of that while you're on the clock is not a good one. Okay?

We owe you better than that because if you ask anything on the program side, I've tried to say today that we want the answer to be yes or no, up or down, left or right, because it's a fast-track program. We really don't have time to get into debates.

PARTICIPANT: Who is the point of contact in your organization?

MS. PINZINO: Who is the point of contact in our organization?

PARTICIPANT: Yes.

MR. KARAMAN: The first person is the project director, the COR, contracting officer representative. That's where the first question should go to.

PARTICIPANT: [Off mic.]

MS. PINZINO: Okay. Could you just repeat your statement, please?

PARTICIPANT: If I heard General Williams correctly, we're not going to go through a bureaucracy in OBO. The person that we go to is the first and the only person to get an answer.

GENERAL WILLIAMS: And if it's a contract-related question, because of the split arrangement in the State Department, we will monitor and shepherd and help ensure that that question gets there. It should go to our sister element, and the answer should be a quick and responsive answer is what I'm saying. That's the only way we can keep the program alive.

MR. PRUITT: Gina asked me to stand up. My name is Louis Pruitt. I monitor the OBO program for small business. I work closely with the contracting office and with OBO. So just to let small -- I know there are a lot of small businesses here, and for those of you who don't know me, the name is Louis Pruitt, L-o-u-i-s P-r-u-i-t-t, and to get in touch with me, it's pruittlh@state.gov, phone number (703) 875-6586. And I'll be more than happy to talk with -- I know many of you here, but there are probably others who haven't talked with me. I'd be more than happy to speak with you.

GENERAL WILLIAMS: Okay. Anything else on your list, Gina?

MS. PINZINO: Not at this time, sir.

GENERAL WILLIAMS: Joe?

PARTICIPANT: To add a little clarity to this discussion about who do you come to -- I mean, I'm not sure, sir, what we're playing here, but the purpose here is really how management is going to do it. The gentlemen up here who are presenting by and large -- probably half of them are coming from the construction and commissioning division, which is a division in my office, one of the divisions in my office. They are responsible for seeing that this program is carried out the way it's being described now in the field.

So what Tom described was a process that's going to strive to get improvements so that we're giving the answers within 30 days, okay, getting these resolved. That division is going to be presenting every month. These are the metrics we're going to use every month about how we're doing in that area. Okay?

Reading the contract, you'll see the answer is -- your first person is the other party to the contract as

administered in the field by the project director. We are monitoring that. We will see that we deliver on that, and we will measure our performance against these metrics that you're hearing today, whether it's design review in the design area or whether it's change order management.

So I just want to clarify that. You know, we're not playing a game about bureaucracy and shift it back -- these are all managers that are responsible, as an I, to see that we deliver on what we're presenting here.

PARTICIPANT: I want to get back to the general's response when he said the answer that was coming forth was bureaucratic, and I was not referring to the internal; I was referring to, okay, who do we go to, after the general said, bring the bucket back to us? And that's all I wanted to know.

GENERAL WILLIAMS: Questions? Any further questions? Any further questions of any sort? Yes.

MR. BRANTLEY: Dan Brantley with Caddell Construction. The shielded enclosure -- the shipping of the shielded enclosure has been confusing to a lot of people. In most cases, we've experienced flying the shielded enclosure, and I don't think the specs are exactly clear on

what the requirements are as far as delivery of the shielded enclosure. If you could clear that up for us in this year's program, that would be very helpful.

GENERAL WILLIAMS: You will need to stop by our office so we're in the proper facility to -- we have the answer. We just can't discuss it here. Okay?

Are there other questions?

MR. BRANTLEY: Dan Brantley again. I apologize that I didn't ask this question concerning the windows. Is OBO going to provide any exterior architectural trim with the windows, or will this be done in another method?

MR. STOLL: On one of my slides, I provide the loose -- aluminum loose trim stock is all. I stay out of the trim business, like I stay out of the key business, like I stay out of the shipping business. The architect has got to do the architectural trimming of the windows however they see, with stone, with aluminum, with metal, whatever the solution is.

We provide the metal windows. We provide them with painted finishes, and that's the -- and on the inside, the aluminum trim for covering the bolts I do provide. But as far as trim goes, there is still some exposed embed, and

there is on the front side, of course, the metal, the steel angles that have to be incorporated into the design of the project.

So no, I don't do trim. I do windows.

GENERAL WILLIAMS: Okay.

MR. FANSHAW: Good afternoon. I'm Chuck Fanshaw, and I will brief the last topic of the day, which is operations and maintenance deliverables with emphasis on early OBO and contractor teamwork, because we can't wait until the end of the job to consider commissioning and O&M requirements. We need to begin the project with the end in mind. In the beginning is the design phase.

Commissioning requirements and qualification of the commissioning authority have been in the contract for some time, and this year we're looking at a new emphasis on those requirements -- our emphasis on the commissioning plan and the early involvement at design NTP stage of the commissioning team.

I've got two points highlighted that tie back into the Williams 20, and I really want to talk about designation of the commissioning staff personnel by the contractor with emphasis on O&M as a way of thinking, not just a

requirement, and the goal being smooth, high quality project turnover from contractor to OBO and from OBO to the post, and reliable -- reliable facility operations with the goal being to reduce callbacks, which should save money.

We haven't really added essentially anything new in the 2006 program, but things have changes, and mainly to when we want them. We're looking for earlier O&M manual development and local staff training, and I encourage you to read division 1 for the specifics. But in a nutshell, let me review.

In the 2006 program, we're looking to set up a direct communication path between the commissioning authority and the project director. We're looking for the detailed equipment list with contractor-furnished extra materials list 9 months before substantial completion.

Additionally, we're looking for an updated commissioning plan and schedule that would be submitted 8 months before substantial completion.

At 6 months before substantial completion, we're looking for the maintenance and training plan, the O&M manuals and spare parts lists. We're now looking for training to take place, the formal and hands-on training, in

the 2- to 4-month window before substantial completion.

At 2 months out, we're looking for the maintenance plan to be running in the work order system, which is known by the acronym of WOW. 1 month before substantial completion is when the commissioning report, the as-built drawings and the record documents are due. The warranty manager is to be mobilized and in place by post move-in with the warranty book complete, which is a requirement for substantial completion.

Again, we're really not looking for anything new, but we're really wanting to emphasize the commissioning plan, earlier O&M deliverables and turning over a reliable facility that reduces callbacks.

At this time, I'll take any questions.

GENERAL WILLIAMS: Yes?

MR. PIPER: Bob Piper with Hensel Phelps. Chuck, have you considered putting these bullet elements in section F, which is your deliverables section? It kind of forces us all to read them about four times.

GENERAL WILLIAMS: Excellent --

MR. FANSHAW: It's a good point. Thank you.

GENERAL WILLIAMS: Appreciate that.

Other questions?

MR. PIPER: Does the commissioning agent have to be a separate entity? Can it be a contractor staff personnel qualified, assumed he's qualified?

MR. FANSHAW: The qualifications of the commissioning authority are detailed in the contract: Cleared American, preference for electrical and mechanical engineer --

MR. PIPER: Correct. I had one case recently, we have 4 years of commissioning agent representative on staff, but he recently was rejected because he's not a separate contractor, a separate entity, and I think that was a misinterpretation. So from what I'm seeing here, it can be a member of our staff provided --

MR. FANSHAW: I mean, that is the intent at this point is that it's -- the contractor probably -- doesn't have to be part of your staff; it could be a third-party contractor as well.

GENERAL WILLIAMS: Let's talk about this.

MR. PIPER: Okay.

GENERAL WILLIAMS: Okay. Other questions?

PARTICIPANT: I guess it's more like a comment.

I'm a scheduler, and I looked at those dates on a 15-month schedule and said 2 months to 4 months beforehand you're going to do the training -- it just seems real optimistic. It's a great goal. I just wonder if you can really achieve that -- your system is complete that far in advance.

GENERAL WILLIAMS: Okay. Other questions?

PARTICIPANT: This is Joyce, again, from 3M. I don't know who to address this question to, but who is responsible for monitoring and implementing OSHA regulations for the workers on site and which OSHA regulations are used? Is it the U.S. or the host country's.

MR. FITZPATRICK: The contractor is required, for the accident prevention plan, as part of the contract, and we actually follow the Corps of Engineers manual. I believe it's EM 385-1. That is the guideline that we use with regard to safety requirements.

MR. KARAMAN: It's U.S. standard -- it's U.S., not local, or whatever is more stringent?

GENERAL WILLIAMS: Okay. Other questions?

MR. MINER: A comment for the gentleman in the back that was a scheduler. Having a standard approach has some other advantages, and I was just in Southeast Asia and

the whole maintenance staff from Mumbai where we're halfway through construction was in Phnom Pen being trained on what they were going to have to operate and maintain in Mumbai.

So, you know, you can go to other locations and start to get a grounding in those systems before they come on-line, so it's a whole different way to think about this.

GENERAL WILLIAMS: Other questions? Yes, sir?

MR. UNGER: Craig Unger, DBIA. I heard a lot of good comments on the changes to the standard embassy design, a lot of the changes in the RFP. For design builders aspiring to win your projects, what do we need to do to win? Do we need to meet your expectations? Exceed your expectations? Give you my A-team or be cheap? So could someone comment -- any changes in the source selection process that someone might comment on.

GENERAL WILLIAMS: Source selection is the same.

MR. MINER: It's the same. What we haven't talked much about is the pre-proposal conference on-site. Some of the issues that you've heard about, you will see evidence of it or lack of evidence of it when you go on the pre-proposal trips. They're starting as early as 2 weeks from now, I believe. We hope to upload the first three projects, that's

Tbilisi, Djibouti and Surabaya tomorrow, hopefully. Some of you have already been issued keys to the plan room and will be able to go in and get the project-specific information.

So we're right on track. You will start to see the packages this week, start to get ready for your trips. Yes, we want you to take the A-team with you. And we have tried to schedule the trips out so that there are no more than two visits per week throughout June and early July so that same team can be involved. Yes, we do want a good price when you come back.

GENERAL WILLIAMS: Let me see now if I can't give you a summary of where all of this is, and if you do not take anything else away, take this away because there have been some drastic, drastic second-curve turns in the management of OBO and its focus relative to this program.

Security stewardship is shared risk. You, as a contractor, have as much responsibility as the government to make certain that you protect and you handle everything within the framework of the U.S. Government security guidelines. That's shared risk.

Site conditions. Need no further discussion about it anywhere in any place. It's OBO's. Don't -- not a

discussion topic.

Host country approvals. That is to allow the U.S. Government to do business in the country, to build at a certain height, to do the type of things that we need to do in the country in order to put up a diplomatic responsibility is OBO's responsibility. The construction permit is the contractor's responsibility.

Schedule duration is what it is. For a small, it is 15; for a medium, it's 24; and for a large, it's 28 months. RFP discipline -- and that's the contractor's responsibility, to bid and adhere to the schedule.

Discipline of the RFP is OBO's responsibility. We owe it to you to put it in writing, and if it's not in writing, we cannot hold you responsible for it. So the discipline of the RFP, all of the things we have talked about today, the changes, clear on specifications, exactly what we want you to do is our responsibility. If it is not clear, I invite you to immediately get back and make certain that you have seen something that is out of step with what we talked about today.

Currency fluctuation, inasmuch as we have no control -- and it goes both ways. In good times, it's a

reward, and when times are not so good, it's a little bit of a penalty. That's the contractor's responsibility.

The next item deals with timely submittals. Timely submittals is the contractor's responsibility because you're asking to move forward with the process, so you have to tee that up. It has to be done appropriately, and we've talked in detail about the kind of documentation that we need. It's the contractor's responsibility.

Design changes outside of the standard design. We have talked about the standard design, told you we're perfectly happy with you delivering just the standard design. Anything that is put on the plate beyond the standard design is OBO's responsibility if it impacts time and cost.

Design review delays. That is OBO's responsibility. We have set timelines. You have made your arrangements against those timelines. We have to produce them. That's our responsibility.

Construction permit, once again, is your responsibility. Do not confuse this with approvals to do business in a particular country. That's our responsibility.

Timely responses to RFIs, requests for information. Timely responses, that's an OBO responsibility. We cannot take months to answer an RFI. It's our responsibility.

Change order management schedule internally has nothing to do with the FAR and all of the rest. As a manager, we have to have some notion ourselves about what is reasonable and what is right. So we have laid out for you what OBO's management goes on, and I've responded to our friends from Caddell and told them that that's what they should look to OBO for.

Now, having said all of this, both of us -- all of us -- have to read the contract. Read the contract. As I've looked at these allocations of risk, I've been waiting 5 years to get to a chart like this. In my previous life, this is the way we did business on big projects, so it was very clear and there was no ambiguity. So as we leave here today with about 300 of us here, it should be crystal clear about the risk and how it's allocated.

Seven of the big items -- and I would argue they are ones that carry the money -- the U.S. Government has taken those. Four of them with the contractor. And we

share one.

I don't know how fair any entity can get doing business. The whole purpose of this was to level the playing field and to allow you to know that the current focus of the Overseas Buildings Operations is to be the best partner we can possibly be. That's what we wanted to get across today. We have talked you through our process from A to Z. We have shown you the inside of it from 1 to 100. We're going to leave this on the web.

We're going to go one step further. The frequently asked questions, to include many of them that you have asked today, will also be provided, and answers to them, so you can refer to them.

We have taken minutes of this proceeding today so we know what your questions were, and we didn't chance anybody getting them wrong -- so we can always refer back to it if there's any question.

What is put out today, please understand, from this day forward, this is the way -- this is the method, this is the direction, this is the focus, this is what is inside of OBO's corporate head. No tweaking. No change.

So this is where we are, and we hope that things

have been useful today for you. We have put a lot of effort here to get to this point. This is a derivative of the Williams 20. We have been thinking about this for 7 months.

We realize that it was time in 2005, October, to make a second-curve change. We have made it very methodically. We arrived at this point today where we were prepared to share with you and at the same time allocate the risk.

Now, what I would like to do now is to speak to a couple of other issues. We have some people here for the first time, and we want to make certain that you are absolutely welcome to participate in our work, and it's not just coming to a conference. We feel you came here because you were interested in our program, and we're going to test that, because I'm going to ask Gina to set up a little open house arrangement -- I don't know how I'm going to pull it together, but we're going to invite you to come to this little open house, see your face again, and then we're going to direct you to the source, if you continue to want to do work.

If you need further clarity about anything in our organization, we will direct you to the program side and let them talk to you about our roofing program -- example -- or

whatever. If you're interested in procurement and how you get teed up to be qualified, we will send you down to our friends in our sister bureau. But we're going to have a little forum -- not a forum, a little open house. And I will come down and greet you and let you know that you are welcome to participate in our program.

Too much now we have meetings, send people away, and we lose contact. We want you to know that OBO is dead serious about its responsibility in being a good partner. So if you don't show up when she calls, this will be a clear indication that probably you are not interested. But we want to create that situation -- and Gina doesn't even know that she was going to get this, but that's the unfortunate part about working for me.

MS. PINZINO: Just one "unfortunately."

GENERAL WILLIAMS: Okay. So you know what's going to happen. She's going to post the presentation in its entirety and the most frequently asked questions -- we will need a day or two to tidy this up so that we've got that in good shape, but you know that it's coming.

Okay. That was our side, and we have had interaction from each of you, and those of you who know me

well know that we try to make any meeting that we sponsor a meeting that we can call our meeting at the end of the day.

So what I'm going to do, I'm going to give an opportunity -- and my panel will be last -- any person, less my staff, that's in here today that would like to have an expression of any sort, you're welcome to do that.

Yes, sir?

MR. PIPER: Bob Piper with Hensel Phelps again. Can you comment a little bit on how you anticipate awarding the different groups of projects you've got out? In the past sometimes they've been forced to be stacked up against your fiscal calendar.

GENERAL WILLIAMS: Walter?

PARTICIPANT: As somebody said, we are beginning to issue the first tranche of solicitations hopefully tomorrow, and then we have a couple of more groups that will be coming out. We're trying to get them out as quickly as possible. So they are staggered. They're not all coming out at the same time. Our schedule shows that they will be awarded in an orderly fashion and not all at the end of the year, and I dearly hope that's the case.

Again, if you give us proposals that are good and

well-priced, then it makes it much more likely that we can move quickly to an award.

As someone -- I think General Williams mentioned, we award on a low-price, technically acceptable basis. So if we have a good proposal that is well-priced, we can go immediately to award and don't have to enter into negotiations. That very rarely happens because we very rarely have an acceptable price and a completely technically acceptable proposal.

So, again, it's a partnership. If you can give us a really good, well-priced proposal, we're much more likely to go to award and not be forced to the end of the year.

GENERAL WILLIAMS: Thank you. If anyone has an expression? Yes?

MR. HOPKINS: Richard Hopkins, Hopkins Food Service. I'd like to ask what your schedule is for updating the models for the food service equipment. Some of them are becoming out of date and no longer available. That's my first of three questions.

GENERAL WILLIAMS: Bill, do you want to speak to that?

MR. SCHMUECKER: Within the next fiscal year.

It's on our list. We're simply trying to prioritize conversion to CSI 32 or 48, addressing consideration of adopting the '06 building codes.

GENERAL WILLIAMS: Okay. Next question.

MR. HOPKINS: The second one was clarify that the list of equipment that's in there is basically a design intent list of equipment for the contractor to use to provide something exactly that or equal to in terms of procurement of that equipment.

MR. SCHMUECKER: Correct.

GENERAL WILLIAMS: Correct.

MR. HOPKINS: So based upon that, the third question is that then the contractor does his professional due diligence to recommend that that either be sourced from America or from a foreign country based upon the equipment and the availability of parts and service, correct?

MR. SCHMUECKER: Correct.

MR. HOPKINS: Thank you.

GENERAL WILLIAMS: Okay. Any other questions?

Well, this was not a question; this was a comment. They don't have to be questions. Okay.

MR. STEEVER: I'm Gordon Steever with Sycamore,

and I'm one of the new companies that isn't doing business right now. A comment, I guess. I thought it was a pretty open meeting, so my congratulations to you and your staff. I'm not trying to butter you up or anything, but I thought it was a good meeting.

I'm looking forward to the open house with Gina, and looking forward to doing business with the State Department.

GENERAL WILLIAMS: Appreciate having you here.

MR. STEEVER: Just a comment, another comment. It's been a very difficult agency to try and do business with, so I appreciate what you did today.

GENERAL WILLIAMS: Right. That's part of our doing this.

Yes, sir?

MR. VARGAS: My name is Felix Vargas. I'm with Spectrum Sciences & Software. This is our first visit here as well, and I want to echo the comments just made by the gentleman who preceded me. This has been extremely helpful for us, and I think that, as we look at engineering and security services that we offer, I think we see some opportunities.

I should also add, General, that I served in the State Department as a foreign service officer for 30 years.

I have served in the embassies that existed during the last part of this last century. I'm delighted that we're now taking steps to make them more secure and better facilities.

I wish I had had them in certain places where I served, but I'm glad that I have a chance now in the private sector to come together with my colleagues and offer a thought or two.

So again, thanks for inviting us to this.

GENERAL WILLIAMS: Thank you very much for your comments.

Are there other comments? Yes?

MR. PAPADOPOULOS: General, my name is George Papadopoulos with PKP Engineers/SEI Companies in Washington, D.C., and I had the privilege of serving on the industry advisory panel for the past 2 years, and I want to address a couple of brief comments to the A&E community, actually, because, in my exposure in the industry advisory panel, I completely became a believer in the design-build process, if it is properly done.

As A&Es, we always felt that the design-build process was something that was putting us very low in the

food chain. The model that has been developed, the program that has been developed by General Williams and his team on this design-build approach is a magnificent program. It did cross-pollinate with a lot of input. I was representing the American Council of Engineering Companies and I was representing the input of my organization into OBO, and several of our suggestions have been incorporated and, thus, we have a very successful program.

The other item I would like to say, there was also collateral benefit out of it. I did learn personally from the management skills and approach of OBO and applied it in several projects, in overseas applications, in private sector -- not necessarily OBO.

And the last comment that I have is the program is a huge success. However, there are new challenges ahead of it. I think we're going to move into the new issues -- that will be the issue of operations and retrofit. So I think it's time we start thinking about those challenges that lie ahead. Thank you, again, and congratulations for a very fine organization.

GENERAL WILLIAMS: George, thank you very much for your kind comments.

Yes, sir?

MR. SHEPHERD: General Williams, Ben Shephard with Project Developers. As always, a very stimulating and informative meeting. I appreciate you having me here. I'm taking home six pages of notes over and above your slides.

GENERAL WILLIAMS: Thank you.

MR. SHEPHERD: Our company is very excited about the number 3. I think you had mentioned before everybody has their favorite. As a specialty contractor, we're looking forward to working more with the State Department and OBO.

GENERAL WILLIAMS: Good. Thank you so much for coming.

Anyone else? Yes, sir?

PARTICIPANT: Quick question for the window man, Koby. It's on the risk side -- since we were talking about risk. The delivery of the window products, if perchance they slip significantly from our schedule, is that an excusable delay or compensable?

MR. STOLL: If it's on a critical path, it's compensable. Okay?

PARTICIPANT: Perfect.

GENERAL WILLIAMS: Okay. Any other -- yes, Mary?

MS. ANDERSON: Yes. Good afternoon. I'm Mary Anderson with Schnabel Engineering, and I'm also on the industry advisory panel and I wish to thank George for taking two-thirds of my notes from what I was going to comment on.

I represent the Society of American Military Engineers to the panel and frequently obtain their feedback from a lot of these issues that are discussed, and especially for the people that are new in this community, I would really like to comment and reflect upon communication and that with this program and with OBO, it's not one-way; it's two-way. What you're seeing up here on each of these slides and in this program are actually changes that have been made and -- directly as a result of the feedback of the community.

OBO does listen and does adjust, and I applaud you, sir, and your staff for this presentation.

GENERAL WILLIAMS: Thank you very much, Mary.

Are there other comments? Yes, Robin.

MS. OLSEN: Robin Olsen with Associated Owners and Developers, and I had the privilege also of serving on the

industry advisory panel. What I really like -- and I think the community and everywhere likes -- is the fact that you are bringing business and government -- and trying to get over the bureaucracy in order to do a better and more effective job, and I think the most impressive thing is that, even though you keep doing better and better, you never stop. Even when you're at a standstill, you're still moving forward, looking to do more to make it better. So you'll have a very nice legacy, all of you.

GENERAL WILLIAMS: Thank you very much.

Other comments from others?

Okay. This is it. We promised you 3:30. We gave you 2:45, so I should leave here as a good guy.

[Applause.]

GENERAL WILLIAMS: Just a minute, please.

MS. PINZINO: Everyone -- just one moment, please.

Before you leave, if you could just remember to save the date for Industry Days 2006, first of all.

The second item is, as the general said, in addition to the presentations, we're going to have the minutes and actually extract the questions that were asked today and post those on our website so that you can actually

view the answers as well.

If you have any comments, we will make space on there so that you can comment. If you think of things that you weren't able to perhaps express today, you will have an opportunity to do so.

Last but not least, I ask that you join me in thanking our wonderful staff who put this together today and the event planner, in my opinion, of the world, Roomers, Inc., a small business, who has helped us out over the last few years with the event planning. So thank them for doing this for you. Thank you, and we look forward to the next time around.

[Applause.]

[Whereupon, at 2:45 p.m., the management information forum concluded.]

- - -

