

## APPF Industry Day II Transcript December 15, 2011

*The following is a transcription of the opening remarks and presentations from Industry Day 2. Some portions were inaudible on the recording due to speakers not using the microphone or other reasons. If you have a question about what was said at Industry Day, please contact one of the individuals on the "Contact Information" page of the APPF Advisory Group Website.*

**Deputy Minister Sidiqi:** [Through Interpreter]. [Inaudible] Minister of Interior. What he will be doing is the mission of taking responsibility from PSC, from PSCs to APPF, and what he will be doing is based on a [inaudible] strategy. [Inaudible] existed in the country.

One thing is very important to us are the customers, so whatever [inaudible]. There are many customers who have situations about taking responsibility for [inaudible] the area, so we just reassure you that we will be continuing responsibilities [inaudible] Afghanistan. [Inaudible] continue. There will be [inaudible] security [inaudible]. Because it's part of [role playing]. When we do [inaudible] transferring the [inaudible] responsibilities from PSCs over to the APPF, we have our [inaudible] that there wouldn't be any security risk. That all the services that are currently [inaudible] the customers are required.

We are doing our best to [inaudible] actions, procedures, [inaudible] develop in order to transfer [inaudible] from the PSCs.

All those customers, all those [inaudible] operating in Afghanistan [inaudible], all those [inaudible] logistic companies are doing the logistics [inaudible] who are providing the job opportunities, to have [inaudible]. They have a great [worth] to us and they are very critical for us.

So it is very important to have them, whether all those customers who are providing services in Afghanistan, [inaudible] security they are critical to us whether they are logistical or [inaudible]. Their satisfactions are important to [inaudible].

In all of our course of actions, procedures, and [inaudible] that we will do, all of those will be based on need [inaudible] country and [positive documented] [inaudible].

All of the financial affairs assistance going to be placed in the SOE is going to be as simple as it should be and will be transparent.

Also we have an opinion right now with us that at the end of each year in order to have more clarity for the customers and [inaudible] community, we will have [inaudible] by the end of the year which has got to be [inaudible] [internationally].

[Inaudible] all customers are very critical to us, so that means your feelings are very critical to us here. Your situations are very critical to us. We are here to serve for you because you are very critical to us. We will listen all the considerations that you have, all the opinions that you have, all the recommendations that you have. We will listen to those, we will discuss those, and we will find ways to [inaudible] those.

All the [inaudible] going to take place between the customer and the APPF or SOE, that will be based on the recommendations and [inaudible] customers.

Although [inaudible] now at this time I would like to [inaudible] Dorman to have his words for you. We are [inaudible].

Thanks a lot.

**General Dorman:** Good morning to everyone.

It's good to see everyone here again, such a good, large turnout. Thank you Deputy Minister Sidiqi for your remarks.

I will tell you that since our last Industry Day we have continued to make significant progress. Over the last two weeks just the pilot program, the [inaudible] concept, we've also learned a significant number of lessons and gone through a lot of more refined and detailed planning.

I think as the Afghan proverb says, \_\_\_\_\_, you to me, me to you, and that's how this works. This is a collaborative effort and I appreciate that collaboration. It helps make us move forward every day, so it's allowed us to refine our process. And I assure you, they've been working day and night.

Today we'll walk through exactly how things went in the rehearsal concept and what we're still working through. No plan ever survives the first contact, we all know that. That's good, though, because it just helps make it executable, feasible, acceptable, and most importantly [inaudible].

I would publicly like to thank Haley Murray and Sid McKissock from Compass for their willingness to step forward and go through this test phase. Thank you very much.

For our private security companies here today, at the end of this event I encourage you to go back to the table we will have set up and register. That's very important. Go back and make an appointment for your transitioning so that we can come to APPF headquarters and walk through all the details of the transition process, applying for the RMC license, and transitioning the guards and weapons.

I cannot stress enough that your skills and expertise are needed in the continuing environment here in Afghanistan in order to provide risk management consultancy and advisory services and

help us move the APPF and the [inaudible] to where they need to be in 2014 so that we have a peaceful, prosperous, stable Afghanistan that is a place that you can do the important work that you do.

I'd also like to ask for your continued engagement with the guards out there, helping us engage them so we know what their choice is and how they're going to come over. We've gotten great indications from the majority of guards. We are already planning to come out with leadership to talk to them from the APPF. So we're willing to travel to your sites under your arrangements so that we can make that a reality. I think that's very important.

So for our implementing partners, I hope the results of the rehearsal of concept and information we provide you today will really give you that confidence to continue doing the important work that you do.

I'm sure there are questions so I'm going to get off the stage and I'll turn it over to Colonel McCormick who is my deputy and has been leading this joint team together with General Badr and working through, along with myself and Minister Sidiqi. So Can, over to you. Thanks very much.

**Colonel McCormick:** Thank you, sir. I just want to see [inaudible].

Can everybody hear me? I was told after the last meeting I probably ought to try to be as strong as the General [inaudible] and I failed, so I'll use the microphone.

It's been a really busy two weeks. I'd just like to say hello to my family back in the blue seats. Can everybody hear me in the brown seats? Cool.

It's been a very busy two weeks. As my father said to me, time flies like the wind; fruit flies like bananas. I was also told never to say anything when a translator has to work with you that he won't understand, so everybody, I apologize for that.

The same rules as our last get-together. Gentlemen rules. Everybody in this room has one common interest -- that is to do business. Some of us are doing the security of that business. Some are doing development. Some of us are partnering with our Afghan partners to make sure that those interests continue on all through Afghanistan. We're going to work with each other over the next couple of months very closely during this transformation. Let's start today with the professional relationship we want in that room.

I ask at the end or any time a question comes up, just like last time, you state your name, state your company, we'll get you a microphone that works so that everybody can hear you, and we'll move on.

Next slide, please.

The last time we got together we went through the processes that are transformational. How an RMC, what an RMC is, the concept, the procedures for that. The contracting template and terms. You should all have gotten that via email. How personnel, equipment, weapons are transitioned. And how this will work as we come together.

I'm going to turn it over shortly to Colonel VerSteeg and the team that have done the rehearsal of concept with Compass and started with Supreme, and they will go through the rehearsal of concept. But basically what we have done is set up this flow so that you come in, one stop shopping, and the processes are transparent, they're in one room, and we work together as we go through it because each part of it hinges on the other.

Next slide, please.

If it looks like the DMV -- Well, it will flow quicker. I'm practicing for my future. [Laughter].

This is the paradigm. If you go to the left end of the slide, that's what we are today. For some of you, that will continue for another year. For some of you that are doing diplomatic services, that will continue.

The middle is what we're going to. By 20 March we have to have all development and construction contracts transitioned. Anybody that is working an ISAF base or construction project can go on. Excuse me. Development and convoy must transition by 20 March. Anyone that is working ISAF fixed site and construction gets another year, to 20 March '13.

The right end is where we're going. The APPF will be able to provide full security services. That is the goal. That is what we're working towards sometime in the future as their capabilities and capacity grows, the intent is that the state-owned enterprise takes over that entire role.

Next slide, please.

Risk management consultancies and [inaudible]. A company of consultants. No longer are PSCs there under this concept as you go across the timeline. The RMC, though, is needed to provide that subject matter expertise. Bring in the experts in security to advise the customer and help manage and synchronize the operations on the site. Simultaneously, they will be helping build the capability and capacity of the APPF leadership.

Are there any questions on that brief introduction before we step into what you're all waiting for?

Colonel VerSteeg?

**Colonel VerSteeg:** Thanks, Dan.

Good morning, I'm colonel VerSteeg. I'm the Deputy for Support for the APPF advisory group. I'd just like to take a couple of minutes to explain the rehearsal of concept we've working on since the last Industry Day.

Next slide, please.

The rehearsal concept was designed to test the processes and procedures that were developed to accomplish the four major tasks. First is personnel transition from PSCs to APPF. We have a roster of guard information as well as an information sheet about each guard that's going to transfer.

Second, is the transfer of weapons to APPF. We have an entire roster of weapons, complete with serial numbers, to complete that transfer.

Next is the RMC licensing procedure. We're working with the DIAG to ensure that we know exactly what has to be included in each application.

Finally is the contract template. We've been working with the APPF to ensure that they're ready to begin negotiating the terms of the contract to be [inaudible].

We broke the concept into two parts, one for static guard and one for convoy security. For each of those parts we're working with Compass or CRN as a PSC, going through the processes and procedures that are in place. A couple of days ago we brought CRM to the APPF headquarters to run through a transition day just like each PSC will have to do. We had the stations set up that Colonel McCormick just had up on the screen. The results of that transition day will be discussed by each of the next couple of briefers.

The convoy [inaudible] concept is designed not only to complete the four tasks that are there, but also to help train APPF leadership in the conduct of convoy security. That half of the proof of concept working along with CRM and Supreme as the prime contractor is underway with the progress slower since convoy security is a much more complex task and the APPF doesn't have as much experience doing those operations.

The next briefier is going to take you through the things that we showed you during the last Industry Day, and then explain the adjustments that we've made since then.

With that I'll turn it over to Colonel Walker who is going to start discussing the particulars.

**Lt Col Walker:** Good morning. My name is Jim Walker. I am going to be discussing the few things that were involved in the proof of concept which will go to either risk management, process of licensing. We'll talk about the process of moving personnel and also weapons over, and then I'll be calling on Major Dave Luttrell who will discuss the contract.

Next slide.

The first couple of slides you're going to see on each of my sections you've seen before, last Industry Day. They also went out in your packet.

The first one is the risk management companies and the process to do so. You're going to recognize, a lot of you that are PSCs, that it is very much similar to the private security company process of getting a license. You're going to get an application through the DIAG office or the PSC office of the DIAG. Fill everything out. Make sure you're meeting all the gates which we'll cover here in a second. Bring it into the PSC office, make sure that it meets all the requirements, and then you'll be issued a license. The license right now, we do believe that will be signed off by the Minister and then we can get this executed.

Next slide.

Those items that you see up on the board, you'll recognize. These are the same types of items that you have when you were getting your PSC license. You need to have an [AIISA] license. Again, if you're a private security company you cannot have both licenses. You're going to have to develop another company, get you another [AIESA] license. You're going to have to get your bank guarantee. If you're a foreign company you're going to have to have copies of all your passports and visas for all your foreign nationals. Things of that nature.

Next slide.

Rehearsal of concept. Procedures have been set forth. The High Council is pretty much in agreement. However, they have not been approved. I'm sorry I'm speaking very fast. I'm kind of nervous. You guys make me nervous. [Laughter].

Compass did a really good job of creating the binder which kind of looks like the binders that you find with all your case officers in the DIAG. All of your information, the incorporation, your [ISA] license, your corporations from whatever company you're licensed through. You have a copy of all of your employees' roster. You have the passports and visas, photocopies inside. Plus your weapons. Any of the weapons that you have registered with the PSC office, Compass very much had all that documentation in there. So we can just turn that documentation over to the PSC office, they can go through, explore, you have your bank guarantee as well as your licensing fee, vouchers from the Bank of Afghanistan, and you should be good to go.

Compass did not receive a license on that day. We're still waiting for the High Council to sign off on it which is what you authorize or send forward to the PSC office that they will validate that license process, and therefore get the actual license signed off by the Minister.

One of the things that we did, see their concerns which are typical concerns that we see with private security companies involving other ministries. All of you are aware that we have issues with getting the visas through MOPA. Deputy Minister Sidiqi has gone forward to meet with

some of the other ministries to help facilitate that process so that we do not have these sticking points.

Communication. We know there are issues with getting communication licenses. Roger. We understand that. We're going to facilitate that process as well.

Department of Labor, getting your work permits for your foreign nationals. Absolutely. We understand that. We've worked through this process before with you as private security companies, we understand that. We'll be there to facilitate.

Just as General Dorman mentioned and Colonel McCormick, we have the APPF Advisory Group that works at the APPF on a daily basis. So myself, as many of you recognize sitting in the DIAG office, we're going to have many green suiters and our civilians are going to be working there day to day to help facilitate this, working with our excellent partners.

The key thing you will find is that once the [inaudible] is approved, the PSC office that's under the DIAG will move to the APPF and will become part of the APPF. So again, you can go to APPF to do your contracts. You'll also be able to do the licensing process for the RMC right there on location, be able to [inaudible] so that that also can move over, which we hope it will be in the next few days.

Again, waiting on final approval so that we can execute the license which I've been told that when everyone goes out and signs up for their time that we will have that process in place so that the process will work once you come in to do all the transition, we can issue a license.

Next slide.

Personnel transition.

Again, the next couple of slides you've seen before when it was briefed at Industry Day I as well as what you found in your packet.

When you got your packet, we're going to ask for two things, we did ask for two things from you on the initial Industry Day. A complete roster of all your personnel who are going to transition over to the APPF. We went out and talked to them. They said yes, I will transition over. Great. A complete roster.

The second thing is the individual enrollment form. This is going to have a little bit more biographical data than what we need about those individuals. Things like their training records, how far have they been certified. Are the static guards, are they convoy or are they PSC? Also uniform sizes. What size top, bottom, boots, things of that nature so we can start preparing for those items which you will need as they transition over to the APPF.

Next slide.

You've seen this. It's the accountability roster. Again, nothing more than a list of all your personnel who do agree to transfer over to APPF.

Next slide.

What happened to the proof of concept? Again, Compass, thank you very much, brought in a complete roster of all their individuals that are going to transfer to the APPF. Did a little modification on the accountability roster which only included the zone so we can get our [own] headquarters involved in the transition process. Very minor. You'll see that when you go to the web site and log into that form. Again, it's just APPF [zones] so we can still take transition.

One of the concerns we did find is that, as we know, MOI has [inaudible] biometric capability. It's not that robust. We're going to be transitioning potentially 11,000 PSC guards over to the APPF, but we know there will be a challenge to get all those individuals enrolled.

We do know that many of these contracts may have their guards already enrolled into the biometric system. So on the enrollment form, the second form, again, we want to find [inaudible], you go to the web site and find out. We then [inaudible]. Please tell us what if any biometric system they've been enrolled on. MOI or ISAF. That will facilitate us so we can start our planning on who needs to go and [inaudible] and biometrics so we can ensure that there's no lapse of security. So it's incumbent upon you to provide that information to us.

Pay process. As we briefed before, there's been a slight change in the pay process and I'll let Colonel McCormick discuss this at the end, but it still stands. The intent is for your guards to be transitioned over to the APPF at the same salary. So we ask when you give us that individual enrollment form for your guard, please tell us how much that individual gets paid. That will be negotiated within the contract, and I know Major Luttrell will talk through that issue. That's what we want to know so that we can retain that experience that is out there in your companies. We want those individuals to transition to the APPF because of experience and because it facilitates, it mitigates any type of lapse of security that may be involved.

On those other things, when you're filling out your APPF accountability roster, we know that some of your employees are not going to transition over. That's okay. But as soon as you start handing over those forms we'll be able to identify what are the shortages out there. What are the shortages? So as you come in and start negotiating those contracts with the APPF we'll already know great, you require 30, you've got 25 transitioning over, we need to start executing our recruitment process so that we ensure that those other five individuals show up to work when your contract takes effect.

Two other types of modifications to what we've discussed. One is there will be an individual contract form to go out. It has been loaded to the site, I believe, and we'll ask that you bring that in for each of your individuals that will be transitioning over to the APPF, that he goes and signs the form which is nothing more than a contract form that all APPF sign.

I will join APPF based on this salary and this rank. This goes to another one of the concerns about rank.

With the attention of your leaders, your Afghan leaders to be transitioned over to an APPF commensurate rank. You understand the pay issue, of which your leaders probably made a significantly larger salary than what your basic guards do. We understand that. We're going to start transitioning those individual supervisors over to a commiserate rank. That will be worked out in the contracting process as well.

The last thing, another new form, nothing more than a medical form. Same medical form that all APPF individuals have to fill out. We're going to work through that process which has not been solidified yet. Bear with us as we go through this process on determining when, how and by what standard a medical form will be filled out.

Next slide, please.

Weapons transfer. Again, weapons transfer the next two slides are nothing more than what you've seen before. Weapons to be transferred to the APPF. Remember, weapons that you might have placed if you're a PSC [inaudible], will come over to the APPF. Those weapons will come over to the APPF. Any other weapons will be either negotiated or transferred to the APPF or exported.

I know some of the companies out there, as we mentioned before, they have weapons that do belong to the U.S. military. Of course those weapons will just be given back to your prime contractor, the U.S. government.

Next slide, please.

Weapons inventory sheet. Again, type of weapon, serial number of the weapon, and the serviceability of that weapon. It's very important that we get all that information on there. Again, this is exchange of information. The individual supervisors that you transfer over to APPF that become officers and NCOs, they will be the ones responsible for those weapons on site. We work that process as well. So they'll be evaluating yes, this is a fair weapon, this is if their weapon is [inaudible].

Next slide.

Rehearsal of concept. Again, Compass came in, set the standard on this is what we want to provide to the APPF so they can review, the weapon, its type and serviceability of those weapons.

Some of the concerns. Right now APPF doesn't have the ability or means to purchase those weapons and there's not been a standard for fair market value placed upon those weapons yet, so we're waiting on the High Council to get that done which we assume will be shortly.

One of the concerns I know from one of the PSCs they were discussing about your expatriates that will be moving over to the RMCs. Everybody wants to keep that same weapon. I understand that. You want to take that same weapon, you have it sighted, you have your own kit decked out on that weapon, got it. We're going to work with the PSC office that we can transition those weapons for your expats straight to, letter transferred over to our RMC. So your expats or your TCMs can keep those weapons. We'll work the whole process with, as those weapons transfer off of the PSC books and move over to the RMC, when you do your registration for the RMC process those weapons now become, are registered as RMC, under the RMC license, are taken off the PSC license. All those weapons that are being transferred over to the APPF will come off your PSC license in the DIAG.

Changes. As was talked about last night as we were informed there's been a slight modification on how we're going to transition weapons. Weapons will be transitioned to the APPF. The APPF will not buy them. The negotiation between the PSC that's giving those up and the customer about compensation transfer needs to be worked out. Again, this is brand new. We're going to work through this whole process so we can help assist in that defining how that's going to be done. The companies are going to have to work that out amongst themselves.

Wow. Look at all the smiles.

**Voice:** Let's step back on that just a second. It's been determined during this process that they can't buy the weapon from you. So what they are doing is, the process we're looking at is to look at what considerations can we give you in return for the weapon. So what they have looked at is instead of a weapon charge over the next contract period for the weapon you've just turned in, there will be no charge for that weapon. The weapon would become APPF property; they would bring it back to you at no charge.

If you're a PSC that owns the weapon today and you're not paying because it's a contract between the customer and the APPF, how do you get your money? Yes, that puts a burden on you as the PSC and the customer you're working with to work out how you recoup the money for that weapon. That is at your choice. You still can do what you could legally do before which is export your weapon.

**Question:** Sir, I just want to clarify that last point that requires the customer, the RMC, to negotiate compensation. We as customer, partners, we can't purchase weapons.

**Voice:** You're not purchasing the weapon. What you are purchasing is the service from the APPF. In that service from the APPF is a guard, their kit, and a weapon to come down, if you're using an RMC as your agent, they're doing that for you. But what I'm talking about is if a PSC

owns a weapon today and he hires a guard, he is bringing those in, as Jim talked about at the beginning, and they come over to the APPF control. Some of those weapons were on the bridging [inaudible] and those are property of the APPF as we all signed up for when you signed the bridging tasking order. Other weapons are owned by the PSC and they have legal choices that they can do. They can export that weapon or they can provide it free to the APPF in consideration that the APPF will not charge for that weapon back. That compensation that needs to happen is in the contract between the customer and that RMC to work out hey, I just gave up a \$600 AK-47 so we could get it back for free. I need to recoup my \$600. That transaction we're going to have to put on the RMC customer relationship.

If the PSC chooses to do this, if they choose to export the weapon, that's a business choice of that company.

**Lt Col Walker:** Thank you. I apologize for not explaining that correctly.

Next slide.

Up-armored vehicles. [Inaudible] up-armored vehicles, correct? So we're going to help facilitate this as much as possible. We understand, again, registration of up-armored vehicles just like for the licensing of weapons, will be retained in DIAG. So we'll help facilitate that process because we know as RMCs you're going to want to have, as well as your customers, the use of up-armored vehicles. We're going to work through this process. We want to sit down legally, the appropriate fees -- We want to facilitate that process of getting those licenses.

I'll be followed by contracting with Major Dave Luttrell and then we'll follow up at the end with questions. Thank you very much.

**Major Luttrell:** Good morning, my name's Dave Luttrell. I'm one of the contracting advisors for the APPF advisors group. When we met here a few weeks ago, not here, but when we had Industry Day I, the slide that we have up here are some of the things that we discussed.

The customer will contract directly with the APPF. The customer could get RMC if that RMC is an agent of the customer.

The way I explained it before, it remains the same. The contracting template will be used as a proposal, for lack of a better term. The customer will fill out the information, specifically Annexes B and C which will identify the line items for the numbers of guards, transportation, the different logistic cycles. The annex C is the site survey. What contracting folks would normally consider to be the statement of work or the performance work statement. That will be brought to the APPF and presented to them. That is your offer, your request for the services. The APPF will then take that request and you will sit down with the APPF and negotiate those items.

The contracting template is written in a manner where the default is that the APPF provides everything, a turn-key operation.

The first contracts that we do initially here, that will not be the case. The APPF will provide the guard, the uniform, the weapon and the ammunition. The customer will provide all of the other services.

The template is written in a manner where each one of those specific items can be negotiated. And that is what was done during proof of concept on Tuesday.

The process has changed since Industry Day I. I think I'm going to allow Colonel McCormick to discuss that after I'm finished with the contracting portion.

The ones that are negotiated, I'll just [inaudible] it again. Everything else -- the food, the water, the fuel, the transportation, the billeting, things of that nature.

Oversight and contract management. If the customer chooses to hire an RMC through a commercial arrangement to be their agent to deal with security services and contracting with the APPF, they have that expertise and security in providing those services. They can [inaudible] your customer because it is an assumption that that is probably not one of their core business competencies.

Dispute resolution. This process hasn't changed from what was discussed in Industry Day I. It is hoped that any disputes can be resolved at the signatory level. If they cannot be resolved at the signatory level, an arbitrator will be hired and arbitration will be conducted in accordance with the International Chamber of Commerce. If that is one, not acceptable to the customer; or two, does not ultimately come to a decision, then the resolution will take place through the Afghan court [side].

Those are the things we discussed last time at Industry Day I.

Now I'm going to kind of go through what took place on Tuesday when we did the proof of concept.

Let me thank up front Compass and their personnel, Sid and Haley for coming in. They did a lot of work and they were extremely helpful. Let me also thank Colonel Hashim for his guidance and his professionalism in going through the negotiating process.

You have a contracting template. The customer has a requirement for security services. They complete the contract template. Annex B, identifying numbers of guards and things like that, other logistics issues. Annex C being the site survey, the statement of work and the performance of work statement.

Let me point something out, and it was a question that was asked yesterday during our rehearsal, and I want to say this. The contracting template, whatever detail is required for your statement of work or the security services needs to be included in Annex C, the site survey. It should lay out in minute detail exactly what you want performed. Okay?

Some of the concerns. Compass [inaudible]. They had completed much of the contracting template. Some of the numbers as far as what was going to be charged for individual guards and things like that, we had not arrived at those numbers at that time so we didn't talk specifics about numbers.

Some issues that were brought up. Death gratuity. I was just informed that the death gratuity for the APPF guards that currently belong to the PSCs that will transition is \$14,000. It is \$14,000. I know that perhaps not all, but a vast majority I believe of the PSCs were doing that, so that will remain.

One of the concerns from the APPF personnel as well as Compass were lack of payment or lack of performance. What happens, from the APPF's perspective, what happens if the customer doesn't pay? The contract template, and this is one minor change I believe. In the original we had it at four months. It is two months. If the customer does not pay the APPF for two consecutive months, the contract will be terminated. The contract may be terminated.

With regard to performance, if the APPF does not perform in accordance with the terms and conditions of the contract, that should be immediately raised with the APPF in writing. The procedures for dispute will begin. If you have a guard that is not performing to standard on your site, again, same concept. You need to notify in writing the APPF leadership, or you can notify whoever the site commander is and he passes it up through the chain of command so that the APPF leadership can resolve it.

Dispute resolution for non-payment of performance. We discussed that.

Another thing that was discussed, the APPF personnel that were sitting at the table, driving the question about what do we do if we don't get paid? [Inaudible] back into the working capital concept. That is being discussed at levels above Major Dave Letrow, but it is being discussed and it is being worked out. It is expected the APPF will have working capital to absorb, for lack of a better term, a late payment or a non-payment for a month on a specific contract.

Colonel Walker discussed it briefly, we actually had a fairly lengthy discussion about this. If you have say a colonel currently in the APPF, he's been in the service of their country for 20 years, and they're making X amount of dollars, you have an individual coming out from the PSC that is performing commensurate services. Probably being paid more. We understand that there is some concern with regard to the PSC personnel coming over, making more money. What we have discussed in detail at my level, at contracting, is a patrolman, somebody who does patrolman duties will come over as a patrolman in the APPF. Somebody that performs NCO type duties will come over to the APPF in that capacity. And officers. We realize there are

different ranks of patrolmen, there are different ranks at the mid-level supervisor level, and we know that there are different ranks at the supervisory level. We are working through those issues now.

My personal opinion. When we were sitting at the table with the APPF personnel, Colonel Hashim and his assistant, as well as Compass, sitting down and discussing this. The numbers were not there, I understand that. But conceptually, going through the negotiation process and talking about the issues one by one, I'm completely confident that the APPF and the PSCs converting to RMCs and the customers can work through the negotiation process in a relatively short period of time.

That's all I have. Thank you very much for your attention. I'll be followed by Colonel McCormick.

**Colonel McCormick:** I'm going to walk through guard, fee, cost, then I'll do a little recap, we're going to take a break so everybody can work on the hard questions, and then we'll come back.

You notice we've loaded today's agenda so that we have time to go through your questions and we're going to stay and get through all of them.

We understand the importance of pay as we do this transformation to keep a qualified guard force and leadership on the site. Working with GIRoA, the APPF, they looked at the challenge and said a guard will be paid their salary, the ANSF commensurate salary, which for a basic guard is \$165. On top of that \$165 will be a hazard pay. That hazard pay is the delta between what the customer needs to pay to maintain his work force if he was keeping that work force.

So if today you're paying a guard \$400 to work at your site, tomorrow, as you contract with the APPF, you will contract for a total salary of \$400. If that's what you want to do. If you believe is what it takes to keep a guard in that location. \$165 plus the delta.

There is a one-time uniform charge right up front, \$260. That's a summer and a winter uniform.

Then there is fee. The fee has many categories. It has the pension plan, it has the death gratuity, it has profit, it has weapons. As the fee was put together, weapons weren't included in the fee. It was done at a ratio. Back to what Major Letrow said. The contract is a template. This fee is worked out to try to give everybody in the room an idea of what the fee is today. As we go through negotiations and the ratio that was used in the fee is something that you want to talk at the table with APPF, that's the time to talk about that ratio.

**Question:** Is that per month?

**Colonel McCormick:** The fee is per guard per month.

Next slide, please.

The General mentioned that my slide looks like what many of us in the States would say is a DMV office. You come in and you get your forms, you wait in line to get a number, you get a number, you go to a window, and the person helps you and eventually at the end of that process you hope for your license.

There's a difference. This particular DMV office is here to help. So we have a robust partnership that we are doing with our partners at the APPF. We are going to be shoulder to shoulder.

It was briefly touched on that we understand the considerations, the challenges we faced in the past doing these processes. OSAC has pointed that out to us. Compass/CRM has pointed that out to us. Many of you have pointed those things out to us. We get many emails about the visa process. We get many emails about the tactical vehicle process. We get many emails about global warming. Some of these we're going to work on. Not all of them are in direct control of the APPF leadership, but there have been efforts to reach out. We have highlighted these challenges with Minister of Interior, we've highlighted these challenges with the other ministries. We are going to be there. There is a commitment with the team to work through those. Because at the end of the day if all of this process works and we can't get a visa for the professional work force, we understand that there's a gap in security and we have failed in our goal.

So as Compass has come in, they have given their challenges. We're working those currently.

Carrot and a stick. The earlier we start working the challenges that you are having in your particular incidents, the better off we all are.

**BG Dorman:** On that, if I may, I have a requirement to brief this to the Council of Ministers essentially with General Allen. I brief it every week. So it's not as if that dialogue that we get almost daily from you goes into his meetings with President Karzai and the ministers to ensure that those ministries that would have ordinarily in the past given us cause for reflection based on some bureaucratic lack of capacity or bureaucracy, whatever you want to call it, so that almost daily we're going in to do an update, what is the potential three days down? That's how closely it's being scrutinized by Ambassador Crocker, General Allen. So that in their engagements weekly with [inaudible] at the Council of Ministers and one-on-one, I have to have the following tasks complete. He's relentless. Any of you who have met General Allen, he and Ambassador Crocker are both very relentless in that.

So while it sounds good, it is a close fight with them on a daily basis, wondering what's next, what do we have to do, what engagement do we have to do, and what tasks do I as a four star action officer have to accomplish for you if that's necessary.

**Colonel McCormick:** It was touched on during the presentations that the rehearsal of concept was a dry fire. There was no round in the chamber. We do not have currently, sitting on the table, the final copy with all of the stamps on them.

What we do have is those processes have been reviewed. They have agreed to those processes. What we are waiting for are the final signatures. So we're pushing to get those documents on the table. Once those documents are on the table we're able to establish the bank account. The bank account where the fee for the license will go. So because we've gone through this process with Compass that step to a license will be very quick and CRM will be an RMC able to do their business and provide security for the two sites that we're talking about in the rehearsal of concept.

What do we need from you? Industry Day I, we asked you to sign up for an appointment so that we can manage the workload. We need to bring over approximately 270 sites, 75 plus contracts, up to 46 PSCs, 11,000 guards, thousands of weapons. We've got to do that before 20 March. We have to do this entire process before 20 March. If everybody waits until 19 March, we will have a gap in security because we do not have the capacity and capability to do all that in a day.

To help us, to enable us to get through the challenges like biometric screening and visas and all the other challenges that I know you're very familiar with, we need you to schedule.

As I walked in today, we've got a couple of packets. We've got a couple of appointments. We've got a room full of people that need to do it. I ask that you ask your hard questions today and we start getting to the table where we can do one-on-one hard questions with our APPF partners so that we can get this done.

Biometric screening is a huge challenge. Those rosters help us figure out how we're going to help you.

We touched on rank. We understand if you have a leader today you don't want him to become a guard and stand the picket line tomorrow. It makes sense that he comes over at the right rank. That is going to be done at the table. That's agreed upon with our partners, that that will happen but we're going to do it at the table. You're going to give your recommendation because you are the most familiar with his capabilities and your site-specific needs.

Pay process. We talked about how important it is that the guards get paid. During the rehearsal of concept we did not move money. We did not present vouchers yet. We did not reconcile vouchers yet. We recognize this is a critical step. We are now ready with CRM to step to that next step, take the vouchers that -- We will do a practice session with vouchers so that the guards that they want to bring over and then hire back as the agent for their two sites, we're going to practice that process. The money is put into the account, the vouchers are submitted, the vouchers are reconciled in a timely manner, and the pay is released for the guards. Recognize that the goal of the APPF is to go to the same system that they use for the

Army and for the police force. Transparency of electronic fund transfer helps to cut down on the challenges in the pay process. That is a goal. We recognize that EFT is not available everywhere that you have guards and sites. They recognize that cell phone payments aren't there at every site for every guard. They recognize that cash across the barrel head is still a requirement at sites for many of you. The goal is to get it all electronic. The goal is a peaceful and prosperous Afghanistan. We are all stepping towards the goal. We will work on that process together as we go through each one of your company's appointed days.

With that, I suggest we go for a 15 minute break, rejuvenate, get ready for the tough questions. Write them down. We're ready for them. Thanks.

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