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SUBJECT: MOL Policy Committee Meeting - 20 May 1966

ATTENDEES:	General Evans	Secretary Brown
	General Furguson	General Berg
	Secretary Flax	Colonel Randall
	Secretary Paul	Colonel Dennen
	[REDACTED]	Colonel Walling
	Secretary Marks	Colonel Lind
	General Schriever	Colonel Dietrich
	General Blanchard	Dr. Yarymovych
		Mr. Sampson

General Evans: Introduction.

General Berg: Status of program and confidence in cost estimate.

Secretary Brown: Point: 337 for FY 67 was based upon early 1969 first flight.

Mr. Sampson: Concept and descriptions of system.

Secretary Brown: Let's review frames versus targets. Clarified in discussion by Dr. Flax.

Are we band width limited? Discussion of variation in auto mode, effect of crypto security and number of ground stations.

General Schriever: Satellite control not like Houston -- much smaller.

Colonel Lind:

Secretary Brown: Makes you wonder if DAC knows what the program is. Referred to independent estimate versus DAC proposal (9-shot program).

Dr. Flax: Questioned the need for 19.0 more in 1967 for Option 6. Expansion and clarification of request for increase in 1967.

General Blanchard: How are you going to get down to 1751?

General Schriever: By negotiations and a meeting with contractors I had yesterday.

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Discussed meeting with top management of MOL contractors: "I think contractors will come in lower than \$2.3 billion." Used Martin example of TIIM costing.

Secretary Brown: "If Navy wants the below the line, they better put it up."

General Evans and Dr. Flax clarified point that definition for Navy programs is a part of our line item.

Secretary Brown: "I won't say that the 3.0 (Navy) comes before the 80 required in 1967 for basic MOL Program".

Not clear that 80 will survive committee action, unless we can prove need.

General Berg: Summary & General Discussion:

General Schriever: He and Dr. Flax recommend Option 6. Dr. Brown agreed; with point of need to resolve what is in first manned flight.

Dr. Flax: Discussed compatibility model. Might as well put it in orbit. Forces other contractors to recognize need to fly on schedule. Even if we change our mind later, we will minimize the effect of individual contractor problems not being resolved until second manned flight. Heat also is on EK to do quality job initially. Dr. Brown agreed.

General Schriever: 30 days out of 7 months factory-to-pad flow will help. Contractors will support the schedule.

Secretary Brown: Even if 19 more in 1967, Option 6 looks better.

Secretary Marks: Illusionary saving by cutting back end of program. Flax pointed out early intelligence return is worth it.

Explanations in general sense will have to be honed down to specifics for each element of cost increase. Like in F-111 program.

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Hope someone is working this for third floor.

General Berg stated we have completed this exercise.

General Schriever: Since we did not have firm quotes from contractors, don't believe contingency should be added. Brown agreed.

Dr. Brown: When you negotiate the contracts, then change program estimate. No contingency: to protect against leaks to contractors and thus not have them include these dollars in their proposals.

Secretary Marks: 80 will cause drastic change to AF Program. Must get the 80 through Committee.

Secretary Brown: "We have not been directed to do MOL yet." Comment was made with respect to priority for dollars".

What's to DOD?

General Evans: What you have seen plus details of cost data. FY 67 in detail.

Secretary Brown: I don't have confidence we're within \$20 million of estimate. I don't think, even with all the fine work done, you know it to that tolerance.

Secretary Paul: May get some static on Option 6 downstairs.

Summary: The guidance provided as a result of the briefing appeared to be as follows:

1. Use 7-shot program on Option 6 schedule.
2. No contingency should be added to the SPO cost estimate at this time.
3. When negotiations are concluded with contractors, a firm program cost baseline can be established.
4. The FY 67 budget requirements should be discussed with DOD using the SPO estimate.

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