MBI Member Testifies to Congress on VA Contracting & Procurement Practices

Linc Moss, Senior Vice President & Chief Operating Officer of Ramtech Building Systems, Inc. testified Sept. 23, 2010 on behalf of MBI at the Subcommittee on Health of the U.S. House of Representatives Committee on Veterans’ Affairs hearing on “VHA Contracting and Procurement Practices.”

The purpose of the hearing was to identify potential weaknesses in the Veterans Health Administration’s (VHA) contracting and procurement policies that prevent design-build contracts and to explore alternative solutions.

Throughout the construction industry there is a growing concern with the VA for soliciting construction projects that call for the “Design-Bid-Build” delivery method. This traditional project method is often more costly and less efficient than other delivery methods and its restrictive nature prohibits alternate forms of construction, such as modular construction, from being able to participate in the bidding process.

Design-build, on the other hand, streamlines project delivery through a single contract between the government agency and the contractor. It’s a process that saves time and money, improves communication between stakeholders, delivers a project more consistent with the agency’s needs and also allows our industry to participate. It’s a process several other government agencies have embraced over the last decade, including the U.S. Army Corps of Engineers.

Within the last few months, there have been two separate RFPs issued by the Department of Veterans’ Affairs (VA) which modular construction companies were capable of performing. However, because the RFP was issued using a project delivery system that excludes alternative forms of construction, such as modular, these companies were unable to participate.

Moss said our industry was asked to be represented at this hearing because, “MBI puts considerable efforts into lobbying the benefits of modular construction and apparently those lobbying efforts are paying off. Our industry offers an amazing product and I believe government agencies are just now beginning to realize the attributes of commercial modular construction.” (continued on page 3)

ASSOCIATION UPDATE

I want to thank all our members for supporting MBI’s industry efforts this year, a year full of both challenges and new opportunities.

As evidenced by the stories in this newsletter, MBI has been working tirelessly on behalf of the industry. The association actively represented our industry on key issues in New Hampshire, Pennsylvania, California, Nevada, Arizona, Washington, and the U.S. Congress. MBI also organized code compliance calls with top modular code officials in several regions and was also able to have discriminatory language against our industry (continued on page 5)
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The US Senate Committee on Indian Affairs met Sept. 11, 2010 for a first-ever hearing of its kind to be held on an Indian reservation. Attended by Senators Al Franken of Minnesota and Byron Dorgan of North Dakota, the committee heard testimony on school construction and facility needs for the Bureau of Indian Education. MBI past president Marty Mullaney was one of only five witnesses to address the committee. On behalf of MBI, Mullaney shared insight on the benefits of modular classrooms when building new schools or replacing or remodeling existing ones. In light of a severely reduced Indian education budget, the committee was particularly interested in hearing about ways to save time and money, as well as finding contractors that could work in remote locations -- concerns that are easily addressed with modular construction.

Jack Rever, director of facilities for the Bureau of Indian Affairs, commented on Mullaney’s participation. “I appreciate the MBI testimony at the hearing this past Saturday. The tone and professional approach before the committee speaks volumes about your organization.”

View the testimony at http://indian.senate.gov/hearings/hearing.cfm?hearingid=4773&witnessId=9661

As a follow up to the hearing, MBI will be planning visits with members of the Subcommittee on Health one-on-one and hopes MBI’s efforts will lead to the improvement of the VA’s procurement practices for projects that will be beneficial to both our industry and the VA.

On Sept. 2, 2010, Rep. Sanford D. Bishop, Jr. (GA-02) visited the Marvair facility in Cordele, Georgia. After a tour of the four production lines and the Engineering lab, Congressman Bishop addressed the employees. “I am extremely impressed with the products I saw being produced today. The factory and the people here at Marvair are proof that Georgia companies can and do compete successfully in a world economy.”

During lunch, the Congressman heard about several legislative issues and opportunities that are facing the HVAC industry and promised he would look into them. After the visit, Rep. Bishop and Kenneth Cutts, the Albany District Director, decided that the Marvair facility would be the ideal location for a campaign spot. Filming of the spot took place on Tuesday, Sept. 7.

The visit to Marvair was prompted by a suggestion from the Air-Conditioning, Heating & Refrigeration Institute (AHRI) to invite legislators to visit companies in their districts. AHRI is the trade association representing manufacturers of air conditioning, heating and commercial refrigeration equipment. [Pictured: Congressman Bishop (right) with Paul Mechler, President of Marvair (left)].
MBI’s International Green Construction Code (IGCC) Plan

In an effort to move beyond voluntary green building codes, the International Construction Code (ICC) released the first version of the International Green Construction Code (IGCC) in March 2010. This new code, which is expected to be widely adopted by municipalities and states across the U.S. (as well as regions in Canada), failed to consider the unique characteristics of the modular construction industry, specifically the relocatable buildings segment.

Implementation of the IGCC would require retrofits to the existing fleet that would be highly burdensome or physically impractical given the size of most relocatable buildings. These new requirements could impact over 400,000 existing relocatable buildings, essentially making $5 to $6 billion in assets obsolete.

Threats to the Industry:
• The existing asset base (estimated at 400,000 units/$6 billion) will need to be retrofitted to meet new IGCC requirements where adopted
• The IGCC contains levels of green and project electives making code uniformity a near impossibility
• As written, our industry has no path to compliance for existing units intended to be moved
• The IGCC will add tremendous cost to a product and segment that is cost driven
• It is not practical or even possible to apply IGCC requirements to buildings with a small footprint
• At this point, state modular program administrators are uncertain as how to enforce these potential requirements. Numerous cities in numerous states have already signed on as supporters of the IGCC
• There is talk that this IGCC code will be “blended” with the IBC in the 2015 cycle, making it a national code

Opportunities for the Industry:
• Modular construction is resource efficient and generates less waste during construction
• Reuse of entire buildings (or substantial portions thereof) is a green concept
• Modular buildings are more readily designed for disassembly and deconstruction
• The modular process is more environmentally friendly in that it minimizes site disturbances

This code is not something our industry will be able to ignore. With the concern that the IGCC will be more or less mandatory by 2015 given the reach and speed of adoption of past ICC codes (IECC for example) and the widespread participation and support for the IGCC, it is essential that the next version of the IGCC address the needs of both the permanent and relocatable modular industry.

MBI has formed working groups and hired outside code and sustainability experts to address the threats and opportunities in the IGCC. The industry has an opportunity to make new comments after the release of IGCC Version 2.0 in November. We will also review posted comments in late March and attend hearings in Dallas in May 2011 to represent the industry.

As many have stated, this code represents the single largest threat to the fleet side of our business ever. The code, however, also creates some opportunities for modular. MBI will need the help of the entire industry to help navigate and shape the IGCC so that we minimize its unintended negative consequences while maximizing potential opportunities. We thank those companies who have already assisted in this effort and thank in advance all our members for their support.

TX Congressman Visits MBI Member Facility

Congressman John Carter from Texas recently visited Clayton Home’s Trendsetter facility. He decided to visit the plant when he was in the area making a visit to Fort Hood. After a thorough tour of the Trendsetter facility, he addressed the employees. He spoke about how impressed he was with the work of Clayton Homes and the modular construction industry and offered encouraging words about the future of our industry. As a member of the department of defense budgetary committee, he also told the employees that if they need anything allocated for construction projects, especially for military, to contact him. He was very accommodating and there is no question he wants to help sustain our industry and help us grow.

(Pictured in suit + hard hat: Congressman Carter at Trendsetter Construction)
removed from government RFPs. Also, former MBI President Marty Mullaney recently testified in front of
the Senate Indian Affairs Committee, while MBI Past President Linc Moss testified before Congress on the
Veterans Affairs contracting and procurement practices.

MBI’s outreach efforts were expanded significantly in 2010. MBI had numerous placed articles in key industry
trade publications. MBI is also reaching end users and design professionals through its continued efforts
working with the American Institute of Architecture Students and Architecture for Humanity sponsoring
their green student design competitions. In addition, MBI formed an alliance with Associated Builders
and Contractors to work with Non-Governmental Organizations to respond quickly and efficiently with
rebuilding efforts following natural disasters. MBI also rolled out its online “Essentials of Commercial Modular
Construction” training program.

The upcoming year promises to be an important one for the industry. A major focus for MBI will be getting
industry-friendly language adopted into the proposed International Green Construction Code plan and
implementing a comprehensive plan involving direct lobbying, public relations, grassroots efforts and industry
training to promote our industry’s inherently green advantages. MBI will also be conducting regional meetings
in various locations throughout North America and Canada.

Of course, none of this is possible without your support and membership. Please consider
contacting the MBI office to renew your 2011 membership now. We appreciate your involvement
in our industry and look forward to working with you in the coming year.

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IN REMEMBRANCE...
Russell (Pat) Joseph Taylor, Sr., 74, of Ellaville, GA passed away September 16, 2010.

In 1978, he founded King’s Custom Builders, an early supporter of MBI, and in 1987, Southwest Georgia Wholesale. Mr. Taylor also founded King’s Academy Christian School in 1986. He was on the board of directors for Lifeline Ministries and was an advisor for Blount Youth Home. Mr. Taylor had many interests and hobbies especially those that involved getting people together and helping others. Taylor is survived by his wife Joan, his daughter Karen Lockhart and two sons, Rusty and Taylor.

A NEW iPHONE APP SOLVES CONSTRUCTION NEEDS
As members find themselves in need of space for expansion, downsize efforts, events, new offices or storage, most of them are looking for the best way to save money and time. A recently launched iPhone App and a new website do just that.

ModSpace developed this industry-first application in an effort to improve efficiency and to provide cost-effective, timely solutions at any time and from any location. Through use of the Apple-certified iPhone App customers with an iPhone, iPod Touch or iPad can conduct the following at their fingertips:
- Find a local branch
- Submit a service request
- View the company’s extensive mobile offices and storage products catalog

Simultaneously, the redesigned website allows users to chat live with a product specialist, request a quote and jump from page-to-page with ease.

DEACOM GOES MOBILE WITH ERP APPLICATION
Deacom, Inc., an Enterprise Resource Planning (ERP) manufacturing software provider for modular building manufacturers, announces the addition of mobile access technology to the DEACOM Integrated Accounting and ERP Software System.

Mobile DEACOM now gives accessibility to ERP data via any smartphone device. Report data that may be viewed as read-only via Mobile DEACOM include:
- Sales Orders
- Purchase Orders
- Production Jobs
- Customer Relationship Management (CRM)

It can be set up to include a company logo to extend branding efforts. DEACOM Software for Sales manages all areas of a modular building manufacturing business - from product configuration and inventory control, to order entry and accounting - providing a comprehensive view of the entire operation from one system.

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