



MINUTES

Rules Development Committee

Wednesday, July 19, 2017

Herndon, Virginia

Chairman Osterday convened a meeting of the Rules Development Committee on Wednesday, July 19, 2017, at 9:05 a.m. at the Crowne Plaza Dulles Airport, 2200 Centreville Road in Herndon, Virginia. Attendance was taken as noted below:

Members Present:	Barbara Bieganski, Vanguard Modular Building Systems Chuck Osterday, NTA Eric Leatherby, Commonwealth of Virginia Ashraf Shaker, State of Maryland Delma Sheaffer, Champion Homes
Others Present:	Michael Baier, State of New Jersey Debbie Becker, Interstate IBC Andrew Carlson, Pyramid1, Inc. Warren Ducharme, State of Rhode Island N. Kevin Eğılmez, Interstate IBC Robert Gorleski, PFS Corporation Bruce Hagen, State of North Dakota Tom Hardiman, Modular Building Institute Scott McKown, State of Minnesota Dennis Quittschreiber, Dynamic Homes Harold Raup, PFS Corporation Randy Soper, Sea Box, Inc. Nicholas Yost, TRA

Approval of Minutes

On a motion by Eric Leatherby, seconded by Ashraf Shaker, the Committee approved the minutes of the July 20, 2016, meeting as submitted.

Correspondence

The Secretariat noted that a list of correspondence was available.

Old Business

There were no advisory reports given.

New Business

Chairman Osterday stated that there are vacancies in state and industry representative positions. Kevin Egilmez will approach Pennsylvania for a state representative and will look for an industry representative from Minnesota.

Chairman Osterday noted that four RDC representatives' terms were due to expire. On a motion by Eric Leatherby, seconded by Barbara Bieganski, the Committee voted unanimously to renew the terms of the expiring members.

A work group was formed in 2015 to develop standards for assessing and approving reconfigured buildings (Attachment A) but it has yet to present a draft document to the Committee. Kevin Egilmez stated that a policy was needed for establishing the date of manufacture, for applying the 50-percent alteration rule and for assigning plan review responsibilities to ensure reconfigured buildings comply with various code provisions. Bob Gorleski stated that Texas had rules addressing relocatable buildings which the Committee could use as a guide. The Committee agreed to review the rules and draft guidelines to be voted on by letter ballot.

At last year's meeting, the RDC recommended that the Commission revise the resolution prohibiting used shipping containers and permit those that meet the ICC-ES AC462 *Acceptance Criteria for Shipping Container Building Modules* to be labeled. However, the Commission decided to defer taking any action until it had an opportunity to review a typical ICC-ES report. The Committee discussed ESR-3764 (Attachment B): an evaluation report based on AC462 issued in April 2017. A motion was made by Chuck Osterday, seconded by Delma Sheaffer, to amend the current resolution to allow the use of used shipping containers provided they meet ICC ES criteria or equivalent. The Committee agreed to vote by letter ballot on the final wording.

The Committee discussed an amendment to Part IV, Sections 7 and 8, to require manufacturers to register annually and submit a fee of \$ 400 (Attachment C) which would be prorated for first-time applicants. A motion was made by Eric Leatherby, seconded by Ashraf Shaker, to implement the fee. The motion passed with four votes in favor and one abstention.

A recommendation was made to revise Part VI, Section 6 of the UAP to base redesignation fees on the number of active client-manufacturers rather than billing for the cost of the

monitoring (Attachment D). Designated agencies would be charged \$250 plus \$75 for each manufacturing facility that produced more than three modules during the most recent 12-month period. A motion was made by Eric Leatherby, seconded by Barbara Bieganski, to approve the proposed revisions. The motion passed with four votes in favor and one opposed.

The Committee discussed a recommendation to include a state certificate in good standing (Attachment E) as part of the manufacturer registration process. The certificate would be required with the registration form for new manufacturers. A photocopy of the certificate would be acceptable. Delma Sheaffer made a motion, seconded by Eric Leatherby, to add the requirement. The motion carried unanimously.

Recommendations to the Commission

Chairman Osterday communicated the following RDC recommendations and actions to the Commission:

1. Review Texas relocatable rules and issue letter ballot regarding standards for addressing reconfigured buildings.
2. Amend IIBC resolution prohibiting used shipping containers to allow their use provided they meet ICC ES criteria or equivalent.
3. Amend UAP, Part IV, Sections 7 and 8, and Part VI, Section 6 to approve the new fee schedules for manufacturers and designated agencies.
4. Require certificates in good standing from manufacturers.

Date and Location of Next Meeting

The next RDC meeting was tentatively scheduled for July 18, 2018, the third Wednesday in July. The secretariat stated that notice would be sent out regarding the meeting's location.

The motion to adjourn, made by Barbara Bieganski and seconded by Delma Sheaffer, was approved and the meeting adjourned at 12:05 p.m.

Respectfully submitted,



N. Kevin Eğılmez
Secretariat Staff

Attachments

RECONFIGURING BUILDINGS

PART IV. ADMINISTRATION

SECTION 4. CERTIFICATION

(E) Alterations of Certified Units

Industrialized/modular buildings or building components certified and labeled pursuant to these Uniform Administrative Procedures shall not be altered in any way prior to the issuance of a certificate of occupancy without resubmission to the evaluation agency for approval of the alteration and of the unit which includes the alteration.

Background:

Certified modules are being combined to form new buildings that bear little resemblance to the original building. These modules may have been part of bigger or smaller buildings; manufactured to different codes; and classified under different use or occupancy groups. The reconfigured buildings may also incorporate newly manufactured modules.

Discussion:

1. What is the date of manufacture for determining applicable codes and standards?
2. Which on-site installation instructions/requirements apply?
3. How is the 50-percent alteration rule applied?
4. Which aspects of the plan review responsibilities are transferred to the local authority?

Recommendation:

Develop standards for addressing reconfigured buildings.



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DIVISION: 05 00 00—METALS

SECTION: 05 10 00—STRUCTURAL METAL FRAMING

DIVISION: 05 12 00—STRUCTURAL STEEL FRAMING

REPORT HOLDER:

SG BLOCKS, INC.

**912 BLUFF ROAD
NASHVILLE, TENNESSEE 37027**

EVALUATION SUBJECT:

SG BLOCKS STRUCTURAL BUILDING MATERIALS



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ICC-ES Evaluation Report

ESR-3764

Issued April 2017

This report is subject to renewal April 2018.

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DIVISION: 05 00 00—METALS

Section: 05 10 00—Structural Metal Framing

Section: 05 12 00—Structural Steel Framing

REPORT HOLDER:

SG BLOCKS, INC.
912 BLUFF ROAD
NASHVILLE, TENNESSEE 37027
(615) 566-5092
www.sgblocks.com
info@sgblocks.com

EVALUATION SUBJECT:

SG BLOCKS STRUCTURAL BUILDING MATERIALS

1.0 EVALUATION SCOPE

Compliance with the following codes:

- 2015 *International Building Code*® (IBC)
- 2015 *International Residential Code*® (IRC)

Property evaluated:

- Structural - Materials

2.0 USES

SG Blocks structural building materials are used in custom designed, factory built, building modules transported to the jobsite to construct site specific buildings.

3.0 DESCRIPTION

SG Blocks Building Modules (modules) are site specific, custom designed, factory built, modules. The modules are transported to the jobsite and assembled to form a completed building. Shipping containers are used as the source of structural and non-structural building materials for constructing the building modules. The steel structural building materials from the shipping containers and the quality control process for selecting shipping containers is the subject of this report. All other aspects of the modules are outside the scope of this report. The steel components of the shipping containers selected for use as structural building materials have been correlated to the appropriate ASTM International steel specification and are suitable for use with the design provisions specified in the American Institute of Steel Construction Specification for Structural Steel Buildings (AISC 360) or the American Iron and Steel Institute North American Specification for the Design of Cold-Formed Steel Structural Members (AISI S100), as

applicable. The various components used, detail drawings of the components, steel specification for the steel used to fabricate the components, cross-reference to the equivalent ASTM standard, yield strength, and tensile strength used for design are specified in SG Blocks Internal Design Handbook, Version 1, dated January 23, 2017.

4.0 DESIGN AND INSTALLATION

The structural building materials used in the building modules must be designed in accordance with the AISC 360 or AISI S100, as applicable. The design of the building module must be in compliance with the IBC and installation of the building modules must be in accordance with the approved plans. The approved plans must be available at the jobsite at all times.

5.0 CONDITIONS OF USE

The structural building materials described in this report comply with, or are a suitable alternative to what is specified in, those codes listed in Section 1.0 of this report, subject to the following conditions:

- 5.1 The scope of the report is limited to the evaluation (verification) of the steel structural building materials used in construction of the building modules in the SG Block facilities noted in Table 1 for their suitability for use with AISC 360 and AISI S100. All other aspects of the building modules and the final structure, such as, but not limited to, structural design, plumbing and electrical are outside the scope of this report.
- 5.2 Complete construction documents and calculations must be submitted to the code official for each specific project. The calculations and construction documents must be prepared and sealed by a registered design professional where required by the statutes of the jurisdiction in which the project is to be constructed.
- 5.3 A copy of this report must be submitted in addition to all other required material when applying for a building permit.
- 5.4 The structural building materials are procured for use in the SG Block facilities noted in Table 1, under quality control programs with inspections by ICC-ES.

6.0 EVIDENCE SUBMITTED

Data in accordance with the ICC-ES Acceptance Criteria for Structural Building Materials from Shipping Containers (AC462), dated February 2016.

7.0 IDENTIFICATION

Each SG Blocks Building Module manufactured from shipping container materials shall be labeled with the SG Blocks, Inc. name and address, the manufacturing location, and the evaluation report number (ICC-ES ESR-3764).

TABLE 1—MANUFACTURING LOCATIONS

SG Blocks, Inc. Galena Park, TX 77547
SG Blocks, Inc. Houston, TX 77054
SG Blocks, Inc. New Holland, PA 17557

ICC-ES Evaluation Report

ESR-3764 CBC and CRC Supplement

Issued April 2017

This report is subject to renewal April 2018.

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A Subsidiary of the International Code Council®

DIVISION: 05 00 00—METALS

Section: 05 10 00—Structural Metal Framing

Section: 05 12 00—Structural Steel Framing

REPORT HOLDER:

SG BLOCKS, INC.
912 BLUFF ROAD
NASHVILLE, TENNESSEE 37027
(615) 566-5092
www.sgblocks.com
info@sgblocks.com

EVALUATION SUBJECT:

SG BLOCKS STRUCTURAL BUILDING MATERIALS

1.0 REPORT PURPOSE AND SCOPE

Purpose:

The purpose of this evaluation report supplement is to indicate that SG Blocks structural building materials, recognized in ICC-ES master evaluation report ESR-3764, have also been evaluated for compliance with the codes noted below.

Applicable code editions:

- 2016 *California Building Code* (CBC)
- 2016 *California Residential Code* (CRC)

2.0 CONCLUSIONS

2.1 CBC:

The SG Blocks structural building materials, described in Sections 2.0 through 7.0 of the master evaluation report ESR-3764, comply with CBC Chapters 22 and 22A, provided the design and installation are in accordance with the 2015 *International Building Code*® (IBC) provisions noted in the master report and the additional requirements of 16, 16A, 17, 17A, 22 and 22A, as applicable.

2.2 CRC:

The SG Blocks structural building materials, described in Sections 2.0 through 7.0 of the master evaluation report ESR-3764, comply with the CRC, provided the design and installation are in accordance with the 2015 *International Residential Code*® (IRC) provisions noted in the master report.

This supplement expires concurrently with the master report, issued April 2017.

ICC-ES Evaluation Report

ESR-3764 FBC Supplement

Issued April 2017

This report is subject to renewal April 2018.

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A Subsidiary of the International Code Council®

DIVISION: 05 00 00—METALS

Section: 05 10 00—Structural Metal Framing

Section: 05 12 00—Structural Steel Framing

REPORT HOLDER:

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EVALUATION SUBJECT:

SG BLOCKS STRUCTURAL BUILDING MATERIALS

1.0 REPORT PURPOSE AND SCOPE

Purpose:

The purpose of this evaluation report supplement is to indicate that SG Blocks structural building materials, recognized in ICC-ES master evaluation report ESR-3764, have also been evaluated for compliance with the codes noted below.

Applicable code editions:

- 2014 *Florida Building Code—Building*
- 2014 *Florida Building Code—Residential*

2.0 CONCLUSIONS

The SG Blocks structural building materials, described in Sections 2.0 through 7.0 of the master evaluation report ESR-3764, comply with the *Florida Building Code—Building* and the *Florida Building Code—Residential*, provided the design and installation are in accordance with the *International Building Code*® (IBC) provisions noted in the master report.

Use of the SG Blocks structural building materials for compliance with the High-Velocity Hurricane Zone provisions of the *Florida Building Code—Building* and the *Florida Building Code—Residential* has not been evaluated, and is outside the scope of this supplemental report.

For products falling under Florida Rule 9N-3, verification that the report holder's quality assurance program is audited by a quality assurance entity approved by the Florida Building Commission for the type of inspections being conducted is the responsibility of an approved validation entity (or the code official when the report holder does not possess an approval by the Commission).

This supplement expires concurrently with the master report, issued April 2017.

FEES – MANUFACTURER REGISTRATION

PART IV. ADMINISTRATION

Section 7. Fees

(A) To defray the costs of the Commission and participating states in administering the terms of these Uniform Administrative Procedures, the following fees shall be assessed. ~~for each certification label required under Part IV, Section 4(A)(1) of these Uniform Administrative Procedures.~~

(1) For manufacturing facilities located in a participating state or in a state in reciprocity with a compacting state, the fee shall be:

- (a) \$70.00 per certification label for industrialized/modular building modules.
- (b) \$70.00 per certification label for closed panel construction.
- (c) \$35.00 per certification label for building components.

(2) For manufacturing facilities located in any other state, the fee shall be:

- (a) \$90.00 per certification label for industrialized/modular building modules.
- (b) \$90.00 per certification label for closed panel construction.
- (c) \$45.00 per certification label for building components.

(3) Annual registration fee shall be \$ 400 per manufacturing facility. Registration fees for first time applicants shall be prorated on a monthly basis.

(B) ~~The certification label fees shall be reviewed every two (2) years by the Commission. The certification label fees may subsequently be adjusted as a result of this review.~~

Section 8. Registration and Notification of Changes in Name, Address, Ownership, or Location

(A) Manufacturing facilities must be registered with the Commission to order certification labels. The application shall be on a form as prescribed by the Commission and shall be accompanied by a nonrefundable registration fee. Registrations shall expire on December 31 of each year. Manufacturers shall notify the Commission, evaluation agency, and inspection agency in writing within thirty (30) calendar days after any of the following occurrences and prior to the commencement of production at a new or relocated manufacturing facility

- (1) The corporate name is changed.
- (2) The main address of the company is changed.
- (3) The location of any manufacturing facility is changed.
- (4) A new manufacturing facility is established.

Background:

In 2016, the Commission adjusted certification label fees to \$ 70 and \$ 90 based on an estimated budget for reduced staff of \$ 593,000 and an annual production of 7,000 modules. To cover the difference of \$ 118,000 needed for a full budget (\$ 711,000), other revenue sources such as manufacturer registration fees were recommended.

According to Commission records, there are currently 307 registered manufacturing facilities. If the proposed fee is implemented, it would generate \$ 122,800 in additional revenues. However, it is unlikely that all current manufacturers will maintain their registrations. According to the Commission's records, only 159 out of the 307 manufacturers produced one or more modules in the last 12 months.

A review of 34 other state programs showed that nearly 2 out of 3 charge some type of registration fee. The amount varied widely – from \$ 50 to \$ 2250.

Recommendations:

- Amend Part IV, Sections 7 and 8 of the UAP to require manufacturers to register and submit a fee annually.

FEES – AGENCY DESIGNATION

PART VI. DESIGNATION OF ... AGENCIES

Section 6. Designation Fees

(A) ~~Each applicant for designation or redesignation shall pay a fee amount of one-half (1/2) percent of gross receipts derived from activities under these Uniform Administrative Procedures for the immediate prior year. Fees for designation or redesignation as an evaluation and/or inspection agency shall be as specified below.~~

(1) For agencies applying for redesignation, the fee shall be \$ 250 plus \$ 75 for each manufacturing facility that produced more than three modules during the most recent 12 month period but not less than one-half (1/2) percent of gross receipts derived from activities under these Uniform Administrative Procedures for the immediate prior year. Redesignation fees in excess of \$ 1,200 shall be permitted to be paid in monthly installments with the first installment due with the application. Such fees shall be payable in twelve (12) monthly installments during the authorization year. The first month's payment shall accompany the application for redesignation.

(2) For agencies granted provisional designation under Section 2(E), the fee shall be based on one-half (1/2) percent of the gross receipts for the immediate prior year attributed to activities on behalf of all participating states as of the date of renewal.

(3) For new applicants, the first year's designation fee shall be \$4,000. Subsequent redesignation fees shall include the fee specified in this Section.

~~(B) Each designated agency shall be billed directly for any costs incurred by the Commission for the continued designation of such agency as described in Part VI, Section 3. Each designated agency shall be billed directly for any costs incurred by the Commission when monitoring as described in Part VI, Section 3 reveals that the agency has failed to perform its functions properly and the Commission determines that additional monitoring is necessary.~~

Background:

Although never fully implemented, Section 6(B) authorizes the Commission to bill each designated agency directly for monitoring costs such as headquarters audits, in-plant monitoring and design review. The intent was to distribute these costs in proportion to a designated agency's client-manufacturers and level of activity. In practice, the Commission has only billed designated agencies for a portion of the headquarters audit costs. The current redesignation fee of one-half percent is minimal. In 2016, total fees collected was less than \$ 2,800.

The amendment would assess redesignation fees based on the number of active client-manufacturers. The formula is intended to generate \$ 8,000 to \$ 10,000. This figure represents the usual redesignation fee of one-half percent plus the typical costs of performing headquarters audits for which designated agencies were billed directly.

The three-module criterion was used to define an "active manufacturer" because it best approximated historical distribution of fees collected. Using all manufacturers or those that produced one or more modules shifted the cost to smaller designated agencies. Using manufacturers with more than 10 modules produced shifted the cost to larger designated agencies. The following are the most recent annual production statistics.

- 159 of the 307 registered manufacturers produced one or more modules.

- 107 out of the 159 produced more than three modules.
- 60 out of the 159 produced more than 10 modules.

Section 6(B) would be amended so that designated agencies would only be billed directly when additional monitoring was deemed necessary.

Designated agencies would be permitted to pay the fees in installments if more than \$ 1200.

Recommendations:

- Revise Part VI, Section 6 of the UAP to base redesignation fees on number of active client-manufacturers rather than billing for the cost of the monitoring.

A **Certificate of Good Standing**, also called a "Certificate of Existence" or "Certificate of Authorization," is a state-issued document that shows that a corporation or limited liability company (LLC) has met the statutory requirements and is authorized to do business in that state.

Commonwealth of Virginia



State Corporation Commission

CERTIFICATE OF GOOD STANDING

I Certify the Following from the Records of the Commission:

That _____ Incorporated is duly incorporated under the law of the Commonwealth of Virginia;

That the date of its incorporation is February 26, 2009;

That the period of its duration is perpetual; and

That the corporation is in existence and in good standing in the Commonwealth of Virginia as of the date set forth below.

Nothing more is hereby certified.



*Signed and Sealed at Richmond on this Date:
February 1, 2012*

Joel H. Peck
Joel H. Peck, Clerk of the Commission

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