

Industrialized Buildings Commission

◆ An Interstate Compact ◆

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MINUTES

Industrialized Buildings Commission Wednesday, July 20, 2011

Michael Baier called the annual meeting of the Industrialized Buildings Commission to order on Wednesday, July 20, 2011, at 9:05 a.m. Attendance was taken as noted below:

Members Present:	Michael Baier, State of New Jersey Bob Blatchford, Dynamic Homes Warren Ducharme, State of Rhode Island Bruce Hagen, State of North Dakota
Others Present:	Debbie Becker, IBC Ujjval Dave, State of Maryland N. Kevin Egilmez, IBC Robert Gorleski, PFS Corporation Eric Leatherby, Commonwealth of Virginia James Rothman, PFS Corporation Robert Tanger, T. R. Arnold & Associates, Inc.

Approval of Minutes

On a motion by Warren Ducharme, seconded by Bob Blatchford, the minutes of the July 21, 2010, meeting were unanimously approved as submitted.

A motion was made by Warren Ducharme to approve the minutes of the executive session held on February 23, 2011, seconded by Bob Blatchford, and approved unanimously as submitted.

Correspondence

The secretariat noted that correspondence received since the last meeting was provided, the majority of which were code notices.

Commissioners' Reports

Commissioners welcomed the newest member state, North Dakota, represented by Bruce Hagen from the Department of Commerce, Division of Community Services. North Dakota has been a participating state since August 1993 and became a full member when the governor

signed the interstate compact on industrialized/modular buildings (SB2284) into law on April 19, 2011.

Kevin Egilmez reported that Minnesota may adopt new sprinkler regulations that could impact design and licensing requirements. Discussion on the topic was postponed since the Minnesota commissioner could not attend because of the state government shutdown.

Mike Baier reported on an ongoing problem with a large project started in 2004 involving over 250 modules. A certificate of occupancy still had not been issued because the manufacturer has not made necessary repairs to bring the modules into compliance. He asked if the Commission could take any action against a manufacturer for failing or refusing to make corrections. Kevin Egilmez stated that a failure of a manufacturer to correct a class nonconformance could be ruled a program nonconformance under the UAP and result in the suspension or revocation of the manufacturer. Mike Baier was asked to provide background information so that the Commissioners can rule if the failure or refusal constitutes a program nonconformance.

Bruce Hagen reported that the oil boom and a recent flooding, where 5,000 homes were lost, have created a huge demand for housing. To ease the shortage, legislation was passed last winter that authorized local building officials to issue waivers for used buildings erected on a temporary basis (5 years maximum). Kevin Egilmez cautioned that any waiver would have to be part of the submittal for IBC-certified buildings and the data plate would have indicate that the building is suitable only for the jurisdiction that granted the waiver.

Warren Ducharme was asked to describe Rhode Island's purpose for requiring five sets of plans. He explained that the state acts as a clearinghouse for industrialized buildings. They review the documents to verify certain basic information such as making sure that the building is designed for the location specified; and that the manufacturer and third party agency are approved. They also coordinate with local building officials. They do not perform a plan review.

Jim Rothman said that the Commission may need to revisit its policy regarding recycled shipping containers (Attachment A) as their use becomes more widespread. FEMA, for example, had contracted with a company to provide shipping containers that can house 5,000 people in the event of another terrorist attack. The Commission stated that the RDC was supposed to develop a standard for accepting used shipping containers.

The Commissioners discussed adoption of the July 2007 editions of the *Model Rules and Regulations* and *Uniform Administrative Procedures*. Warren Ducharme indicated that Rhode Island adopts the latest editions of the MRR and UAP. According to Mike Baier, New Jersey adopts the latest edition of the UAP but will need a rule proposal to amend the MRR. Minnesota's regulations identify the specific edition of the UAP and MRR and would have to be updated.

New Business

On a motion made by Warren Ducharme, seconded by Bob Blatchford, the Commissioners unanimously reappointed Ed Landon, Emory Rodgers, James Rothman and Bill Bryant to the RDC for three-year terms. Kevin Egilmez reported that Bill Bryant had missed the last three meetings.

The Commission discussed possible candidates for the four RDC vacancies including one state, two residential and one commercial industry positions. Pennsylvania was suggested as a possible state member and Haven Homes, Deluxe Homes, and Signature Homes as possible industry members. Tom Hardiman with MBI offered to submit nominations for the commercial industry and consumer representatives, if needed.

The Commission discussed other states that may be interested in joining the compact. Warren Ducharme said that Jack Leyden continues to be in contact with New Hampshire and Maine. Kevin Egilmez said that Iowa may be another potential candidate according to Randy Vogt.

Guidelines for submitting documents electronically were discussed (Attachment B). Kevin Egilmez reported that an increasing number of manufacturers were submitting documents in electronic format on CDs, DVDs and by email. Although nearly all files were in portable document format (PDF), some prevented copying or extraction of content; only contained revised pages; or had incomplete or missing indexes. TRA and PFS both indicated that they accept PDF documents and that their IT personnel could assist the Commission in developing a standard. The Commission agreed to implement the program on a limited basis and revisit the issue at the next annual meeting.

Currently, certification renewal guidelines (Formal Interpretation 95-02) adopted by the Commission does not have a provision for correspondence courses. A motion was passed to assign the task for developing a guideline to the RDC. In the interim, the Commission agreed to accept CEUs awarded to correspondence courses that are recognized by other states.

Bruce Hagen made a motion, seconded by Bob Blatchford, to extend for another year the designated agency agreements of ABI, HWC, Minnesota, MCC, NTA, PEI, PFS, Pyramid1, RADCO, TRA, and Vendola. The motion carried.

Financial Report and Approval of FY '12 Budget

The Commission's draft audited financial statement for FY 2010 was reviewed. The management letter contained four comments: Lack of supporting documentation for NCSBCS' monthly charges; accounting manual that has not been updated in several years; a need to create an investment advisory committee for the purpose of establishing a formal investment policy; the need for the project manager to review and approve monthly bank statements and reconciliations.

Kevin Egilmez reported that the lack of supporting documentation for NCSBCS is no

longer applicable since the contract with NCSBCS was terminated. An accounting manual would have to be developed with assistance from the accounting consultants. A draft investment policy was developed and provided to the Commissioners for their comments (Attachment C). Kevin Egilmez said that he opens all bank statements and uses a separate spreadsheet to check the consultant's bank reconciliations.

A motion was made by Warren Ducharme, seconded by Bruce Hagen, and approved unanimously to adopt the draft investment policy.

A motion was made by Bob Blatchford, seconded by Warren Ducharme, and approved unanimously to accept the 2010 audited financial statements.

A motion was made by Bruce Hagen, seconded by Warren Ducharme, and approved unanimously to write off the \$5,450 advance to NCSBCS for the cost of reconfiguring offices for IBC in October 2002. IBC was supposed to have been reimbursed by NCSBCS once lease renegotiations were finalized.

The draft budget for fiscal year 2012 was discussed which projected a loss of approximately \$29,000. A motion was made by Warren Ducharme, seconded by Bob Blatchford, and approved unanimously to adopt the budget as proposed. Kevin Egilmez said that the Commission may also need to increase seminar fees which are supposed to cover the cost of travel, meeting room, handouts and food. The current fee of \$ 55 was not sufficient to cover expenses because of lower attendance and increased costs.

Kevin Egilmez reported that the Commission needed to find office space since NCSBCS' sublease was due to terminate at the end of 2011 and the current tenant, IBTS, was considering relocating to another building. Since six months was not enough time to find a new space and relocate, Kevin Egilmez recommended that the Commission try leasing NCSBCS' current space on a short term basis. The space could be easily segregated by removing the connecting door between NCSBCS and IBTS. The Commissioners authorized Kevin Egilmez to negotiate a three-year lease with the landlord for the same rate, if possible.

Warren Ducharme made a motion to enter an executive session to discuss IBC personnel issues, specific manufacturer performances and a request for waiver. The motion, seconded by Bob Blatchford, carried and the IBC entered an executive session. The motion to reconvene into an open session made by Bob Blatchford and seconded by Warren Ducharme, carried unanimously.

Election of Officers

Warren Ducharme made a motion, seconded by Bob Blatchford, to reelect Minnesota commissioner as Chairman, New Jersey commissioner as vice-chairman, and Rhode Island commissioner as treasurer. The motion carried unanimously.

Secretariat's Work Assignments

Kevin Egilmez reviewed secretariat's work assignments:

1. Place following issues on RDC agenda
 - a. Acceptance criteria for used shipping containers
 - b. Electronic submittal guidelines
 - c. CEUs for correspondence courses.
2. Send amendment to extend designation agreements to 2012.
3. Forward copies of 2010 annual report and financial statements to Commissioners.
4. Notify PFS of Commission decision regarding plan review
5. Request additional information from applicant requesting waiver
6. Negotiate office space and new lease

Date and Location of Next Meeting

The next annual meeting is tentatively scheduled for July 18, 2012. A decision will be made at a later date as to whether it will be a conference call or in person.

Bob Blatchford, seconded by Warren Ducharme, moved to adjourn the meeting and the motion carried. The meeting adjourned at 3:45 p.m.

Respectfully submitted,

N. Kevin Egilmez
Secretary

Attachments

**RESOLUTION ON
USE OF RECYCLED SHIPPING CONTAINERS
IN INDUSTRIALIZED/MODULAR BUILDINGS**

On July 15, 2009, the Industrialized Buildings Commission passed the following resolution regarding the use of recycled shipping containers in industrialized buildings.

WHEREAS, shipping containers are manufactured at various locations throughout the world using construction materials, assembly methods and controls that cannot be readily verified;

WHEREAS, shipping containers are manufactured in such a manner that concealed parts or assembly methods cannot be evaluated without disassembly, damage or destruction;

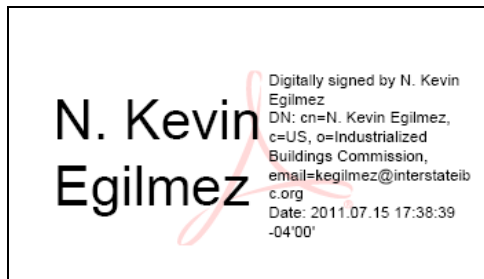
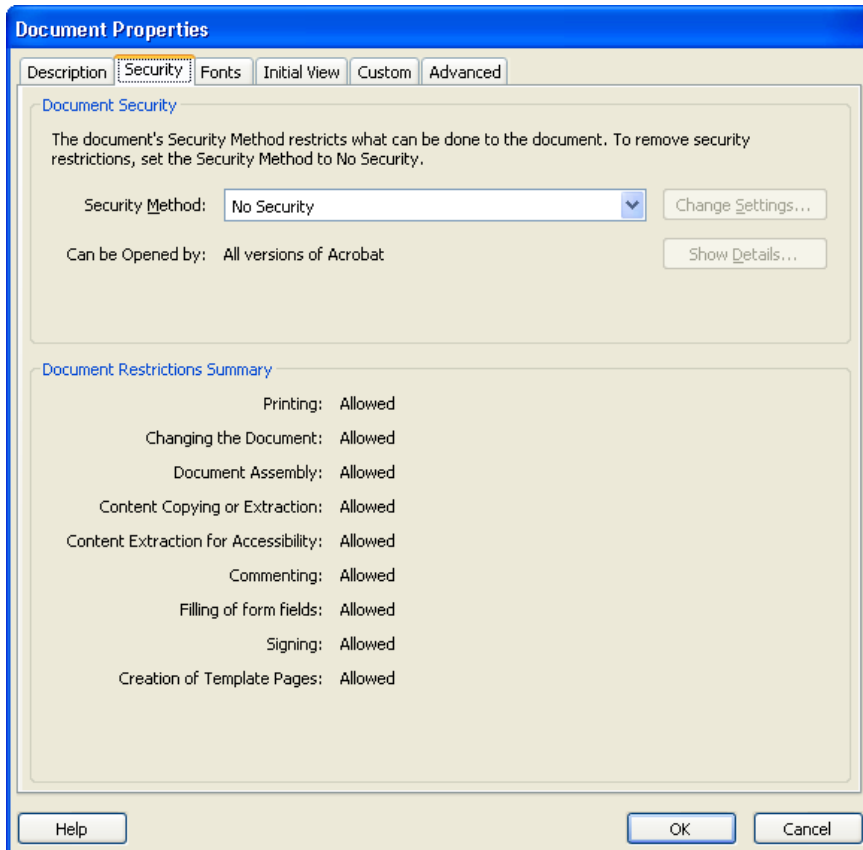
WHEREAS, prior to being used as components of industrialized buildings, shipping containers are used to store and transport various cargos and are exposed to elements and stresses that are not within the scope of building codes;

WHEREAS, *Uniform Administrative Procedures* does not have a process for assuring participating states of the substantial compliance of used shipping containers with applicable construction standards;

THEREFORE BE IT RESOLVED, that Industrialized Building Commission's certification labels cannot be affixed to used shipping containers to evidence compliance with the *Uniform Administrative Procedures* and the *Model Rules and Regulations*.

ELECTRONIC SUBMITTAL GUIDELINES

- Must use Portable Document Format (PDF)
- Must submit complete set of plans or documents
- Must be compatible with Acrobat 5.x (??) or earlier
- Must be digitally signed
- Must be fully indexed
- Must resubmit complete set with revisions
- May not restrict document
- File size may not exceed ??
- File must be self-contained

**Figure 1. Sample Digital Signature****Figure 2. Security Settings**

STATEMENT OF INVESTMENT POLICY

Purpose

This statement is intended to provide guidelines for the prudent investment of Industrialized Buildings Commission's cash reserves and outline the policies for maximizing the efficiency of the Commission's cash management system. The ultimate goal is to enhance the financial position of the Commission while protecting its pooled cash.

Objective

The Commission monitors and forecasts expenditures and revenues enabling it to invest funds to the fullest extent possible. Such funds are invested to obtain the highest yield obtainable as long as the criteria established for safety and liquidity are met.

Policy

The Commission operates its temporary pooled idle cash investments under the prudent person rule. The Commission uses the following criteria, in order of priority, when selecting investments.

1. Safety. Investments must be considered very safe.
2. Liquidity. Investments must minimize the chance of losing some portion of principal and interest should funds be needed unexpectedly.
3. Yield. Investments must return highest yield obtainable

Accordingly, the Commission may invest directly or indirectly in the following instruments:

Savings accounts

Certificates of Deposit with commercial banks or savings and loans companies

Securities of the US Government or its agencies

Short Duration Government Funds that provide a high level of current income, consistent with a low volatility of net asset value