

# Industrialized Buildings Commission

◆ An Interstate Compact ◆

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## MINUTES

### **Industrialized Buildings Commission**

**Wednesday, July 21, 2004**

**Herndon, Virginia**

Richard Osworth called the annual meeting of the Industrialized Buildings Commission to order on Wednesday, July 21, 2004, at 12:55 p.m. at the Days Hotel Conference Center in Herndon, Virginia. Attendance was taken as noted below:

**Members Present:** Bob Blatchford, Dynamic Homes  
Dan DeDentro, State of Rhode Island  
Stephen Hernick, State of Minnesota  
Richard Osworth, State of New Jersey

**Others Present:** Debbie Becker, NCSBCS  
Mark Blanke, State of New York  
Pete Blaser, NCSBCS  
Ken Brower, NTA  
Ujjval K. Dave, State of Maryland  
N. Kevin Egilmez, NCSBCS  
Bob Gorleski, PFS  
Rich Gray, State of North Dakota  
William Heiden, PEI  
Jim Rothman, PFS Corporation,  
Bob Tanger, T. R. Arnold & Associates  
Robert Wible, NCSBCS

### **Approval of Minutes**

On a motion by Dan DeDentro, seconded by Steve Hernick, the minutes of the July 16, 2003, meeting were unanimously approved as submitted.

### **Correspondence**

The secretariat noted that a list of correspondence received since the last meeting was available.

**Old Business**

Chairman Rothman reported on RDC recommendations to the Commission:

1. Reappoint Mark Blanke, Michael English, Craig Simpson, and Scott Zweifel to the RDC for three-year terms
2. Appoint Rich Gray from North Dakota to replace Terry Slade from Kentucky as a state member to the RDC.
3. Adopt the proposed language as amended to add a new subsection (C) to Part IV, Section 2 of the UAP titled "Expiration of Compliance Assurance Documents."
4. Vote by letter ballot on the revision to the proposed amendment adding a new subsection (D) to Part VIII, Section 2 "Expiration of Plant Approvals."
5. Issue a notice to manufacturers regarding ambiguous descriptions of models on monthly production reports.

Dan DeDentro reported Rhode Island adopted the 2003 edition of the International Codes effective July 1, 2004, which references the International Fire Code but the Fire Safety Code Board adopted 2003 editions of NFPA's Uniform Fire Code and Life Safety Code. This has created some confusion that primarily affects commercial buildings.

Steve Hernick reported that the compact was working well in Minnesota. Kevin Egilmez asked if he was aware that Wisconsin had asked for shipment data. Jim Rothman added that the request had not come from the state but from Wisconsin manufacturers and their associations. Steve Hernick said that he will contact Wisconsin for more details.

Rich Gray commented that, despite what he had said during the RDC meeting regarding costs, the program was working well in North Dakota and complemented the designated agencies in responding to and resolving problems. He added that there has been some confusion regarding the six-building exemption clause. He stressed that all buildings, not just the ones sited in North Dakota, are included in the count. He indicated that he would meet with Montana and find out if they would be interested in entering into a reciprocity agreement.

Richard Osworth updated the Commissioners on the status of the agreement with Kentucky. On February 4, 2004, IBC informed Kentucky about its concerns with the existing agreement and proposed an alternate interim reciprocity agreement (see Attachment C). On March 15, 2004, Kentucky responded by stating that its staff and General Counsel would need time to review the documents and that it hoped to have an answer shortly. To date, the IBC has not received Kentucky's response and Richard Osworth stated that this matter needed closure. He recommended that a follow-up letter be sent specifying a deadline for action.

**New Business**

On a motion made by Steve Hernick, seconded by Bob Blatchford, the Commissioners unanimously appointed Rich Gray from North Dakota as a state member to replace Terry Slade from Kentucky and reappointed Mark Blanke, Michael English, Craig Simpson, and Scott Zweifel to the RDC for additional three-year terms.

The Commissioners discussed submission of “as-built” floor plans next. The IBC would like to maintain copies to assist in the investigation of consumer complaints and to perform reviews that have proven to be impractical during in-plant audits. Kevin Egilmez explained that manufacturers would simply file the plans with the Commission. Evaluation agencies would not be required to review and approve them. Some designated agency representatives suggested that the plans be filed with them and that IBC could request copies when needed. Both Dan DeDentro and Steve Hernick said that they contact the designated agency when they receive a consumer complaint. Dan DeDentro advised that when he receives a complaint, he contacts the third party before contacting the IBC. Bob Tanger commented that the only problem would be if a manufacturer went out of business. Bob Blatchford recommended that the plans be submitted to the third parties and if there’s a problem, then to the IBC. Richard Osworth directed the secretariat staff to develop a procedure and forward to the designated agencies for comment.

A motion was made by Bob Blatchford and seconded by Steve Hernick to amend Part IV of the UAP, Section 2, by adding a new subsection (C) “Expiration of Compliance Assurance Documents.” The proposed language (see attachment A) was amended with the insertion of the word “this” in the last line to read “. . . with this section.” The motion was approved unanimously. The amendment will be included in the reorganized UAP.

Richard Osworth advised that a notice will be sent to designated agencies and manufacturers regarding model descriptions on monthly production reports. The report will be revised to include a check box to indicate if a model was derived from building systems documents.

The Commissioners stated that an increasing number of applicants for certification are requesting waivers and that future requests for waivers will be scrutinized more closely. They reiterated that it is the applicants’ responsibility to demonstrate that they are clearly qualified even though they do not meet all of the requirements. The secretariat was directed to include its recommendation on all future requests for waivers.

Richard Osworth discussed the actions and timetable for adopting the reorganized MRR and UAP. The documents will first be sent to RDC members who will have 60 days to review and comment. After the initial RDC comments, notices will be sent out and the documents will be made available for public comment including posting them on the IBC Web site. All public comments would then be provided to the RDC for review and discussion. The extent of the public comments will determine whether it will be necessary for RDC to hold an additional meeting or to act on the comments by letter ballot.

The Commissioners next addressed a proposal to set a minimum amount for label fee reimbursements. They agreed that a state must perform certain minimum functions under IBC even when production and shipment numbers are very low. On a motion by Bob Blatchford, seconded by Dan DeDentro, the Commission approved unanimously an amendment to the IBC label reimbursement schedule establishing a \$2000 minimum reimbursement per year.

The Commissioners had an informal discussion regarding industrialized building installations. A number of consumer complaints are a result of improper installation and Dan DeDentro suggested that the ideal process may be for manufacturers to certify their installers through special training. Bob Tanger suggested that a notice could be sent from the IBC to all manufacturers encouraging them to qualify their builders. Bob Blatchford suggested that manufacturers train their builders on how to properly set the house and added that, in Minnesota, homeowners can be their own general contractors. However, if the home is sold directly to a homeowner then manufacturer would no longer be responsible for the installation.

The Commission reiterated the earlier RDC discussion regarding the enforcement of state laws. Rich Gray had raised the issue of enforcing North Dakota's law that requires a licensed electrician to be present when wires are being pulled. He said that if it's not part of the compliance assurance program and, therefore, not monitored by inspection agencies then the State Electrical Board would need to enforce it. The Commissioners agreed that state laws are not enforced through compliance assurance programs. Kevin Elmmez suggested that if North Dakota would provide a sample notice, the secretariat could make it available to manufacturers and designated agencies who wish to do business in North Dakota.

Bob Tanger informed the Commission that he is involved with the Manufactured Housing Research Alliance which is studying the feasibility of a nationwide modular program that utilizes third-party inspection and plan review agencies. Bob Tanger advised the Alliance that such a program already exists under IBC and suggested that the two organizations may wish to schedule a meeting. Richard Osworth recommended that the IBC contact Jordan Dentz of MHRA as suggested by Bob Tanger.

Dan DeDentro mentioned an *Automated Building Magazine* article that reported an increasing number of HUD manufactured-home builders were switching to produce modular homes. Steve Hernick mentioned Minnesota's frustration with manufactured homes that, under AC letters, are permitted to be completed on site. This practice is blurring the line between manufactured and modular home and the subsequent confusion is resulting in inadequate enforcement. Bob Wible said that the IBC commented on these issues which were to be published in the *Federal Register* but, to this day, no comments had been published. Jim Rothman pointed out that IBC's list of correspondence did not mention these comments and requested to receive a copy of the report. The Secretariat was requested to revise the list and provide each attendee with a copy.

**Financial Report and Approval of FY '05 Budget**

Richard Osworth mentioned that there were no findings in the IBC's audited financial statements for FY 2004. The auditors again commented on the internal accounting control structure. The auditors expressed concern because NCSBCS's Finance Director was the only person preparing, issuing and signing outgoing checks then posting disbursements and receipts to the IBC's accounting records, and reconciling monthly bank statements. To segregate some of these duties, the auditors recommended that the Project Manager sign and issue the checks and review bank reconciliations for unusual items. Kevin Egilmez advised that it took a while to have his signature added to the authorized list. Additionally, around March 2004, NCSBCS hired a consultant to replace the Finance Director which resulted in procedural changes that accomplished the same objective. A motion to accept the 2003 Annual and Financial Reports was made by Dan DeDentro, seconded by Steve Hernick, and approved unanimously.

Richard Osworth suggested that it is time for the Commission to look into changing accounting firms. He recommended that the secretariat obtain not less than three estimates and forward them to the Commissioners for action by letter ballot. Steve Hernick made the motion which was seconded by Dan DeDentro. The motion carried unanimously.

The IBC discussed the draft budget for fiscal year 2005. Richard Osworth indicated that a shortfall is being projected for the second year in a row and that the projected deficit is increasing. The actual deficit of \$ 5,154 for the previous fiscal year was considerably below the projected \$27,000 deficit due to unexpectedly strong label sales which may not continue. Richard Osworth noted the only way to increase revenues is to increase label fees which he did not favor and mentioned the only other alternative is to cut expenses. He suggested the most likely place to cut costs would be to reduce the marketing and outreach budget from \$25,000 to \$10,000 to keep the projected deficit from growing.

Steve Hernick suggested if label revenues were stronger than anticipated, the Commission could approve an adjustment to the budget in 2005. A motion was made by Bob Blatchford, seconded by Steve Hernick, and approved unanimously, to adopt the proposed Fiscal Year 2005 with the adjusted marketing and outreach budget of \$10,000 and a revised projected deficit of \$24,359.

**Secretariat's Work Assignments**

Richard Osworth reviewed the secretariat's work assignments:

1. Forward copies of the reorganized MRR and UAP to RDC for comment.
2. Issue a letter ballot to amend UAP, Part VIII, adding new Subsection 2(D) to allow for the expiration of plant approval if no labels have been applied for two consecutive years.
3. Issue a memo to manufacturers and designated agencies regarding revised monthly production report and model descriptions.
4. Contact Manufactured Housing Research Alliance.

5. Draft a follow-up letter to Kentucky regarding agreement including a deadline.

**Date and Location of Next Meeting**

The next IBC annual meeting is tentatively scheduled for July 20, 2005. The secretariat reported that notice would be sent regarding the location.

Bob Blatchford made a motion to enter an executive session to discuss designated agency performances and to review requests for waivers. The motion, seconded by Steve Hernick, carried and the IBC entered an executive session. The motion to reconvene into an open session made by Dan DeDentro and seconded by Bob Blatchford, carried unanimously.

Richard Osworth made a motion, seconded by Dan DeDentro, to redesignate all current designated agencies with the standard conditions and redesignate PFS with conditions. The motion carried.

Dan DeDentro made a motion, seconded by Steve Hernick, to approve Randy Vogt, Jeff Murray, and Scott Wheeler's requests for waiver and grant certification. The motion carried with Steve Hernick abstaining.

Dan DeDentro, seconded by Bob Blatchford, moved to adjourn the meeting and the motion carried. The meeting adjourned at 4:10 p.m.

Respectfully submitted,

N. Kevin Egilmez  
Secretariat Staff

Attachments