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2007 Legislative Conference:
Building New Partnerships

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2007 proved to be another successful legislative conference. Read about what took place on Capitol Hill.



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All Politics Is Local Politics

by Sean D. Shields

When two associations team up on legislative issues in their state, the result is a successful Joint Legislative Conference!

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Case Study:
The Importance of Reviewing Customer Contracts When Selling Turnkey

by Kent J. Pagel, WTCA Legal Counsel, & Libby Maurer

Perfecto Truss learns a hard lesson after selling turnkey.



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On the cover: Union Station, Washington, DC

Photo courtesy of Allen Erickson, Cal-Asia Truss, Concord, CA.

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Editor's Message

Tightened Screws Call for Closer Contract Review

by Barry Dixon

This past year has been a challenge for many component manufacturers around the country—my company included. For most of us, factors like the drop in housing starts and customers demanding price reductions in order to either improve the customer's profitability or to offer up a cheaper home to the end user has put us in a difficult position. I often hear "we want a five percent price reduction" or "we need ten percent." If they can knock two or three percent off each supplier, suddenly they've got an overall reduction of about ten percent. So in order to be competitive, the tendency for many of us is to be more amenable to customer demands, no matter how unreasonable they may be.

Of course, it's the contract process where we often find ourselves between that rock and hard place. These days, the rock is more of a boulder and the hard place is, well, pretty damn hard. We all want—and need—to make our customers happy; but that doesn't mean we should be agreeing to one-sided contract forms or complying with other requests that could put us at risk.

Personally, I'm very close to my company's contract review and negotiations process. In fact, on a normal day, I'm in constant contact with my insurance broker, my insurance agent, my CFO, my customer, and our corporate counsel. I'm sure many of you find yourselves in similar roles. I talked to WTCA Legal Counsel Kent Pagel about what he's seeing as the biggest contract trends during this period of correction. He said the heavily weighted, one-sided contract forms that we used to see primarily from national home builders are now trickling down to regional and even large local builders. And in April he warned a group of component manufacturers that he's heard of national builders coming to component manufacturers after finishing a job, demanding deep discounts not agreed upon in contracts already in place. Some have threatened not to pay manufacturers unless they comply. I remember saying a few years ago that this would never happen.

My conversation with Kent reaffirmed what I can no longer ignore right here in my own market: the screws are tightening even more than they ever have in this market. Despite this trend, I believe we should never take contract forms lightly, especially in the realm of insurance requirements, and we should remain firm on contract review and negotiations.

at a glance

- ❑ Component manufacturers need to be wary of builders demanding deep discounts not agreed upon in contracts already in place.
- ❑ Although you may feel like giving up trying to understand insurance requirements, it is possible to learn about them.
- ❑ If you aren't aware of what your insurance coverage actually provides, you are exposing yourself to tremendous and avoidable risk.

One area in particular I've dealt a lot with lately is insurance requirements. Usually, the requirements relating to insurance are numerous, so we have a tendency to simply give up trying to understand them. But it is really important for us to understand what they're asking for in these sections.

Here's an example I just encountered a few weeks ago. In hurricane-prone Florida, we build "safe rooms" that are stand-alone, above-ground structures designed to withstand hurricane-caliber winds. Through a careful review of the insurance requirements for this project's contract, I determined that my insurance company would only provide coverage for our "normal" trusses and panels. This is because a "safe room" structure falls into a different insurance classification than a typical residential structure. So I had to find another insurance company to insure the "safe room" work and materials we were providing for the project before proceeding with

Continued on page 8

FORGING AHEAD TOGETHER

Editor's Message

Continued from page 7

the contract. Now, had we been blind to what our insurance coverage actually provided, we would have exposed ourselves to tremendous—and avoidable—risk.

How we choose to go to market or expand our businesses also impacts the types of insurance we may need. Many manufacturers have looked into turnkey framing solutions. But just because you meet the types of coverages, endorsements and limits you would as a manufacturer doesn't necessarily mean you meet them on the framing side of things. Likewise, offering design services can also affect the types of insurance you will need. For instance, if you are looking to provide whole building design services, you need to be very careful to understand the inherent risk in those services. Does supplying a permanent bracing plan for the roof diaphragm or just simply sealing a layout tie you into engineering services? Are you licensed? Are you insured for these risks? These are just a few of many questions and situations that need to be addressed depending on your personal business plan.

I have often enlisted the help of our insurance broker and corporate counsel so that I can fully understand these insurance matters. Another tool my company has invested in is WTCA's ORisk program. We've found it to be immensely helpful in this process because much in the program's first five tracks deal specifically with this topic. For more information on ORisk, visit www.wtcatko.com.

Remember, insurance procurement and negotiating builders' insurance requirements is a very important part of your contract process. Once you learn how to effectively manage this process, you will find yourself well on your way to developing a solid risk management program that protects your company not only when business is booming, but also during the leaner times. The better you understand risk, the better position you put yourself in to protect your company and the industry. Good luck! **SBC**

SBC Magazine encourages the participation of its readers in developing content for future issues. Do you have an article idea for a future issue or a topic that you would like to see covered? Email your thoughts and ideas to editor@sbcmag.info.

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The mission of *Structural Building Components Magazine (SBC)* is to increase the knowledge of and to promote the common interests of those engaged in manufacturing and distributing structural building components. Further, *SBC* strives to ensure growth, continuity and increased professionalism in our industry, and to be the information conduit by staying abreast of leading-edge issues. *SBC's* editorial focus is geared toward the entire structural building component industry, which includes the membership of WTCA – Representing the Structural Building Components Industry. The opinions expressed in *SBC* are those of the authors and those quoted, and are not necessarily the opinions of Truss Publications or WTCA.

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SOUTHERN PINE: YOUR CHOICE FOR COMPONENTS



Publisher's Message

Taking Action

by Emmy Thorson-Hanson

It's important to have a voice,
it's more important to use it.

Summer evenings are almost here, and it won't be long before we will be watching fireworks, barbecuing and celebrating the 4th of July—Independence Day. All over the U.S., Americans will celebrate the holiday that honors the great country we live in, and we will express our appreciation for living in a country known as the land of the free.

One of the ways to take advantage of the freedoms we enjoy is by exercising your right to voice your opinion. So on April 16-18, over 40 component manufacturers and suppliers took their top issues to Washington, DC for the 7th Annual SBC Legislative Conference. The people who took the extra effort to be there were doing it not only for the benefit of their companies, but for the benefit of the industry.

"Building New Partnerships" was the theme for the conference and starting on page 26 you can read about the connections that were forged in DC. This year WTCA partnered with the National Lumber & Building Material Dealers Association (NLBMDA) as the two groups held their conferences simultaneously and focused on common issues. In addition, the Texas delegation deserves recognition for a big first—they met with every member of the House of Representatives from their state. Turn to page 28 to read about their achievement. If you missed the conference, view the WTCA talking points starting on page 30.

"You see, in life, lots of people know what to do, but few people actually do what they know. Knowing is not enough! You must take action." –Anthony Robbins

Not only are there concerns to address on a national level, but there are plenty of issues specific to your state that directly affect your business. This is where WTCA Chapters provide value, because a unified voice carries more weight than an individual. Continuing with the relationship-building theme, the Florida chapter recently partnered with the Florida Building Materials Association (FBMA) for a revolutionary joint legislative conference. Turn to page 52 to find out the results of this unprecedented event.

On page 60 we turn to the other focus for this issue: legal issues. We can all learn from the mistakes of people who have gone before us. The story of one component manufacturer that changed its business model without fully understanding its risk is one such example. The company emerged just two years ago from a grueling contract blunder and a storm of lawsuits. "Perfecto Truss" hopes that sharing their story will drive home the reality of what is at stake if you aren't actively addressing risk management in your business. They encourage all manufacturers—regardless of how you go to market—to use the ORisk course as a reference resource when reviewing and negotiating contracts.

We hope that reading this issue will inspire you to re-examine areas where you might be able to take more action. Are you actively exercising your rights to make your voice heard in the legislative process? Are you engaged in the local and state issues that affect your company? Are you taking advantage of the resources available to protect your company from the risk of doing business? As you consider these questions, be sure to enjoy the summer, and the great country that we live in. **SBC**

at a glance

- ❑ The Annual SBC Legislative Conference was a success, and is covered on page 26.
- ❑ Turn to page 52 to hear why the first Joint Legislative Conference was a huge accomplishment for WTCA and FBMA.
- ❑ Avoid falling victim to potential risks of selling turnkey by reading about the contract blunder of Perfecto Truss on page 60.

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Height Limitations of Wood Framed Buildings

by Will Warlick and Richard Zimmermann

Question *Is a 4-story residential occupancy wood-framed building allowed per code, and what stud spacing is required in the first story?*

Get familiar with the height restrictions for wood framed buildings.

As a 4-story residential building, this structure falls outside the limits of the International Residential Code (IRC) which is limited to three stories above grade. One then needs to determine how this building fits within the provisions of the IBC. The IBC covers height limitations in Table 503 Allowable Height and Building Areas (see Figure 1). Heights and areas are based on construction type (I to V) and use and occupancy classification groups.

GROUP	HGT(feet)		UL	TYPE V	
	S	A		A	B
R-1	S	UL	100	3	2
	A	UL		12,000	7,000
R-2	S	UL	100	3	2
	A	UL		12,000	7,000
R-3	S	UL	60	3	3
	A	UL		UL	UL
R-4	S	UL	100	3	2
	A	UL		12,000	7,000

Figure 1.

A structure with wood-framed exterior bearing walls would be categorized as Type V. If it is also categorized as sub-type A (1-hour fire-protected structural elements), a height of three stories is permitted with a maximum height of 50'.

The IBC allows for increases to the values in Table 503. Since the question only involves number of stories, we will only consider the height increases given in Section 504:

504.2 Automatic sprinkler system increase. For Group R buildings equipped throughout with an approved automatic sprinkler system in accordance with Section 903.3.1.2, the value specified in Table 503 for maximum height is increased by 20 feet (6096 mm) and the maximum number of stories is increased by one, but shall not exceed 60 feet (18 288 mm) or four stories, respectively.

So a wood-framed building can be four stories tall and not more than 60 feet high, and still fall within the provisions of the IBC.

Stud spacing requirements are covered in IBC Chapter 23 for buildings which fall within the prescriptive provisions; however, these are applicable only to buildings up to three stories per Section 2308 Conventional Light-Frame Construction:

2308.2 Limitations. Buildings are permitted to be constructed in accordance with the provisions of conventional light-frame construction, subject to the following limitations, and to further limitations of Sections 2308.11 and 2308.12.

1. Buildings shall be limited to a maximum of three stories above grade. For the purposes of this section, for buildings in Seismic Design Category D or E as determined in Section 1613, cripple stud walls shall be considered to be a story.

Based on this, the prescriptive stud spacing requirements of the IBC are not applicable. This building must be designed according to another permitted method (2301.2 General design requirements):

2301.2 General design requirements. The design of structural elements or systems, constructed partially or wholly of wood or wood-based products, shall be in accordance with one of the following methods:

1. Allowable stress design in accordance with Sections 2304, 2305 and 2306.
2. Load and resistance factor design in accordance with Sections 2304, 2305 and 2307.
3. Conventional light-frame construction in accordance with Sections 2304 and 2308.

Exception: Buildings designed in accordance with the provisions of the AF&PA WFCM shall be deemed to meet the requirements of the provisions of Section 2308.

So for this building, the design of the wood framing members and connections requires engineering.

- For buildings under the 2003 IBC one would use the 2001 edition of the National Design Specification® (NDS®) for Wood Construction for allowable stress design (ASD). Alternatively, one could use ASCE 16, Standard for Load Resistance Factor Design (LRFD) for Engineered Wood Construction.
- For buildings under the 2006 IBC one would use the 2005 edition of the NDS® for both ASD and LRFD.

Since every structure could have different load considerations, the requirements for the studs in the lower story (as well as headers, etc.), would be based upon the flow of loads calculations and engineered design. Typically the first floor of a 4-story apartment complex will have doubled 2x4 studs spaced at 12" on center to provide a frame of reference. There is no canned response to the question asked regarding the stud spacing for the first story of a four story structure. However, 4-story wood frame construction is reasonably common, and there are many engineering firms that can provide design solutions. **SBC**

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Safety Scene

Keeping Your Young Workers Safe

by Molly E. Butz

Learn how to avoid safety hazards that come when employing young and inexperienced workers.

As the weather warms up and summer breaks loom large, it's possible you'll be hiring a few part-time students to help in your component manufacturing facility. High school and college students can be a valuable resource, especially during the busy summer months. And although it's likely that the students you will hire are new to the industry, their general enthusiasm and interest in learning make them ideal candidates for soaking up some hours.

With your new student workers in place, it's important to remember that although they may be eager, because of their inexperience and youth they also bring with



them a unique set of safety risks. Not only will they be unfamiliar with your company's safety practices, they will probably be entirely unaware of the perils a component manufacturing plant can present, such as dangerous equipment and awkward sized materials. And, although young workers may be completing all of the tasks associated with this "grown-up," full-time job, they are not as physically, psychologically or emotionally mature as your adult workers. Note to self: handle with care.

The good news is that your company can do a number of things to protect your young workers. For starters, it's important to know and understand the Department of Labor (DOL) laws that protect adolescent workers: the Fair Labor Standards Act (FLSA) and the Occupational Safety and Health (OSH) Act. (Your individual state may have additional child labor laws that are more stringent; check with your state labor office for more information. For a listing of state labor office contact information, visit http://www.dol.gov/esa/contacts/state_of.htm.)

It's important to remember that although students may be eager, because of their inexperience and youth they also bring with them a unique set of safety risks.... they are not as physically, psychologically or emotionally mature as your adult workers. Note to self: handle with care.

The FLSA and applicable state labor laws spell out two main concerns: what type of jobs young workers may have and how many hours they are allowed to work. For the office, you may happen upon a 14 or 15 year old you'd like to hire, but in your manufacturing area you'll be limited to students 16 and older. (No manufacturing occupations are allowed for adolescents under 16.) Once a person reaches 18 years of age, the FLSA child labor laws no longer apply. Until then, your young workers cannot operate any motor vehicles (including forklifts and delivery trucks) or any of your power-driven woodworking machines, including circular and band saws. And while 14- and 15-year-olds have some restrictions on permissible hours, at 16 they "may perform any non-hazardous job for unlimited hours." [Source: elaws - Fair Labor Standards Act Advisor: Hours Restrictions, www.dol.gov/elaws/esa/flsa/docs/hours.asp]

at a glance

- High school and college students can be a valuable resource during the summer months.
- Their inexperience can also bring a unique set of safety risks.
- Create a safe environment for your summer help with a few simple adjustments.

...you're required to comply with any and all of the applicable OSHA and OSHA-related standards regarding the safety and health of your employees.

The OSH Act applies to ALL of your employees, not just the young ones. It states that as the employer, you will assess your workplace and provide a facility "free from recognized hazards that are causing or are likely to cause death or serious physical harm to his employees." [Source: The Occupational Safety and Health Act of 1970 - General Duty Clause.] Translated, this means you're required to comply with any and all of the applicable OSHA and OSHA-related standards regarding the safety and health of your employees.

Beyond knowing and understanding the laws that protect your young workers, you'll want to take a few additional steps to ensure their safety in your facility. NIOSH reported that in 2004, 35 of the 2.2 million U.S. workers under the age of 18 died from work-related injuries and in 2003, over 54,000 employees in the under 18 age group were treated in emergency rooms across the U.S. for work-related injuries and illnesses. Here are some simple ways to create a safe environment for your summer help—and the rest of your employees for that matter!

- Supply your young workers with thorough training when they begin. Be sure to hit on all of the critical topics from personal protective equipment to reporting an injury.

- Make certain they know who their supervisor will be and be sure that person is up to date on all of your safety policies and procedures.
- Schedule regular "feedback" sessions to confirm that your new workers understand the hazards and don't have any unanswered questions.
- Use a mentoring system (outside of the supervisor) so young workers have at least one other experienced person he or she can go to with questions.
- Make sure that any equipment your young worker might/will operate is safe and legal for them to use!

Work-related injuries and illnesses can be costly and even deadly, especially for unseasoned, youth workers. Fortunately, a strong safety program, proper training and a few simple work practices can keep your summer help protected. So, whether they'll be filling in for people on vacation or taking a temporary place in one of your crews, be sure your new workers have all of the information they need to understand the hazards your facility can present. Not only will it keep your product flowing steadily through your facility, it will also send a clear, early message to young workers that safety should always be number one. Safety first! **SBC**

To pose a question for this column or to learn more about WTCA's Operation Safety Program, contact WTCA Staff at 608/274-4849, email wta@sbcindustry.com, or view the Operation Safety demonstration online at www.wtcalco.com.



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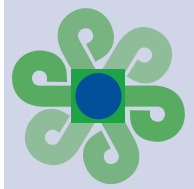
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Bcmmc 2007

What's New in Columbus

by Emmy Thorson-Hanson

Learn why attending BCMC is a good idea, even during a housing slump.

It's no secret that the housing market is in a down time right now. And some companies may be thinking that unless the market makes a complete rebound, they should skip BCMC 2007 in Columbus. But the fact of the matter is that hard times are often the best times to go.

BCMC Committee Chair Ben Hershey shares what the committee has in mind to address this problem. "What we have tried to do with this year's BCMC is make it an opportunity to improve business," he said. "It will allow people a chance to take a look at efficiency, give them new ideas to think about and new products to see, and talk about code issues and how code knowledge can be used to our advantage."

This is why the committee feels it is so important for attendees not to dismiss the show. "When housing is down like it is now, it is the most important time to go," notes Hershey. "BCMC is going to offer an occasion for us to discuss the challenges we are facing and weather these hard times as a group. When things are bad, that is when you need to do the most to further your business."

Extra Roundtables

If you found the roundtables helpful last year, you can look forward to a few more at BCMC 2007. According to Hershey, "The roundtables were so successful last year that we are adding some to Friday to continue the beneficial discussions that develop."

In the past, roundtables were traditionally held on Thursday afternoon, and were held in reference to the educational sessions. In 2006, Tuesday afternoon roundtables were added to the mix, and these followed a different format. Compared to the Thursday roundtables of close to 50 participants, the Tuesday sessions were limited to about ten participants discussing topics separate from the educational sessions. David Mitchell (Engineered Building Design) attended the roundtables in 2006, and explained why they are so useful: "You go through the entire year with very little time to run ideas by your peers and this is the perfect opportunity to do it. You are talking to people that you may have never talked to before, and understanding their problems and how they dealt with them may be a solution to your own problems." The roundtables were so successful that there will be yet another time slot for roundtables added to the schedule this year!

In Columbus, attendees will now have three different opportunities to share ideas and discuss pertinent industry issues with their peers. The first opportunity will be on Tuesday afternoon. There are seven tables for attendees to choose from. (See sidebar for specific topics). The Thursday roundtables will have three different topics to choose from, corresponding with the large group educational sessions. Friday's roundtables will be a repeat of the Tuesday topics. This will provide greater opportunities for peer to peer interaction and on Friday these sessions can be attended while you wait to go on the truss plant tour.

"Some attendees don't come in on Tuesday, or they don't arrive until late on Tuesday, so the Friday repeat is a great opportunity for them to not miss out," explains Hershey. And those that are able to attend the Tuesday roundtables can have their cake and eat it too. "You can't be in two different places at one time, but here's an opportunity to do just that. If you have two roundtable topics that you really want to participate

Component Manufacturer Roundtable Topics

Tuesday, October 2, 6 pm & Friday, October 5, 12:30 pm

- Ideas and challenges for safety & risk
- Sales ideas
- Small business/family owned challenges
- Educating building & fire officials
- Ask an industry veteran
- Steel manufacturing issues
- Legislative/immigration issues
- Turnkey framing

Thursday, October 4, 4:15 pm

- Building codes & code changes
- Changing your panel perspective
- Design
- Engineered Wood Products

in, you can," he says.

And the topics are sure to offer something for everyone because they are determined based on feedback and suggestions from attendees.

New Chapter Competition

Another addition to BCMC 2007 is the Chapter Competition. The winning chapter will be determined based on the percentage of locations in the chapter that have registered to attend BCMC by the early-bird deadline (August 25).

"It is important for as many folks from a chapter to be at BCMC as possible so that they can individually learn about the various issues that are affecting the group. It's a great opportunity for the chapter to band together and learn how to better components in their region. They can even hold a chapter meeting at the show to share their thoughts and collaborate as a group," says Hershey.

Loyal Rewards

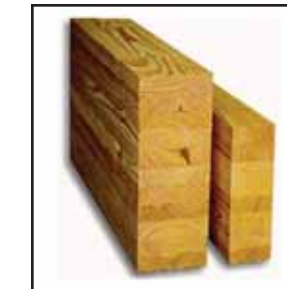
There's another rewards program for groups that is fairly new to the BCMC scene. This will be the third year for the Loyalty Rewards Program for individuals, but only the second year for the Company program.

In order to qualify for the **Company Program** your company must: be a component manufacturer member of WTCA and have sent at least one person to BCMC for the past five years (2003-2007). To qualify for the **Individual Program** you must: be a component manufacturer member of WTCA and attended BCMC five out of the last seven years (2001-2007).

If you or your company meets the criteria above, you or your company representative will receive the following perks: two extra tickets for the Lakeside Trailer Giveaway, two extra tickets for the BCMC Bowl drawing, lowest pricing on any publications/services/products ordered at the BCMC booth and a special commemorative pin to wear proudly at the show.

Make sure to keep your eyes out for the attendee promo that will be arriving in the mail in mid-June. You can also go to www.bcmshow.com for more information or to register online. And don't forget, for the biggest savings, register before August 25. We look forward to seeing you there! **SBC**

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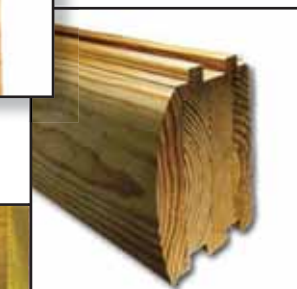
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at a glance

- ❑ Consider using BCMC as the place to make corporate strategic adjustments.
- ❑ A new Chapter Competition encourages chapter member attendance, camaraderie and the potential to hold a chapter meeting.
- ❑ Friday small-group roundtables are a new feature at BCMC 2007.



Wtca Update

Be an 'Achiever' with SCORE

You can score big with WTCA's new certification program.

So what exactly is SCORE? It's not just another confusing acronym. SCORE stands for Structural Component Operations Reaching for Excellence, and is a new certification program developed to allow component manufacturers that are already taking advantage of various WTCA programs to reap even more benefits by tying them all together. The certification is free and enables companies to showcase their professionalism and dedication to quality and continuous improvement. Nothing speaks louder to your customers and the industry than SCORE certification that markets your commitment to excellence.

Differentiate & Increase Customer Satisfaction

Working toward SCORE certification has much more value than just another achievement award. Many component manufacturers are seeking certification for purposes like differentiating themselves from their competitors and increasing customer satisfaction. You know the benefits you derive from WTCA training programs, but chances are your customers aren't aware of what your investment in these programs means to them.

With SCORE, you can market your commitment to manufacturing a quality product to your customer.

When your mission is to serve your customers in a way that ensures they will be more than satisfied with your products, SCORE certification is a simple way to show your dedication to them. To your customer, SCORE communicates the message that "we firmly believe that participating in these programs and taking advantage of these resources help us to do that for you." SCORE certification differentiates your company by reaffirming to your customer that you deliver the best customer service and the highest quality products. Happy customers often mean more business coming your way.

Are You Ready to SCORE?

Your company may be closer to SCORE certification than

you realize. Do you send out jobsite packages with every job? Are your truss technicians TTT certified? Does your company participate in In-Plant WTCA QC? If your answer is yes to any of these, you are well on your way to becoming SCORE certified.

Let's take a closer look at the requirements. There are three levels of SCORE: Achiever, Leader and Elite. Each level requires participation in WTCA programs that enhance your business. Your degree of involvement will determine the level at which your company will become certified.

Some of the immediate benefits that you will receive upon certification include electronic SCORE logos and seals, promotional space in *SBC Magazine* each month, a place on the SCORE web page that lists SCORE members among other advantages that come with certification.

So what are you waiting for? Visit www.sbcindustry.com/SCORE for more details on SCORE requirements. You just might be surprised! **SBC**

by WTCA Staff



"Since becoming a SCORE Leader, we've used the SCORE seal on our website, all of our promotional pieces and on our layouts. We're also talking it up with our customers to let them know how committed we are to delivering a quality product. We're looking at SCORE as just one more marketing tool in our arsenal."

– Joe Hikel, Shelter Systems Limited, SCORE Leader Certified

at a glance

- SCORE ties all of the programs you are already taking advantage of and puts them to even more use.
- The marketing opportunities offer a chance for you to stand out in the industry.
- You may be close to becoming certified at the Achiever level.

New WTCA Members

REGULAR MEMBERS

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3355 Spring Mountain #50
Las Vegas, NV 89102-8635
702/222-3303
Mr. Tom McBride

Norwood Sash & Door Mfg DBA Norco
627 Norgal Dr
Lebanon, OH 45036-9275
513/932-5700
Mr. Tim Hirschauer
Sponsor: Mr. Stan Sias

Relco Roof & Floor, Inc
PO Box 84
Harrisburg, OR 97446-0084
541/995-6311
Mr. Jason Carothers

ASSOCIATE MEMBERS

Dike Okpokiri
1580 NE Merman Dr Apt 378
Pullman, WA 99163
509/332-3618
Mr. Dike Okpokiri

Monta Consulting and Design
222 S Westmonte Dr #100
Altamonte Springs, FL 32714
407/681-1917
Mr. William Ranieri, P.E.
Sponsor: Mr. Bill Heine

L-M Equipment Co. Ltd.

5784 Byrne Rd
Burnaby, BC V5J 3J4
604/431-8800
Mr. Rick Weihs

Long View Enterprises

W11455 Longview Rd
Brandon, WI 53919
920/324-8651
Mr. Craig Bronkhorst

Lumber Technology Corp.

PO Box 614
Millburn, NJ 07041-0614
973/467-1766
Mr. Darren Satsky

Nascor International Ltd

1212 34th Ave SE
Calgary, AB T2G 1V7
403/243-8919
Mr. Brad Parsons

Rex Lumber LLC

PO Box 7
Graceville, FL 32440-0007
850/263-2056 ext 2
Mr. Tracy D. Daniels

Listing as of 5/8/07

For more information about WTCA membership, contact Anna (608/310-6719 or astamm@qualtim.com) or visit www.sbcindustry.com.



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- **Dwight Hikel** • Shelter Systems Limited • 410/876-3900 • dwhight@sheltersystems.com
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Call for Nominations

WTCA Hall of Fame

Awarded each year at BCMC to an individual member of WTCA who has advanced the interests of WTCA and the structural building components industry.

1986 Staton Douthit Dr. Stanley K. Suddarth	1997 Kirk Grundahl
1987 Dave Chambers Don Percival	1998 Bob Ward
1988 Don O. Carlson	1999 John R. Herring
1990 Leonard Sylk George Eberle	2000 Thomas J. Manenti
1991 John Mannix Bill Alcorn	2001 Bernie Boilen
1992 Rip Rogers	2002 Koss Kinser
1993 Tom Carbeck	2003 Merle Nett
1994 Michael Conforti	2004 Richard Brown Andy Schwitter
1995 Don Hershey Bill McAlpine	2005 Suzanne M. Grundahl
1996 Lee Vulgaris	2006 John Meeks, P.E. Kent Pagel
	2007 <i>Attend the annual meeting at BCMC to find out!</i>

Email nominations for this year's Hall of Fame inductee to WTCA at fame@sbcindustry.com or fax them to 608/274-3329 by July 15, 2007.

WTCA Board of Directors

As required by WTCA Bylaws, we would like to announce the opening for nominations for service as a Regular Member Representative on the WTCA Board of Directors. The requirements are:

- Directors shall take office at the first WTCA Quarterly Meeting following BCMC.
- Directors must attend WTCA Open Quarterly Meetings.
- Directors must be willing to be involved in WTCA Committee activities, with the purpose of advancing WTCA's mission.

Email nominations for WTCA Board of Directors openings to WTCA at nominations@sbcindustry.com or fax them to 608/274-3329 by July 15, 2007.

WTCA Bowman Industry Enthusiast Award

Awarded each year at BCMC to an individual supplier member of WTCA who has enthusiastically supported the structural building components industry.

2005
Mike Bugbee
Simpson Strong-Tie Company

2006
Thomas J. Manenti
MiTek Industries, Inc.

Email nominations for this year's Bowman Industry Enthusiast Award to WTCA at bowman@sbcindustry.com or fax them to 608/274-3329 by July 15, 2007.

SBC Leadership Award



Awarded to an individual whose **vision, innovation** and/or **creativity** has advanced the SBC industry.

2006
Abner Yoder
Stark Truss Company, Inc.

Email nominations for the SBC Industry Award to sbcaward@sbcindustry.com or fax them to 608/274-3329 by July 15, 2007.



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- Receive **In-Plant WTCA QC** certification

From here, you're on the path to becoming a SCORE Leader, and then SCORE Elite!

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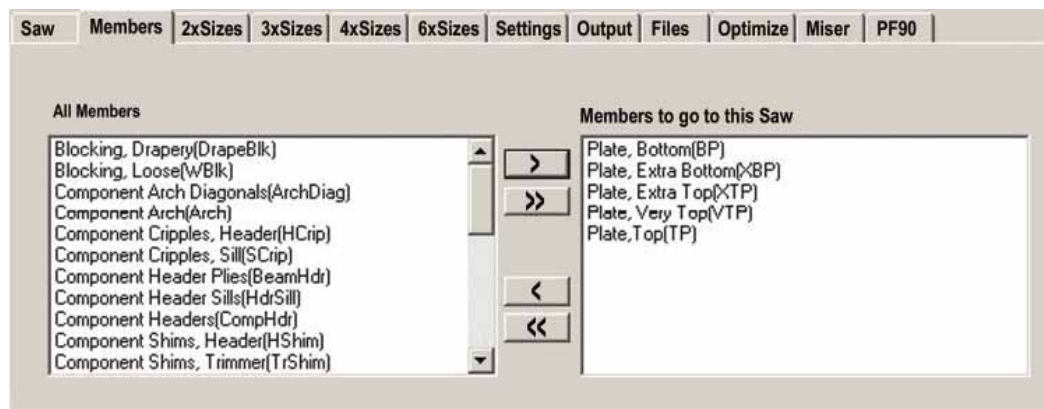
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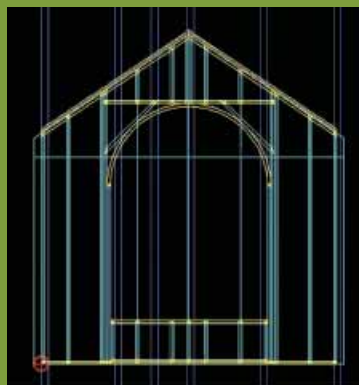
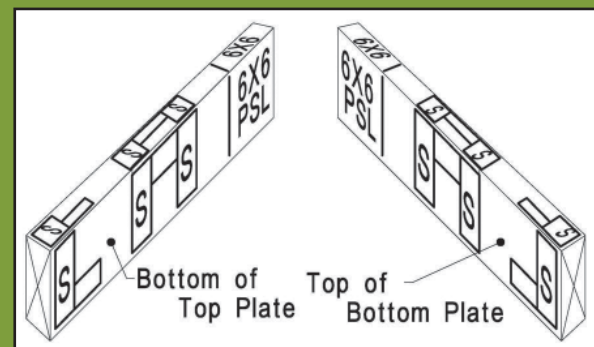
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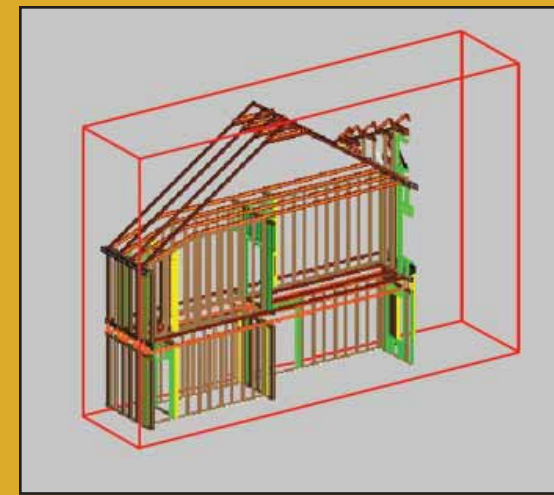
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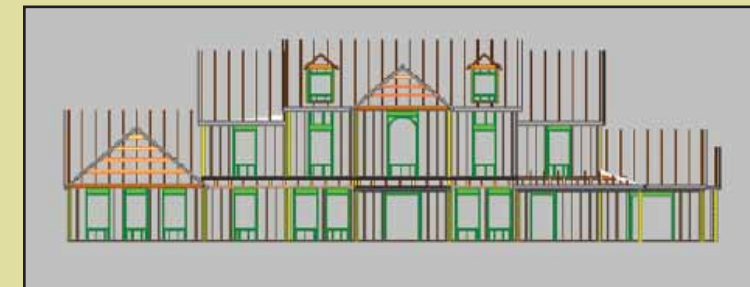
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Legislative CONFERENCE

by Sean D. Shields

“Under New Management”

With 54 brand new lawmakers in the 110th Congress, a whole new set of Senate and House Committee Chairs, and new leadership in both chambers—including our nation’s first woman Speaker of the House—you could say the legislative branch of our government is under new management.

As a result, this year’s conference attendees encountered a Congress going in a different direction than those of the recent past. Embracing this fact, WTCA members focused on building awareness of the industry, growing relationships with lawmakers in new key leadership positions, and talking about issues that resonated with Democrats, like immigration, workforce training and green building standards.

A new “breed” of lawmaker has also risen to prominence. The “Blue Dog Democrat” represents a more business-friendly aspect of the party in power. Component manufacturers heard from two of the more prominent members of this caucus, who offered some strong words of encouragement.

Even as some things change, others remain the same. The Executive branch is still controlled by President Bush, and as a result, the federal bureaucracy has retained the same focus and direction. As you’ll read, a small group of component manufacturers met with various federal agencies during the conference to continue building relationships with key individuals and get their perspectives on what it’s like to work with a Congress under new management.

BUILDING NEW PARTNERSHIPS

April 16-18, 2007
Washington, DC

Capitol Hill Visits

“Building New Partnerships” was the theme of this year’s SBC Legislative Conference, and it held a two-fold meaning. Primarily, it alluded to the big change-over mentioned above that occurred in Congress after the 2006 election, but it also embraced the new working relationship being forged between WTCA and the National Lumber & Building Material Dealers Association (NLBMDA).

Holding their legislative conferences simultaneously, WTCA and NLBMDA helped their combined membership lobby Congress effectively on burning issues with one voice. Members of each organization still visited their lawmakers separately, to maximize the quantity of meetings held with Congressional delegates. However, WTCA and NLBMDA coordinated the analysis and messaging on each issue so that members of these two organizations presented a united front.

Immigration reform, and its potential impact on workforce availability, was chosen as the primary issue for the structural building components industry at the conference again this year, and NLBMDA added it as a new issue for its industry. The House and Senate both passed immigration reform legislation last year, but since they were unable to reach a compromise before the end of last year, nothing was submitted to President Bush. As WTCA and NLBMDA members hit the Hill, Congress was preparing to renew debate on a comprehensive immigration reform bill.

The price of health care, and the subsequent cost of health insurance, is making it more and more difficult for employers, particularly small businesses, who provide such health care for their employees, to continue to affordably provide it. This was another key issue chosen for the conference this year by both WTCA and NLBMDA. Unfortunately, as we discovered in a meeting at the Department of Labor’s Employee Benefits Security Administration (see page 46), Congress has not begun to offer solutions to address this very pressing issue.

A well-trained workforce improves their effectiveness and your competitiveness. You can pay for their training entirely by yourself, or you can take advantage of the millions in federal and state dollars available through various grants. The challenge is finding these grants and qualifying for them—the process is not as easy as it could be. One thing that would significantly help is reauthorization and enhancement of the Workforce Investment Act of 1998. It appears Congress will begin debating this issue over the summer months.

As members stormed the offices of their Congressional delegates, they found lawmakers and legislative assistants who often remembered them from past visits, were well versed on the issues, and eager to hear their viewpoints. They brought with them a series of talking points (see pages 30-37) to help frame the issues and highlight how they affect the structural building components industry.


By bringing up additional issues such as expanded health savings accounts, innocent seller tort reform, improvement of railroad infrastructure and competition, as well as green building standards, our industry has already begun to address future legislation that will likely be debated during legislative conferences to come. **SBC**



Author’s Note:

Most of the component manufacturers and suppliers that have participated in the conference year after year have been effective at building close working relationships with their members of Congress. In addition, some manufacturers, like Dean DeHoog (see page 41) have been successful at building these relationships more swiftly through hosting a tour of their production facility with a lawmaker.

Even with those relationships, it is still difficult to actually meet with lawmakers in Washington, DC while Congress is hotly debating issues like stem cell research, as they were while WTCA members were there in April. It was miraculous, then, that the Texas delegation was successful at meeting with all five of their members of the House of Representatives! Read their story on page 28, which is part good fortune and part a result of their long-term commitment to this industry’s legislative advocacy efforts.



“I want to thank WTCA for putting this conference together. This was my first time and it was a very worthwhile experience. My meetings in the offices of Rep. Wolf (D-VA) and Sen. Warner (D-VA) were great, their staff were very professional and well prepared on the issues.”

—Shep Campbell, GlaiZe Components



Legislative Conference 2007: *Storming the Hill*

By Carl Schoening

The 2007 Legislative Conference has ended with a lot of positive, meaningful visits with elected leaders. This is the first time I have put pen to paper to report on the legislative conference, which is odd because this is one of the most important WTCA gatherings of the year and one of my favorites.

I called it "Storming the Hill" for several reasons. First, the group that attended this year turned out to be an interesting mix of experienced and first time attendees. But every individual was prepared to go to battle on behalf of the component industry. This was my seventh legislative conference and I am still excited when I arrive. We begin by getting briefed on the issues each year. The materials the WTCA staff prepares are the best. I have seen material prepared by other groups, most of which boast larger membership and higher legislative budgets, and none of them compare. When we walk into a Congressman's or Senator's office we all know that we will leave there having presented a positive professional impression of our industry and know that we have done our very best to impress the importance of our issues.

The second reason for the title is that this year everyone was ready to "charge" the hill and win the battle. This was just one battle in the war for success. Those of us that have been to DC before know that this is a marathon and not a sprint. It may take several visits before we fully achieve our agenda. But we know that this year we won the day. The response from legislators was positive and more consistent this year than any other year I have attended.

An Exciting First

This year the Texas contingent consisted of Jack Dermer, Frank Klinger and me. Each of us has attended before and we have a well laid plan when we visit elected officials. We go together. This year was a first for us (and the Conference!); we visited with all five Representatives from our state.

"It is a tremendous opportunity to see how the government works and our opportunity to voice our opinions and be listened to. It's an opportunity to get up close and get a personal feeling for your legislator's opinion on issues."

—Jack Dermer,
American Truss Systems, Inc.

Meaning, we go to each others elected Representatives as well as the Senators from our state. This allows us to show a strong united front for our state and not just from a specific congressional district. We all know the part each of us will play in the visit. We know who does what and when. We don't speak over each other and we move through the information quickly. It is important to be concise and thorough. Elected officials and their staff are very busy and we get a limited amount of time to make an impact that will get them to review the materials we leave and to pass that critical information on to the elected official. Preparation is the name of the game.

Frank agrees that our strategy is effective. "Usually a group of three or four is perfect," he said. "One guy can talk, one can take pictures, and the others can fill in or take turns. It's teamwork." He also reminded us that in years past, the highest number of elected officials we visited was two.

Apart from gaining credibility by going in a group, Jack thinks consistent attendance at the conference helped us this time. "The repeated visits may have helped in getting to meet with all of the Congressmen," he said. "They were familiar with who we were and what we were doing. Some Congressmen even remembered us from before. When they feel more comfortable with you, and know you, they are more willing to welcome you in."

As for feeling nervous or uncomfortable, just remember that these people work for you and others from your state or district. You, in many ways, are their boss. Without you and other concerned citizens like you, they could not get elected. You must still show them respect for the job they are doing, but there is no need to be nervous about the visit.

Frank said we were lucky to have met with the Congresspeople themselves. "When I talk to aides, I'm never sure what info will get back to the congressman," he commented. "But in this case we were able to speak with them, and most were very knowledgeable on the subjects we were discussing. It was nice to be able to talk to them directly and very interesting to hear what they had to say." Jack was excited to hear that one of his Congressmen was very familiar with what his company produces. "It really surprised me. When I left, I had a different perception of him."

This year our primary topic was immigration. There has been a lot of discussion about how to improve or reform the current immigration system the last few years. This is an emotional issue with very strong feelings on both sides. In some camps the idea of gathering up all illegal immigrants and sending them back to their country of origin was the main goal a year ago. Fortunately, time has softened the perspective of both sides and it appears a compromise bill is in the making. What is needed is a well thought out guest worker program that will establish guidelines for illegal immigrants to register their status in the United States and receive verification of their right to work. This will mean coming up with a way to provide tamper proof credentials that will allow employers to positively know the status of each individual applying for a job and hold the employer harmless if they follow the rules to the letter of the law. All of the lawmakers we spoke to this year were pushing hard to the use of biometric technology and most were confident that a law would be passed before the next presidential election. That was great to hear.

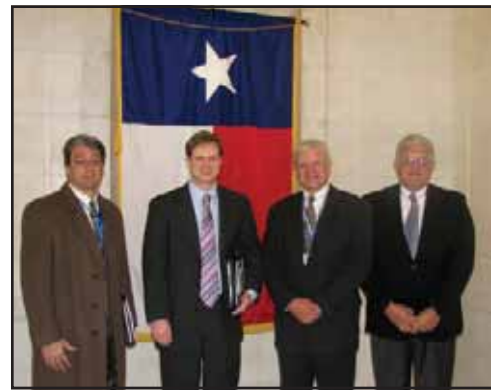
Another area that was on our agenda was the Workforce Investment Act. This would provide funding to assist employers in training costs. This is an important measure when you consider how much component manufacturers spend training every member of the staff from production to design to managers. This could really help component manufacturers take our industry to a new level.

We also discussed the need for health care reform. Escalating health care costs have forced many employers to reduce coverage or employer participation in premiums and have even force some employers to drop health benefits completely. We discussed the need for broadening HSA (Health Saving Accounts) benefits and providing a greater range of benefits. All of the lawmakers were very much in favor of these concepts.

I know that some of you are thinking, "I don't know anything about those areas!" Don't worry. You don't have to be an expert. What we need are people that are passionate about the component industry to attend and pass that enthusiasm on to the elected official. One way to begin building a relationship with your elected leader is to call their office and invite them to tour your facility when they are in the area. They want to visit constituents, especially businesses in their area. When they visit they will see that we are a sophisticated industry and that they will come into contact with a number of voters in one place. You will be pleasantly surprised at the response you will get. Chances are you will also get a bit of free publicity if you tip off the local paper that someone from Washington, DC will be touring your facility. This helps you and it helps the elected official.

Jack says tours are important because "[legislators] get a chance to see exactly what we build and manufacture, and what we supply to our customers." Frank has noticed that they tend to remember you better the next time you meet in DC because they recognize your name and plant.

Lastly, while a lot of good work gets done at the Legislative Conference there is a lot of fun that goes on as well. The time spent with other industry leaders is valuable. It is your chance to pick the brain of other component manufacturers in the after hours lounges. Chances are you may even get to play a game of pool with someone you know and have bragging rights for a year. Please join us next year as we plant the WTCA flag on Capitol Hill. **SBC**



Members from WTCA's Texas Chapter (Jack Dermer, Frank Klinger, Carl Schoening and Jim Giunta) visited all five Representatives and both Senators from their state. Top to bottom: Aide for Senator John Cornyn (R); Aide for Senator Kay Bailey Hutchison (R); Representative Kenny Marchant (R); Representative Gene Green (D); Representative Rubén Hinojosa (D)

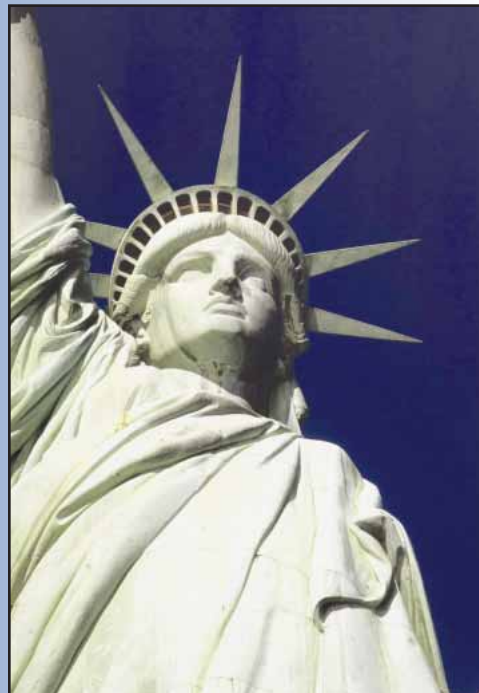
by Sean D. Shields

In addition to the 2007 Legislative Policies & Positions handbook created for WTCA members to use during visits with their Congressional delegates, a series of talking points were drafted to frame the most important issues facing the structural building components industry and provide guidance to lawmakers on specific pending legislation.

The main issues addressed at the legislative conference this year were: immigration reform and its impact on the structural building components industry's workforce; health care and the need for additional ways to provide affordable health insurance to employees; workforce training and the need for additional educational funding; tax reform, including the importance of changing the way the U.S. taxes domestic lumber production; and, the need to pass tort reforms like those contained within the Innocent Sellers Fairness Act (ISFA).

Below are the talking points used during the conference, which are also available online at www.sbcleg.com.

■ IMMIGRATION



Industry Position

Having safe and secure borders should be a top priority. However, the strong foundations of this nation and its robust economy have always depended on a vibrant immigrant population. In order for the structural building components industry to continue providing the components for affordable structures, there must continue to be a legal way for our industry to hire immigrant workers.

SUPPORT: H.R. 1645 (Gutierrez, D-IL), S. 340 (Feinstein, D-CA), H.R. 371 (Berman, D-CA), S. 795 (Obama, D-IL), H.R. 1379 (Gutierrez, D-IL) because they address much needed reforms while providing for expanded visa or guest worker programs.

OPPOSE: H.R. 1430 (Goodlatte, R-VA) and H.R. 138 (Gallegly, R-CA), because they are overly punitive to employers while lacking any provision for legally hiring immigrant workers.

Illegal Immigration a Concern

- The Census Bureau estimates a net increase of 500,000 illegal immigrants annually. For example, in 1999 Immigration and Naturalization Service (the INS has since been rolled into the Department of Homeland Security) estimated that 968,000 new illegal immigrants settled in the U.S.
- The increased availability of forged citizenship documents makes illegal immigration a more significant problem for employers because it is becoming exceedingly difficult to determine who is eligible for legal employment.
- Our industry believes the U.S. Department of Homeland Security should receive additional funding for the purposes of increasing border security, providing more extensive criminal and background checks on visa applicants, and identifying undocumented workers and foreign individuals living in the United States.

Immigrant Labor Relied Upon

- The opportunities for young people to move up the career ladder within the structural building components industry are tremendous. Yet, according to studies done by NAM, the number of young people who enter the skilled trades continues to diminish.
- Young workers are not being attracted to and entering these types of manufacturing jobs as a valuable career choice. Alternatively, immigrant populations are generally eager to fill these types of jobs, perform them well, and are finding that the career opportunities are valuable to them.

Need Guest Worker Program

- Our industry pays competitive living wages, provides benefits to its employees, and presents many opportunities for career advancement and long-term job security.
- Our industry is an integral part of the building construction industry, and we provide efficiently-built, cost-effective structural solutions for builders. Without a viable workforce we will be unable to assist builders in meeting the public demand for housing and commercial construction.
- It is essential that employers in the structural building components industry be able to legally hire immigrant workers to ease the nationwide manufacturing and building construction labor shortage.

■ HEALTH CARE

Industry Position

Unless the high costs of health insurance premiums are quickly brought under control, many manufacturers within the structural building components industry will be unable to provide their employees with adequate health benefits, and may be faced with the difficult choice of dropping health benefits entirely.

Control High Costs

- The ongoing increase in medical and insurance premium costs in this country is creating a significant barrier to high-quality, accessible health care.
- Nearly 27 million of our nation's uninsured are small business owners, employees or dependents of small businesses with less than 100 employees.
- Government studies indicate health care spending in America has increased from 5 percent of GDP in 1960 to 16 percent in 2004, and is expected to increase to 18.7 percent in 2014. This increasing burden of health spending on the U.S. economy is unsustainable.

Association Health Plans (AHP)

SUPPORT: H.R. 1012 (Buchanan, R-FL) and H.R. 241 (Johnson, R-TX) because they address much needed reforms in the health care system by creating association health plans.

- Nationally, small businesses are less than half as likely as large employers to offer health benefits to their workers. While 95 percent of employers with more than 50 employees offer health benefits, only 43 percent of employers with fewer than 50 employees do so.
- Small businesses pay as much as 30 percent more than large employers for similar health benefits. According to the Government Accountability Office (GAO), insurers incur higher marketing, underwriting, and administrative costs when providing health care coverage to small employers than to large employers—costs that insurers pass on to small firms.

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John Griffith

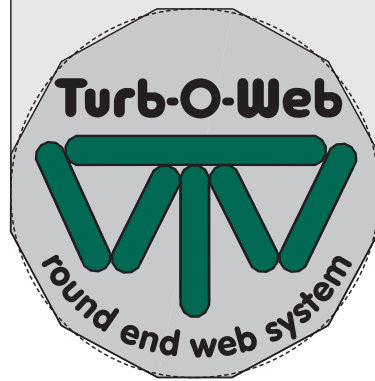
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- Approximately 75 percent of the structural building component industry is made up of small business owners who average less than \$5 million in annual sales and have less than 50 employees.
- Currently, they are experiencing annual health insurance premium increases averaging nearly 20 percent, which is capital that alternately could be used to expand their businesses, add new staff, and develop new products.
- The Congressional Budget Office (CBO) has estimated that small businesses obtaining insurance through AHPs should experience average premium reductions of up to 25 percent, because they enable small businesses to take advantage of the same regulatory status, purchasing clout, economies of scale and administrative efficiencies that many large corporations currently utilize.



Health Savings Accounts (HSA)

SUPPORT: S. 298 (McCarthy, D-NY), S. 334 (Wyden, D-OR), S. 173 (Inhoffe, R-OK), S. 46 (Ensign, R-NV) and S.1019 (Coburn, R-OK) because they address much needed reforms in the health care system by enhancing individual Health Savings Accounts (HSAs).

- More and more American workers are using HSAs and taking advantage of pre-tax dollars to pay for their out-of-pocket medical expenses. As of September 2006, one percent of the privately insured U.S. population ages 21-64 were enrolled in a plan with an HSA.
- The structural building components industry applauds the work of Congress in passing legislation in 2006 that allows dollars saved into HSAs to roll over from year to year, enabling employees to better afford high-deductible health insurance in combination with these pre-tax savings accounts.
- Expanded HSAs will allow more workers to choose "catastrophic" insurance plans for major medical events, which are more affordable and will reduce the financial burden currently carried by employers and various government and non-profit entities.
- Our industry supports allowing employees with HSAs and their employers to make annual contributions to their HSAs up to the maximum amount that their insurance policies require people to pay for out-of-pocket health care expenses, not just their deductible.

"I thoroughly enjoyed my first time visiting my members of Congress. I felt well prepared by the materials and felt that my lawmakers were supportive of our industry's issues. Everyone I met with appreciated the fact that I came into their office and shared my concerns with them."

—Jim Scheible, Automated Building Components

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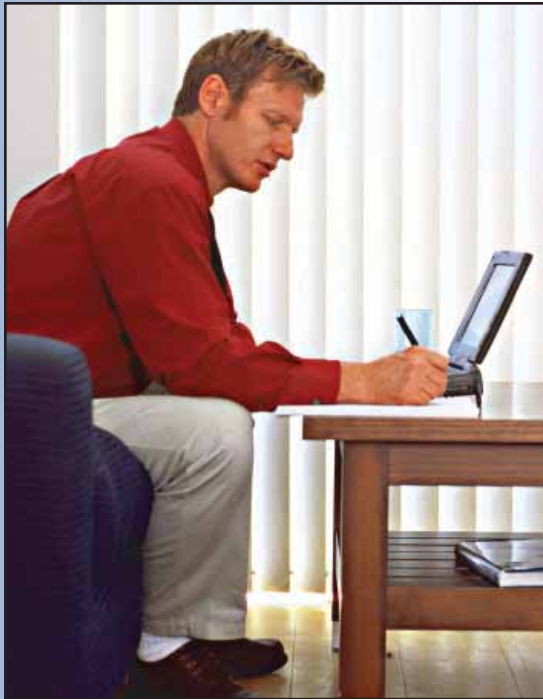
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■ WORKFORCE TRAINING



Industry Position

The structural building components industry believes that to remain competitive in the global economy, America needs to do more—both publicly and privately—to educate and train the workforce of today and tomorrow.

SUPPORT: S. 761 (Reid-NV) S. 26 (Cantwell, D-WA), S.833 (Coleman, R-MN) and H.R. 224 (Weller, R-IL), because they provide additional funding and programs for training America's workforce. Also, the structural building components industry supports immediate reauthorization of the Workforce Investment Act of 1998.

Workers Are Key Resource

- American workers, through the initiative, creativity and energy they exhibit each day, are what have made American companies so competitive and our nation's economy the strongest in the world.
- However, our nation's economy is rapidly evolving due to the pressures of global competitiveness, where many skilled but relatively easy to train manufacturing jobs are leaving the US, leaving a strong demand for service sector jobs that require an entirely different skill set.
- According the National Association of Manufacturers (NAM), more than 80 percent of manufacturers say they are having trouble finding qualified employees.
- Our workers need to have the support and resources to improve their skill in order to keep up with advancements in technology and manufacturing processes.

Additional Training Needed

- Solutions need to come from business, government—and from American workers. Our industry would like to thank Congress for taking the first step by consolidating a system of overlapping and ineffective government training programs into the Workforce Investment Act of 1998. Reauthorization of this landmark legislation is long overdue.
- American manufacturers have become concerned about lagging graduation rates (as compared with our international counterparts) in math, sciences and engineering—academic areas the structural building components industry relies heavily upon due to the engineering and design requirements of its products.

Career Advancement Accounts

- Our industry believes ideas like Career Advancement Accounts, will empower individuals by significantly increasing workers' resources and training opportunities. It will enable nearly 800,000 American workers to use their accounts for training and other services to help them advance their careers.
- Finally, the structural building components industry supports federal and state efforts to shift spending for workforce training away from expensive or duplicative agency administration, and toward more streamlined, efficient training program delivery.

"I am so glad to be a part of this organization. During the conference, I made some good connections, and look forward to building these relationships."

—Mike Redmon, Carolina Truss

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■ TIMBER TAX



Industry Position

The structural building components industry relies heavily on U.S. sources of lumber for manufacturing their products. However, the current U.S. tax code puts the U.S. timber industry at a distinct disadvantage against international competition. Our industry believes this situation poses significant negative consequences on us as customers, and ultimately on the American consumer of forest products.

SUPPORT: S. 402 (Lincoln, D-AR), H.R. 721 (Davis, D-AL), because they will improve competitiveness, help insure the future availability of wood fiber, encourage investment in forestry, and yield a more abundant supply of the materials that help build the American dream.

U.S. Timber Vital

- Our industry relies on American private landowners to supply a significant portion of the timber our industry uses in its structural components.
- American forests provide a great benefit to the environment—preventing soil erosion, cleansing streams and waterways, absorbing carbon dioxide from the atmosphere, and providing habitat for a wide range of species.
- Unfortunately, the U.S. forest products industry is facing significant overseas competition and increased risk of loss of jobs.

Change Tax Policy

- U.S. tax policy should provide an internationally competitive foundation for all industries.
- However, the U.S. corporate timber and forest products industry is subject to significantly higher income tax than their overseas competitors.
- A recent PriceWaterhouseCoopers study showed the U.S. domestic corporate forestry tax burden to be second highest compared with its seven major competitor nations—16 percentage points higher than the median of the other countries.

Unintended Consequences

- The structural building components industry believes internationally uncompetitive tax policies have the unintended consequence of raising the cost of timber and, therefore causing downstream products like our structural components to cost more.

TREE Act of 2007

- By reducing the cost disadvantage faced by timber growers here in the U.S., the Timber Revitalization and Economic Enhancement (TREE) Act of 2007 can help reverse the trend of decreasing U.S. competitiveness in the forest products industry.
- The TREE Act of 2007 provides a 60-percent deduction for qualified timber gain, modeled after legislation introduced in the 109th Congress (H.R. 3883, S. 1791), which results in a maximum tax rate on such gain of 14 percent for both individuals and corporations.

“The Legislative Conference is such a great experience, I look forward to coming back next year!”

—Joe Kannapell, MiTek Industries

■ TORT REFORM

Industry Position

Product liability court cases are part of a growing litigation burden on America's small businesses. According to a 2003 study by the U.S. Chamber Institute for Legal Reform, small businesses bear 68 percent of business tort liability costs. Therefore, the structural building components industry supports passage of the Innocent Sellers Fairness Act.

SUPPORT: H.R. 989 (Boren, D-OK) because it holds sellers responsible in proportion to their wrongdoing, and frees sellers from liability who have done nothing wrong.

Product Liability

- Current U.S. law imposes liability on manufacturers and sellers of products irrespective of responsibility or lack of wrongdoing.
- The Small Business Administration estimates that defending product liability lawsuits can cost anywhere from \$50,000-\$100,000, which force many defendants to pursue a settlement, regardless of the merits of a case.
- Product liability lawsuits are increasingly impacting building material dealers, an industry closely affiliated with the structural building components industry. A winter 2005 survey of dealers found that more than 1 in 4 has been the subject of product liability lawsuits within the past 5 years; 65 percent of those have been involved in more than one.

Innocent Sellers Fairness Act

- ISFA is necessary because current law imposes liability without wrongdoing by sellers, and exposes them to all of the damages allegedly suffered by a plaintiff, even though other defendants may have played a much greater role in causing the damages.
- According to the 2004 WTCA Financial Performance Survey, the sale of non-manufactured products, such as joists, beams, headers and related building materials, accounted for up to 10 percent of overall sales volume.

“I felt I made a good connection with the staff of my new Congressman, Rep. Tim Mahoney (R-FL), and I offered to help support them on immigration and construction issues in the district.”

—Bob Becht,
Chambers Truss

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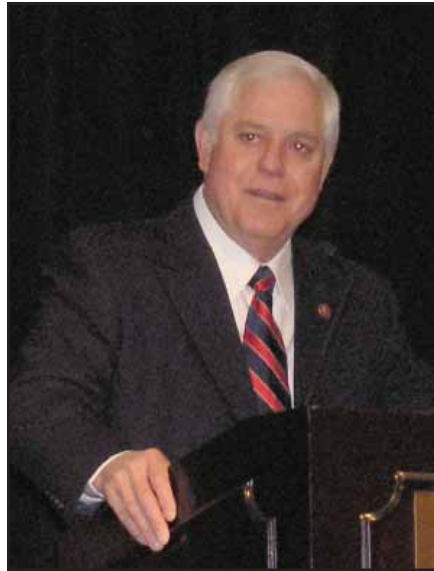
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Conference Speakers

■ REPRESENTATIVE LINCOLN DAVIS



After he was elected to Congress, Lincoln Davis told his constituents, "When I vote on legislation, I vote on your behalf. As soon as I start voting as a member of a party, I am no longer voting for you, and so you should stop voting for me." You could tell almost immediately that Congressman Davis was a man who voted his conscience and more importantly his constituency's conscience, not the party line. As a leader in the Blue Dog Democrat caucus, Davis touted the fact some Democrats are friends of business and felt that a number of things could be accomplished in the Democratic-controlled Congress that could help lumber dealers and component manufacturers.

Davis insisted the estate tax needed to be permanently repealed, and indicated he felt there would be an opportunity to either succeed with a full repeal or, at least, reach a compromise to raise the cap on taxable inheritance. He also shared his perspective on health care, pointing out that Association Health Plans (AHPs) were a good solution to give employers more opportunities to find and provide affordable health care for their employees.

Finally, Davis talked about immigration reform. He used a straight-forward math example to prove his point: "There are 135 million Americans in the workforce today. The unemployment rate is 4.5 percent, meaning there are roughly six million people that could work but for various reasons aren't. According to various sources there are between 10-12 million illegal immigrants living and working in this country. If we deport them all, who is going to fill those jobs? There aren't enough Americans."

He concluded by telling his audience not to be timid in asking their lawmakers where they stand on issues important to their businesses.

Biography

Lincoln Davis (D-TN) was sworn into office January 7, 2003, with a promise to work in a bi-partisan fashion for the betterment of his constituents. First elected Mayor of Byrdstown in 1978, Davis went on to serve two terms in the Tennessee House of Representatives. Then elected to the State Senate in 1996, his second term was cut short when elected to represent the 4th District in Congress. As a member of the U.S. House, Davis is working to create economic development opportunities, curb methamphetamine abuse, increase flexibility in veterans' benefits, implement homeland security safeguards, and fight for a balanced budget. As a member of the Blue Dog Democrats, Davis has been named to the Majority Whip team where he serves as a senior and regional whip. As a senior whip, a group of senior Members and Caucus opinion leaders, Davis plays key roles in developing strategies to ensure legislative success.



Dwight Hikel (standing) greets fellow members during dinner at Smith & Wollensky's (l to r): Brian Johnson, Bruce Bain, Scott Ward, Dean DeHoog, Rick Cashman and Katrina Cashman.



Blue Dog Democrats

This name refers to a group of 44 conservative to moderate Democratic Party members of the United States House of Representatives. The Blue Dogs are a coalition of Democrats whose stated primary mission is to promote fiscally responsible budget reforms and account-

ability for taxpayer dollars. This coalition was formed in 1994 during the 104th Congress to give more conservative members from the Democratic Party a unified voice. The Democratic Party has become more supportive of Blue Dog candidates in recent times. This was especially true in the 2006 election, when Blue Dog candidates such as Heath Shuler (11th Congressional District, NC) and Brad Ellsworth (8th Congressional District, IN) were elected in conservative-leaning districts, upending years of Republican dominance in these districts.

The term is a reference to the "Blue Dog" paintings of Cajun artist George Rodrigue of Lafayette, LA. The original members of the coalition would regularly meet in the offices of Louisiana representatives Billy Tauzin and Jimmy Hayes, both of whom had Rodrigue's paintings on their walls. The term is also probably meant as an ironic counterpoint to the traditional "Yellow Dog" label, which is applied to Southern Democrats so loyal to the party that they would vote for a yellow dog before voting for a Republican.

Current members of the Blue Dog Democrat Caucus:

- Mike Arcuri (NY)
- Joe Baca (CA)
- John Barrow (GA)
- Melissa Bean (IL)
- Marion Berry (AR)
- Sanford Bishop (GA)
- Dan Boren (OK)
- Leonard Boswell (IA)
- Allen Boyd (FL)
- Dennis Cardoza (CA)
- Ben Chandler (KY)
- Jim Cooper (TN)
- Jim Costa (CA)
- Bud Cramer (AL)
- Lincoln Davis (TN)
- Joe Donnelly (IN)
- Brad Ellsworth (IN)
- Kirsten Gillibrand (NY)
- Jane Harman (CA)
- Stephanie Herseth Sandlin (SD)
- Baron Hill (IN)
- Tim Holden (PA)
- Steve Israel (NY)
- Tim Mahoney (FL)
- Jim Marshall (GA)
- Jim Matheson (UT)
- Mike McIntyre (NC)
- Charlie Melancon (LA)
- Mike Michaud (ME)
- Dennis Moore (KS)
- Patrick Murphy (PA)
- Collin Peterson (MN)
- Earl Pomeroy (ND)
- Mike Ross (AR)
- John Salazar (CO)
- Loretta Sanchez (CA)
- Adam Schiff (CA)
- David Scott (GA)
- Heath Shuler (NC)
- John Tanner (TN)
- Gene Taylor (MS)
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■ REPRESENTATIVE DAN BOREN

Biography

Inspired to politics as a youth, Dan Boren (D-OK) has built an impressive record for himself as a strong advocate for responsible government. Elected to the Oklahoma House of Representatives at age 29, Boren became one of the youngest state legislators to serve in 2002. Tapped for his leadership ability, Boren was selected by his Democratic colleagues to be Caucus Chairman—making him the first freshman state lawmaker to ever receive this honor. In 2004, Boren was elected to the U.S. House of Representatives from Oklahoma's 2nd Congressional District. Among other committees, Boren serves on the House Financial Services Committee, which has jurisdiction over the nation's banking, insurance, real estate, housing and securities sectors. Also an active member of the Congressional Blue Dogs Caucus, Boren works closely with his colleagues to curb unnecessary government spending and keep Congress fiscally responsible.



Congressman Boren is the sponsor of the Innocent Sellers Fairness Act (ISFA) in the U.S. House. He spent time talking to members about the importance of this legislation and gave his perspective on what being a Blue Dog Democrat meant to him. "The Democrats may now be in leadership, but my votes haven't changed," he started.

He began his speech by talking about how he has been awarded by a Washington-insider publication called "Roll Call" as the most independent voter in Congress, meaning he was the least likely member of Congress to vote with his political party. He then

shared that being a Blue Dog Democrat was about bringing partisan politics to an end and finding solutions to problems that incorporated ideas from both parties.

Boren then talked about the need for tort reform that would end unfair and egregious lawsuits against companies who simply sell a product and therefore should have no liability regarding the performance of that product. He said his goal was to educate his fellow members of Congress on the need to pass ISFA as soon as possible. He also briefly talked about a similar need to fully repeal the estate tax. "It's just morally wrong," said Boren. He encouraged lumber dealers and component manufacturers to talk to their lawmakers about how the estate tax was affecting their businesses and ask for their support of legislation to end it.

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■ REPRESENTATIVE PETER HOEKSTRA

Last October, Hoekstra's office called Dean DeHoog of Trussway, Ltd. in Sparta, MI, to accept an earlier invitation to take a tour of his production facility. "They said he was in town and wanted to come by the next day," remembers DeHoog. The short notice was a surprise, but ordinarily he would have done anything to accommodate his lawmaker. However, there was a bigger problem. "I was leaving for Houston to attend BCMC [Building Component Manufacturer's Conference] the next morning. I couldn't do it," he said.

The good news was that his lawmaker was willing and eager to try again. In January, DeHoog received a very similar phone call indicating Hoekstra wanted to come by and take a tour of the production facility. The call came in on a Friday, the tour was arranged for Monday. "I can understand the short notice, his district is huge," said DeHoog. How huge? 5, 508 square miles. He added, "it's quite a bit of ground to cover, so I really appreciated his willingness to take the time to visit our plant."

The tour was a success, and DeHoog and Hoekstra made a strong connection. That connection prompted Hoekstra to agree to be the conference's keynote speaker on Tuesday night at the Ruth's Chris Steak House. "Nothing much is going to happen in Congress this year," said Hoekstra. It was the beginning of a very candid and honest speech that covered everything from immigration reform and health care solutions to the war in Iraq and who might win the Republican and Democratic Party nominations for President.

With regard to immigration, Hoekstra said that it was possible Congress would pass reforms, but he felt it would not be a very good law. He felt reforms should be aimed first at securing the border, then establishing a working system that would help immigrants establish residency and legal work status, but not immediate citizenship. Being the only naturalized citizen in Congress, Hoekstra has a unique perspective on the value of the commitment it takes to become a U.S. citizen. He strongly felt there should not be amnesty, yet advocated a permanent work permit/visa approach, while allowing immigrants to work toward becoming U.S. citizens.

Hoekstra was less hopeful about finding solutions for providing more affordable health care. He pointed to the Army's Walter Reid Hospital as a prime example of how government-run health care is not a good solution.

Hoekstra concluded by talking about the Iraq war and what he termed the "war against radical Islam." He said he believed the U.S. was making progress in Iraq, and based on the extensive intelligence he has at his disposal that it is far better for enemy forces to attack where our trained soldiers are—in Iraq—and not attack innocent civilians on American soil.



Biography

As one of the few former Fortune 500 business executives in Congress, Congressman Pete Hoekstra (R-MI) brings a unique blend of experience and perspective as he represents Michigan's 2nd Congressional District in Washington. Hoekstra was originally sworn in to the 103rd Congress in 1993. He then served a key role in the development of the Contract with America, which was instrumental in gaining a Republican majority in the U.S. House of Representatives for the first time in 40 years. Now serving as the top Republican on the House Permanent Select Committee on Intelligence, he leads Congressional oversight on issues relating to the U.S. Intelligence Community as the United States defends itself in the war on terrorism. Hoekstra also served as Chairman of the House Committee on Education and the Workforce Subcommittee on Oversight and Investigations in the 104th, 105th and 106th sessions of Congress.

"Thanks to WTCA staff for organizing this exceptional conference! We enjoyed all of the activities, especially sitting and talking to Rep. Hoekstra at Ruth's Chris Steakhouse."

—Rick Cashman,
Florida Forest Products




Hoekstra and DeHoog during the Congressman's January tour of Trussway, Ltd. in Sparta, MI.

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■ U.S. Citizenship & Immigration Service



Carlos Iturregui, Chief of Policy & Strategy

THEME: It's Now or Never

This is the third year in a row members of the structural building components industry have met with Carlos Iturregui, the Chief of Policy and Strategy at the U.S. Citizenship and Immigration Service (USCIS) to talk about immigration reform. By the end of the meeting, they felt a little like Goldilocks. In 2005, the issue was too cold, it wasn't a pressing enough matter for Congress to take up meaningful reforms. In 2006, the issue was too hot, there were protests in the streets and an important national election was coming up. Now, in 2007, the mood of Congress seems just right for something to make its way to the President for approval.

As part of the newly formed DHS, the USCIS mission is to "secure America's promise as a nation of immigrants by providing accurate and useful information to all those seeking to live in America; granting immigration and citizenship benefits, promoting an awareness and understanding of citizenship, and ensuring the integrity of our immigration system." Iturregui and his staff provide perspective to Congress and the Administration regarding long-term immigration policy, and analyze whether any proposed changes will have a positive or negative effect.

Iturregui warned that the 2006 election proved that immigration is a very emotional issue and with 2008 being a Presidential election year, 2007 is the best opportunity for reform to happen. If it doesn't, it is likely we will have to wait until 2009 or even 2010.

According to Iturregui, the House had begun introducing various pieces of legislation intent on reforming the immigration system, but none of them had widespread support yet. He also said that the Senate was looking at introducing a bill very similar to the comprehensive bill they passed last year, and would introduce it in early summer. However, Iturregui warned that the 2006 election proved that immigration is a very emotional issue and with 2008 being a Presidential election year, 2007 is the best opportunity for reform to happen. If it doesn't, it is likely we will have to wait until 2009 or even 2010.

He also shared that in the effort to provide employers more tools to hire legal employees, USCIS was expanding their Electronic Employment Verification System (EEVS), an online system that would allow employers to compare an applicant's documentation against federal databases. This would allow virtually instant feedback on whether or not an employer can legally hire the individual. The real question the government is currently debating is whether participation in the EEVS system should be mandatory. Regardless of what they decide, Iturregui assured the group that it would not be retroactive and would only apply to future hires.

Finally, Iturregui talked about efforts both within Congress and USCIS to potentially revamp or eliminate the current I-9 Form.



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THEME: Can't Do Much Without New Laws

As the cost of health care increases, and the price of health insurance rises with it, the need to find alternatives is becoming desperate. "Unfortunately, there isn't much more we can do at this point without new laws," said Acting Assistant Secretary



(l to r) Bradford Campbell (DOL), Kirk Grundahl (WTCA Staff, Tom Alexander (Space Coast Truss Inc.), Sean Shields (WTCA Staff) and Kent Pagel (WTCA Legal Counsel).

Bradford Campbell. He said Congress is currently divided on how best to address the issue of health care, whether to first reign in the rising costs or provide additional tools to employers to find more affordable insurance coverage. Congress, thus far, has been more active on the later, proposing both Association Health Plans (AHPs) and Health Savings Accounts (HSAs).

The Congressional Budget Office (CBO) has estimated that small businesses obtaining insurance through AHPs should experience average premium reductions of up to 25 percent, because they enable small businesses to take advantage of the same regulatory status, purchasing clout, economies of scale and administrative efficiencies that many large corporations currently utilize.

Bradford shared how successful the HSA program has been thus far. Three years after their creation, 4.5 million individuals utilize HSAs, and over one million of them are used by people who previously did not have insurance. He felt that one of the most successful aspects of the HSAs were that they were not bound by the rules of Employee Retirement Income Security Act (ERISA), and therefore allowed government to get out of the way and allow people to make good choices about their health care.

Bradford also revealed that Senators Enzi, Lincoln and Durbin were currently in negotiation to introduce a bill that would allow AHPs that would be structured much like the bill our industry supported last year introduced by Senator Enzi.

"Attending this year's Legislative Conference was a very positive experience for me. It was my first opportunity to participate and I was not sure what to expect. However, WTCA staff made it easy for us by providing excellent training and solid position statements and by setting up our appointments with legislators. Our representatives work for us and need to hear from us about what we are expecting of them on a wide variety of issues.... By discussing issues with our lawmakers through a united building components industry focus we have strength in numbers. When you look at the size of the building components industry and the number of jobs and payroll represented, it gets the attention of our lawmakers. This is another example of the real strength of an association. I plan on attending again next year and hope we will have many more industry folks participate." –Steve Cabler, MiTek Industries, Inc.

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■ Dept. of Transportation, Federal Motor Carrier Safety Admin.

THEME: Stay Informed!

Rick Parrino (Plum Building Systems) and WTCA staff met with senior analysts at the Federal Motor Carrier Safety Administration (FMCSA) to discuss a wide variety of issues facing the industry, from load securement to driver training standards and hours-of-service requirements. Primarily, they discovered there is an extensive amount of educational information on these topics on the FMCSA website.



(l to r) David Mancl (FMCSA), Rick Parrino (Plum Building Systems), Michael Huntley (FMCSA) and Thomas Yager (FMCSA).

FMCSA was established as a separate administration within the U.S. Department of Transportation on January 1, 2000, under to the Motor Carrier Safety Improvement Act of 1999. Their primary mission is to reduce crashes, injuries, and fatalities involving large trucks and buses. As part of that mission, FMCSA is responsible for developing rules and regulations as they pertain to the safe operation of commercial motor vehicles. In particular, they issue rules affecting load securement and positioning, hours of service regulations that govern drivers' work limits, and standards for Commercial Drivers Licenses (CDL).

FMCSA is currently trying to harmonize U.S. load securement standards with those in Canada. They encouraged WTCA to participate in the process during an upcoming meeting of interested parties in Pittsburgh late in September.

The agency also has a wide range of information on their hours of service (HOS) rules. In general, due to the nature of delivery in the structural building components industry, HOS requirements do not have a significant impact. However, if a component manufacturer delivers across state lines or a single delivery goes outside of a 100-mile radius of the production facility, HOS standards require certain driver log book entries. WTCA will be addressing load securement, HOS stipulations and much

more in the creation of its Driver Training & Transportation Manager Certification program.

Finally, FMCSA staff let us know they will shortly be considering a new rule on training requirements for new CDL applicants. Apparently, the agency recently lost a lawsuit in a federal appeals court and now must require a more comprehensive training program for new drivers. WTCA will look closely at this proposed rule once it is issued to ensure it does not negatively impact component manufacturers operations and our training program addresses any changes in their requirements.



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■ U.S. Trade Representative

Everett Eissenstat, Assistant Trade Representative of the Americas

THEME: Don't Be Discouraged

As an Assistant Trade Representative of the Americas in the Office of the U.S. Trade Representative (USTR), Everett Eissenstat is responsible for all trade policy for North, Central and South America. He is an exceptionally valuable friend of the industry, particularly with regard to his knowledge and insight into the softwood lumber agreement currently in place between the U.S. and Canada.

USTR is responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy, and overseeing negotiations with other countries. The USTR is part of the Executive Office of the President. They also meet with governments, business groups, legislators and public interest groups to gather input on trade issues and explain the President's trade policy positions.

When a small group of members met with Eissenstat this year, they found him hard at work trying to build support in Congress for three free trade agreements (FTA) with Latin American nations. Fortunately, he was more than willing to take a few moments to talk about the softwood lumber agreement and U.S. trade policy in general.

The current softwood lumber agreement is a 7-year agreement, with an additional 2-year extension option. Eissenstat shared that the agreement was intended to provide peace and stability to a dispute that has lasted well over a century, but that peace was already in jeopardy. The group was told that the U.S. was concerned with some of the ongoing practices of the Canadian Provincial Governments, particularly in British Columbia and Ontario. There was hope, however, that the new dispute resolution method allowed by the agreement would be successful at addressing those concerns.

Members also discussed U.S. trade policy in more general terms. They shared how an unfortunate aspect of current U.S. trade policy is, in the two cases that affect the structural building components industry — steel and lumber — countervailing (CVD) and anti-dumping duties (AD) were imposed with no consideration of the adverse impact on them as consumers or on the overall housing market of which they are a part.

Further, they shared with Eissenstat their belief that Congress should enhance current U.S. trade law to require an analysis of the total impact of any trade decision on the overall economy. In particular, an analysis should always be performed that addresses "downstream" market impact and does its best to predict and resolve unintended consequences.


Everett commended our industry for advocating on behalf of consuming industries, and he encouraged the group not to get discouraged. He felt we had a valid point, but that it would take time and continued grassroots efforts to build awareness and support within Congress to try to change the current U.S. trade policy. He also encouraged WTCA to work contact the U.S. Department of Commerce, who could be a strong potential ally going forward.

Finally, he again encouraged the industry to continue doing what we have been doing, as WTCA is viewed as a credible source of information on our industry. Our member involvement through truss plant tours and in-district meetings, was well as the SBC Legislative Conference, sets us apart. We thanked Everett for his kind comments and continued encouragement as he has had a great deal of influence on what we do and how we do it. **SBC**

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All Politics Is Local Politics



The stories of two groups joining forces to address common legislative issues.

Joint Legislative Conference

by Sean D. Shields

What do Shriners, NASCAR race coordinators and Florida component manufacturers have in common? I'm sure there's a punch line there somewhere, but the real answer is: not much. Yet, they all found themselves walking the halls of the Florida State Capitol Building simultaneously one day in March. They all shared a common focus: building closer relationships with their state lawmakers and exercising their voice in the political process.

The Shriners had their distinctive red fez hats. The NASCAR folks had their jump-suits and torque wrenches, and the component manufacturers...well, they didn't have a distinctive prop to announce themselves to others (nobody wore a hat made of mini roof trusses, just in case you were wondering). They did, however, have their size 13 footprint on their state's economy to get attention, and they weren't alone.

For the first time, component manufacturer members of WTCA joined with members of the Florida Building Materials Association (FBMA) to participate in a Joint Legislative Conference on March 28-29. Together, these two groups met with state lawmakers and talked about how some pressing issues were affecting their combined industries and impacting Florida's residential housing market.

"I said before the conference that I was excited to see what WTCA and FBMA could do when they brought their complementary strengths together in coordinating this conference," said Barry Dixon (True House, Inc.). "They didn't disappoint, this was truly a great experience and a testament to the excellence of these two associations."

Continued on page 54

"...this was truly a great experience and a testament to the excellence of these two associations."

—Barry Dixon, 2007 WTCA President

at a glance

- WTCA component manufacturers joined with Florida Building Materials Association (FBMA) to participate in a Joint Legislative Conference.
- The two groups met with state lawmakers to discuss issues affecting their combined industries and impacting Florida's residential housing market.
- WTCA and FBMA staff created talking points for the members to use when meeting with their lawmakers.

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Jay Leahy of ENAP with John Herring.

“Attending legislative sessions like this one is an easy decision when you look at the cost versus benefit. These events help our industry in many ways, a fact that is reiterated constantly through the positive feedback I received from the legislators and fellow manufacturers in attendance.”

—John Herring, WTCA Past President

All Politics Is Local Politics

Continued from page 52

The event kicked-off with dinner at the historic Goodwood Plantation. As the name suggests, it was the perfect place to meet with state lawmakers, eat local fried oysters and talk about the important role the variety of building materials and structural components play in the Florida economy. One of the high-profile attendees was House Committee on Energy Chairman, Bob Allen, who is sponsoring a \$50 million ener-

gic bill this session. Component manufacturers and WTCA staff had the opportunity to discuss the Green Building initiative portion of his bill and provided the Chairman with new insight into how these standards would impact the housing industry.

cussed property values and summarized a property tax bill he has introduced in the Florida House of Representatives. Then, Wade Hopping, a former Florida Supreme Court Justice, warned the group about the disadvantages of the public petition process. In particular, he expressed his concern over a petition regarding the “Hometown Democracy” constitutional amendment.

Next, Secretary Holly Benson, head of the Florida Department of Business & Professional Regulation, shared her insights

on the challenges facing government agencies. By way of example, she shared how the legislature was considering a bill creating a wind mitigation inspector position. Assuming the law passes, her department then has to go through a six-month public rulemaking process to establish exactly how the new law will be carried out and enforced. That means the inspectors wouldn't be out in the field until long after this year's hurricane season is through. She called on those in the room to help educate homebuilders on the wind load requirements under the new building code.

Finally, Steve Seibert, Executive Director of Florida's Century Commission for a Sustainable Florida, gave a very candid presentation on the recommendations his group has put together as they consider the future growth needs of Florida over the next 25 to 50 years. He asserted that the most basic objective of the commission was to take a non-political, science-based look at Florida's economy, demographics and infrastructure as well as find a way to balance development versus environment. To learn more about the commission's recommendations, go to www.centurycommission.org.

“We set out to try this joint conference between our two associations as a test,” said Bill Tucker, FBMA's Executive Director. “However, by the end of the event it was so obvious we'll do this again, that we've started planning for next year and exploring ways we can grow it.”

After the morning session, component manufacturers and building material dealers met with their lawmakers, and they were well-equipped for the task at hand with a little help from their associations. WTCA and FBMA staff created a series of talking points for attendees to use during their visits. Some of the pertinent issues impacting the industry in 2007 include: affordable property and casualty insurance, property taxes, impact fees, affordable workforce housing, and workmen's compensation insurance reforms.

Component manufacturers also went armed with a Florida map that indicated where every manufacturing location in Florida is, as well as 2006-2007 data on total industry employment, wages and sales. These maps gave lawmakers

a valuable snapshot of the industry and that size 13 economic footprint mentioned earlier. It also served as a good starting point for each discussion between the manufacturer and the lawmaker as they began the relationship building process.

“We started out talking about the issues, which was important, but we quickly moved on to talking about the changes we've both witnessed in our hometown of St. Petersburg,” said Rick Cashman (Florida Forest Products) on his visit with

Continued on page 56

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Left: Representative Ron Regan discussed property values and summarized a property tax bill he has introduced in the Florida House of Representatives.



Right: Wade Hopping, Executive Director for the Coalition of Coalitions, warned the group about the disadvantages of the public petition process.



Left: Secretary Holly Benson, head of the Florida Department of Business & Professional Regulation, shared her insights on the challenges facing government agencies.



Right: Steve Seibert, Executive Director of Florida's Century Commission for a Sustainable Florida, gave his group's recommendations for the future growth needs of Florida over the next 25-50 years.



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"We set out to try this joint conference between our two associations as a test. However, by the end of the event it was so obvious we'll do this again, that we've started planning for next year and exploring ways we can grow it."

**—Bill Tucker,
FBMA Executive Director**

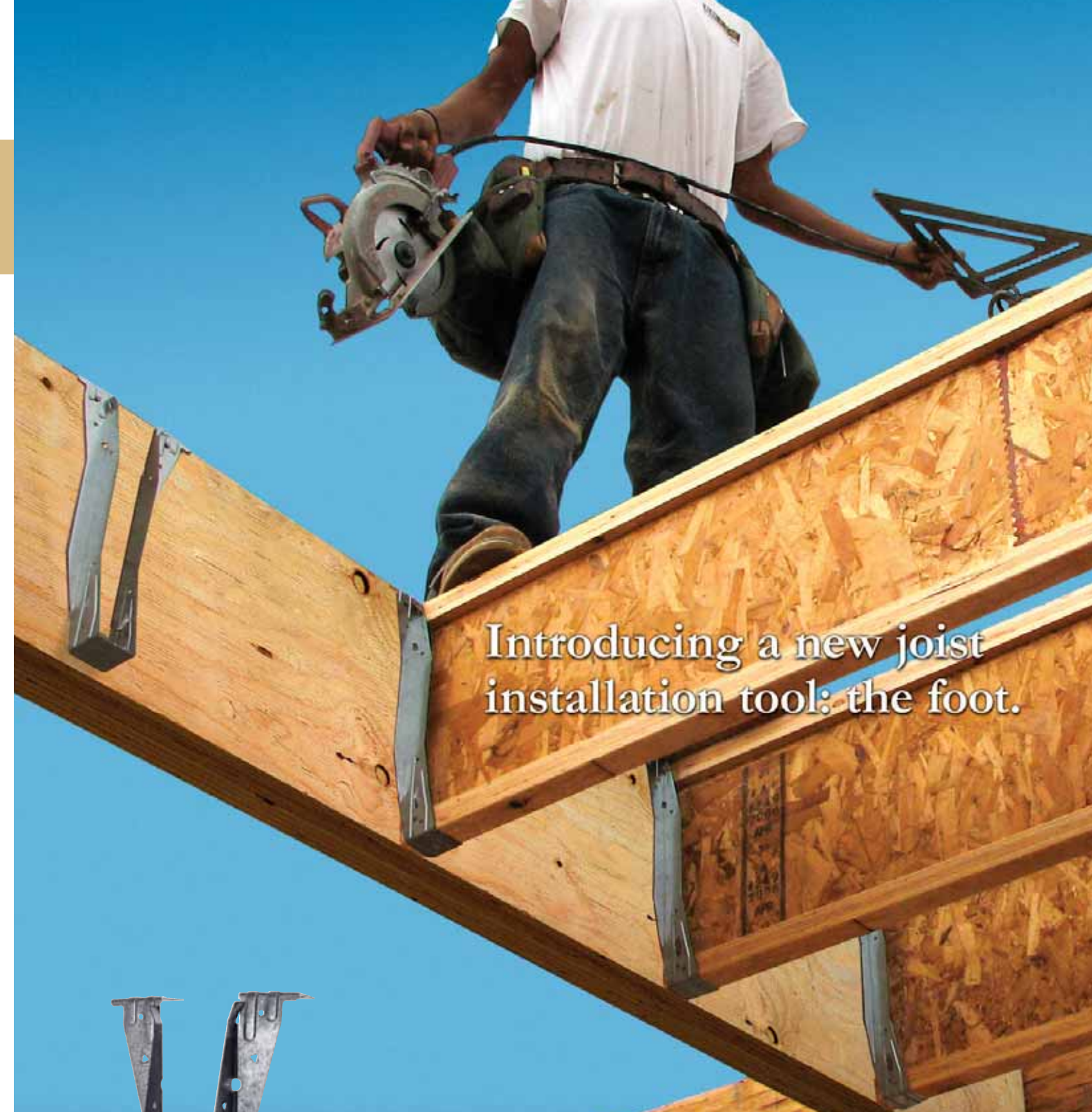
All Politics Is Local Politics Continued from page 55

Rep. Heller. "We found we knew some of the same people and shared some similar hobbies. We ended up talking for forty minutes, so it was a great start to that relationship."

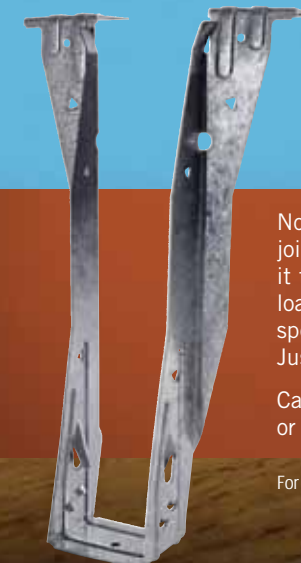
The WTCA/FBMA Joint Legislative Conference in Florida was the first of its kind, and was a huge success. It served as a good test for future state-level legislative conferences and for building additional working partnerships with other state building material dealer associations. If you have interest in doing this in your own state, contact WTCA staff at 608/310-6728. **SBC**

Above Left: (l to r) Sean Shields of WTCA Staff, Rick Cashman of Florida Forest Products and Bob Hoffman of Bouchard Insurance.

Above Right: (l to r) Mark Rose of Manning Building Supplies, Inc., John Smith of PLM Insurance, and Don Magruder of RoMac Lumber.



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For more information about hosting a successful plant tour, contact Melanie (608/310-6720, mbirkeland@qualtim.com) or Sean (608/310-6728, sshields@qualtim.com).

Participants in the 2007 SBC Legislative Conference in Washington, DC witnessed the power of plant tours at work:

"During all my previous trips to DC for past legislative conferences, I never met with my Congressman, Rep. Jon Porter (D-NV). However, after we got him out on a plant tour late last year, he made certain he had time to sit down and talk with me face-to-face this year."
—Glenn McClendon, Sun State Components

"This was the second time I met with the same senior legislative aid in Senator Isakson's (R-GA) office. Not only did he remember me, he promised to make an effort to come and visit my plant with the Senator soon."
—Jim Finkenhofer, Truss Systems

"I gave my lawmakers a presentation on why they need to come and take a tour of our new manufacturing facility; it was well received. I'm looking forward to walking them through our facility and building even stronger relationships with these guys."
—Brian Johnson, Structural Technologies

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Case Study:

The Importance of Reviewing Customer Contracts When Selling Turnkey

by Kent J. Pagel, WTCA Legal Counsel, & Libby Maurer

Sharing the story of a decision that nearly ruined one business.

at a glance

- ❑ Perfecto Truss learned the hard way that customer contracts play a big role in the risks by component manufacturers selling turnkey.
- ❑ Perfecto did not protect itself from performance risk or sufficiently define its scope of work in the subcontract with the general contractor.
- ❑ This one contract with a large multi-family project caused Perfecto to lose millions in company equity.

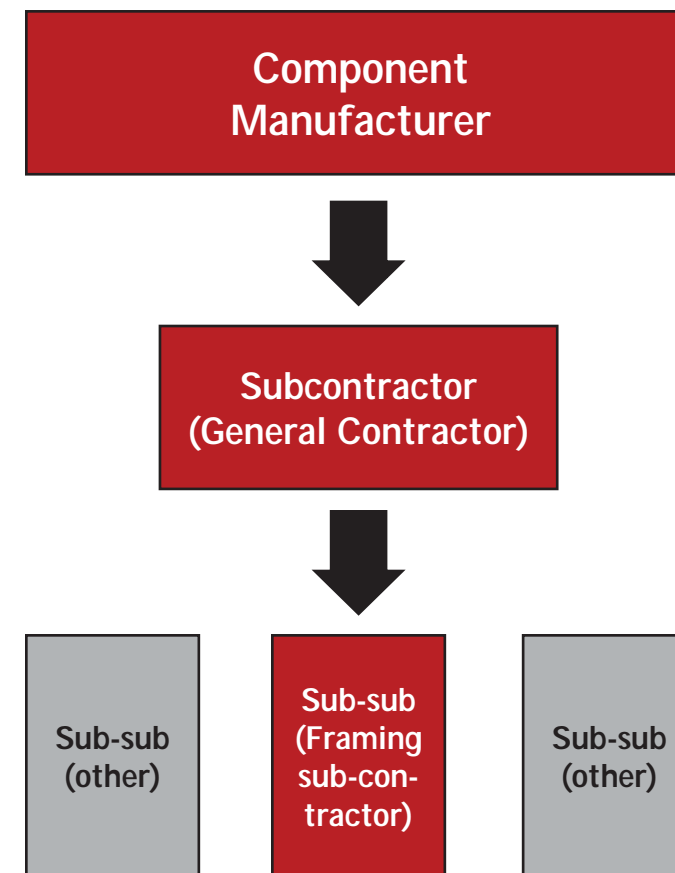
In this article we share the story of how a series of decisions regarding one particular customer contract nearly ruined the business of a long-standing component manufacturer. Throughout the article, important **Best Practices** concepts and helpful **Fast Facts** about the elements of a customer contract are broken out. (This format is similar to what you'll find in the *ORisk* Management Reference Tool. See sidebar on page 65 for more information about *ORisk*.)

For this case study, we'll refer to the manufacturer—who prefers to remain anonymous—as “Perfecto Truss.” A few years back, Perfecto Truss made its first steps toward implementing a new business model: selling turnkey. For years Perfecto successfully served its customers by designing, building and delivering components, but they concluded that moving to turnkey on a customer-by-customer basis was a perfect way to grow their business.

Fast Fact

For many component manufacturers, offering turnkey framing services has proven an effective means to increase revenue, boost wall panel sales and maintain control over the whole framing process, which reduces waste, call-backs, repairs and backcharges.

After making the determination to move into turnkey sales, Perfecto entered into



a low seven-figure subcontract to provide the components and framing labor for a multi-family project—its largest dollar amount contract ever. The subcontract stated that Perfecto would design and manufacture the wall panels and roof and floor trusses for this multi-building project, deliver all the components to the jobsite, and hire a sub-subcontractor to frame the entire project.

Fast Fact

A sub-subcontractor is a lower tier subcontractor. For example if a component manufacturer were to sign a subcontract with a general contractor and in turn ask another framing sub to perform the labor under that subcontract, that framing sub would be referred to as a sub-subcontractor and would enter into a sub-subcontract with the manufacturer.

A Perfecto company representative went looking for a framing company, and signed the company with the lowest bid to a sub-subcontract, deferring in large part on the recommendation of the project's general contractor. The decision to sign this sub-subcontract turned out to be a critical—albeit innocent—mistake that would haunt Perfecto for years.

Within a few months after commencing work, the framing sub-subcontractor declared bankruptcy and left little in terms of assets in its wake. Perfecto revisited the sub-subcontract to determine what legal action could be taken against the framing sub. It was shocked to find that nothing had been written into the contract securing the obligations of the sub to complete the job. The company had entered the contract without covering its risk with a performance bond issued by the framing company. Perfecto's officers didn't recognize the risk associated with the framing company, and therefore saw no reason to make sure a performance bond was in place.

Continued on page 62

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“The company had entered the contract without covering its risk with a performance bond issued by the framing company.”

Fast Fact

A performance bond can be purchased by a subcontractor (usually at a price of 2.5 percent of the contract price) and is issued by a surety (usually an insurance company). In the bond, the surety guarantees that the subcontractor will faithfully perform contractual obligations to another party. To obtain a performance bond the subcontractor will usually need to have (a) a history of successfully completing projects on time and without claims, and (b) assets in place enabling the surety to take the risk under the performance bond.

“In addition to performance risk, there is also ‘claim’ risk that manufacturers need to consider when hiring framing companies. Claim risk is the risk of being exposed to third-party claims arising out of the work of the framing company.”

Case Study...

Continued from page 61

Like Perfecto, most component manufacturers offering turnkey will sub-subcontract out the actual performance of the jobsite labor to third parties. However, this does not absolve them of liability to their customer if the sub-subcontractor they hire in some way fails to perform. In other words, the manufacturer’s ability to perform its contractual obligations

depends in large part on the performance of the sub-subcontractor. This is called “performance” risk. Since many framing companies have little in terms of available assets and are not known for honoring contractual obligations, the performance risk to a manufacturer can be significant.

In addition to performance risk, there is also “claim” risk that manufacturers need to consider when hiring framing companies. Claim risk is the risk of being exposed to third-party claims arising out of the work of the framing company. These risks include “third-party over” claims asserted by injured framing company employees and other third party claims for injury or property damage. To some extent, the claim risk can be passed off to the framing sub-subcontractor through an adequately prepared sub-subcontract and ensuring that the framing company has sufficient insurance from highly rated insurance companies.

Best Practices

When contracting with framing companies to undertake the labor service the component manufacturer has agreed to perform for its customer the following should be considered:

- Due diligence
- Bonding
- Collateral
- Sub-contractor contracts
- Insurance
- Supervision
- WTCA’s ORisk Management Reference program goes into a much more detail on these critical issues allowing you to make wiser contract choices.

Faced with a situation where they were contractually obligated to their customer to supply the framing labor, Perfecto aggressively sought a replacement framing company to finish the job. Unfortunately, Perfecto could not find another framing sub to take on the work for the original low-ball bid. The company also explored a mutual termination of its subcontract, but the general contractor would not allow it. So Perfecto, intending to do what they thought was honorable, hired local crews from the area to complete the framing and imported its own managers to supervise the framing crews. Unfortunately, the cost to get this done was significantly higher than the amount Perfecto originally bid the labor to their general contractor customer.

Further complicating the picture was the fact that the scope of work was not sufficiently defined in Perfecto’s subcontract with the general contractor, nor did the subcontract reference the applicable set of plans and specifications. Accordingly, the general contractor kept asking Perfecto to perform extra work, such as provid-

Continued on page 64

“We lost [everything].”

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For information about the ORisk Management Reference Tool or to access a best practices guide, visit www.sbcindustry.com/orisk.php.

Case Study...
Continued from page 62

ing the materials and labor for the siding. This was the case even though Perfecto had never intended and had not bid siding materials and labor. Perfecto ultimately decided not to fight the issue because their subcontract didn't specifically indicate that siding was outside their scope of work. Because Perfecto primarily looked at the

subcontract they signed from the standpoint of a material supplier and since they were contracting out the labor, they did not spend the time necessary to review and negotiate the scope of work exhibits to the subcontract.

Meeting after meeting was called by Perfecto and its customer and agreements were reached at those meetings concerning scope of work issues. Unfortunately, Perfecto failed to put the agreements into

writing. This allowed the general contractor, who had a less than stellar reputation, to go back on those verbal agreements that were reached.

As Perfecto learned the hard way, customer contracts play a very big part in the degree of risks and liabilities assumed by component manufacturers—especially for those selling turn-key. When the customer contract is not in writing or is poorly written, as is often the case, the legal relationship between manufacturer and customer is either totally undefined or, at best, poorly defined. This can become fertile soil for misunderstandings and lawsuits.

To ensure that Perfecto kept working, albeit under circumstances it had never anticipated, the general contractor continually threatened to stop payments to Perfecto. This was especially problematic as Perfecto was relying on those payments not only for the materials they were manufacturing and providing to the project, but also for materials they were buying from third parties and to pay their

labor crews. This notion of being "held hostage for payment" is a common tactic deployed by general contractors.

Running out of options, Perfecto sought the advice of an attorney located in the city where the project was being constructed. Having not been involved on the front end with reviewing and negotiating the original subcontract, the lawyer reviewed the one-sided subcontract. It advised Perfecto that if they stopped working, they would run the risk of get-

Continued on page 66

Best Practices

Properly defining scope of work is so important on turnkey projects from a risk management and liability avoidance perspective. To do so, the manufacturer must carefully describe in writing what is to be provided as well as what is not being provided, in terms of both materials and labor. This helps clarify what, in fact, is being provided. When a bid is made "per plans and specifications," the manufacturer must also identify any part of the specifications that do not apply to its intended scope of work. This should be indicated clearly in writing.

Best Practices

Extensive and accurate records are vital to establishing your position at a later time, especially if you find yourself in litigation. A follow-up email after a telephone conversation can sometimes be the difference between winning and losing a lawsuit. A written RFI may prove to be quite helpful in the event claims are asserted with respect to a truss design. Be in a position to refresh a person's memory by carefully documenting work progress, telephone calls, meetings, inspections and evaluations. Records prepared simultaneously, or shortly after an event, are far more useful and convincing. Most importantly, reduce agreements made on a particular project to writing, even after the contract is entered into.

Best Practices

Without a signed and well-written written contract in place, there are many potential outcomes in the event of a dispute. Further, without a well-written contract, the component manufacturer may have very little leverage if a customer attempts to overstep its bounds. As you can see, a carefully drafted written contract can provide vital protection. For these reasons, we have devoted four tracks to the topic of customer contracts in ORisk.

Fast Fact

I recently came across a subcontract provision that stated that even if the general contractor failed to pay the turnkey component manufacturer, the manufacturer had NO right to either suspend or stop performance of its work. In other words, this means that even if I do not pay you for good reason, you must continue to perform and your recourse is to pursue a claim of litigation or arbitration under the subcontract.

Don't Risk It: Use the ORisk Management Reference Tool

By Libby Maurer

"There are many companies that don't recognize how important risk management is. We did not take it seriously."

As Perfecto learned, the shifts in business models and changes in the way manufacturers go to market with their products make risk management techniques vital to the protection of companies in this industry. The builder and developer community has, for a number of years, put pressure on manufacturers in industry to accept more of their risk. Those still involved with the legacy Perfecto state: "We see this every day in the contracts we review and sign, and we hear about it from our competitors."

So what can you do about it? First, accept that this is no longer the exception, but the norm. Second, commit yourself to protecting your company and educating yourself. You can do this by investing in a program developed to guide component manufacturers through the review and negotiation of customer contracts. Our Online Risk Management Resource or ORisk was developed by Kent Pagel and WTCA staff, at the urging of the WTCA Management Committee. ORisk is a valuable reference resource in learning how to create a comprehensive risk and liability management program to protect your business **now**.

Using this tool, you will learn how to foster a culture of risk management, the elements of a contract and their implications, what to look for when reviewing a contract, and helpful negotiating techniques. With ORisk, you can learn how to take control of customer contracts and properly manage the risks that you face every day. Think of it as an online reference resource that you can consult at any hour of the day, any day of the year.

You may have always had good luck with contracts in the past, but don't let that stop you from continuous protection. "We didn't take that seriously because the company had been successful for so many years. And one job turned the company upside down," said one of the members of legacy Perfecto.

Looking back on the events that led to Perfecto's contract troubles, company management wishes it would have had the opportunity to purchase ORisk: "If we'd had the opportunity to spend \$2,500 on a reference tool we could use all year long, it might have saved us from losing as much money as we did on one job. It's a drop in the bucket."

For information about ORisk as a reference tool or to access a best practices guide, visit www.sbcindustry.com/orisk.php. **SBC**

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Best Practices

Involving experienced legal counsel is paramount when customers begin to assess claims, whether for larger dollar backcharge, product warranty claims, truss collapses, design responsibility claims and construction defect litigation. Manufacturers need to hire not just any attorney, but a construction industry knowledgeable attorney with experience representing subcontractors (and hopefully component manufacturers) who understands the courtroom and/or arbitration matters. The best fit is an attorney who has worked in the past with your company and has a good working relationship with you and understands the industry you work in.

Case Study...

Continued from page 64

ting sued and losing potentially even more money, as the cost to complete the project and delay damages the general contractor would seek could be quite significant. Perfecto chose the path of least resistance and kept on working—telling themselves they could untangle the mess and make it work.

The Perfecto story ends with the company choosing to file a lawsuit to collect monies they claimed due from the general contractor after they completed most of their work under the subcontract. As is typical in these situations, the general contractor countersued. This lawsuit led to a chain of additional lawsuits between Perfecto and its customer that occurred over a three-year timeframe eating up even more of Perfecto's money in legal fees. To avoid further expenditures of legal fees, Perfecto finally settled with the customer and failed to recoup any of its losses.

This project caused Perfecto to lose more than \$5 million in company equity. The owners will tell you, "because we didn't cover our risk in one big contract, we lost it all." Attorneys advised Perfecto to file for bankruptcy; but they instead decided to sell off the company. Out of the sale, Perfecto's creditors got paid most of their money, and the owners were left with nothing.

Nearing the end of this fiasco and hoping to avoid similar problems in the future, only then did the management at Perfecto decide the company needed to brush up on some basic risk management fundamentals. Anyone who touched contracts for Perfecto, more than 25 in number, attended a full-day seminar. To this day, Perfecto has become fully dedicated to risk management education.

The Perfecto story, while tragic, should persuade all component manufacturers to take pause and evaluate how they handle risk management within their companies—especially with customer contracts and particularly where involved in selling turnkey. Too many companies seem to reach out for risk management training and education only after a bad experience. **SBC**

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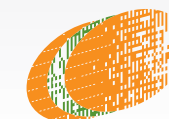
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Chapter Corner

For more information about WTCA Chapters and how to become more involved, contact Anna L. Stamm (608/310-6719 or astamm@quallim.com) or Danielle Bothun (608/310-6735 or dbothun@quallim.com). Contributions to Chapter Corner, including pictures, are encouraged. Submissions may be edited for grammar, length and clarity.

Chapter Highlights

Alabama Component Manufacturers Association

The Alabama Chapter welcomed John Wardle of Kuck Casablanca LLC as its guest speaker in April. Mr. Wardle's presentation examined many facets of the immigration situation including: our unusual immigration laws, different kinds of temporary visas, the worker shortage, legislative bills in Congress, U.S. Immigration and Customs Enforcement (I.C.E.), the importance of an I-9 self-audit, and "No Match" Rule changes. The attendees appreciated the excellent presentation and the opportunity to discuss the issues.

Following Mr. Wardle's presentation, members reviewed the educational presentations that the chapter has been providing to building officials. They also discussed ways to expand their efforts and additional groups to invite to seminars and plant tours. Continuing education credit will be offered at events, too. An education committee was set up to coordinate these efforts.

Georgia Component Manufacturers Association

In March, the Georgia Chapter held its annual driver training event—Safety Is No Accident. All driver and traffic managers were urged to attend and the chapter supplied the lunch. Presented by the Georgia Department of Motor Vehicle Safety and the Department of Transportation, this event was a success again.

Turnout was strong for the Georgia Chapter's April meeting as well. The attendees were promised a presentation on the Georgia Building Code, which Tom Zraggen, PE of Aries Engineering delivered. Tom covered many aspects of the code, including a comparison of IBC 2000 and IBC 2006, references to BCSI and ANSI/TPI 1-2002, deck ledger connections, gable end framing and the overall effect of the new code on the component industry in the state. Members were encouraged to give a copy of the truss submittal package to the building designer in addition to the general contractor. It was also suggested that building designers be referred to The Load Guide (TLG) for determining loads that the component manufacturer is not responsible to define.

Mid South Component Manufacturers Association

The Mid South Chapter held its spring meeting in Kenner, LA at the Southern Forest Products Association (SFPA). Cathy Kaake updated the group on SFPA's initiative on marketing raised wood floors in the south as an alternative to the dominant raised slab approach. She also discussed the need to promote wood components and the ways SFPA will be doing that in concert with WTCA. In addition, Wade Camp delivered a report on the softwood lumber market outlook for 2009.

Under educational items, Chapter President Dan Holland reported on his ongoing efforts to contact members of the building designer com-

munity. Having obtained a list of nearly 3000 engineers in Mississippi, the members discussed the best ways for contacting them. It was agreed that the chapter would mail a letter offering a copy of BCSI to everyone on the list, but they would need to reply to the letter to receive their free copy. A similar list will be obtained for Louisiana.

Also highlighted at the meeting were several items of interest to the members including the WTCA *Technical Notes* written for Louisiana to deal with sealed placement diagram issues. Scott Ward spoke on the recent plant tour for Congressman Jim McCrery (R-LA) held at Southern Components. A short presentation was also given on the recent work of the Carbeck Structural Components Institute and members were reminded of the importance of giving truss plant tours for building and fire officials.

North Florida Component Manufacturers Association

The North Florida Chapter met at a new location in Jacksonville for its April meeting and two guest speakers were on the agenda. First up was Dan Morris of Apex Technology. Since questions have arisen on the interpretation of the bottom chord live load with regard to designing for garage storage or not, Dan covered the application of concurrent vs. non-concurrent loads in the Florida Building Code and the Declaratory Statement by the Florida Building Commission to address the issue. Will Warlick of WTCA staff covered the resources for chapters available through the Carbeck Structural Components Institute including the Fire Performance CD, online educational modules, truss plant tour resources and live fire demonstration protocols. Though members have not encountered problems with fire in their chapter, they agreed on the importance of knowing about these resources in case they were needed.

Under chapter business, Josh Myers was awarded a plaque in recognition of his three years as Chapter President. The next chapter meeting was moved from Thursday to Wednesday and will be held on July 18.

Southern Nevada Component Manufacturers Association

At the Southern Nevada Chapter's spring meeting, Chapter President Glenn McClendon reported on his trip to Washington, DC for the Annual SBC Legislative Conference. Glenn was pleased to report on his success in meeting with several legislators and staffers from Nevada. In particular, he had never been able to arrange a meeting Congressman John Porter in the past. Because he was able to provide Rep. Porter and his staff with a tour of his manufacturing facility earlier this year, however, Rep. Porter cleared his schedule and met directly with Glenn this year. This further reinforced to the group how important plant tours can be in establishing strong and positive relationships.

Under educational news, the chapter has been approached by the Clark County Building Department to provide training classes for inspectors on proper inspection of trusses. Members discussed the possibility of incorporating educational presentations with truss plant tours.

Continued on page 70

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Chapter Corner

Continued from page 68

An update was also given on the chapter's Contractor Appreciation Luncheon and Seminar being held the following month. Registrations from framing contractors, engineering firms, materials suppliers and county building officials was already over 70, so the event promised to be very well attended and received. Members were encouraged to attend and represent our industry, too.

In other news, the chapter voted to donate \$3,000 to the SBC Research Institute under construction in Madison, WI. In so doing, Southern Nevada became the third chapter, after Wisconsin and Texas, to become an official sponsor of the new research and testing facility.

Truss Manufacturers Association of Texas

Greetings from Texas, y'all. Over 50 manufacturer and associate members of the Texas Chapter met at the River Crossing Golf Club in Spring Branch, TX for the April membership meeting. The morning began with the board meeting. It was reported that TMAT was involved in several successful training/educational presentations for building officials and inspectors in the state. TMAT will be participating in the annual Building Professional Institute educational/training seminars in May. A tradeshow booth will be manned to answer questions and distribute WTCA literature, plus Chapter President Paul Johnson will present a training seminar on components. Further investing in the education of the industry, a request was made to purchase another shipment of Carbeck Fire Performance CDs for upcoming presentations. Groups the chapter is educating include building officials, fire officials and homebuilders. Plans were made to attend the LAT & WTCA/TMAT Legislative Conference meetings in Austin in May. The Board also approved a \$1500 donation to the new SBC Research Institute under construction in Madison, WI.

The afternoon was highlighted by a round of golf with sunshine and temperatures in the low 80s, much nicer than the torrential rains from the year before. The evening was capped off with dinner, chapter announcements, the presentation of golf tournament awards and door prizes. Included in the prizes was a certificate for training from WTCA's Truss Knowledge Online. Our next meeting will be June 21 in Austin.

Wood Truss Council of the Capital Area

The Capital Area Chapter returned to the Hyatt Dulles for its spring meeting. At the board meeting preceding the general meeting, the board moved forward with its plan to send 25 copies of BCSI to each chapter member. A cover letter will urge each member to pass this important booklet along to customers in an effort to get more information on proper handling, installation and bracing into the marketplace. In addition, a subcommittee was charged with determining the best package of literature to send to building inspectors. The packages will likely contain copies of BCSI and additional publications from WTCA.

The guest speaker at the membership meeting was chapter member Bob Dayhoff of Shelter Systems Limited. Bob is Chair of WTCA's Engineering & Technology Committee, so he was the natural choice to deliver the evening's presentation on Building Component Safety Information. The presentation highlighted the improvement in text and graphics since 2003, the greater focus on permanent bracing and the new section on long span trusses. Attendees were also provided with copies of B3 Web Member Permanent Bracing/Web Reinforcement. With formatting similar to the B1 warning poster, the new B3 is perfect for printing truss placement diagrams on the blank side and is ideal information for the building designer community.



Jay Elkins, Al Sifuentes, Gary Weaver and Kevin Walker of TMAT are awarded trophies (Dead Ass Last) for their last place finish in the golf tournament.

WTCA - Arizona

Prior to its annual golf outing in March, the Arizona Chapter elected its officers for 2007. Keith Azlin of U.S. Components stepped up as President, Chad Lilleberg of Schuck Component Systems moved over to Secretary, Jeff Methier of Foxworth-Galbraith Truss Co remained Treasurer, and a new chapter member joined the officer rotation—Perry Lowe of Trussway accepted the position of Vice President.

At the chapter meeting in April, the members reviewed the WTCA Board resolution requesting that chapters participate in home builder association (HBA) code committee meetings. A good discussion ensued on the importance of understanding the local code environment and the potential negative consequences of not staying informed. Since Arizona is fortunate in having only three local HBAs—north, central and south—volunteers were enlisted to attend the upcoming meetings and report back to the chapter at its July meeting.

Highlights of the chapter's recent education work included a request from the City of Tempe for Truss Technology Workshops for code officials. Several members volunteered to assist and help customize a presentation for that jurisdiction. In addition, the chapter is continuing to pursue its relationship with the East Valley Institute of Technology and assist in developing a course on basic construction.

WTCA - New York

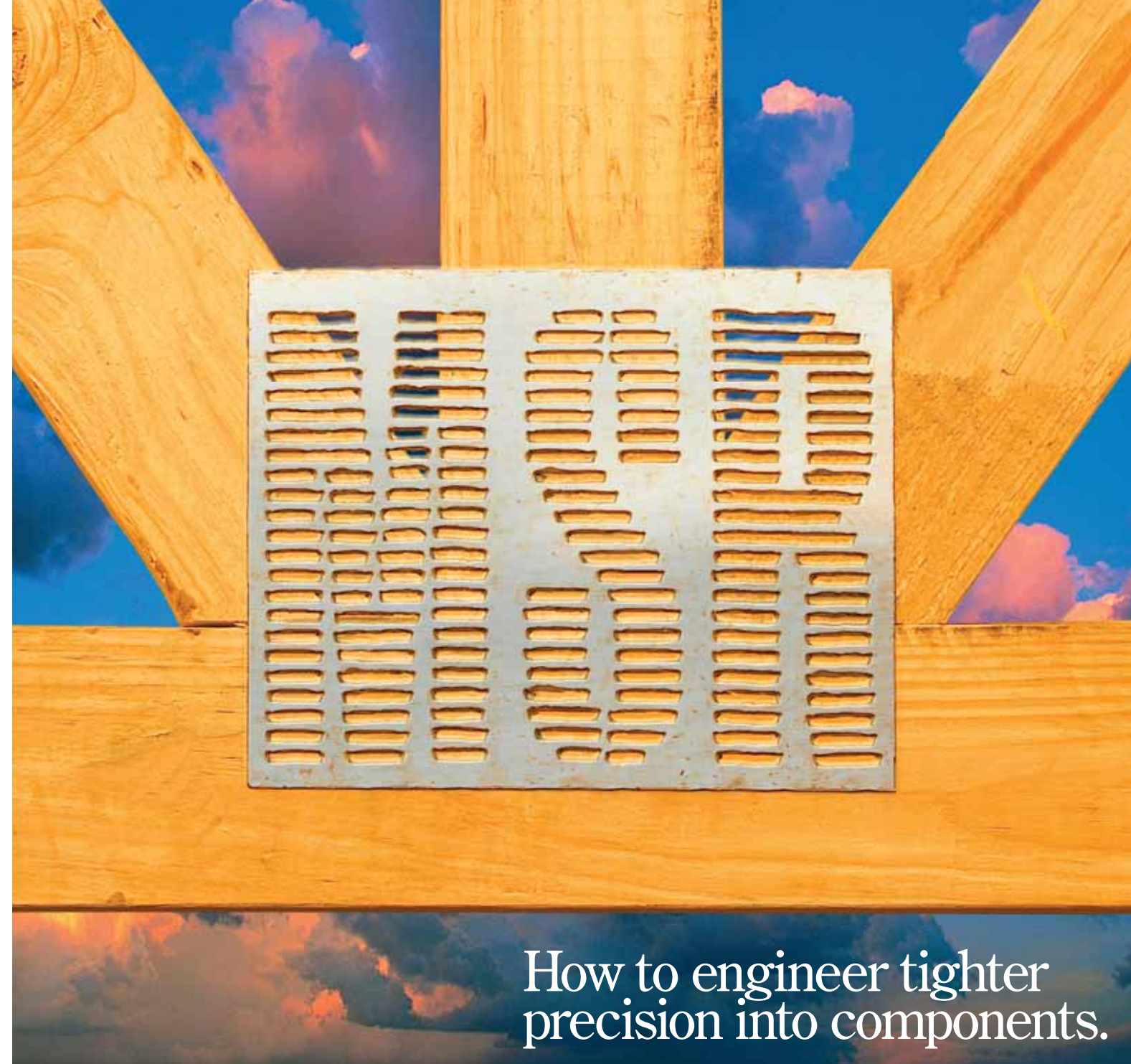
Extreme Makeover: Home Edition was the topic at the New York Chapter's April meeting. Chapter President Bruce Hutchins detailed the participation of Northeast Panel & Truss in what would be the season finale of the show. Attendees were given a glimpse into the strange and demanding world of the TV show. From meeting the extremely tight time schedule to needing to come prepared for any emergency or unexpected event during construction, the experience was a success, but thankfully no one else in New York should expect to be asked again in the near future. The show will try to build one house in all of the 50 states and then go international, so New York should be covered since this was not their first time in the state.

Building codes were also on the agenda. An update was given on the status of the 2006 New York State Uniform Building Code, the Energy Code and the process already underway for 2009. In addition to the WTCA Board resolution requesting that chapters participate in home builder association code committee meetings, it was agreed that members need to stay involved in code council meetings. The chapter would like to have several volunteers available so that the meetings can be attended regularly but no one individual is overburdened.

WTCA - Northeast

Education was central at the Northeast Chapter's spring meeting. Chapter President John Goodrich reminded members that the chapter had purchased numerous copies of BCSI and the Carbeck Fire Performance CD, so they were always available for members'

Continued on page 78



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Calendar of Events

Check out WTCA's web site at www.sbcindustry.com for the most current calendar information.

July

- **10:** Tennessee Truss Manufacturers Association (TTMA) Chapter Summer Golf outing/Meeting at McGuffin Lakehouse. For details, contact Chapter President Ted Kolanko at 615/287-0184 or kolankot@84lumber.com.
- **11:** Georgia Component Manufacturers Association (GCMA) Chapter Meeting. For more information, contact Chapter President Jim Finkenhoefer at 770/787-8715 or jf8515@trussystemsinc.com.
- **12:** Alabama Component Manufacturers Association (ACMA) Chapter Meeting. For more information, contact Anna at WTCA 608/310-6719 or astamm@qualtim.com.
- **17:** Central Florida Component Manufacturers Association (CFCMA) Chapter Meeting. For more information, contact Dani at WTCA, 608/310-6735 or dbothun@qualtim.com.
- **17:** Component Manufacturers Association of the Rio Grande (CMARG) Chapter Meeting. For more information on this chapter under development, contact Anna at WTCA, 608/310-6719 or astamm@qualtim.com.
- **18:** North Florida Component Manufacturers Association (NFCMA) Chapter Meeting. For more information, contact Anna at WTCA, 608/310-6719 or astamm@qualtim.com.
- **18:** WTCA-Arizona Chapter Meeting. Contact Chapter President Keith Azlin at 520/882-3709 or keith.azlin@us-components.com.

- **18:** WTCA-Northeast Chapter Meeting. For more information, contact Anna at WTCA, 608/310-6719 or astamm@qualtim.com.
- **19:** South Florida WTCA (SFWTCA) Chapter Meeting. For more information, contact Dani at WTCA, 608/310-6735 or dbothun@qualtim.com.
- **19:** Southern Nevada Component Manufacturers Association (SNCA) Chapter Meeting. For more information, contact Anna at WTCA, 608/310-6719 or astamm@qualtim.com.
- **19:** WTCA-Indiana Chapter Meeting. For more information, contact Anna at WTCA, 608/310-6719 or astamm@qualtim.com.
- **19:** WTCA-New York Chapter Meeting. For more information, contact Anna at WTCA, 608/310-6719 or astamm@qualtim.com.
- **24:** Mid South Component Manufacturers Association (MSCMA) Chapter Meeting. For more information, contact Dani at WTCA, 608/310-6735 or dbothun@qualtim.com.
- **26-28:** Southeastern Lumber Manufacturers Association, Inc 2007 Annual Conference. For more information, visit www.slma.org.

August

- **8:** Southwest Florida Truss Manufacturers Association (SWFTMA) Chapter Meeting. For more information, contact Chapter President Jim Swain at 239/437-1100 or jimsw@carpentercontractors.com. **SBC**

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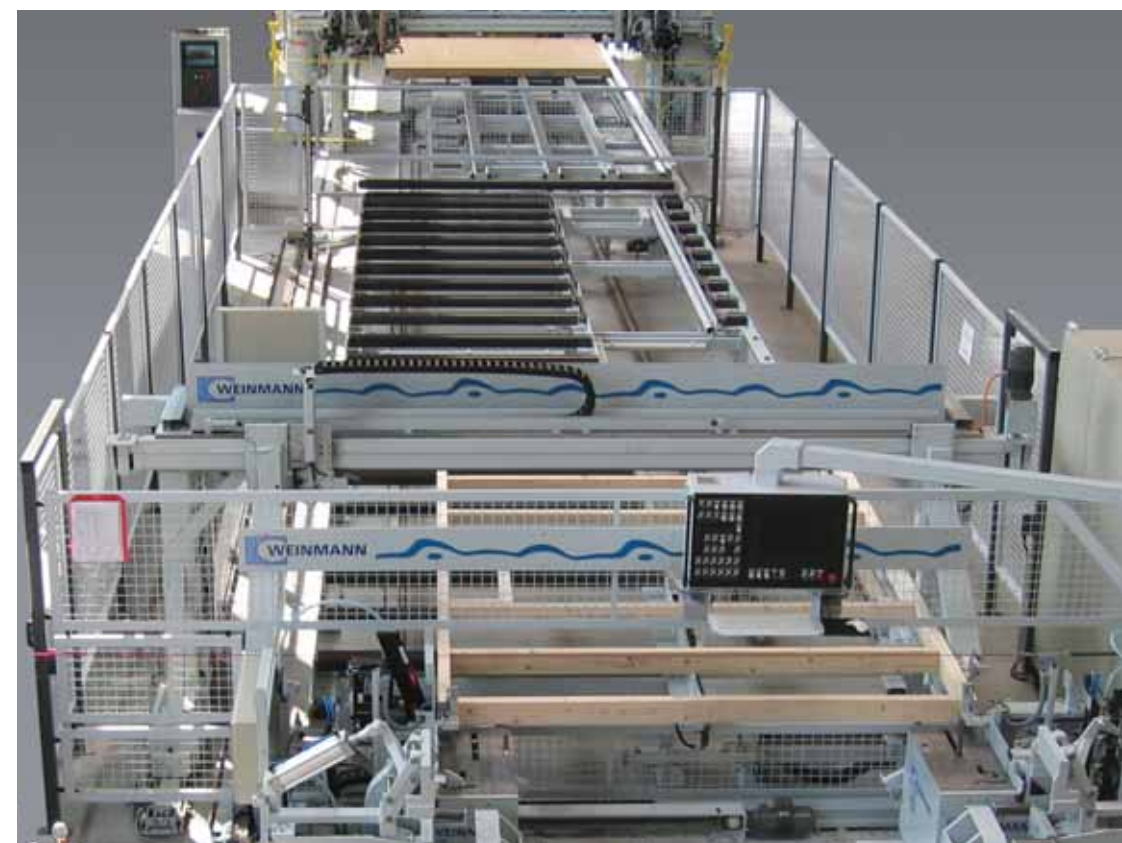
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Housing Starts

April housing starts increased modestly 2.5%, to 1.528 million (SAAR) from a downwardly revised March number. Single-family starts were up 1.6% to 1.225 million SAAR while multi-family activity was up 6.3%. The starts number is a bit misleading because they represent activity already in the pipeline, while the real story this month is the almost 9% drop in permits to 1.429 million SAAR.

U.S. Housing Starts			
Millions - Seasonally Adjusted Annual Rate (SAAR)			
U.S. Totals	Apr	Mar (rev.)	% Change
Starts	1.528	1.491	2.5%
Permits	1.429	1.569	-8.9%
Single Family			
Starts	1.225	1.206	1.6%
Permits	1.063	1.131	-6.0%
Multi Family			
Starts	0.303	0.285	6.3%
Permits	0.366	0.438	-16.4%
Starts and Permits By Region:			
NE Starts	0.172	0.131	31.3%
Permits	0.157	0.166	-5.4%
MW Starts	0.194	0.226	-14.2%
Permits	0.223	0.243	-8.2%
S Starts	0.763	0.764	-0.1%
Permits	0.700	0.753	-7.0%
W Starts	0.399	0.370	7.8%
Permits	0.349	0.407	-14.3%

Analysis & Outlook: The market continues to correct for excessive inventories, which are being made worse by problems in the mortgage market. Defaulting loans and repossessions are adding to inventories while tougher lending standards are culling some potential buyers. Housing inventories continue to increase—new home inventories are now at 7.8 months, while existing home inventories for March are at 7.3 months. The key question is: How much longer will it take to bring inventories down to “comfort levels” where builders start building again? Builders are aggressively cutting back on permits to reduce inventories, but they need some help from the other part of the market—existing homes—as it represents 85% of the housing market. Existing home prices have to come down further if inventories are to shrink. Q1 2007 median prices were down 6.7% from the peak reached in Q3 2005. Some analysts suggest that prices will need to come down by at least that much again if the market is to make significant progress in bringing inventories closer to “comfort levels.” NAHB’s latest forecast (4/18) is calling for 1.455 million (SAAR) units in 2007 and 1.528 million (SAAR) in 2008. Their quarterly forecast suggests the bottom will be Q2 2007 (1.425 million SAAR) with a gradual strengthening through 2008 (1.56 million SAAR by Q4 2008). That is a plausible forecast, but it depends on the job market remaining relatively healthy and existing home prices coming down to a level that attracts more buyer interest. Builders will continue to reduce inventories by starting fewer homes until inventory levels reach the 5-6 month level, and that means soft building material prices well into 2008. The subprime problem doesn’t appear to be spreading to the rest of the mortgage market and that is good news. Most analysts would concur that the “housing correction” will not drag the economy into a recession, however, more analysts are considering “stagflation” as an increasing probability. The Fed remains concerned about inflation, particularly from the increasing income side of the equation. Now productivity is slowing and this has the Fed thinking that they have to remain vigilant. **SBC**

This housing starts report is provided to **SBC** on a monthly basis by **SBC Economic Environment** columnist Al Schuler. Visit www.sbcmag.info for more economic news.



Builder Banter

GPS-Enabled Land Development Tools

You have seen GPS used in cars for directions and roadmaps, and now there is even an integrated GPS system for land development equipment. To facilitate grading of large areas, GPS-controlled earthmoving equipment (including bulldozers, backhoes, road graders, excavators and compactors) can greatly increase productivity during the land development process. This approach significantly reduces labor and the amount of earth being moved more than once.

The system consists of two major components: a digital three-dimensional model for the grade information (3-D site plan) and earthmoving equipment that has been fitted with automatic computer-operated controls on the cutting surface (machine blade). [Source: www.toolbase.org]

Builder Confidence Slips Again in May

Ongoing concerns about subprime-related problems in the mortgage market caused builder confidence about the state of housing demand to decline three more points in May, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI), released May 15. With a current reading of 30, the HMI has now returned to the lowest level in its current cycle, which was previously hit in September of 2006.

“Builders are feeling the impacts of tighter lending standards on current home sales as well as cancellations, and they are bracing for continued challenges ahead,” said NAHB President Brian Catalde, a home builder from El Segundo, Calif.

“The crisis in the subprime sector has infected other parts of the mortgage market as well as consumer psychology, and as a result the housing outlook has deteriorated,” added NAHB Chief Economist David Seiders. “We’re now projecting that home sales and housing production will not begin improving until late this year, and we’re expecting the early stages of the subsequent recovery to be quite sluggish. There still are tremendous uncertainties regarding our baseline forecast going forward, owing largely to the subprime crisis that is having widespread effects throughout the mortgage market.”

Derived from a monthly survey that NAHB has been conducting for more than 20 years, the NAHB/Wells Fargo HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as either “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as either “high to very high,” “average” or “low to very low.” Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view sales conditions as good than poor.

All three component indexes declined in May. The index gauging current single-family sales slipped two points to 31, while the index gauging sales expectations for the next six months fell three points to 41 and the index gauging traffic of prospective buyers fell four points to 23. [Source: NAHB Press Release, www.nahb.org, 5/15/07] **SBC**

Email ideas for this department to builderbanter@sbcmag.info.

Housing Market Index 2006-07 (HMI)

The HMI is a weighted, seasonally adjusted statistic derived from ratings for present single family sales, single family sales in the next 6 months and buyers traffic. The first two components are measured on a scale of “good” “fair,” and “poor,” and the last one is measured on a scale of “high,” “average” and “low.” A rating of 50 indicates that the number of positive or good responses received from the builders is about the same as the number of negative or poor responses. Ratings higher than 50 indicate more positive or good responses.

June	July	Aug	Sept	Oct	Nov	Dec	Jan07	Feb	Mar	Apr	May
42	39	33	30	31	33	33	35	39	36	33	30

Source: National Association of Home Builders

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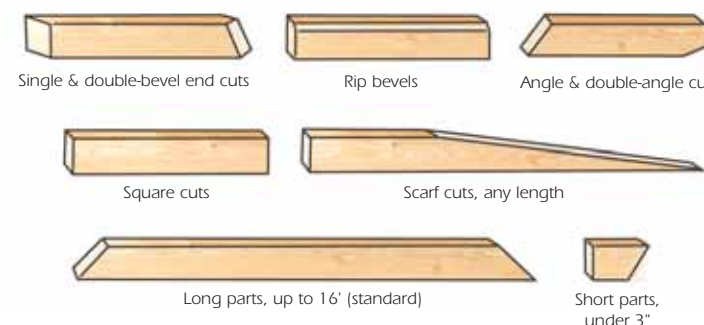
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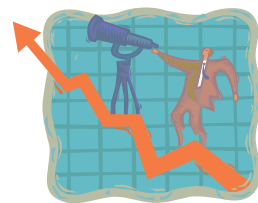
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Consumer Price Index

[an index measuring the change in the cost of typical wage-earner purchases of goods and services expressed as a percentage of the cost of these same goods and services in some base period - called also cost-of-living index]

Expenditure Category	Changes from Preceding Mo.			Compound annual rate 3-mo. ended Apr 07
	Feb	Mar	Apr	
All Items	.4	.6	.4	5.7
All Items Less Food & Enery	.2	.1	.2	1.9

Source: Bureau of Labor Statistics

Unemployment Rate

Jan	4.6%
Feb	4.5%
Mar	4.4%
Apr	4.5%

Source: Bureau of Labor Statistics

Producer Price Index - Customized Industry Data

An inflationary indicator published by the U.S. Bureau of Labor Statistics to evaluate wholesale price levels in the economy.

Engineered Wood Mem. (exc. truss) Mfg.	Feb	Mar	Apr	Truss Mfg.	Feb	Mar	Apr
Eng. Wood Mem.	96.7(P)	96.2(P)	96.2(P)	Truss Mfg.	112.9(P)	111.9(P)	111.9(P)
LVL	116.3(P)	116.3(P)	116.3(P)	Wood Trusses	109.6(P)	108.5(P)	108.6(P)
Other	114.4(P)	113.6(P)	113.6(P)	Primary Products	109.6(P)	108.5(P)	108.6(P)
				Secondary Products	100.6(P)	100.8(P)	100.1(P)

Source: Bureau of Labor Statistics

Producer Price Index General

% changes in selected stage-of-processing price indexes

Month	Total	Ex. Food & Energy
Jan	-0.6	0.3(r)
Feb	1.3	0.4
Mar	1.0	0
Apr	0.7	0

Source: Bureau of Labor Statistics

Consumer Confidence Index

The Consumer Confidence Index is a measure of consumer optimism toward current economic conditions. The consumer confidence index was arbitrarily set at 100 in 1985 and is adjusted monthly on the basis of a survey of consumers.

The index considers consumer opinion on both current conditions (40%) and future expectations (60%).

Aug	Sept	Oct	Nov	Dec	Jan07	Feb	Mar	Apr	% +/-
100.2	105.9	105.1	102.9	110.0	110.2	111.2	108.2(r)	104.0	-3.9%

Source: www.consumerresearchcenter.org

APRIL 2007 ISM BUSINESS SURVEY AT A GLANCE

	Series Index	Direction Apr vs Mar	Rate of Change Apr vs Mar
ISM Manufacturing Index (formerly PMI)	54.7	Growing	Faster
New Orders	58.5	Growing	Faster
Production	57.3	Growing	Faster
Employment	53.1	Growing	From Contracting
Supplier Deliveries	50.2	Slowing	Slower
Inventories	46.3	Contracting	Faster
Customers' Inventories	47.0	Too Low	Faster
Prices	73.0	Increasing	Faster
Backlog of Orders	54.5	Growing	From Contracting
Exports	57.0	Growing	Faster
Imports	58.0	Growing	Faster

For an in-depth explanation of this summary, go to <https://ism.ws/ISMReport>.

U.S. Prime Rate

Month	2007	2006	2005
Jan 1	8.25%	7.25%	5.25%
Feb 1	8.25%	7.50%	5.25%
Mar 1	8.25%	7.50%	5.50%
Apr 1	8.25%	7.75%	5.75%
May 1	8.25%	7.75%	5.75%

Source: Federal Reserve Board



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Industrial Production Index

The industrial production (IP) index measures the change in output in U.S. manufacturing, mining, and electric and gas utilities. Output refers to the physical quantity of items produced, unlike sales value which combines quantity and price. The index covers the production of goods and power for domestic sales in the United States and for export. It excludes production in the agriculture, construction, transportation, communication, trade, finance, and service industries; government output, and imports. The IP index is developed by weighting each component according to its relative importance in the base period. The information for weights is obtained from the value added measures of production in the economic censuses of manufacturer and minerals industries, and from value added information for the utility industries in Internal Revenue Service statistics of income data. The weights are updated at five-year intervals to coincide with the economic censuses. The current index base year is 1992. (r= revised)

	Jan	Feb	Mar	Apr
Industrial Production Total Index (% change)	-0.5(r)	0.8	-0.3(r)	0.7
Capacity Utilization Total Industry (%)	81.1	81.6	81.2(r)	81.6

Source: Federal Reserve Board

CM News

PRO-BUILD'S US COMPONENTS PURCHASES CASMIN, INC.

On April 30, New Jersey-based US Components LLC announced that it has purchased the assets of Casmin, Inc., a roof and floor truss manufacturer located in central Florida. US Components is a division of Pro-Build Holdings, the nation's largest supplier of building materials to the professional contractor. Terms of the sale have not been disclosed. Headquartered in Leesburg, FL with truss plants in Tavares and Lady Lake, Casmin is highly regarded for the quality products and exceptional customer service it provides to builders throughout central Florida.

"Casmin is a fantastic company, and this acquisition allows us to utilize its vast best practices as a platform to further expand component operations in the Florida markets," stated US Components President Dave Walstad. "It's a very exciting time for both companies. The addition of Casmin marks the entrance of US Components into the Florida market. We look forward to being the supplier of choice to our lumber yard and builder customers in this region."

Mark Casp, Casmin's current president, will continue to run the Florida region as regional vice president and will begin taking on other truss business development roles for both startups and truss acquisitions in the Florida market.

"Casmin is about to enter a new era with unbelievable opportunities for our company, and we are very excited for the future," said Casp. [Source: Pro-Build Press Release, 4/30/07]



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For reader service, go to www.sbcmag.info/clark.htm. See additional ad on page 77.

EXECUTIVE CHANGES AT HOME LUMBER

In the wake of Pro-Build's regional restructuring, Home Lumber president Max Guetz has left the Colorado chain of lumberyards founded by his family in 1954. He will be replaced by Scott Robbins, a former senior vp with Hope Lumber. Robbins will relocate to Denver and assume responsibility for all western metro markets as regional senior vp for Pro-Build South, which now encompasses Home Lumber and Hope Lumber. On March 13, Jim Cavanaugh was named regional president as part of the restructuring.

Home Lumber was purchased by Lanoga, now a division of Pro-Build, in 1999. Guetz stayed on as president, and the three-unit pro dealer functioned as a separate division under Lanoga. It has since grown to include six lumberyards, two component plants and four door shops.

Contacted by HCN, Guetz said he left Pro-Build to pursue a career outside the corporate structure. "Once you've been an independent, it's in your blood," Guetz explained. [Source: www.homechannelnews.com, 5/7/07] SBC

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Classified Ads

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Chapter Corner

Continued from page 70

use in presentations. Likewise, members were encouraged to say "yes" when asked about giving presentations and then rely upon the chapter and WTCA staff for assistance. Grassroots training is essential, and the chapter is committed to funding sessions and providing materials and plant tours. Of the upcoming educational sessions planned, the group would be delivering a presentation on BCSI for the Structural Engineers Association of New Hampshire in May, then a fire presentation with a possible fire test demonstration for the New England Fire-Rescue-EMS show in June. The chapter also started planning for this year's building officials conference at University of Massachusetts-Amherst, for which it expects to offer two presentations and have a booth in October.

The Massachusetts Building Code was on the agenda. With assistance from WTCA staff, the chapter is monitoring and commenting on the sections of the code that affect our industry. Members have been attending public hearings and will continue to do so to make sure that our industry's voice is heard on the issues which affect us. Also in Massachusetts, another bill has been introduced proposing a special commission to investigate the use of structural building components in construction as it relates to fire fighter safety. Since the commission would not include anyone from the building industry or anyone familiar with components, these developments are being watched closely by the chapter.

Under chapter business, a motion was made to amend the chapter's bylaws with the revised WTCA bylaws language. This will expand the definition of regular member to include all structural component manufacturers as well as engineered wood products dealers/resellers engaged in the business of reselling manufactured engineered wood products either directly to end users (e.g., contractors or builders) or directly to lumber yards or other building material distribution or retail centers (but excluding those engineered wood products dealers/resellers engaged in the business of reselling to truss, wall panel or subcomponent manufacturers). The motion passed without objection. **SBC**

For more information, about WTCA Chapters, contact Anna L. Stamm (608/310-6719 or astamm@qualltim.com) or Danielle Bothun (608/310-6735 or dbothun@qualltim.com).

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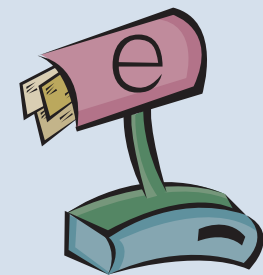


Readers Respond

Give Kids the World Gets Publicity

After we published a story about the Florida charitable organization Give Kids the World [see April 2007 issue], Frank Eller thanked us for the publicity:

"We greatly appreciate the time and effort you have invested in writing the GKTW article for your publication. We can't wait to share it with our partners."



We also heard from someone remembered the industry working with GKTW long before 1997.

"I read with more than a little interest your article on the Give Kids the World Village. They truly are a magnificent organization, and Henri Landwirth is an amazing individual. But to state that our industry started to support them in 1997-98, shortchanges our efforts by nearly 10 years. It was the summer of 1988 that FLBMDA (predecessor of FBMA) decided to adopt GKTW as a cause worthy of support. Over the next several years, more than a quarter million dollars was raised through golf tournaments, auctions and other activities. In the early 90s, component manufacturers from throughout the state donated trusses for the village's first expansion—if memory serves me correct, it was between 11 and 17 buildings. We delivered these trusses via a caravan starting in South Florida, and I recall seeing the local news coverage of the arrival of these trucks at the village. I probably have the news tape somewhere in my "stuff." I also recall Don Smyth of Smyth Lumber (now a part of Stock) offering to send building materials, at cost, for any lumber dealer that wished to donate. Logistically this was a huge help for everyone. I recall this so vividly because it was during a time I was very active with FBMA. So glad to see the continued support—they deserve it!" —Bob Allen, ITW Building Components Group



Parting Shots

Share your stories and photos with us! Send submissions to partingshots@sbcmag.info.



Automated Building Components, Inc. of North Baltimore, OH, provided all of the wood roof trusses, hangers, anchors, I-Joists and wood beams for this hotel in the Sauder Village in Archbold, OH. Sauder is the nation's fifth largest residential furniture manufacturer, producing nearly a quarter of all ready-to-assemble furniture sold in the United States. Rupp Rosebrock of Liberty Center, OH was the contractor for the project.

Marshall McCarty (ABC's president) commented on the project. "The connections were skewed left or right and were also sloped up or down. Many had to connect to wood and steel beams." McCarty said figuring the loads and skews and slopes of the hangers presented quite a challenge for ABC's technicians, who worked closely with their hanger supplier's engineering department. As shown in photo 3, the beams came together to form a turret. **SBC**



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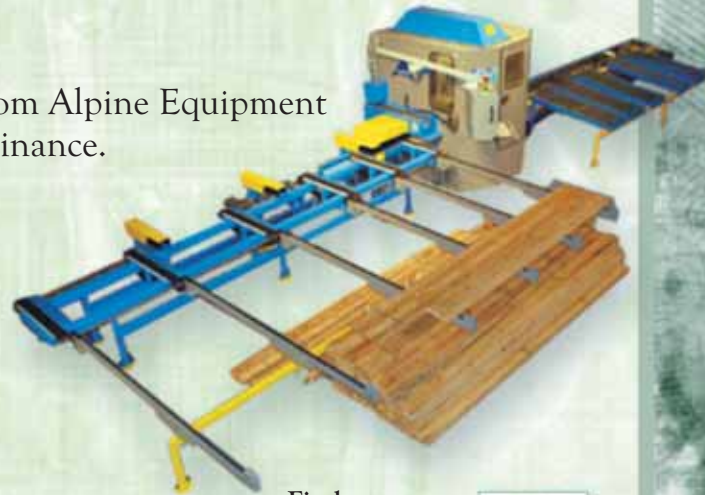
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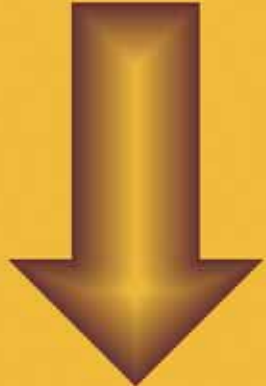
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