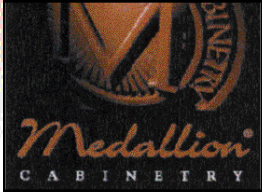


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Winkelman



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Wink's ink

Summer 2005



"A Quarterly Publication of Winkelman Building Corporation Bringing You News from the Construction Industry"

New Facility Integrates Cabinet Doors for Medallion

The Medallion Cabinetry Door Plant in New Ulm, MN, is the latest project we have constructed for Medallion Cabinetry Inc. Designed by Cluts, O'Brien, Strother Architects Inc. of Eden Prairie, this 59,375 sq. ft. building which includes 5,000 sq. ft. of office space, was constructed of 24 foot high Fabcon precast wall panels with an EPDM roof system. According to project manager Ralph Brown, "Despite the short construction schedule, everything went very smoothly on this project because we had an exceptional team of subcontractors. Due to Medallion's manufacturing equipment having been ordered with a delivery date for the end of November, we had a very tight schedule for constructing the building. Earthwork started at the end of September and within two months we had the building enclosed with completed

concrete floors in place...ready for equipment delivery. The owner was able to take occupancy of the manufacturing area by the end of December, a JOBZ requirement. The project was finished by mid-February with a total project turn-around of 4-1/2 months." According to Craig Fast, Special Projects Manager for Medallion, "Until now, all of our manufacturing has revolved around making the actual cabinets. This new venture provides vertical integration by supplying us with another resource for cabinet doors." ✦



Medallion Cabinetry Door Plant
New Ulm, MN

Out With The Old...In With The New

THE PROBLEM: Swanville Public Schools' original 1938 building needed major air quality, health and safety upgrades as well as other major portions of the 1959, 1967 and 1981 school additions. Plus, portions of their two 30 year old "temporary" classrooms were condemned by the Department of Health.

THE SOLUTION: Out with the old and in with the new...as well as cosmetic upgrades, re-roofing, mechanical upgrades and fire protection additions to the remaining portions of the building.



Demolition at Swanville Public Schools, Swanville, MN

THE CHALLENGE: Conduct demolition of the old building and temporary classrooms and construct a new 9,000 sq. ft. elementary portion and mechanical room in a period of three months for occupancy this school year. We also are implementing the tuck-pointing, re-roofing and remodeling of the auditorium and gymnasium during this short time period. Following completion of this phase, we will be constructing a 16,000 sf commons area, locker rooms, weight room, concession stand and office portion of the building during the school year, followed by cosmetic upgrades of paint, lighting, ceiling tiles and lockers next summer.



Concrete construction underway

TWO OTHER MAJOR ELEMENTS of the project included converting the heating system from steam to hot water and replacing city utilities in the street adjacent to the school in order to adequately serve the school's requirements. Designed by SGN Architects of Minneapolis, this \$6 million project will cover the building needs of the District for the next 30 years and beyond. ✦

Building Expansion Provides Space for Wild Rice

Mille Lacs Wild Rice in Aitkin, MN, required a metal building addition for drying, processing and storing of wild rice, both in large volume bags and grocery store-ready sales sizes. The expansion of this facility is replacing an older facility in Winnipeg, Manitoba. The new addition is attached to the existing facility by multiple connecting links and features a series of windows along the south side to provide natural lighting.

Despite weather related concerns, site superintendent, Jim Winkelmann, who's specialty is metal building construction, maintained the project schedule and smoothly completed the project on time for the client. A unique element of the

project is that it was one of the first JOBZ construction projects in the state and the first of several for WBC. ✦



Mille Lacs Wild Rice, Aitkin, MN

Why are Buildings Getting More Expensive So Fast?

The past few years have seen unusual volatility in the cost of building materials. The two most common building materials; wood and steel, are found in one form or another in almost every aspect of a building project...lumber, plywood, nails, rebar, steel mesh, structural steel, siding, etc.

What's driving up the cost? A variety of factors: Housing starts are at record levels; the war in Iraq; material shortages; an unusual number of severe hurricanes; a tsunami in the Indian Ocean; the exchange rate of the dollar; the insatiable growth rate in China and the decline in harvest of old growth forests, all combined with the normal tornados, mudslides, fires, etc.

LUMBER

What does this mean in real dollars? According to Random Lengths, a leading supplier of lumber related data, the cost of framing lumber per 1,000 board feet has increased from \$284 in March of 2003 to \$422 in March of 2005 a 49% increase. In fact, on an average annual basis, the cost of framing lumber averaged



\$304 in 2002 and \$404 in 2004. The good news is that prices have been slowly coming down. The second quarter of 2004 found prices as high as \$473 per 1,000 board feet and this year we have gone from a high of \$422 in February to \$386 in May. The same trends were found in strand board and plywood prices which are listed in 1,000 square feet pricing. However, this market was even more volatile, increasing by 77% between March of 2003 and March of 2005. Their prices ranged between a high of \$598 in April, 2004 and the most recent rate of \$382 in May. The following tables show the quarterly fluctuation in these two lumber sectors.

Random Lengths Framing Lumber Composite Price \$ per 1,000 Board Feet					
Year	Jan	Apr	July	Oct	Annual Avg
2002	303	330	314	281	304
2003	284	283	302	373	311
2004	341	431	426	373	404
2005	382	404	-	-	-

Random Lengths Structural Panel Composite Price \$ per 1,000 Square Feet					
Year	Jan	Apr	July	Oct	Annual Avg
2002	235	264	240	244	248
2003	245	259	376	555	367
2004	427	598	397	343	462
2005	396	396	-	-	-

STEEL

The Bad News: from 2002 to 2005 Steel prices increased 150%. Now the Good News: The tide has turned. According to a recent article in the Riverside, CA Newspaper; The Press-Enterprise, the price per ton of cold-rolled steel has slid from \$690 on January 7 to \$555 on June 22, a decrease of 19.5% in just a little over six months. While shortages have eased, and production costs have decreased, the price reduction to the commercial builder hasn't yet been realized. Much of this is due to suppliers locking in contracts for steel last year, and until those stockpiles and inventories are depleted, the end user won't see the result of the new lower priced production costs.

Below are examples of two primary construction materials; steel rebar and structural steel sections and beams. The supplied information is from MEPS, a

MEPS North American Steel Price Index Wire Rod				
Year	Jan	Apr	July	Oct
2003	96.8	96.8	96.8	100.0
2004	116.1	174.2	171.0	171.0
2005	161.3	-	-	-

MEPS North American Steel Price Index Structural Steel				
Year	Jan	Apr	July	Oct
2003	75.0	75.0	75.0	79.5
2004	95.5	131.6	133.2	136.8
2005	134.8	-	-	-

Building Materials (continued on page 5)

Winkelman Building Corp. Projects Underway

North Village Apartments

St. Cloud, MN
Re-construction of the pool, weight room and core areas of the two 60-unit buildings

Minnesota School of Business

Blaine, MN
New three-story 45,000 sq. ft. educational facility

Faribault Foods

Cokato, MN
\$2 million major remodel of production facility

Shepherd of Grace

Becker, MN
New 58 unit senior housing campus

Traditions of Owatonna

Owatonna, MN
New 52 unit assisted living and memory care facility

C&L Distributing

Baxter, MN
Second floor interior remodel

Rejoice Lutheran Church

Clearwater, MN
Major addition to the sanctuary and classrooms

Sprint PCS

Baxter, MN
Build-out of 1,600 sf retail space

Montgomery Assisted Living

Montgomery, MN
New 24 unit congregate and assisted living facility

St. Cloud Cold Storage - Building #9

Waite Park, MN
40,000 sq. ft. freezer addition

Lamar Advertising

St. Cloud, MN
Warm storage addition

Client Profile

MEDALLION CABINETRY, with facilities in Waconia, MN, New Ulm, MN, Independence, OR, and Culver, IN, offers semi-custom cabinetry through kitchen and bath design centers and dealers nationwide. Known as the most custom manufacturer in the Semi-Custom Market, Medallion offers more than 1,900 combinations of door styles, wood species

and colors. According to Craig Fast, Medallion's Special Projects Manager, "The success of our continued growth has been our innovation into semi-custom cabinetry at an affordable price." Their next adventure will deal with the creation of cabinet door insets, further enhancing their semi-custom offerings.

Medallion currently has more than 1,000 employees nationwide, including 670 employees based in Minnesota. They presently have 850 dealers nation-wide and offer their products through large retailers like Menards and Lowes. Medallion, which is part of the Elkay Manufacturing family of companies, is known as a leader in the kitchen and bath industry. Elkay Manufacturing's cabinetry lines, including Medallion, comprise the fourth largest cabinetry company in the U.S.



an **ELKAY** COMPANY

Founded in 1969 as Central States Industries in Fergus Falls, MN, Medallion relocated to a new 100,000 sq. ft. manufacturing plant in Waconia, MN in 1983. Since that time, they have added a 60,000 sq. ft. expansion in Waconia in 1997, a 72,000 sq. ft. expansion in Waconia in 2000; new central offices in Waconia in 2004 and a new door plant in New Ulm, MN in 2005. Additionally, they purchased a cabinet manufacturer in Independence, OR in 1998 and added a 150,000 sq. ft. manufacturing plant in Independence in 2001, a new finishing line in Shakopee, MN in 2005 and a new 275,000 sq. ft. manufacturing facility was acquired in Culver, IN in 2005. ✦

STAFF PROFILE



Keith Johnson
Vice President of Operations

We are excited to announce the promotion of Keith Johnson to Vice President of Operations. Keith has more than 35 years of commercial construction experience, including but not limited to: Laborer, Carpenter, Foreman, Field Superintendent, Project Manager, Estimator, Marketer and even Owner of his own company. Keith started his career at WBC last year as Field Superintendent/Project Manager for numerous projects within the Elk River School District. He states his philosophy as, "equal rights for every employee, providing employees with opportunities to excel and holding the highest respect for Owners and Investors whom help us succeed in our industry." He states, "the easiest way to solve any problem is to tell the truth." Keith's favorite hobbies are working in the garden/yard with his wife Debbie, hunting snow geese in Manitoba with his lab Gus, and helping with the youth at his Church. ✦

New Talent Joins Winkelman



Chris Shanahan
Project Technician

Chris Shanahan joins us as a Project Technician and comes to us from Bemidji State University with a Bachelor's Degree in Industrial Technology with an Emphasis in Construction Management. Chris enjoys spending time with his family, hunting, fishing, sports and participating in community social events. ✦

WBC Giving Back

As a co-sponsor of the Cyclone Classic, supporting St. Cloud Technical College Student Scholarships, Winkelman helps raise approximately \$13,000 each year in Scholarships! Kevin Gorder was a selected recipient and with much appreciation states in a letter to WBC, "Your generosity is a Godsend and this award will allow me to continue my education, which has been my dream for 30 years." This brings extreme gratitude to WBC as we make every effort possible to give back to our community. We wish Kevin the very best in his future endeavors, as well as all of the SCTC students! ✦

Building Materials (continued from page 3)



leading consultancy company operating in the steel sector. As can be noted in the previous table, the major increases occurred between October of 2003 and July of last year with a gradual reduction starting to occur.

Much of the turnaround in pricing is due to cooled demand for steel in China. Last year they were willing to pay whatever was necessary to get any steel. Now they've stopped buying and everything got backed up; thus the decline in pricing. With volatile markets like these, you can appreciate the challenges we've been facing in providing projected cost estimates several months in advance of construction. Fortunately it looks like we should be experiencing some leveling-off of price increases in the near future. ✦



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Duane Schultz
President/CEO

P R E S I D E N T ' S P E R S P E C T I V E

It was an honor to have been named the 2005 Small Business Owners of the Year by the St. Cloud Area Chamber of Commerce. While the firm was started in 1969, Keith Schupp and I have been the sole owners of WBC since 1983 and are appreciative of the loyal clients we

have had the pleasure to serve. With 80% of our work being performed for existing and past clients, we have been fortunate to build lasting friendships with many of them; this is the most enjoyable part of our business. We are excited to have received this award and are delighted to be recognized for all of the hard work and dedication of all WBC employees. ✦

To request the following information about WBC's Building Solutions, please fax this form to (320) 253-2324.

- | | | |
|---|---|---|
| <input type="checkbox"/> Behlen Building Systems | <input type="checkbox"/> Retail/Commercial | <input type="checkbox"/> Manufacturing/Industrial |
| <input type="checkbox"/> Standing Seam Metal Roofing | <input type="checkbox"/> Food Processing/Cold Storage | <input type="checkbox"/> Office/Professional |
| <input type="checkbox"/> Energy Panel Structures – Energy Lok | <input type="checkbox"/> Church/Ecclesiastical | <input type="checkbox"/> Educational |

If you know of someone who should be added or deleted from our mailing list, please let us know. Thank You.