

President's Letter

Selection of the right General Contractor or Construction Manager can be a challenging assignment, and it is also an important one. There are a great number of commercial/institutional building contractors out there, and it can be tough to figure out why one may be better than another for your particular project. There are certainly a number of factors to consider and every project has different needs. But there is one thing that is always the same no matter what the project: You need a constructor in which you can place your trust and confidence.



We are proud of the fact that our clients place that confidence in us time and time again (93 percent of our 2005 revenue was repeat business for satisfied clients). Positive referrals also lead to new business opportunities, allowing us to serve new clients and continue to grow. We have a great deal of confidence in our technical know how and experience, even when it comes to the more challenging projects (including some of those highlighted in this newsletter). While we feel good about our capabilities and experience, we feel even better about our ability to be a trusted "partner" in the construction process.

We recognize that construction is expensive, and want to ensure that our clients' funds are being spent wisely and efficiently. Bringing FHM Martin on to the team and establishing an excellent level of communication and trust are good first steps toward a successful project!

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Andy Martin

FHM Grows with The Home Depot Throughout Midwest

FH Martin's relationship with **The Home Depot** dates back to 1999. Since then, we have proudly served as the constructor for **The Home Depot** on 19 stores and counting. To customers, it might seem that one **Home Depot** is just like the next, and that as a "big box" store, the construction of such a building must be pretty simple. But the reality is somewhat different. These are very fast moving projects which must be done with the greatest of efficiency. Each site brings its own unique challenges - soil conditions, weather issues, local requirements, etc. - therefore these are not the "cookie cutter" buildings that they may seem to be.

From the first **Home Depot** store that we built in Lapeer, Michigan, to the stores that we are currently building in Carmel, Indiana, Shorewood, Illinois, and Cleveland & Lorain, Ohio, we have overcome challenges to open these stores on time. With the aggressive expansion plan that this retailer has undertaken, finding flat, "easy" sites on which to build such a large store is not always possible. We have faced and overcome some particularly challenging site conditions on a number of these projects, including those highlighted below. We are honored that **The Home Depot** depends on **FH Martin** again and again to overcome these challenges and build their stores throughout the Midwest. Below are highlights of a few projects:

Shorewood, IL - Construction of this 105,000 SF **Home Depot** store in Shorewood, Illinois, near Chicago, started in early May. In addition to building the store, the project scope also includes development of a 40-acre retail site, which will be anchored by **The Home Depot**. Site development work includes pads, landscaping and re-construction of two major roads, including: road demolition, construction, widening, resurfacing, utilities and installation of traffic signals. This extensive project is scheduled to be completed by mid-December 2006.



Cleveland, OH - This **Home Depot** is currently being constructed at the site of a former steel foundry in downtown Cleveland, which is being redeveloped into a major retail center called Steelyard Commons. The work started in June with the installation of 914 steel pile foundations, 72 feet deep into the bedrock. The piles are tied into structural grade beams and heavily-reinforced floor slabs to span over the poor soils on the site. The store will also feature a modified facade with exposed steel trusses at the entrances, which will mimic the factory buildings in the area.

Normal, IL - Construction of this **Home Depot** in Normal, Illinois, near Bloomington, started in December and was open for business May 25, 2006. This was an accelerated schedule working through the winter. The project included the 105,000 SF store and development of an 18-acre site. Site development work included construction of a large box culvert, major cut and fill to regrade the existing terrain, landscaping and road work, including demolition, widening and installation of a traffic signal.



FH Martin completed construction of a 102,000 SF store in Bainbridge, OH, in June - nearly two weeks early.



FH Martin Named Future 50 Company

FH Martin Constructors has been named a **Future 50 of Greater Detroit** company for 2006. The **Future 50 of Greater Detroit** is an award program, now in its 11th year, which recognizes successful companies in Southeast Michigan. **Future 50** is sponsored by BDO Seidman, LLP, the Detroit Regional Chamber, LaSalle Bank and WWJ Newsradio 950. **FH Martin** was selected based on our success as a company and our positive impact on the local economy.

The **Future 50 of Greater Detroit** will be recognized at an awards luncheon in October, in the *Detroiter* magazine and on WWJ Newsradio 950. **FH Martin** is honored to be ranked among so many other fine companies in Metro Detroit!

FHM Earns Safety Awards

FH Martin was recently honored with safety awards from two construction industry organizations for our safety performance in 2005. The **Construction Association of Michigan (CAM)** honored **FH Martin** with the 2005 **CAMSAFETY Achievement Award**, which is given to contractors who attained injury rates below the construction industry standard as reported by the Bureau of Labor Statistics. All companies who qualified for the award received a certificate from **CAM**, and were listed in the May 2006 issue of **CAM Magazine**.

The **Associated General Contractors of America (AGC) Greater Detroit Chapter** presented **FH Martin** with the **Construction Safety Excellence Award** for our safety performance in 2005. **FHM** VP of Operations **Don Webb** and General Superintendent/Safety Director **Bob Macey** attended an award luncheon on May 18 at the Oak Pointe Country Club in Brighton, along with other award recipients.

We are proud of our project teams for doing such an outstanding job and for making safety a number one priority at all of our job sites. Keep up the good work!



*FH Martin Safety Director **Bob Macey** (middle) accepts the 2005 Construction Safety Award from AGC Greater Detroit President **Michael P. Smith** (left) and Director of Safety **Rick Mee**.*

Did You Know?

In 1921, the cost of structural steel was \$20 per ton.
Today, structural steel costs about \$2,500 per ton.

In 1921, a brick mason earned about \$.75 per hour.
Today, the average union wage for a brick mason is \$42.74 per hour, including benefits

(as stated on AGC Greater Detroit's official wage list).

Information about costs in 1921 came from **The Building Estimator's Reference Book, published in 1921 by The Frank R. Walker Company. **FH Martin** President **Andy Martin** has a copy of the book in his office. It was handed down from his grandfather, **Franz Herbert Martin**, who founded the company in 1919 and used the book to bid projects. This little piece of history makes it very clear just how much things have changed in the last 87 years!*

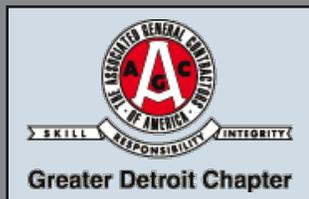
Contact FH Martin

FH Martin Constructors has been a strong and stable force in the construction industry since 1919. With an unwavering commitment to the principals of Integrity, Experience and Results, **FH Martin** has built a solid reputation while building the facilities needed for a changing world.

For more information about our projects or capabilities, please contact us at:

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FH Martin in the Community



FHM Donates Hard Hats to be Used in Katrina Cleanup

The **Associated General Contractors (AGC) Greater Detroit Chapter** is assisting a group of volunteers from **St. Joseph's Catholic Church** in Dexter, MI, with a very important project. The group is headed down to Mississippi in August to assist in the Hurricane Katrina cleanup effort. **AGC** is collecting hard hats for volunteers, who will need to wear the hats at the cleanup sites. **FH Martin** is one of a few local construction companies that donated hats for this worthwhile cause. Hats off to **AGC** and the volunteers from **St. Joseph's Church** for taking the time to do such important work!

FHM Helps out Habitat for Humanity

On Saturday, May 6, 14 people, including **FH Martin** employees, family members and friends, volunteered their time at a **Macomb County Habitat for Humanity** build. The group joined other volunteers from **Oakland University** to construct floor decks and sheds for two houses in Roseville. The weather was beautiful and a good time was had by all. Thank you to those who donated their time to such an important cause!



General Contractor or Construction Manager: Which Better Meets Your Needs?

Often people are confused as to what type of contract (or "project delivery system") will work best for their project. There is a great deal written on this topic, and it can be fairly complex. Following is a very brief primer on the two most prevalent delivery systems, General Contracting and Construction Management.

General Contracting (GC) is the traditional and probably still the most widely used method of contracting. In this method, the Owner contracts with an architect for the design of the project. Upon completion of the design, competitive bids are solicited from several GC's (who are hopefully pre-qualified as to their capabilities and experience with the type of project). The bids are reviewed and qualified, and a contract is entered into as a "lump sum" amount. Of course, changes in the work may necessitate change orders, but in general the GC is "locked" into the amount of the bid/contract and therefore accepts the risk or reward should costs come in higher or lower. This method is appealing for this reason, but it also has a number of drawbacks.

The Construction Management (CM) approach can alleviate a number of the problems often associated with lump sum bidding. First, a CM is generally brought in much earlier in the process. When you contract with **FH Martin** on a CM basis, you receive the benefit of our experience in constructing and renovating buildings, which can be of tremendous value as the design and construction drawings are being developed. We provide a number of services at this pre-construction stage, including cost estimating, scheduling, project and logistics planning, expediting of permits and utility issues, and a number of other services. Proper planning can eliminate a lot of unwelcome surprises, and make the job flow much more smoothly when it gets to the construction phase.

A lump sum bid situation (as described above in relation to General Contracting) can create a great deal of pressure to "get low." While everybody appreciates a good price, it is not in anyone's best interest to struggle through a project with a sub that just can't do the job properly in terms of quality or schedule. As a CM, we can pre-qualify and select the "right" trade contractors for a particular project, still obtain competitive bids, properly review their work scope, qualifications and experience, and put together a team that will deliver a successful project at a competitive price. The Owner receives some or all of the benefit of any cost savings, as the final contract amount is determined by the actual project costs. The costs are sometimes capped with a "Guaranteed Maximum Price."

Of course, there is still a place for lump sum GC bidding and contracting, and we are very comfortable working in that delivery system if that is our client's desire. We also very regularly use a "hybrid" of these two methods, sometimes called a "Negotiated Lump Sum" contract. Give us a call, and we'd be happy to discuss your specific needs and the best solution for you!

As Construction Manager, FH Martin Saved One Recent Client Both Money & Time

Southpoint Community Christian Church in Trenton, Michigan, selected **FH Martin** as its Construction Manager for a major expansion project, which was successfully completed in the spring of 2006. The project scope included the addition of 27,000 SF to the existing church, including an auditorium with support facilities and seating for 1,100 people; a large gathering space; classrooms; offices; and four restrooms. **Southpoint** was on a tight budget, and wanted to open as quickly as possible. As Construction Manager, **FH Martin** was able to meet the owner's goals, which would have been more difficult to do under a traditional GC agreement. We accomplished this by splitting the project into two phases and bid packages (Phase 1 - Site/shell work and Phase 2 - Interior/MEP).

This allowed us to fast track the project by starting construction of phase one while phase two was still being designed and engineered. We were also able to assist in the design, evaluating details and materials for possible value engineering. We saved **Southpoint** more than \$100,000 as a result of value engineering. We were able to provide budgeting throughout the project to help determine the final project cost and make necessary revisions to stay within the client's budget.



FH Martin is Excited About the Following New Projects

First Step - Wayne County, MI
FHM is the Construction Manager for a new women's shelter in Wayne County. **First Step's** mission is to reduce the incidence of domestic and sexual violence and to provide services to individuals affected by these crimes.

Ella P. Stewart Academy - Toledo, OH
Construction of a 45,000 SF school.

Plum Market - Bloomfield Township, MI
Construction Manager for the complete interior build-out and addition for new specialty food store.

Chase Bank - Sterling Heights, MI
Construction of a 4,000 SF bank.

National Shrine of the Little Flower Parish - Royal Oak, MI
Addition of 10,000 SF to a landmark Catholic church.

The Learning Care Group - Novi, MI
Renovation of a **Tutor Time** in Ann Arbor and a **Child Time** in Canton.

Springfield Retail Center - Springfield Township, MI
Construction Manager for a new retail building(s) for **MJM Group, LLC**.

Chase Bank - Birmingham, New Baltimore, Waterford & Oakland Township, MI
Interior build-out of new banking centers within existing **Kroger** stores.

The Kroger Company - Dublin, Portsmouth & Worthington, OH
Remodel and 20,000 SF expansion of three existing Kroger stores.



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