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November 24, 2010

Technical Director
File Reference No. 1850-100
FASB
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Dear Sir/Madam:

Thank you for the opportunity to comment on the Exposure Draft regarding Leases (Topic 840) that was issued on August 17, 2010.

Through its wholly owned and majority owned subsidiaries, privately owned Irex Corporation ranks among the largest specialty contracting companies in the country, according to the annual survey conducted by Engineering News-Record magazine. Our companies provide various specialty contracting services to customers throughout North America including mechanical and thermal insulation, hazardous material abatement and other environmental remediation, fire protection, and light metal installation and interior finishing work.

We are generally supportive of the proposed new accounting standard; however, we have two concerns in which we believe the Board has not fully considered the ramifications of its proposal.

Short Term Rentals

It is unclear whether *short term rentals* (our terminology) fall under the definition of a *lease*. A lease is defined in the Exposure Draft as “a contract in which the right to use a specified asset is conveyed, for a period time, in exchange for consideration.” This definition is so broad that it seemingly would include daily auto rentals (i.e. Hertz, Avis) and any other short term rentals of equipment such as an air compressor right down to portable toilets.

Our companies collectively open and close approximately 5,000 jobs per year, most of relatively short duration. As is common in the industry, our companies avoid the transportation business and do not invest in equipment that is used sporadically and perhaps long distances from our branch offices. At any point in time, I estimate that we have at least 100 pieces of equipment (primarily lifts, scaffolding, and trailers) at job sites around the country on short term rental. The rental agreements do not have fixed terms. The rentals typically are subject to monthly, weekly, and daily rates that result in a charge for the actual amount of time that the equipment is used. The rental rates inherently include a substantial service component for the delivery and pick up of the equipment, maintenance, refueling, cleaning, and significant administrative costs. However, it is doubtful that the lessee could easily break out the service component from the lease component in these rental agreements. Moreover, since the rental agreements are open ended, it would be difficult and certainly very impractical to calculate or estimate a lease liability for an indefinite period of time.

A principal objective of the exposure draft is to eliminate the perceived loophole of operating leases. Historically, we were not required to account for “short term rentals”, which are almost always charged to jobs, as operating leases because they had a term of less than 12 months (FASB 13, para. 16). Therefore, it seems that the definition of a lease has been unduly expanded to include “short term rentals” which previously were not considered in that context. Accordingly, we think that the exposure draft should be amended to provide an exclusion for short term rentals of equipment with a duration of 12 months or less that include a significant service component.

Options to Extend Leases

The company leases its home office building, as well as branch office and warehouse space, under operating leases usually for three to five year terms, often with options to renew for additional periods. We pursue construction opportunities wherever they are reasonably available throughout North America. Due to changing economic conditions and opportunities, we open branch locations as we identify significant opportunities within a geographic area, and we will close branch locations when work is no longer available. In the current economic environment, our time horizon for planning is generally no more than 18-24 months into the future.

The Exposure Draft requires the lessee to determine the lease term as the longest possible term that is more likely than not to occur. We believe this requirement is too theoretical and certainly too impractical to be useful. The inclusion of option periods in the lease liability for renewal options that have not been exercised results in the recognition of a liability that does not legally exist, in the Company’s financial statements. It also requires management to make very subjective judgments about the future when it does not have enough information to make such judgments. Moreover, the auditor would be unable to audit the subjectively determined lease term other than through management’s representations. This added subjectivity to the audit process has the potential to increase time and fees with the cost outweighing any possible benefit.

Please do not hesitate to contact the undersigned if you would like to further discuss our concerns, or how the Exposure Draft would impact our company and the specialty contracting industry in general.

Yours truly,

John E. Snyder, CPA, CCIFP
Controller

Cc: ParenteBeard LLC
Construction Financial Management Association