ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAI'I
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October 27, 2010

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merrit 7, PO Box 5116
Norwalk, CT 06856-5116

Subject: File Reference No. 1840-100, "Disclosure of Certain Loss Contingencies" and
File Reference No. 1860-100, "Disclosure about an Employer's Participation in a Multi-Employer Plan"

Dear Mr. Gordon:

Please accept and consider these comments on the proposed Financial Accounting Standards Boards (FASB) Exposure Draft 450 and 715-80. These comments are submitted by the Electrical Contractors' Association of Hawaii (ECAH), a Chapter of the National Electrical Contractors' Association (NECA). Member contractors participate in a multi-employer pension plan through a Collective Bargaining Agreement with the International Brotherhood of Electrical Workers Union Local by making contributions on behalf of their electrical workers. While it is the Board's objective to obtain full disclosure, the unfunded pension liability disclosure allows for an educated guess at best a potential liability that may or may not materialize. The result is a standard that does not fairly present the financial position of our contractors. This can only have a detrimental effect on our contractors' ability to obtain lines of credit and bonding from their banks and surety companies respectively.

Our regional banks and surety companies, the end users, have not made a determination how these proposals will affect their credit review policies in determining the level of credit or bonding capacity extended to our contractors. Most have not even heard or seen these proposals to make an official determination to our members. Two banks have responded that they will consult with their auditors for advice before determining a credit policy. With this uncertainty, we cannot take a wait and see position as it could determine the fate of our contractors' ability to continue as a going concern.

FASB has the opportunity to modify these proposals before making a final decision on this issue. As a former controller for the past 40 years, it is my experience that FASB, auditors and most end users, in

this case banks and surety companies are very conservative in nature with good reasons. The intent is to determine the exposure or amount of risk they can reasonably identify before extending credit. The

Conservative position and application can only be detrimental to our contractors. It is therefore very critical that we change the mindset of the Board before a final accounting standard is delivered. The unfunded pension liability to an individual company participating in a multi-employer plan cannot be determined with reliable accuracy because of the nature of the construction industry. Union employees have portability, they move from company to company and jurisdiction to jurisdiction. Retirees drawing a pension have most likely worked for several companies. The amount of the unfunded pension liability is always a moving number and the calculation by an actuary is laborious, time consuming and expensive. 94.1% of our contractors are considered small businesses and this added burden adds to the rising cost of doing business and increasing amount of governmental and institutional reporting.

Without getting into the details of these proposals, it is our position that they can only reduce the net worth of our member companies by a footnote that doesn't reflect a "true" number like all other values of the financial statement. Timeliness is an issue as we are projecting into a crystal ball with assumptions that may or may not become reality. With many of our investments in the stock market and its performance over the past two years, we were either insolvent or solid with a positive net worth at any given time if these standards were applied. These proposals are problematic in its present form and must have significant changes to still accomplish FASB's goals of full disclosure and at the same time present fairly, in all material aspects the financial position of our member contractors.

Thanks you for allowing our comments on these proposals as it is of very high priority that some modifications are made. Our member contractors' livelihoods are at stake.

Sincerely,

Al Itamoto
Executive Director
Electrical Contractors' Association of Hawaii