Advantages of the ARMS PROGRAM from the Contractor Perspective

Presented by

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at NDIA Small Arms Review

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What is ARMS?

The ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS) Program enacted in 1993 is designed to re-utilize ARMY facilities with commercial businesses.

Bases Include:

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Location</th>
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<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holston AAP</td>
<td>Kingsport, TN</td>
<td>Milan AAP</td>
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<tr>
<td>Iowa AAP</td>
<td>Middletown, IA</td>
<td>Mississippi AAP</td>
<td>Stennis Space Center, MS</td>
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<tr>
<td>Lake City AAP</td>
<td>Independence, MO</td>
<td>Radford AAP</td>
<td>Radford, VA</td>
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<tr>
<td>Lone Star AAP</td>
<td>Texarkana, TX</td>
<td>Riverbank Industrial Complex</td>
<td>Riverbank, CA</td>
</tr>
<tr>
<td>Louisiana AAP</td>
<td>Shreveport, LA</td>
<td>Scranton AAP</td>
<td>Scranton, PA</td>
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Current ARMS Stats:

185-210 Tenants

2000 to 2500 jobs

$250 million government Investment

$175 million Private investment

ARMS incentives:

- Interest free loan for site improvements wrapped into lease
  - Custom building infrastructure
  - Low lease rates
- Government equipment can be included with lease
MAST Reasons for Choosing LCAAP

- Desired hazardous operation capable buildings and magazines to store and use 1.1 rated propellant
- Testing services available at reasonable rates
- Mentor like relationship with ATK available to assist on-site
- Increased exposure to government and industrial community
- Facilities for incremental growth of business and scope of work
- Ideal facilities for additional ammunition contract to include potential ammunition equipment
- Funding available through ARMS to reduce start-up capital requirements
MAST’s ARMS Story

Convert Building 139, formerly a 20mm fuse line, to a production line for the 40mm M781. The complex consists of over 34 separate structures. In 2001 building 139 was partially used as a temporary primer/chemical lab.

Building Requirements:

<table>
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<th>- Strip and Paint</th>
<th>- Install overhead doors</th>
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<td>- Install access ramp</td>
<td>- Air compressor</td>
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<tr>
<td>- General Cleaning</td>
<td>- Removal of old equipment</td>
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Total Cost

@ $300,000
Office #1 After
Front of Building Before
Front of Building After
Current Production Area
Building 139 Complex Facilities

139 Complex Structures

- Hazardous Process Bays
- Magazines
- Hazardous Process Out Buildings
- Offices
- Day Boxes
Product 40mm M781 Training Practice
Problems Encountered

- Safety Site approval took considerably longer than anticipated, effecting ramp up time frame

- ARMS money requires use of Davis-Bacon wages, substantially decreasing the value of the loaned dollar

  - Increased security requirements made many simple thing difficult

- Steam usage had to be discontinued due to excessively high rates of $4000 per month of use
Suggested Improvements to ARMS from the Tenant/Contractor Perspective

1) Better defined SOW’s for the facility contractor and the tenant – currently there is not a clearly defined guidebook or system

2) Clearly established overhead rates for services. The prime contractors charge tenants varying rates at different facilities. The known range is 6-20% added to a facility improvement Purchase Order.

3) Tenants to manage proven sub-contractors on facility work with system of checks and balances

4) Allowance of additional no-payback funds to get buildings in basic ‘rent-able’ condition to eliminate fixing major problems (roof leaks, etc.). As the building age and more desirable space is utilized bring in new tenants will become more difficult.

5) Allowance of special rules for commercial operations rules to avoid excessive paperwork.