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PROGRAM: Power Lunch
SUBJECT: CNBC w/ Frank MacInnis, EMCOR 2/26/09



Sue Herera, Co-Author:

At 12:50 ET, just a heads-up: the CEO of a company that could be a big winner from the stimulus bill. It's EMCOR Group. So, why does the CEO not like the stimulus bill? We'll talk about that.

[12:48 PM]



Brian Shactman, Co-Author:

A company with earnings on the rise, with the stimulus bill possibly pushing them even higher, first on CNBC: we'll talk to the CEO of EMCOR Group who, actually, not overly thrilled with what's going.



Dennis Kneale, Co-Author:

Nope.



Herera:
That's right.

[Commercial break]



Herera:
Welcome back. One of President Obama's big selling points in the eight-hundred-billion-dollar stimulus package is the thousands of infrastructure prod—projects, called those "shovel-ready projects," that are ready to begin within ninety days, designed to put millions back to work and boost the bottom line of many companies, perhaps including this one: EMCOR. It's a global leader in construction and energy infrastructure, and first on CNBC, we're very pleased to welcome CEO Frank MacInnis to Power Lunch. Welcome, Mr. MacInnis, nice to have you here.



Frank MacInnis, Chairman and Chief Executive Officer, EMCOR Group Inc.:
Hi, Sue. Thanks a lot.



Herera:
You had some interesting comments, because your company, in some ways, does stand to benefit from this, but you think, perhaps, the type of stimulus that is being suggested and proposed is perhaps, not the best use of that money. Is that a correct read?



MacInnis:
Yes, that's right. I'm very concerned that the emphasis on speed for which the government has never been well known, will result in a lot of waste and a lot of very simplistic projects that may fill potholes for a year or two but won't create a smarter grid, a smarter highway system, a way of leaving a legacy of energy efficiency for our generations to come.



Herera:

And those larger projects, you argue, take a long time to get researched, developed, put on the grid, etc.



MacInnis:

Yes, that's right. Sophisticated projects take time to plan and to implement. They last a long time after they're done but they can't be put in place right away.



Shactman:

Frank, it's Brian Shactman here. But, on the flip side, if they spend two billion over two years, or two hundred over ten, you would probably stand to benefit more if they did take this long-term view, isn't that correct?



MacInnis:

I'll take it either way, Brian. As a company CEO squarely in the crosshairs of the stimulus package, I'm very pleased. As a taxpayer, I'm not very pleased at all. Frankly, I think that most of the benefit of this spending package is going to be in 2010, maybe, as I mentioned earlier, a few simple projects in '09, as states and cities scramble to put as much money into the ground as possible. But most of this is going to be in 2010 and '11, I believe.



Shactman:

Well, one of the issues you know was to try to get the economy stimulated as quickly as possible, and if the grid-work works, then they'll expand it. You don't have much faith that some of the things that have long-term potential will actually be implemented long-term? You think they'll just drop them?



MacInnis:

I don't think they'll drop them, but I'm afraid that the implementation will be lengthened as a result of a lot of the obstacles that can get in the way of even the best-intentioned project: environmental protection impact statements, for example, union relationships, disadvantaged minority requirements. All the regulations that affect business every day, can get in the way of the prompt implementation even of a well-designed project. I'm just not hopeful.



Herera:

What do you make of the budget details that we saw this morning? I mean, it certainly is an increase in taxes, in many different ways, on wealthier Americans, but there are those who say that's the strong medicine that needs to be taken. Overall, give us your view on what you've heard today.



MacInnis:

Well, I think it was absolutely inevitable. I don't think the administration has anywhere else to go without breaking some very fundamental campaign promises. So, I think that taxing the wealthy, reducing the deductibility of things like charitable donations, I think that's a disaster for charities. I'm very sorry. I serve on the board...



Herera:

I know. You serve on boards.



MacInnis:

...the board directors of the March of Dimes. And it's bound to hurt us and to hurt a lot of worthwhile charities. I think it's a shame.



Herera:

Thank you, sir. Appreciate it.



MacInnis:

Not at all.



Herera:

Mr. MacInnis, please come back and spend more time with us.



MacInnis:

Thank you, Sue.