

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2017**

BOARD MEMBERS PRESENT

Jake Jacobson	Osborne Construction Company
John Belarde	Belarde Company, Inc.
Sarah Cox	Dorsey & Whitney LLP
Curt Gimmetstad	Absher Construction Company
Frank Imhof	IMCO General Construction, Inc.
Chris Lang	Fisher Construction Group
Gordon Spencer	Teknon Corporation
Paul Mayo	Flatiron Constructors, Inc.
Ian McFarland	View Dynamic Glass
Nancy Munro	MidMountain Contractors, Inc.
Shana Peschek	Construction Center of Excellence
Ross Pouley	AECOM
Jim Rowley	Howard S. Wright, a Balfour Beatty Co.
Dawn Stephens	Charter Construction, Inc. (via phone)
Mickey Traugutt	Washington Patriot Construction LLC
Sharon Young	Concord Construction, Inc.

BOARD MEMBERS ABSENT

Mike Grace	Groff Murphy, PLLC
Jessica Scarsella	Bros., Inc.
Glyn Slattery	Lydig Construction, Inc.

STAFF/GUESTS PRESENT

David D'Hondt	AGC of Washington
Kelly Barber	AGC of Washington
Greg Crisostomo	AGC of Washington
Liz Evans	AGC of Washington
Paula Jackson	AGC of Washington
Dave Kearby	AGC of Washington
Mandi Kime	AGC of Washington
Sean Lewis	AGC of Washington
Doug Peterson	AGC of Washington
Penny Schmitt	AGC of Washington
Dani Tijan	AGC of Washington
Jerry VanderWood	AGC of Washington
Krissy Dreher	McKinstry Co

CALL TO ORDER

President Jake Jacobson called the meeting to order at 3:30 PM.

WRITTEN REPORTS

Action: It was moved (Mayo), seconded, and carried to approve the Central, Northern, Seattle, and Southern district written reports as presented.

ORAL REPORTS

AGC / WSDOT Best Practices Committee – Chief Lobbyist Jerry VanderWood and 2nd VP Paul Mayo reported on the AGC/WSDOT Best Practices Committee. It was noted that this committee is divided into four groups: Roadway, Structures, Administration, and Design-Build, with each group having its own AGC and WSDOT co-chairs; the overall chair being Paul Mayo, Flatiron and Chris Christopher, WSDOT. Some of the recent and future topics covered by each included:

- **Administration** – Notice to contractors; prequalification list of DRB members on the website; Mentor/Protégé program review plan; binding arbitration for future Prompt Pay results; and Force Accounts.
- **Structures** – Tolerance Spec; concrete repairs without change orders; sponsoring work in shotcrete; preapproved repair procedures; and doing more constructability reviews.
- **Roadway** – Revised testing requirements for degradation; PCCP measurements – analyze the differential between crush and PCCP; e-ticketing; 3D plans, and recycled concrete WAC.
- **Design Build** – QMP updates; definition of “engineer” in WSDOT Standard Specs; project information availability; project basis of design versus conceptual plan; DB performance report & implementation; DBE waivers – future use; conflicts of interest & future adjustments; stipend amounts and RFP requirements; and topics from WSDOT/ACEC Structures workshop.

Members were asked to contact AGCWA staff or Paul Mayo if they were experiencing any issues. It was noted that AGCWA is currently working with other agencies in its collaboration and Best Practices’ efforts: i.e., Dept. of Ecology, Sound Transit, Port of Seattle, and L&I.

CLC Presentation – CLC Board Representative Sarah Cox introduced CLC Chair Krissy Dreher, who gave a CLC presentation. She reviewed 2017 events, which culminated in the December Treehouse Holiday event. She also reviewed 2017 actions that gave the former FLF a new name, mission, and overall look to CLC, Construction Leadership Council. Dreher reported that event registration increased from the prior year. Looking to the future, the CLC group hopes to attract and retain more members

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2017**

through member company support, reaching out to people involved within other construction industry organizations, and finding ways to appeal to the younger generations. Dreher thanked the AGCWA for its continued support. Improvements for next year included: CLC being a pipeline for AGCWA; creating more CLC awareness through better marketing tools such as hard hat stickers, apparel, signage, etc.; alignment with AGCWA Board in strategizing how to bring in more CLC Steering Committee members; what's next – does the Board have a vision for CLC moving forward? It was noted that there are currently 6 open spots on the CLC Steering Committee. President Jacobson thanked the CLC group for their great energy and commitment.

President's Report – President Jake Jacobson reported on the following:

- Outgoing Board of Trustees' members: Nancy Munro, Immediate Past President – a special thank you for her commitment to workforce development and diversity; Sarah Cox, 2017 CLC Rep.; Mike Grace (absent), 2015-2017 Trustee; Gordon Spencer, 2015-2017 Trustee; Mickey Traugutt, 2015-2017 Trustee.
- Recognized AGC staff for their years of service by AGC of America:
Andrew Ledbetter 5 yrs.
Liz Evans 15 yrs.
- Discussion and adoption of Strategic Plan Goal 6 – Not yet completed; should be on the Feb. 12 Board Meeting Agenda.
- AGCWA / AGC Education Foundation Collaboration Mtg. – Holding a joint meeting tomorrow after which there should be more to report.

Executive Vice President's Report – Executive Vice President Dave D'Hondt reported on the following:

- *Switzerland Study Mission* – As part of a task force appointed by Governor Inslee, D'Hondt had opportunity to participate in a Study Trip on Vocational Education and Training in Switzerland. He reported that the Swiss model was the best he has seen on how to get young people into apprenticeship programs and into business. He shared a comparison of Switzerland and Washington. He noted that in Switzerland, all students complete compulsory school, which goes until ninth grade. Once compulsory school is completed, the student chooses one of two options: apprenticeship (70%) or high school (30%); both paths can lead to higher education later. Apprenticeships last 3 or 4 years; these are formalized programs where the apprentices spend 3 to 4 days working (receiving pay for their work) and one to two days in the classroom learning with apprentices enrolled in similar apprenticeship programs. There are about 250 professions from which to choose spanning both blue-and-white-collar professions. Apprentices earn a paycheck, do real work, and gain a nationally recognized credential upon the completion of their training. D'Hondt stated that the US K12 systems need to align programming to economic opportunity and workforce demand; CTE is the foundation to building a US version of Swiss VET; industry should be partners, not advisors in the transformation; WA should develop systemic career awareness and support for students, parents, and educators. D'Hondt reported that Governor Inslee is in total support of improving Washington's system to be more in line with that of Switzerland.
- *AGC of America's 2018 Centennial* – AGCWA will participate monetarily through a \$15k platinum sponsorship.
- AGCA COO Dave Lukens is retiring and Jeff Shoaf (lobbyist) will be replacing him.
- Attended an ELC Meeting in Phoenix last week.
- In final negotiations with Evergreens for second floor building space.

INTERACTIVE DISCUSSION/ACTION

Board Policy #2 – Investment Objectives and Guidelines – Secretary/Treasurer Dawn Stephens reported that language was added to update and more clearly define AGC / AGC Retro fund investments. She also noted that there will be separate guidelines as well for AGC and AGC Retro investment funds; these

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2017**

guidelines are being developed. Stephens reported the Finance Committee recommends adoption of the following revisions to Board Policy #2:

POLICY #2 – INVESTMENT OBJECTIVES AND GUIDELINES

i. Fiscal Year – The Chapter shall use the calendar year as its fiscal year for operations, planning, taxes and other purposes.

ii. a. The purpose of AGC’s Investments is to meet needs of day to day operations of the association and properties, to provide adequate resources to maintain the properties and replace and maintain essential equipment, to provide sufficient reserves to protect the organization against unforeseen economic emergencies with respect to the association and properties, and to provide financial support for special issues that is beyond the means of the annual operating budget.

~~b. The purpose of AGC’s Retro Funds, is to meet the needs of AGC member funds held in trust for refund of L & I premiums. AGC Retro funds will only be invested in short duration fixed income investments for capital preservation.~~

c. The Finance Committee shall prepare and publish Investment Operational Guidelines to implement Board Policy #2.

iii. Investment Objectives AGC – The primary objective is income & capital appreciation~~the preservation of capital~~ to ensure that sufficient funds are available to meet Chapter needs. A secondary objective is to maximize return through prudent management of funds to maintain and build reserves. To achieve these objectives, the investment account will incorporate three tiers of safety, liquidity and yield criteria:

a. Cash Equivalents (Operating Investments) – This portion of the portfolio are those funds needed within one year for operations; should be available without penalty. Investments should be safe and liquid. ~~Amounts and maturities should be matched to annual operations with staggered maturities not to exceed 180 days~~

b. Fixed Income Contingency Investments~~–~~ This portion of the portfolio are those funds needed to provide a liquid reserve above and beyond the need for cash for operations. The investment priorities are safety, liquidity and yield, ~~in that order, with staggered maturities not to exceed 24 months.~~

c. Equities Growth Investments~~–~~ this portion of the portfolio is designed to maximize capital appreciation yield, consistent with the safety of principal. Funds in this category will be needed in three or more years, so liquidity is a secondary objective and higher levels of appropriate risk are acceptable. ~~These investments have staggered maturities or investment time frames not to exceed five years.~~

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2017**

IV. Guidelines

a. The Board has established Reserves Policy # 22. This policy is intended to complement and achieve the objectives set forth in the Reserve Policy. The Board shall establish and review appropriate levels for the identified reserve funds on a semi-annual basis. The funds are:

- Operating Reserves
- Plant & Equipment Reserve
- Special Projects Reserve

b. The Finance Committee shall meet at least twice yearly to review asset allocation, investment selection, portfolio performance, overall adherence to the investment policy, and to develop recommended allocations to the identified reserve funds and report the results of said review to the Board twice each year.

c. Deposits and withdrawals as approved by the Board shall be credited to the identified reserve fund. Investments may be made in the aggregate and do not need to be segregated by the identified reserve funds.

d. The Association may retain one or more investment counselors, approved by the Board, to manage investment funds. Such counselors shall be subject to periodic performance review by the Finance Committee and shall report at least annually to the Board on performance of the investment portfolio.

V. Authorized Investments – All investments shall be made in high quality funds with prudent levels of diversifications according to the Investment Operational Guidelines. The following investments are authorized for the three tiers established in III, above:

a. Cash & Equivalents (Operating Investments)

- Checking, savings and money market accounts with federally insured banks and savings and loan associations
- Money market funds with major brokerage firms that are backed by substantial private insurance
- Federally insured bank and savings and loan association certificates of deposit
- Ultra Short duration fixed income mutual funds ~~Stable value funds~~

b. Fixed Income Contingency investments

- Any listed in Operating Investments, as well as, V(a)
- U.S. Treasury obligations
- U.S. Agency and government guaranteed paper
- U.S. Government securities
- Securities of agencies of the U.S. Government
- Securities of a wholly owned corporation of the U.S. Government
- High quality investment grade corporate bond issues (equal to or better than "BBB AAA" rating)

c. Equities Growth Investments

- Any listed in V(a) or V(b) above
- This portion of the portfolio may also be invested in high quality equities and equity mutual funds, y and fixed income investments but only in accordance with the recommendations of an investment counselor or counselors.

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2017**

Action: It was moved (Lang), seconded (Pouley), and carried to approve the proposed revisions to Board Policy #2 as presented above.

Financial Report – Controller Kelly Barber reviewed the financials for the month ended October 31, 2017. As of October 31, 2017, the preliminary Net Operating Income (NOI) equaled \$1.602M vs. a year-to-date budget NOI of \$445K creating a favorable year-to-date total budget variance of \$1.157M. The year-to-date positive revenue variance of \$1.031M combined with the positive expense variance of \$126K produced the total favorable year-to-date budget variance of \$1.157M. The year-to-date positive revenue variance of \$1.031M was from above budget revenue in all revenue categories. The year-to-date positive expense variance of \$126K was comprised of under budget expenses in most all expense categories except Event, Building & Marina and Depreciation Expense. As of October 31, 2017, the AGC's 2017 annual forecast net operating income equaled \$1.221M vs. an annual budget net operating income of \$54K. \$537K (44%) of the total positive variance was attributed to the AGC's sponsorship fee for AGC Retro Program. The AGC Building's occupancy rate for office space was 97.5% as of October 31, 2017. The occupancy rate for retail space was 9% as of October 31, 2017.

Action: It was moved (Pouley), seconded (Young), and carried to accept the October financials as presented.

Proposed 2018 Operating & Capital Budget Review – Controller Kelly Barber reported no changes to the proposed 2018 Operating and Capital budgets as presented at the November Board Meeting.

Action: It was moved (Stephens), seconded (Lang), and carried to approve the proposed 2018 Operating & Capital Budget as presented.

Proposed 2018 Legislative Priorities – Chief Lobbyist Jerry VanderWood and GAC Chair/Board Member Ross Pouley recommended approval of the following proposed 2018 Legislative Priorities:

2018 Legislative Priorities

AGC Will Work For:

- Passage of the 2017-2019 Capital Budget and proposals to increase funding for other capital construction programs including the Public Works Trust Fund and Model Toxics Control Act (MTCA).
- Programs and opportunities that increase and improve the construction-industry workforce including funding for Career and Technical Education (CTE) programs in middle and high school.
- Proposals that promote the benefits and the advantages in leveraging public resources by utilizing Public Private Partnership approaches to finance infrastructure projects.
- Proposals that fairly allocate risk in construction contracts. This includes remedies to the Mike M. Johnson and Brightwater court cases.
- Workers' Compensation system improvements.
- Protection of the transportation funding priorities established in the 2015 new revenue package for transportation.
- Rational and reasonable environmental and business regulation reforms.
- Rational and reasonable prevailing wage reforms.

AGC Will Work Against:

- Project Labor Agreements and any similar schemes mandated by government on public projects.
- Proposals that unreasonably increase taxes, business costs, or regulations.
- Proposals that divert funds from dedicated programs to other unrelated purposes.
- Any legislative proposals that seek to divert 18th amendment protected revenues to other government programs.
- Public construction procurement methods which are not well vetted or do not have a consensus of support within the affected AGC contractor membership.
- Environmental proposals that impose unnecessary burdens on contractors which are not practical, or are not economically and technically feasible.
- Detrimental land use laws which make development efforts unreasonably difficult or costly.

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2017**

Action: After some discussion, it was moved (Belarde), seconded (Stephens), and carried to approve the proposed 2018 Legislative Priorities as presented.

CONSENT AGENDA

November Summary Minutes

Action: It was moved (Traugutt), seconded (Lang), and carried to approve the November summary minutes as presented.

December Membership Report

Action: It was moved (Lang), seconded (Imhof), and carried to approve the December Membership report as presented (see below):

Re: December 4, 2017 Membership Report

The following candidates have been screened and meet the proper classification requirements:

NEW MEMBER

ASSOCIATE

Seattle District

AHT Insurance, Seattle, WA 98101

NOT RENEWING MEMBERSHIP

General Contractor

Flatiron Constructors, Inc. – Seattle – wants Flatiron West, Inc. to be the only membership holder

Specialty Contractor

Energy Electric LLC – Southern – dropped health plan

Valley Furnace Inc – Southern – dropped health plan

OTHER BUSINESS

President's Farewell Comments – President Jacobson stated that it was a privilege serving as president of the association this year and gave kudos to the incredible AGC staff, citing specific exemplary examples of the Safety Department's safety expertise as overseen by Director of Safety, Mandi Kime.

Announcements

- 12/4 Seattle District Holiday Open House, 5-7:30 PM, Swedish Cultural Ctr.
Board of Trustees' Mtg., 3:30 – 5 PM, AGC Conference Center
- 12/5 Central District Holiday Social, 6-8 PM, Cowiche Canyon Kitchen, Yakima
- 12/11 Safety Bowling Party, Uncle Buck's Bass Pro Shop, 4 – 8 PM
- 12/12 Central District Holiday Social, 6-8 PM, Chateau Faire le Pont, Wenatchee
- 1/4/18 AGC/WSDOT Annual Meeting
- 1/26/18 AGC of Washington Annual Convention, Seattle Four Seasons

The meeting was adjourned at 4:45 PM.