

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
FEBRUARY 16, 2015**

BOARD MEMBERS PRESENT

Gary Smith Lease Crutcher Lewis WA, LLC
Delton Bonds Mountain States Const.Co
Ken Day Ness & Campbell Crane, Inc.
Mike Grace Groff Murphy, PLLC
Jake Jacobson Osborne Construction Company
Todd Kunzman Andgar Corporation
Annie Lombroia Ashbaugh Beal
Paul Mayo Flatiron Constructors, Inc.
Nancy Munro MidMountain Contractors, Inc.
Jim Rowley Howard S. Wright,a Balfour Beatty Co.
J. Schaufelberger UW College of Built Environments
Mark Seaman J.R. Abbott Construction Inc.
Glyn Slattery Lydig Construction, Inc.
Gordon Spencer Teknon Corporation
Mickey Traugutt Washington Patriot Construction LLC
Sharon Young Concord Construction, Inc.

Joe Simmons Joseph S. Simmons Construction, Inc.

STAFF/GUESTS PRESENT

David D'Hondt AGC of Washington
Tim Attebery AGC of Washington
Kelly Barber AGC of Washington
Richard Bristow AGC of Washington
Jerry Dinndorf AGC of Washington
Liz Evans AGC of Washington
Lauren Gubbe AGC Group Retro
Randy Guzman AGC of Washington
Dave Kearby AGC of Washington
Mandi Kime AGC of Washington
Andrew Ledbetter AGC of Washington
Sean Lewis AGC of Washington
Stacy Mullane AGC of Washington
Dani Tijan AGC of Washington
Jerry VanderWood AGC of Washington
Robert Marconi Ashbaugh Beal

BOARD MEMBERS ABSENT

Brent Levander Centennial Contractors Enterprises

CALL TO ORDER

First Vice President Gary Smith welcomed everyone and called the meeting to order at 11 AM.

BOARD ORIENTATION

Bob Marconi with Ashbaugh Beal oriented the Board on its statutory and fiduciary responsibilities as trustees of the association. He reviewed AGC's *Responsibilities of the Board of Trustees' Pledge, Conflict of Interest* and *Attendance* policies, and *Code of Ethical Conduct*. He asked all trustees to return signed copies of the first two documents to Dani Tijan. Marconi encouraged the trustees to get to know the officers and staff and to look for opportunities to get involved in committees. He also encouraged trustees to attend meetings, become familiar with governing documents (*Bylaws, Policies of the Board*), be punctual, come prepared, ask questions, stay informed, debate issues, and "serve in good faith, in a manner such trustee believes to be in the best interest of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in like position would use under similar circumstances," -- pursuant to RCW.24.03.127 (Duties of a Director of a Nonprofit Corporation). It should be noted that, per Chapter Bylaws (Article 9), Board members (fiduciaries) are indemnified to the fullest extent permitted by law against any expenses incurred in connection with the defense of any action, suit or proceeding.

Board of Trustees & Staff Self-Introductions – Board members and staff introduced themselves.

CONSENT AGENDA

Action: It was moved (Mayo), seconded, and carried to accept the December summary minutes with one slight modification on page 4: AGC's BUILD PAC chair remains Brett Ferullo rather than Jake Jacobson. It was moved (Bond), seconded (Day), and carried to accept the February Membership report as presented.

Re: February 16 Membership Report

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

ASSOCIATE

Seattle District

1 Alliance Geomatics, LLC, Bellevue, WA
Columbia Bank, Seattle, WA
The Hartford, Seattle, WA
Peterson Sullivan LLP, Seattle, WA
Textura Corporation, Deerfield, IL

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United Site Services, Seattle, WA

GENERAL CONTRACTOR

Central District

Kitt Construction & Development, LLC, Yakima, WA
Northcomm LLC dba RFS Construction, East Wenatchee, WA

HONORARY MEMBERSHIP

Steve Barger – nominated by Tom Rogers, Northwest Cascade
Wade Perrow – nominated by Mickey Traugutt, Washington Patriot Construction

INTRODUCTORY SUBCONTRACTOR

Southern District

Ascendent LLC, Pacific, WA
Energy Electric LLC, Ridgefield, WA
Tradesmen Electric, Yacolt, WA

INTRODUCTORY RETRO GENERAL CONTRACTOR

Seattle District

Alegis Enterprises, Seattle, WA

RETIRED MEMBERSHIP

Butch Brooks

SUBCONTRACTOR

Seattle District

Sterling Electrical Contractors, Lynnwood, WA

NAME CHANGE

McGraw-Hill Construction is now Dodge Data & Analytics

NOT RENEWING MEMBERSHIP

Associates

Emdeon – Seattle – No longer requiring conference room rental
Fulcrum Crane International, LLC – Seattle – Unsuccessful marketing of company
Jonasson Consultants LLC – Seattle – Retired
SolicitBid – Seattle – Owned by DJC who is also a member, not renewing for this firm
Steller, Inc. dba The Lean Companies – Seattle – Business being auctioned
URS Corporation – Seattle – Company has merged with another member company, AECOM
Verizon Networkfleet – Seattle – Only joined to be able to advertise on website. Did not intend to renew.
Northwest Steel & Pipe Inc. – Southern – Not renewing in health plan - changed carriers
Sadlier Enterprises, Inc. dba Johnstone Supply – Southern – Not renewing in health plan - premiums too high

General Contractors

Green Canopy Homes, LLC – Seattle – Not renewing in health plan - premiums too high
LZL Construction, Inc. – Seattle – Not renewing in health plan - premiums too high
Mayer Construction – Seattle – Business closed
Brooks Construction Management – Southern – Retired
Burnham Construction, LLC – Southern – Business closed
Wade Perrow Construction – Southern – Business closed

Subcontractors

LA Interiors NW – Seattle – Business closed

ORAL REPORTS

President's Report – President Smith stated that he looked forward to working with the Board and staff this year and hoped to keep meetings engaging and interactive. He encouraged comments and questions and

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hoped to make the Board meetings productive. Smith reported that the Board will be updating AGC's 5-year Strategic Plan this year.

Western Chapters' Mtg. - First Vice President Nancy Munro reported on the recently attended Western Chapters' Meeting, which was held in Scottsdale, Arizona. Issues discussed included:

- Chapter reports from each attending chapter.
- Workforce development – lack of sufficient skilled craft workers appears to be an issue across-the-board.
- Start-up schools – will pass along to the AGC Education Foundation information on what some of the other chapters are doing.
- Infrastructure – where are monies coming from for transportation? DOT partnerships.
- Commercial building has picked up, but heavy civil has not.
- Panel discussion on how to keep AGC relevant to the younger generations, who tend to be less patient and are interested in “why” we’re doing it, rather than “how”; metric-based rather than hours-based.
- *Board comment (Day):* “Washington State appears to be enamored with mega projects, which starves out the middle class contractors; what are other states doing?” *Response (D'Hondt):* “Every chapter has its mega projects; for many of the chapters it tends to be a demographics' issue.”

President Smith noted that with the renewed partnering agreement between AGC of Washington and the AGC Education Foundation, there will be concerted effort to improve workforce development.

AGC of America Staff Years of Service Recognition - Michele Willms (in absentia) was recognized for her 20 years' service to the association and AGC of America (AGCA).

Executive Vice President's Report – Executive Vice President David D'Hondt welcomed the Board and reported on the following:

- Goal is transparency in running the association; any questions / comments, please ask Dave or staff.
- After reviewing and signing, please return the following two documents to Dani: *Responsibilities of the Board Pledge*, and *Conflict of Interest*.
- Complimentary parking validation tickets will be available at each Board meeting.
- AGC of America is a great resource; part of each company's membership dues goes to AGCA. They represent all construction issues in Washington, DC. He reviewed their top policy positions for Congress this year; they also maintain a townhouse near the capitol. They offer the STP classes, and all “e” books.
- The Pension Protection Act, which added special funding rules for significantly underfunded multi-employer pension plans, would have expired at the end of last year; however, AGCA got an extension. AGCA is recommending it be enhanced in three main areas: changes/technical corrections to the PPA; provisions for deeply troubled plans; and, proposals to advance new and innovative plan designs.
- Strongly encouraged comments / questions for staff and/or officers at all Board meetings.

Board member Annie Lombroia congratulated Liz Evans on a great job coordinating this year's Annual Meeting.

Department Presentations – The following AGC departments gave brief presentations / orientations on the functions and activities of their respective committees: Communications; FLF; Labor; Federal Facilities; Government Affairs; Legal Affairs; Public Works; Group Retro; Properties; Safety; and, State Facilities.

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INTERACTIVE DISCUSSION/ACTION

Controller's Financial Report – Controller Kelly Barber reviewed the financials for the month ended December 31, 2014. He noted that 2014 was an unusually good year. As of December 31, 2014, the Net Operating Income (NOI) equaled \$667k vs. a year-to-date budget NOI of \$15k creating a favorable year-to-date budget variance of \$652k. The year-to-date revenue variance of \$561k combined with the positive expense variance of \$91k produced the total favorable year-to-date budget variance of \$652k.

The year-to-date positive revenue variance of \$561k was primarily from above budget revenue in Retro Sponsorship, Membership Dues and all other revenue categories except Building Revenue and Misc. Income.

The year-to-date positive expense variance of \$91k was primarily comprised of under budget expenses in most expense categories except Insurance / Tax, Building / Marina and Depreciation expense.

The building's occupancy rate was 93% as of December 31, 2014.

D'Hondt reported that due to the \$652k positive budget variance, the AGC was able to pay the balance of \$30k to WSU (total commitment was \$50k over a 5-yr. period); place \$200k into the building's savings account for unforeseen emergencies (total of \$400k in the building's savings account now); and, proposed AGC pay off its loan on the building in the amount of \$430k. Barber stated that early loan pay off will result in a savings of approximately \$40k in interest.

Trustee Gordon Spencer questioned what was the net budget variance the previous year? Barber stated that he would get back to him with that answer. D'Hondt noted that the bulk of the 2014 positive variance was from the Retro refund. He also reminded the trustees that AGC of Washington is a 501(c)6, non-profit, which operates differently from a for-profit company. He also noted that AGC can invest monies and has some available in reserves, which the Board will review in depth at the June Retreat.

Action: It was moved (Day), seconded (Kunzman), and carried to approve the December Financial Report as presented.

Strategic Plan – D'Hondt reviewed the current Strategic Plan and noted that the Officers will be evaluating possible facilitators for the June Retreat and the process of updating AGC's five-year Strategic Plan. Per D'Hondt and Smith, it is time to determine whether the current BHAG's are still relevant or if they need to be replaced. Smith noted that the AGC Property previously had its own BHAG; when it was determined that all of the goals were set into ongoing practice, it was eliminated. It was also noted that a set of "guiding principles" were established for inquiries into the sale of the AGC building and its properties. *(To review the guiding principles, please go to the last page of your Board Policies; you will find them listed there.)*

The current Strategic Plan BHAG's are:

AGC OF WASHINGTON STRATEGIC PLAN, BHAG 1

BHAG 1: Increase membership of General Contractors to 220 members by 2020; double associate membership.

Membership numbers as of July 31st, 2014: GC (181) SUB (177) ASSOC (219) Membership numbers as of December 31 st 2014 GC (188) SUB (176) ASSOC (237)	Timeframe
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(Champions: David D'Hondt, Dick Bristow, Stacy Mullane)					
	2013	2014	2015	2016	2017
<u>SMART GOAL 1: Increase membership recruitment & retention</u>					
Objective I: Use McGraw Hill Analytics to establish market share for each district and target new members. Timeframe: 3 mos. April 2014 Responsible: Director of Membership, District Managers (Membership Coordinator)	Oct	April			
Objective II: Adjust District Managers' boundaries for recruiting. Timeframe: 3 mos. April 2014 Responsible: David D'Hondt, Dick Bristow	Oct	July			
<u>SMART GOAL 2: Increase membership services</u>					
Objective I: Enhance industry knowledge of Safety Team© (ST) as premier and utilize the success of that program to open contracting opportunities for members. Timeframe: 10 mos. Update (5/11): Printed marketing materials (bifold and trifold) have been developed. An ad has been placed in the 2011 membership directory informing members of the benefits of Safety Team and resources available. Update (3/12): Action steps developed to meet objective: work with GC's to use ST as prequalification criteria, create better awareness within membership/staff on the benefits of ST, survey the membership ST contractors and non-ST contractors, create banners that have space for GC to list all ST certified contractors onsite, publicize our internal statistical graphs and comparison charts to show exemplary results that ST contractors have achieved, approach the following companies: major insurance agencies requesting endorsement for ST contractors, L&I to request premium discount, and large owners (Vulcan, etc.) about using ST criteria in the pre-qualification process. Responsible: David D'Hondt / Mandi Kime / Safety Comm.	Dec				
<u>SMART GOAL 3: Create overarching marketing plan for membership recruitment</u>					
Objective I: Hire Marketing Manager Timeframe: Sept 2013 Responsible: David D'Hondt	Sept				
Objective II: Create a plan that includes staff incentives for membership growth and member-to-member recruitment. Timeframe: Jan. 2014		Jan			

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Responsible: Sean Lewis, David D'Hondt, Tim Attebery		Aug	Sept		
SMART GOAL 4: Collaborate with the Education Foundation at a higher level					
Objective I: Hold one or two joint executive meetings per year Timeframe: Oct 2013 Responsible: David D'Hondt	Oct				
Objective II: Create joint budgeting meeting for both organizations. Timeframe: 2014 Budget cycles Responsible: David D'Hondt		May	June		
Objective III: Education Foundation to make presentation to the AGC Board of Trustees on class offerings. Timeframe: Dec 2013 Responsible: David D'Hondt	Dec.				

Gray highlight indicates updated information.

Yellow highlight indicates past updated information.

Blue highlight indicates objective completed.

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AGC OF WASHINGTON STRATEGIC PLAN, BHAG 2

BHAG 2: To help elect a pro-business majority in the WA State Legislature by 2020.	Timeframe				
Champions: David D'Hondt, Jake Jacobson	2013	2014	2015	2016	2017
SMART GOAL 1: Increase member participation					
Objective I: Increase member and legislative personal contact through L.E.A.R.N. Program to establish long-term relationships. (Target 10 additional visits with legislators per year.) Timeframe: 5 yrs. (Begin 2014) Ongoing activity with December updates. Responsible: Van Collins/ Jerry Vanderwood & District Managers Infrastructure is in place with the District Managers to start after session this year. There have been 2 visits so far this year.		Dec	Dec	Dec	Dec
Objective II: Increase Voter Voice contacts in both quantity and quality through member visits.		Sept.	Dec		

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Timeframe: 1 yr. Responsible: Michele Willms / District Managers Objective III: Present Legislator of the Year Award at a Board meeting. Timeframe: 2013 Responsible: Van Collins Senator Ann Rivers received at Annual Meeting					
	Dec	Jan.	Jan.		

Gray highlight indicates updated information.

Yellow highlight indicates previously updated information.

Blue highlight indicates objective completed.

1/29/2014

AGC OF WASHINGTON STRATEGIC PLAN, BHAG 3

BHAG 3: Create an industry leading IT program for members and staff that utilizes leading technologies and eases interface.	Timeframe				
Champions: Mark Seaman, Kelly Barber	2013	2014	2015	2016	2017
SMART GOAL 1: Define the options Objective I: Research and recommend state-of-the-art database / website / mobile options. Timeframe: December 2013 Responsible: Kelly Barber / David D'Hondt Objective II: Research and recommend webinar platform for AGC use. Timeframe: June 2014 Responsible: Kelly Barber / David D'Hondt SMART GOAL 2: Purchase and install new database Objective I: RFP for systems Timeframe: March 2014 Responsible: Kelly Barber/ David D'Hondt Objective II: Installation of new database Timeframe: August 2014 Responsible: Kelly Barber/ David D'Hondt	Dec				
		Oct.	July		
		Mar			
		Nov.	July		

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Blue highlight indicates objective completed.

1/29/2014

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AGC's BUILD PAC – Chief Lobbyist Jerry VanderWood explained the purpose of AGC's BUILD PAC, chaired by Brett Ferullo: to provide financial support to campaigns of state and local government (construction friendly) candidates who will work to improve the business climate in Washington State. AGC's BUILD PAC relies on the contributions of individuals and firms. VanderWood reported that contributions come from a number of sources: membership dues check off, the Annual Convention's Dessert Dash, and golf tournaments held at the Seattle, Southern, and Central districts; 2014 total contributions equaled \$95k. He encouraged members to contribute this year.

Seaplane Museum Update – President Smith gave an updated report on the proposed Seaplane Museum project. Per Smith, project proponents are seeking funding at this time; AGCWA has made no commitment yet, and are waiting to determine if the project is viable. Smith advised that the Board would be apprised before any commitment is made. AGC's commitment could potentially be a ground lease for a parking garage for the Museum as well as additional parking for AGCWA (pending City's approval).

OTHER BUSINESS

New Market Skills Center – D'Hondt recommended AGC of Washington contribute \$1k from the Board Contingency Fund to New Market Skills Center (Tumwater) toward their upcoming Try-A-Trade Annual Construction Career Fair, which will be held May 7. D'Hondt explained the career fair is for students within the Pac-Mountain region who want to explore careers in the construction industry. It was noted that the skills center is a consortium of 25 high schools in 10 districts providing career and technical education to high school students interested in employment after high school and/or preparation for entering college or apprenticeship. Trustee Mickey Traugutt stated that the New Market Skills Center is well known and respected in the south end.

Action: It was moved (Slattery), seconded (Day), and carried to contribute \$1k from the Board Contingency Fund to the New Market Skills Center for the May 7 Try-A-Trade Career Fair.

Announcements –

Feb. 17	Seattle District Membership Breakfast, 7:30 AM
March 4	Southern District Membership Dinner, 5 PM, Tacoma Elks Club
March 17	Seattle District Membership Breakfast, 7:30 AM
March 18	Lobby Day, 10 AM – 2:30 PM, Olympia
April 1	Southern District Membership Dinner, 5 PM, Tacoma Elks Club
April 20	Board of Trustees Mtg., 11 AM – 1:30 PM, AGC Conference Center

The meeting was adjourned at 1:55 PM

Mark Seaman, Secretary/Treasurer

Date