

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES RETREAT
JUNE 3, 2016**

BOARD MEMBERS PRESENT

Nancy Munro MidMountain Contractors, Inc.
Frank Imhof IMCO General Construction, Inc.
Dawn Stephens Charter Construction, Inc.
Gary Smith Lease Crutcher Lewis WA, LLC
Bill Bender UW, Dept. of Construction Mgmt.
Delton Bonds Mountain States Const.Co
Mike Grace Groff Murphy, PLLC
Jake Jacobson Osborne Construction Company
Chris Lang Fisher Construction Group
Brent LeVander Centennial Contractors Enterprises
Annie Lombroia Ashbaugh Beal
Paul Mayo Flatiron Constructors, Inc.

Jim Rowley Howard S. Wright, a Balfour Beatty Co
Jessica Scarsella Scarsella Bros., Inc.
Glyn Slattery Lydig Construction, Inc.
Gordon Spencer Teknon Corporation
Sharon Young Concord Construction, Inc.

BOARD MEMBERS ABSENT

Mickey Traugutt Washington Patriot Constr. LLC

STAFF/GUESTS PRESENT

David D'Hondt AGC of Washington
Kelly Barber AGC of Washington
Dani Tijan AGC of Washington

CALL TO ORDER

President Nancy Munro called the meeting to order at 8:30 a.m.

INTERACTIVE DISCUSSION / ACTION

June Membership Report – Executive Vice President Dave D'Hondt reviewed the June 3 Membership Report, Net Member Comparison Report to date, and the 5-Year Membership Analysis by Type. Including the June Membership Report, total net generals, specialty contractors and associates totaled 578 compared to 590 at year-end 2015; total net members including Retro equaled 650 compared to 655 at year-end 2015. D'Hondt was very optimistic that more members would be joining AGCWA between now and year-end.

Action: It was moved (Smith), seconded (Bonds), and carried to approve the June Membership Report, as follows:

NEW MEMBERS

ASSOCIATE

Northern District

Bell-Anderson Agency, Inc., Bellingham

Seattle District

NBS Promos, Liberty Lake

On Site Safety & Health, Rodeo, CA

View Dynamic Glass, Kirkland

CONSTRUCTOR

Southern District

Northwest Rock, Inc., Aberdeen

INTRODUCTORY GENERAL CONTRACTOR

Southern District

BlackRock Construction Group LLC, Puyallup

INTRODUCTORY RETRO GENERAL CONTRACTOR

Seattle District

McLeod Construction LLC, Seattle, WA

Southern District

Rognlin's Inc., Aberdeen

INTRODUCTORY SPECIALTY CONTRACTOR

Southern District

B&G Ford Construction LLC., Fife

Holmes Mechanical, Inc., Silverdale

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MEMBERSHIP CATEGORY CHANGE

Retro to Specialty Contractor
Inland Waterproofing

MEMBERSHIP CANCELTION

American Electrical Services, Inc. – Company mailed check for payment of dues, owner stopped payment saying he didn't intend to renew.

MEMBERSHIP REINSTATEMENTS

The following members were dropped by the AGC Board of Trustees in April for non-payment of 2016 dues. They have since paid their dues in full and are asking to be reinstated to the membership:

Associates

Gordon & Rees - Seattle
Masonry Institute of Washington - Seattle
Northwest Wire Rope & Sling -Southern

General Contractors

Dulin Construction - Southern

April Financials – Controller Kelly Barber reviewed the April financials. As of April 30, 2016, the preliminary Net Operating Income (NOI) equaled \$1,321k vs. a year-to-date budget NOI of \$1,036k, creating a favorable year-to-date total budget variance of \$285k. The year-to-date positive revenue variance of \$45k combined with the positive expense variance of \$240k produced the total favorable year-to-date budget variance of \$285k.

The year-to-date positive revenue variance of \$45k was primarily from above budget revenue in the majority of all revenue categories except Building Revenues. The year-to-date positive expense variance of \$240k was comprised of under budget expenses in most expense categories.

As of April 30, 2016, AGC's 2016 annual forecast net operating income equaled \$761k versus an annual budget net operating income of \$179k.

The building's occupancy rate was 98% as of April 30, 2016. D'Hondt reported that the building would be at 100% occupancy by August, 2016.

Second Vice President Frank Imhof asked about the AGC building's leasing rates; he thought current rates were too low (below market). D'Hondt stated that building lease rates have been increasing; however, because the AGC building is a Class B building in a Class A location, the AGC cannot expect to receive Class A building rates. Also, Secretary/Treasurer Dawn Stephens reported that she has provided the controller with comparable market moorage rates to compare with AGC's current moorage rates.

Action: It was moved, seconded (Smith) and carried to approve the April financials as presented.

AGC's 10-Year Capital Budget – Controller Kelly Barber and Executive Vice President Dave D'Hondt reviewed AGC's 10-year capital budget, which included completed projects, revised cost projections, and included the following additions:

- Upgrade tower lobbies' lighting to LED (3-10 floors) \$30k (2016)
- Tower lobby upgrades (3-10 floors) \$100 (2020); \$300k (2021)

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- AGC Conference Center \$20k (2020)
- Secured bike cage in underground parking \$10k (2020)
- Exterior south walkway/benches \$11k (2020)
- Yacht building marina ramp \$50k (2018)
- LED light – parking lot \$30k (2017)

It was reported that the boiler replacement project is planned for July, 2016. Window film has been installed in the south side of the building. Building Facilities Engineer Chuck Quick is completing the replacement of fluorescent lamps with LED's in the lobbies. D'Hondt reported that the Education Foundation staff is relocating to the 4th floor, and their first floor space should be returned to classroom space as soon as practical. The Marina has two available slips.

It was reported that in 2017 it is planned to remove the moorage roofs at a cost of \$200k (2017); per D'Hondt, this would allow greater flexibility in the type/size of vessel occupying each space. Also, it would be much less expensive than meeting a new code requirement of adding a fire suppressant system to covered marinas by the end of 2017.

Per Barber, the grand total for Building and Marina capital improvements for the next ten years (2016 – 2025) equaled \$6.963M.

Action: It was moved (LeVander), seconded (Slattery), and carried to approve the 10-year capital budget and Property Report as presented.

Board Designated AGC Reserve Equity Allocation – Controller Barber recommended approval of the following proposed allocation of the three reserve equity pools:

- Special Projects Reserve \$100k
- Operations Reserve \$900k (increase of \$60k)
- Plant & Equipment Reserve \$2.5M (increase of \$440k)

The total Board Designated Reserve Equity Pools (allocated equity) equaled \$3.5M versus \$3M last year. It was noted that there is \$600k in the building savings' account.

Action: It was moved (Slattery), seconded (Grace), and carried to approve the recommended AGC Reserve Allocations of \$3.5M for the total Board Designated Reserve Equity Pools (allocated equity).

Government Affairs Committee (GAC), Sound Transit-3 Discussion – First Vice President Jake Jacobson reported that the ST-3 representatives made a presentation to the Government Affairs Committee (per Board of Trustees' consensus at the April Meeting). It was noted that as a result of this meeting, Seattle District Manager Jerry Dinndorf has put together a subcommittee of AGC staff and contractors to further review the issues and develop talking points on what AGCWA does not like about ST-3 before meeting with Sound Transit reps. It was noted that one of the issues to be discussed will be AGC's position on PLA's. Board members were encouraged to forward comments to Dinndorf or Jacobson prior to the subcommittee meeting, which was scheduled for June 9 at the AGC offices. Jacobson stated that the subcommittee is attempting to represent the AGCWA and do what is best for the entire membership (union and open shop).

Discussion ensued on AGC's position regarding PLA's. Second Vice President Frank Imhof very strongly voiced his opinion that AGC should not support any version of a PLA. D'Hondt stated that AGCWA has attempted to oppose PLA's; and while they have not been eliminated, in many situations there has been compromise whereby the contractor has been allowed to be a part of the negotiating

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process as opposed to being told what's going to happen. Paul Mayo said he would send comments to Dinndorf.

AGC BUILD-PAC Endorsements – D'Hondt reviewed AGC BUILD PAC's 2016 legislative endorsements. He reported that, with the support of AGCWA, AGC Central District Manager, Dave Kearby, is running for State Representative in the 15th district.

D'Hondt recommended the Board approve the following legislative endorsements (Bill Bryant for Governor was previously endorsed):

LEGISLATIVE RACES

- District 2 Senate: Sen. Randi Becker (R)
- District 6 House Pos. 2: Rep. Jeff Holy (R)
- District 9 Senate: Sen. Mark Schoesler (R)
- District 10 Senate: Sen. Barbara Bailey (R)
- District 13 House Pos. 2: Rep. Matt Manweller (R)
- District 14 Senate: Sen. Curtis King (R)
- District 15 House Pos. 2: Dave Kearby (R)
- District 18 Senate: Sen. Ann Rivers (R)
- District 25 Senate: Rep. Hans Zieger (R)
- District 25 House Pos. 2: Joyce McDonald (R)
- District 27 House Pos. 2: Rep. Jake Fey (D)
- District 28 Senate: Sen. Steve O'Ban (R)
- District 30 House Pos. 1: Rep. Linda Kachmar (R)
- District 30 House Pos. 2: Rep. Teri Hickel (R)
- District 39 House Pos. 1: Rep. Dan Kristiansen (R)
- District 41 Senate: Sen. Steve Litzow (R)
- District 41 House Pos. 2: Rep. Judy Clibborn (D)

D'Hondt also requested the Board approve all future 2016 AGC BUILD PAC endorsements. He noted that AGCWA can do a lot more for the PAC (furnish mailing lists, mail flyers, etc.) if this is the case.

Action: It was moved (Jacobson), seconded, and carried to endorse the above candidates and all future 2016 legislative candidates recommended by AGC's BUILD PAC.

Jacobson gave an updated report on AGCWA's endorsement of Bill Bryant for Governor and noted that volunteer groups are being developed in all districts to get the word out regarding Bill Bryant for Governor.

STRATEGIC REVIEW / PLANNING

FLF / Student Chapters – Board member Jessica Scarsella gave an updated report on FLF activities to date:

- FLF Leadership Series began May 11 with the *Puget Sound Market Outlook*; upcoming presentations include: *The Business of Construction, June 15; Emotional Intelligence & Crucial Conversations, July 7; Eating for Energy, Sept. 15; and, Leaders Get Involved, Nov. 8.*
- Treehouse – wear house renovation campaign; Scarsella reported that this project is short on funds and requested Board authorization to reallocate \$20k from FLF's special events to the Treehouse project. Board member Annie Lombroia noted that Treehouse encourages foster youth into trades and felt this was a very worthwhile project. First Vice President Jake Jacobson

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advised that there is a matching grant for every \$1 donated. Executive Vice President Dave D'Hondt noted that past president and member Joe Simmons is coordinating this project.

Action: It was moved (Stephens), seconded (Jacobson), and carried for FLF to contribute \$20k to the Treehouse Wear House Renovation Campaign with monies from the FLF special event budget.

First Vice President Jake Jacobson reported on efforts, to date, to re-affiliate with the student chapters at CWU and UW currently through FLF and the AGC Education Foundation. He stated that AGCWA hopes to assist more this fall and next year by sending one or more students to the AGCA Convention, assisting them with practice problems for the Reno competitions, write resumes, interview process, pre-internship education / mentoring, involvement at district golf tournaments and AGCWA special events including video conferencing, and use of AGCWA logo on student supplies, etc. D'Hondt reported that AGCWA is budgeting \$10k/yr. for each student chapter. He noted that WSU is in Inland Northwest's jurisdiction.

Diversity Task Force – Munro reported that the newly comprised Diversity Task Force, which includes: herself, Jake Jacobson, Dee Riley, Suzie Spencer, Brian Guthrie, and Dave D'Hondt, met April 27, May 10, and May 18, 2016, with the goal of increasing diversity at the AGCWA. It was noted that the May 10 meeting was held with new OMWBE Director Teresa Berntsen. Per Munro, the task force hopes to:

- Promote and encourage current AGC members that are certified DBE's;
- Include diversity of company types/individuals, horizontal vs. vertical, union vs. open shop, large vs. small, etc., in matters, when possible, with AGC;
- Explore partnering with other contractor organizations to diversify membership;
- Provide input to OMWBE to improve the certification application;
- Set regular meetings with Teresa Berntsen;
- Promote contractor choice for credit of DBE's;
- Explore bonding alternatives for DBE's;
- D'Hondt to attend National Assn. of Minority Contractors' meetings to gather due diligence;
- Promote AGC as a way to mainstream all DBE's;
- Look at a mentoring option for smaller contractors through AGCWA;
- Target, diverse, passionate AGC members for committees and task forces and include FLF members when appropriate.

D'Hondt reported that he is actively involved with AGCA and is exploring other organizations; i.e., DBE Advisory Committee for WSDOT. Board members suggested assisting minority contractors with the following:

- Qualification process (pre-qualification)
- Certification
- Bonding process
- References
- Know if they're union or open shop
- Mentorship
- Outreach programs (free services / workshops to small companies)
- Better job of marketing and promoting diversity
- Eliminate mandated PLA's
- Form a DBE group like FLF / member of Board
- Consider a lower membership dues rate for small businesses

Workforce Development Task Force – Munro reported that the newly comprised Workforce Development Task Force, which includes: herself, Jake Jacobson, Glyn Slattery, Andrew Ledbetter, and Dave D'Hondt, met April 27 and May 18, and discussed building a framework that encompasses the issue of workforce development, to include the following:

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- *Legislation:* State: AGC Legislative Office (residence expert from AGC EdF); Coalition WA Business Alliance (GAC support & coordination for Career Tech. Advocacy). Federal: AGC Legislative Office involvement at the state level.
- *Construction Career Image & Education (educate the educators):* Externships
- *Construction Career Awareness (learning about work):* career fairs, worksite tours, career presentations (panels & speakers).
- *Construction Career Exploration (learning for work):* job shadow, internships, networking events, student prep workshop.
- *Construction Career Prep (learning through work):* instructional worksite learning, cooperative worksite learning, internships, extended learning, distance / virtual internships.
- *Construction Career Skills Training & Education (learning in work):* apprenticeship, clinical experience, on-the-job training.
- *Partnerships*
- *ROI*

Munro noted that it needs to be determined what BHAG 1, SMART Goal 4, Obj. 1, will look like: *“Work collaboratively with the Education Foundation to explore large scale impact initiative with intention to generate pipeline to construction workforce. Research feasibility and funding of a Construction Academy, generate or expand industry partnerships, and identify local programs with existing construction workforce pipeline.”*

Per Munro, the Workforce Development Task Force developed the following ideas for further discussion and consideration:

- Establish a BHAG for AGC’s workforce development efforts;
- Put teams together in districts to visit schools;
- Have the AGC Education Foundation be a “broker” for education;
- Involve unions to push CTE;
- Find “blue collar” school districts;
- Build Washington campaign;
- Letter to Washington contingent in DC to increase funding for the Perkins Act;
- Embrace AGC of America’s Workforce Development Plan.

Jacobson reported on his attendance at a recent Southwest Pathways Conference which focused on Career and Technical Education (CTE). He stated that there is not a great awareness for parents and high school counselors of CTE programs that provide the qualifications/certifications enabling persons to enter technical/professional career opportunities in lieu of 4-year colleges and universities; while some AGC’s have a construction academy, he reported that they have provided limited impact. Jacobson stated that there are approximately 4.6M jobs nationwide requiring technical qualifications/certifications going unfilled in 2016 and this number has been rising. He stressed the need for business coalitions (unions, etc.) to address this issue. Board member Sharon Young noted that the Yakima area high schools have many voc-tech programs; it is not an issue in the outlying areas.

D’Hondt stated that he would be attending the Executive Leadership Conference the end of June at which time he will discuss with other chapter executives the issue of workforce development. He reported on a program recently implemented by several chapters including the AGC of Colorado wherein contractor members are able to post job openings (by trade) per town on the BUILD Colorado website. Per D’Hondt, the template cost for the site is \$5k; the key to its success is extensive advertising and coalition building. It was reported that Sound Transit agreed to pay \$100k in advertising costs if AGCWA purchases this template and works toward building a business coalition in 2017, that will educate high school students/parents/counselors on the construction trades, with the goal to go to the legislature (as did Colorado’s coalition) to pass a bill in 2018 creating a CTE fund. He reported that AGC of Colorado receives \$1M/yr. (for 3 years) in grants. D’Hondt proposed AGCWA purchase a template. He stated that

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our chapter's site would be called BUILD Washington; it would be accessible to anyone but only members could post job openings.

Action: It was the Board's consensus for AGC of Washington to proceed with the purchase of the template (\$5k) and Sound Transit's offer to contribute \$100k.

Results of General Contractor HR Survey – Munro reported the results of a recent AGCWA generational survey from 44 General Contractor members (based on number of employees within each company: 84% = males; 16% = females; 35% = Millennials; 40% = Gen X's; 26% = Baby Boomers). Munro advised that future survey results will be given to the Board of Trustees' to review. It was noted that survey information related to the AGC Education Foundation was passed along to the Foundation.

Annie Lombroia gave kudos to AGCWA's two special events this year, the Build Washington Awards Dinner and AGCWA Annual Convention. She was of the opinion that AGCWA did an outstanding job this year in incorporating and reaching out to the younger generations.

There being no further business to come before the Board, President Nancy Munro adjourned the meeting, and the Board of Trustees enjoyed a teambuilding scavenger hunt on Lake Union via electric boats.

Dawn Stephens, Secretary/Treasurer

Date