

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES RETREAT
JUNE 6, 2014**

BOARD MEMBERS PRESENT

Joe Simmons Joseph S. Simmons Construction, Inc.
Butch Brooks Brooks Construction Management
(via conference call)
Todd Kunzman Andgar Corporation
John Parker UNIMARK Construction Group LLC
J. Schaufelberger UW College of Built Environments
Gary Smith Lease Crutcher Lewis WA, LLC
Delton Bonds Mountain States Const.Co
Paul Cressman Ahlers & Cressman, PLLC
Ken Day Ness & Campbell Crane, Inc.
Jake Jacobson Osborne Construction Company
Brent Levander Centennial Contractors Enterprises
Annie Lombroia Ashbaugh Beal
Nancy Munro MidMountain Contractors, Inc.

Mark Seaman J.R. Abbott Construction Inc.
Glyn Slattery Lydig Construction, Inc.
Brian Westerlund Veca Electric & Technologies
Sharon Young Concord Construction, Inc.

BOARD MEMBERS ABSENT

John Korsmo Korsmo Construction, Inc.

STAFF/GUESTS PRESENT

David D'Hondt AGC of Washington
Kelly Barber AGC of Washington
Richard Bristow AGC of Washington
Dani Tijan AGC of Washington
Greg Robinson Marshall & Sullivan

CALL TO ORDER

President Joe Simmons called the meeting to order at 9:00 a.m.

STRATEGIC REVIEW / PLANNING

Marshall & Sullivan Portfolio Review – Greg Robinson, Marshall & Sullivan, gave an updated report on AGCWA's portfolio. Robinson noted that his firm has been conservatively managing (per Board direction) AGCWA's monies for the past 10 years, slowly growing assets from \$1.5M to \$2.2M. Robinson expects interest rates to slowly come up by year-end. He noted that AGC does it right by not spending monies contributed.

Financial Report – Controller Kelly Barber reviewed the Financial Report as of April 30, 2014. He reported as of April 30, 2014, the Association (including properties) had a positive variance over the budget by \$232k; also, 100% of budgeted annual dues revenue had been received as of April 30, 2014. The operating cash and cash equivalent balance for the month ending April 30, 2014, was \$2.050 million in low risk and highly liquid investments with a maturity date of three months or less. As of April 30, 2014, the investment portfolio market value was \$2.201 million, which consists of \$35k in short-term investments, \$1.182 million in equities and \$984k in securities. The building occupancy rate was 94% as of April 30, 2014.

Barber reviewed the 2014 breakdown for Retro sponsorship fees, as follows:

AGC Inland Northwest	\$140,699
AGC of Washington	\$512,270

It was noted that AGCWA conservatively budgeted \$225k for 2014 Retro sponsorship fees.

Action: It was moved (Day), seconded (Schaufelberger), and carried to accept the April financial statements as presented.

Membership – Director of Membership & Properties, Richard Bristow gave an updated report on membership recruitment and retention to date. He reported that each district focuses a large portion of activities on membership recruitment and retention with oversight by himself and Dave D'Hondt. Bristow stated that due to the new Health Plan, there has been an upswing in membership enrollment with 24 members joining specifically for this benefit since 11/15/13. He reported a net gain of 5 members for the year, or a total of 619 including Retro members. Ideas being considered to enhance membership recruitment/retention include:

- Expand district boundaries to assist Seattle District
- Use of other staff
- Create an Associates Council

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- Have a recruitment event
- Evaluate the use of volunteers
- Establish an oversight committee

Technology – Kelly Barber reported that AGCWA is looking to upgrade its database; it has been 6 yrs. since it was last upgraded. Per Barber, the project overview will include:

- Website responsive design (mobile devices / tablets / computers)
- Website design (create a newer and fresher looking site)
- Application upgrade (new software would be much faster and simpler to use)
- Application responsive development (building certain modules of the new application so that they respond to the screen size of mobile browsers)
- Project timeline (June, 2014 – November, 2014)
- Estimated database cost = \$89k; additionally, \$3,600 for annual application hosting and support. Total cost estimate @ \$120k.

A suggestion was made by the board to sample a focus group of members on AGC's website.

Barber stated that eventually various "app" development will be pursued for Smart phones / tablets.

Board members questioned the annual fee. Barber and D'Hondt assured the Board that extensive research has been done with four vendors; AGC found the current vendor to be very competitive, overall less expensive, and works with associations.

AGC Education Foundation Discussion – President Simmons reviewed the three main functions of the AGC Education Foundation:

- Workforce Development – classes for members/non-members; K-12
- Grants & Scholarships for college students (15 @ \$35k ea.); also, members receive a \$25 scholarship for each class taken, which is paid by AGCWA. (Per the Foundation) Being a 501(c)3 non-profit association requires them to charge the same fees to members and non-members alike.
- Endowment – currently \$4M (fundraising efforts focus on members / non-members)

It was noted that AGCWA (in addition to "in kind" contributions; i.e. free rent, accounting services = total approximately \$200k yr.) has been subsidizing \$125,500/yr. to the AGC Education Foundation.

In reviewing administration costs, it was noted that they have more than doubled since 2005; the salaries of four staff totals \$310k. It was noted that while the Foundation undoubtedly employs quality people, it is in the top 3 budget-wise per a PAS Survey of other foundations; and, it is the only foundation in the nation that receives monies and does not give monies to its association. D'Hondt stated that it is the Foundation's current objective to "break even." D'Hondt and Simmons asked the Board, "What can AGCWA do to help the Foundation make a profit?"

Past President Butch Brooks stated that we are not asking the Foundation to do anything the AGC of Washington has not done over the past five years. Per Brooks, the Foundation has "fallen in love with the status quo. There is no doubt the Foundation can be self-sufficient." He noted that everyone has made monetary adjustments during the down economy and has been the better for it.

In reviewing the latest version of the Foundation's Partnering Agreement with the AGCWA and the Foundation's Bylaws, it was noted that many important conditions have been removed.

The Officers recommended the following Partnering Requests for the AGC Education Foundation:

1. Appoint four AGC Board Members to the foundation board; one of whom will be the Chapter Secretary, who will also serve as a voting member of the Foundation Executive Committee.

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2. Appoint the AGC Executive Vice President as an ex-officio member of the Foundation Executive Committee.
3. AGC and Foundation annual and strategic planning efforts including at least two joint meetings each year of the AGC Officers and the Foundation Executive Committee.
4. The Foundation will work cooperatively with the AGC to develop work plans and briefing material to support funding levels for approval during the AGC annual business planning and budget process.
5. The Foundation will provide quarterly financial and work plan reports to the AGC Board of Trustees.

Bylaws:

1. Remove, unlimited duration for persons elected to the Executive Committee.
2. Remove, Officers may be elected for consecutive terms without restriction.
3. 2nd Vice President (AGC) shall serve a one-year term from the date of installation.

Financial Support (\$126,500):

1. FY 2014-2015 = \$126,500
2. FY 2015-2016 = \$63,250
3. FY 2016-2017 = \$0

Action: After much discussion among the Board, it was moved (Brooks), seconded (Jacobson), and passed for the Officers/ Board to negotiate a partnering agreement with the AGC Education Foundation Board using the above parameters, with one exception regarding financial support – allow more leeway with no more than a 5-year spread.

Points made by Board members included:

- K-12 is an important recruiting piece;
- Decide what services we want from the Foundation;
- Look at the funding system and what they are raising \$ for;
- Don't want the Foundation to just "break even";
- Stricter accounting of \$ received from AGCWA;
- This is not about Diane or staff; this is an opportunity to do other things; i.e. getting grants for themselves;
- Consider term limits on directors; size of their Board; are they on the cutting edge;
- Consider increasing scholarship amount and decreasing other areas;
- Members don't give their fair share to the Foundation; would like to see the endowment reach \$20M; can do better job marketing & fundraising;
- AGC needs to motivate the Foundation to do better;
- Proceed cautiously and review at September Board meeting.

INTERACTIVE DISCUSSION/ACTION

Recommended bylaws' change to include Introductory Subs – On behalf of the Officer Corps, President Simmons recommended a bylaws' change to include subcontractors in addition to general contractors in the Introductory Contractor Membership category (see verbiage below):

Recommended AGC Bylaws' Change (highlighted in yellow below):

3.4 Classes of Membership

There shall be eleven classes of membership in the Chapter as follows:

- (a) A General Contractor Member is any individual, firm, or corporation, who, by agreement with another party, undertakes to execute part or all of a construction project and who executes such work in whole or in part with his/her own construction forces. Only contractors who have been engaged in general contracting for at least two years prior

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to applying for membership in this Chapter shall be eligible for General Contractor Membership. A contractor firm established by individuals who had managerial responsibilities or ownership in previous member firms may be considered for membership without two years prior experience described above.

Only General Contractor Members shall have the right to vote and hold office in the Chapter, except as otherwise specifically provided in these Bylaws.

(b) An Introductory Contractor Member may be an individual, firm, or corporation engaged in the construction business as a general contractor or subcontractor who is not, nor has been, during the previous three years, a member of this Chapter, and who is not currently a member of any other AGC Chapter, or who has made application.

Introductory Contractor Members shall transfer to General Contractor Membership or Subcontractor Membership when qualified through meeting the requirements as outlined in 3.4(a) or 3.4(d).

(c) A Constructor Member may be an individual, firm, or corporation engaged in the construction business as a general contractor, but who is a branch or subsidiary of a holding company, corporation or amalgamation where the parent company is a General Contractor Member.

(d) An AGC Subcontractor Member is an individual, firm, or corporation which, by agreement with another party, undertakes to execute work on some portion of a construction contract and who executes such work in whole or in part with its own construction forces; who has been established in business regularly.

Action: It was moved (Kunzman), seconded (Day) and carried to approve the above recommended bylaws' change. Note: Board recommendation of this bylaws' change will be presented for final approval to the General Contractor Members present at the January 23, 2015 Annual Membership Meeting.

Property Update / 10-yr. Capital Budget – Bristow and D'Hondt reviewed the AGC's 10-year capital budget as well as the building's tenant stacking plan as of May, 2014.

It was noted that AGC has a special building savings account of \$200k for emergencies. D'Hondt reported that the marina meters (electronics and software) needs to be replaced and requested Board approval of up to \$40k for this expense.

Action: It was moved (Kunzman), seconded (Day), and carried to approve up to \$40k to replace the marina meter electronics and software, as proposed.

Board Designated AGC Reserve Equity Allocation – Controller Barber recommended approval of the following proposed allocation of the four Reserve Equity Pools:

- Special Projects Reserve \$100k
- Operations Reserve \$420k
- Plant & Equipment Reserve \$1,780k
- Unallocated Reserve \$200k

The total Board Designated Reserve Equity Pools equal \$2.5M.

Action: It was moved (Cressman), seconded (Kunzman), and carried to approve the above recommended AGC Reserve Allocations.

The meeting was adjourned at 12:00 PM, followed by lunch and a tour of the new AGC offices.