

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
NOVEMBER 13, 2017**

BOARD MEMBERS PRESENT

Jake Jacobson Osborne Construction Company
 John Belarde Belarde Company, Inc.
 Sarah Cox Dorsey & Whitney LLP
 Curt Gimmestad Absher Construction Company
 Mike Grace Groff Murphy, PLLC
 Frank Imhof IMCO General Construction, Inc.
 Chris Lang Fisher Construction Group
 Jessica Scarsella Scarsella Bros., Inc.
 Glyn Slattery Lydig Construction, Inc.
 Gordon Spencer Teknon Corporation
 Ian McFarland View Dynamic Glass
 Nancy Munro MidMountain Contractors, Inc.
 Ross Pouley AECOM
 Jim Rowley Howard S. Wright, a Balfour Beatty Co.
 Dawn Stephens Charter Construction, Inc. (via phone)
 Sharon Young Concord Construction, Inc.

Shana Peschek Construction Center of Excellence
 Mickey Traugutt Washington Patriot Construction LLC

STAFF/GUESTS PRESENT

David D'Hondt AGC of Washington
 Tim Attebery AGC of Washington
 Kelly Barber AGC of Washington
 Greg Crisostomo AGC of Washington
 Liz Evans AGC of Washington
 Sonja Forster AGC of Washington
 Lauren Gubbe AGC Group Retro
 Randy Guzman AGC of Washington
 Paula Jackson AGC of Washington
 Dave Kearby AGC of Washington
 Mandi Kime AGC of Washington
 Sean Lewis AGC of Washington
 Stacy Mullane AGC of Washington
 Doug Peterson AGC of Washington
 Dani Tijan AGC of Washington
 Jerry VanderWood AGC of Washington

BOARD MEMBERS ABSENT

Paul Mayo Flatiron Constructors, Inc.

CALL TO ORDER

President Jake Jacobson called the meeting to order at 11:10 AM and asked Property Manager Paula Jackson to give an updated Property report. Jackson reported on the following:

- 5 leases up for renewal in 2017; 4 renewed, and 1 departed.
- Final lease details being worked out with Evergreens
- 13 leases up for renewal in 2018 (January and February leases have renewed)
- Capital Improvement Project currently underway: Marina roof removal (2-3 week project); *(note: group went to the third floor Lake Union Room to view the progress to date).*
- Zero vacancies in the Marina.

President Jacobson asked each Board member what AGC does well? Responses included:

Scarsella: Member competitiveness
 Young: Safety programs
 Spencer: Safety / EMR managing / training programs
 Pouley: Various opportunities for participation
 Cox: Sense of community
 Rowley: GAC voice for the industry (critical)
 McFarland: Safety / brand messaging
 Slattery: Advocating for construction service providers / Government Affairs services
 Gordon: GAC / identifying issues
 Lang: Level of professionalism / training
 Belarde: Safety programs / most recently the outreach to small business community
 Gimmestad: Improving on promoting the industry
 Munro: Engaging members for the better of the industry
 Stephens: All reasons stated; good reason to be a member
 Imhof: Getting together with like-minded people
 Jacobson: AGC is a smorgasbord to our company; member involvement on committees makes a huge difference; i.e. GAC, Safety

WRITTEN REPORTS

There was a question regarding classes held in the Central District. Central District Manager Dave Kearby noted that the AGC Education Foundation schedules the majority of classes. He reported that the Inland Northwest AGC Chapter is interested in working with AGC of Washington in coordinating some joint classes in the Yakima / Wenatchee areas.

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

Action: It was moved (Spencer), seconded, and carried to approve the Environmental, Federal Facilities, HR Roundtable, Public Works, Safety, and State Facilities department written reports as presented.

ORAL REPORTS

AGC / Port of Seattle Best Practices Committee – Seattle District Manager Sonja Forster gave an updated report on the AGC / POS Best Practices Committee, noting that Jason Goetz with PCL is AGC chair. Per Forster, the POS is working on changing the core language of their PLA's to include workforce development goals; they are also incorporating a version of the City of Seattle's 16-pt. WMBE Inclusion Plan into their Small Business Utilization documents. AGC drafted core PLA language and shared with the POS as a starting point, however, AGC has not been invited to the table with labor to present those positions. A subcommittee has been formed to review change orders. The group is also looking at the notice requirement in Mike M. Johnson, small business utilization program, and priority hire. Forster reported that the Regional Public Owners Group wants to standardize as much as possible by contracting through PLA's.

AGC / Sound Transit Best Practices Committee – Forster also gave an updated report on the AGC / Sound Transit Best Practices Committee, chaired by Tom Zamzow with Parsons. Forster reported that AGC has expressed its frustrations with the pursuit of mandated PLA's on Sound Transit projects. Per Forster, Sound Transit is:

- Looking to streamline safety inspections
- Streamline project delivery
- Update their drug testing policy – moving toward a clean-card system
- To revise change order authority to be consistent with those of other agencies across the state/country.
- Streamline payments
- Cost escalations are a big concern; AGC is helping identify drivers of increasing costs.
- Last quarterly meeting coming up.

CLC Update – CLC Board Representative Sarah Cox gave an updated report on CLC. She advised that the Leadership Series wrapped upon 11/7. It included Art Daniel, AGCA president and COO of AR Daniel Construction Services, along with President Jake Jacobson, Osborne Construction. Per Cox, they shared how they better the construction industry and their companies through industry involvement. It was noted that application (on the AGC website) is open for members interested in serving on the CLC Steering Committee.

President's Report – President Jake Jacobson thanked Sonja Forster for her sophistication and robustness in evaluating and handling the various issues in her district. He also reported on the following:

- *Turner School Graduation* – Recently held gathering to recognize DBE / MBE and small business graduates from the Turner School, who are trying to move forward in our industry.
- *Officers' Actions since last Board Meeting:*

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- ✓ 10/9 Officers approved a \$2.5k donation to Forefront (a UW Foundation for Suicide Prevention) from the Board Contingency Fund. It was noted that a ½ day seminar was held recently on Suicide Prevention. Mandi Kime circulated information to several online sites dealing with this issue; she also recommended mantherapy.org as a great resource.
- ✓ 10/9 Officers approved a \$10k donation to AGC Charities Inc. for families affected by the recent hurricanes; from the Board Contingency Fund.
- *NCLC* – This conference provides best practices for chapters’ consideration. Comparing AGCWA to other chapters, Jacobson stated we are as politically forward as we can be, and are broader and deeper in safety from other chapters; regarding diversity – we’re well ahead. He noted that NCLC also provides opportunity to visit with legislators regarding relevant issues.
- *Diversity Task Force* recommendation – President Jacobson reported on a recommendation from the Diversity Task Force (recommendation approved by the Officer Corps to bring to the Board for a vote) to provide a one-year Introductory rate for new, certified MBE / DBE members at \$500 (approximately ½ the current cost) to include Safety Team membership; the Introductory rate would increase to the regular rate after one year. The plan would be to implement for 2 years and review results at that time. It was noted that AGCWA is doing what it can to help disadvantaged businesses. Discussion ensued both pro’s and con’s after which action was taken and approved by the Board to (one Board member opposed):

Action: It was moved (Belarde), seconded (Stephens), and carried by majority vote to introduce a special one-year Introductory Membership Dues Rate (\$500) that would include Safety Team Membership (after the first year, the membership dues would increase to the full rate) to certified DBE / WMBE companies (pre-check certification through SCS – Small Contractor & Suppliers, etc.).

- *Past Presidents & Old Timers’ Night* – Twenty-one past presidents and honorary members attended this annual event; it was another successful, fun get together for the group.
- Staff recognized for their years of service by AGC of America and presented with plaques were:
 - Sherri Dowd, Retro 5 years*
 - Dave Kearby 10 years*
 - Kim Mclsaac, Retro 20 years*

Legislative Update – Board of Trustees’ member Ross Pouley and Senior Lobbyist Jerry VanderWood gave an updated legislative report. It was noted that during the off season, AGC staff/members continued their outreach to legislators, both Democrat and Republican hoping to maintain good relationships on both sides post-election; with Democrats taking the lead post-election, it appears this was a good move. VanderWood anticipated the 2018 session to be a short one with no large tax increase. Issues on the front burner include:

- Brightwater
- Mike M. Johnson fix
- DOE voluntary clean-up program
- WSDOT mandated DBE goals
- PLA’s – Sound Transit / City of Seattle / WSDOT will pursue PLA’s / legislative fix is difficult now
- Capital Budget – since not passed, the Democrats will vote on it.

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

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- *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 will report further on this at the December Board meeting.
- *AGC of America’s Centennial* – 2018 will mark AGCA’s 100th anniversary, and they are planning a big celebration. D’Hondt suggested AGCWA participate monetarily through a \$15k platinum sponsorship; monies to come from the Board Contingency Fund. He noted that with this level of sponsorship, AGCWA would have: a reserved table at the 2018 NCLC; recognition in the Annual Report, *Constructor* magazine, Centennial Book, AGCA Convention, video recognition, dedicated sponsorship page, etc.

Action: It was moved (Rogers), seconded (Young), and carried to contribute \$15k (at the platinum level) out of the Board Contingency Fund for AGCA’s 100th anniversary celebration in 2018.

- *The WSDOT white women waiver* on all new WSDOT projects has been reversed since last reported. AGC continues to work with WSDOT on defining their mentor proteges program.
- *KCCCD* – King Country Construction Career Day was held 10/12 at Magnussen Park in partnership with the AGC Education Foundation, members (including Scarsella Bros.), and CLC acted as tour guides. 800 students attended this year’s successful event.
- *Pierce County Career Day* – 2,000 students are expected to attend the upcoming Pierce County Career Day, which includes other trades in addition to construction.
- *BuildWashington.com* – AGC will apply for a \$50k grant; total \$150k budgeted for next year.
- *WSDOT* will be using a PLA on the 520-project; negotiated directly with the unions/building trades. AGC has made it known we’re not happy about government mandated PLA’s; currently reviewing our strategy going forward.

INTERACTIVE DISCUSSION/ACTION

Financial Report – Controller Kelly Barber reviewed the financials for the month ended September 30, 2017. As of September 30, 2017, the preliminary Net Operating Income (NOI) equaled \$1.895M vs. a year-to-date budget NOI of \$742K creating a favorable year-to-date total budget variance of \$1.152M. The year-to-date positive revenue variance of \$1.016M combined with the positive expense variance of \$136K produced the total favorable year-to-date budget variance of \$1.152M. The year-to date positive revenue variance of \$1.016M was from above budget revenue in all revenue categories. The year-to-date positive expense variance of \$136K was comprised of under budget expenses in most all expense categories except Event and Depreciation Expense. As of September 30, 2017, the AGC’s 2017 annual forecast net operating income equaled \$1.212M vs. an annual budget net operating income of \$54K. \$537K 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 September 30, 2017. The occupancy rate for retail space was 9% as of September 30, 2017.

Action: It was moved (McFarland), seconded (Gimmestad), and carried to accept the September financials as presented.

Proposed 2018 Operating & Capital Budget Review – Controller Kelly Barber reviewed the proposed 2018 operating and capital budgets for the Board. The consolidated 2018 proposed operating budgeted

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revenue totaled \$7,364,341, an increase from 2017 budgeted revenue of \$734,248; 2018 budgeted expense totaled \$7,314,335, an increase from 2017 budgeted expense of \$737,827; with a \$50,006 budgeted net operating income for 2018, and decrease of \$3,579 from 2017 budgeted net operating income. 2018 proposed Capital Property and Equipment budget totaled \$1,256,000 compared to \$705,000 for 2017. 2018 Association Expense proposed budget totaled \$4,874,274 compared to \$4,234,151 for 2017. It was noted that the Board Contingency Fund was increased \$246k in 2018. Controller Barber asked Board members to contact any of the Officers, Executive Vice President, or himself if they have questions or comments. The 2018 proposed budget will come up for final adoption on December 4, 2017, the next Board meeting.

CONSENT AGENDA

September Summary Minutes

Action: It was moved (McFarland), seconded (Slattery), and carried to approve the September summary minutes as presented.

October and November Membership Reports

Action: It was moved (Lang), seconded (Stephens), and carried to approve the October and November Membership reports as presented (see below):

October 9, 2017 Membership Report (Approved by Officers 10/9/17)

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

NEW MEMBERS

ASSOCIATES

Seattle District

1st Security Bank, Mountlake Terrace, WA
Davis Wright Tremaine LLP, Seattle, WA
Sologic, LLC, Midland, MI

GENERAL CONTRACTORS

Seattle District

B Bissell General Contractors LLC, Woodinville, WA

Southern District

JMG Constructors, LLC, Poulsbo, WA

SPECIALTY CONTRACTOR

Seattle District

Apex Steel, Inc., Kirkland, WA
Atrium Shade Company LLC, Seattle, WA

RETRO

The following Inland NW members have joined our Workers' Compensation Group Retro program:
AAA Ready Mix

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November 13 Membership Report

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

NEW MEMBERS

ASSOCIATE

Seattle District

MBD Staffing, Seattle, WA

GENERAL CONTRACTOR

Seattle District

East Link Constructors, Redmond, WA

OTHER BUSINESS

Investment Advisor – It was announced that the Finance Committee, after going through an RFP process, selected a new investment advisor, UBS Financial Services, who has replaced Marshall & Sullivan. It was found that AGCWA's investment policy was outdated and will be reviewed on an annual basis going forward.

Award Recipients – President Jacobson announced the following individuals, who will be recognized at the Annual Convention for their exemplary contributions to the AGCWA and industry:

- Contractor of the Year Nancy Munro, MidMountain Contractors, Inc.
- Specialty Contractor of the Year John Belarde, Belarde Company, Inc.
- Associate of the Year Jimmy Blais, Stoneway Concrete

University of Washington – Board member Jessica Scarsella reported that she, Shannon Benya (Turner Construction) and Nancy Munro were asked to speak to UW students recently in a "Snack and Chat." They were able to share real life experiences and what students can expect as they enter the workforce with an emphasis on cross-generational employees, women and minorities. Scarsella stated it was a wonderful opportunity to speak to and help the younger generation; they were asked by Bill Bender to come back and speak to the UW diversity group at a later date.

Seattle District Holiday Open House – D'Hondt advised that there will be a chartered mini-coach bus available to take Board members from the AGC Building to the Swedish Cultural Center for the Seattle District Holiday Open House on Monday, December 4, immediately following the Board meeting. The bus will return Board members at 7:15 PM to the AGC Building. D'Hondt noted that he will drive his vehicle to the event as well in case someone would like to return earlier. The event runs from 5 – 8 PM.

Announcements

11/21	Seattle District Membership Mtg., 7:30 AM, Swedish Cultural Ctr.
11/30	Northern District Holiday Open House, 4:30-7:30 PM, The Real McCoys, Bellingham
12/1	Southern District Holiday Open House, Fife office, 4 – 7 PM
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
12/12	Central District Holiday Social, 6-8 PM, Chateau Faire le Pont, Wenatchee
1/26/18	AGC of Washington Annual Convention, Seattle Four Seasons

The meeting was adjourned at 1:30 PM.