

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
SEPTEMBER 11, 2017**

BOARD MEMBERS PRESENT

Jake Jacobson Osborne Construction Company
John Belarde Belarde Company, Inc.
Sarah Cox Dorsey & Whitney LLP
Curt Gimmestad Absher Construction Company
Frank Imhof IMCO General Construction, Inc.
Jessica Scarsella Scarsella Bros., Inc.
Glyn Slattery Lydig Construction, Inc.
Ian McFarland View Dynamic Glass
Paul Mayo Flatiron Constructors, Inc.
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

Chris Lang Fisher Construction Group
Gordon Spencer Teknon Corporation

STAFF/GUESTS PRESENT

David D'Hondt AGC of Washington
Tim Attebery AGC of Washington
Kelly Barber 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
Diane Kocer AGC Education Foundation
Mandi Kime AGC of Washington
Sean Lewis AGC of Washington
Penny Schmitt AGC of Washington
Stacy Mullane AGC of Washington
Dani Tijan AGC of Washington
Jerry VanderWood AGC of Washington
Greg Robinson Marshall & Sullivan

CALL TO ORDER

President Jake Jacobson called the meeting to order at 11 AM asking for Board self-introductions and questioned what one thing each Board member was most proud of within their company?

Rowley: training programs; Young: family-oriented; Peschek: increased diversity & fast-moving; Pouley: strategic positioning & diversity; Traugutt: passion for leadership; Cox: working pro bono; Slattery: family, people, core values; Scarsella: legacy, relationships; McFarland: questioning everything; Gimmestad: people, inclusiveness; Munro: longevity, future leadership of co., proud of what she's leaving behind; Mayo: people, younger generations coming into co.; Imhof: surviving in this industry; Stephens: people; 100% employee owned; Jacobson: people, supporting their passion & safety, and supporting spouses; Belarde: proudly transitioning company to the next generation and growing the business.

WRITTEN REPORTS

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

Action: It was moved (Young), seconded (Traugutt), and carried to approve the Group Retro, Labor, Open Shop, Member Services, and Property department written reports as presented.

Jacobson encouraged board members to call the person responsible for the reports if there are questions.

ORAL REPORTS

Marshall & Sullivan – Greg Robinson, President, Marshall & Sullivan, gave an updated AGC investment report. He noted that Marshall & Sullivan has been AGCWA's investment advisor since 2004. Per Secretary/Treasurer Dawn Stephens, in an effort to review AGCWA's investment strategy, AGC recently sent RFP's to several cash management firms including Marshall & Sullivan; a final decision by the Finance Committee should be reached in October. It was noted that with Marshall & Sullivan's first engagement, there was a set of guiding principles developed for them by the Finance Committee, as well as periodic meetings to review investment strategies and one-on-one guidance, as needed. Robinson reported the year-to-date ending value = \$3,142,730. The Asset Class Breakdown = U.S. Equities, \$872,880, 27.77%; Small Cap, \$367,665, 11.70%; International, \$254,185, 8.09%; Emerging Markets, \$88,246, 2.81%; Fixed Income, \$1,382,288, 43.98%; and, Cash & Equivalents, \$177,467, 5.65%. It was also noted that Marshall & Sullivan has not invested in real estate (per Finance Committee) since AGC owns its own building, it was felt that was sufficient real estate.

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Executive Director Dave D'Hondt commended Marshall & Sullivan for the great job done, to date, with AGC's investments.

CLC Update – CLC Board Representative Sarah Cox gave an updated report on CLC activities to date. She advised that FLF went through a new branding in June to CLC (*note: This change will be made "official" at the January Annual Membership Meeting with a required, approved change in AGCWA bylaws*). Cox also noted that the CLC Big Event at the Fremont Foundry was a huge success with approximately 300 attendees and was completed under budget. Other recent successful events included the Rainier game; and, next scheduled in the Leadership Series on 9/19 is *Project Manager/Superintendent Communication*. It was noted that application (on the AGC website) is now open for members interested in serving on the CLC Steering Committee.

President's Report – President Jake Jacobson reported:

- At the 7/10/17 Officers' meeting, the officers approved the addition of Shannon Gustine, Hensel Phelps, and Steve Watkins, The Walsh Group, to fill two open positions on the AGC/Port of Seattle Best Practices Committee.
- At the August Officers' Retreat the officers reviewed historical and current AGCWA financial data including budget information; reviewed the Strategic Plan and 2018 Budget Assumptions & Priorities; discussed what number the Board Contingency Fund should be; establish a better relationship with the Dept. of Ecology; and, work toward creating a better atmosphere between contractors and WA State agencies, i.e., DOT, ST, POS, etc.
- Staff were recognized for their years of service by AGC of America and presented with plaques and pins were:

<i>Dana Kern, Retro</i>	<i>5 yrs.</i>
<i>Stacy Mullane</i>	<i>10 yrs.</i>
<i>Brandy Smith, Retro</i>	<i>15 yrs.</i>
<i>Doug Peterson</i>	<i>35 yrs.</i>

Board member Curt Gimmestad questioned where the feedback is coming from regarding challenges between contractors and state agencies? Mayo stated that this information has come from several contractor members. Gimmestad questioned if the Best Practices Committees are making any difference? He suggested checking with members to see if they are familiar with these committees and if they are experiencing issues with state agencies.

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

- Circulated cannisters with the new AGC marketing theme: *Vision / Voice / Value*.
- The Officers approved the purchase of Safety Educators' assets through Group Retro; Thom Wilson has retired and AGCWA now owns the Modified Duty Resource Centers (Seattle Annex; Arlington; Spokane; and, Tacoma). It was noted that these classrooms assist injured workers in returning to work through re-training and light duty. It was noted the Dept. of L&I does not pay time loss for these individuals. The cost of the assets and corporation was \$300k, which Group Retro will pay back over 10 years. It was noted Group Retro, Secretary/Treasurer Dawn Stephens and the auditors fully reviewed the purchased.

**SUMMARY MINUTES
AGC OF WASHINGTON
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SEPTEMBER 11, 2017**

Action: After some discussion, it was moved (Pouley), seconded (Slattery), and carried to approve the purchase of Safety Educators' assets in the amount of \$300k through Group Retro.

- With the assistance of Melinda Nichols, AGC will apply for a \$1M grant in January for Buildwashington.com. AGC plans to budget \$150k (\$50k anticipated from the grant) for 2018. Next year the Carpenters and Laborers will expand their facilities to allow for more apprentices; they are currently to capacity.
- Liz Evans is staffing the Diversity Task Force. Anyone interested in joining the Diversity Task Force should contact Liz Evans directly at levans@agcwa.com.
- The WSDOT Disparity study should be out this week. The white women waiver on all new WSDOT projects has been implemented. AGC continues to work with WSDOT on defining their mentor proteges program.
- D'Hondt and Officers will be attending the (NCLC) National Construction Leadership Conference in WA, DC, the end of this month; AGCA has had little input with President Trump thus far.
- Regarding the restaurant space, Duke's has decided to relocate elsewhere. AGC is in negotiation to sign a lease with Evergreens for 4k sq. ft. on the second floor (and possibly the Harborside Room) for office space.
- Recognition was given to key staff on building transitions, which included Paula Jackson, Kelly Barber, and Greg Crisostomo.

AGC Education Foundation Update – Executive Director Diane Kocer circulated the Foundation's quarterly impact statement, April – June, 2017, which reflected several programs created by AGC members, including: Future Operators of Washington (FOW); the career-focused program formed partnerships with North Thurston High School, Tucci & Sons Inc., and Lakeside Industries, with the intention of providing future employment for participants. Kocer noted that the Leadership classes were developed in-house, including: Foreman Training Program, STP, CTS, and Safety classes. There are currently 21 online courses being offered; 13 custom classes held with 12 AGC member companies. KCCCD will be held October 12.

INTERACTIVE DISCUSSION/ACTION

Financial Report – Controller Kelly Barber reviewed the financials for the month ended July 31, 2017. As of July 31, 2017, the preliminary Net Operating Income (NOI) equaled \$2.002M vs. a year-to-date budget NOI of \$902K creating a favorable year-to-date total budget variance of \$1.100M. The year-to-date positive revenue variance of \$955K combined with the positive expense variance of \$134K produced the total favorable year-to-date budget variance of \$1.100M. The year-to-date positive revenue variance of \$966K was from above budget revenue in all revenue categories. The year-to-date positive expense variance of \$167K was comprised of under budget expenses in most all expense categories except Event and Depreciation Expense. As of July 31, 2017, the AGC's 2017 annual forecast net operating income equaled \$1.135M vs. an annual budget net operating income of \$54K. \$537K of the positive variance was attributed to the AGC's sponsorship fee for AGC Retro Program. The AGC Building's occupancy rate for office space was 98% as of July 31, 2017.

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

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
SEPTEMBER 11, 2017**

Proposed 2018 Budget Assumptions & Priorities – Controller Kelly Barber reviewed the proposed 2018 Budget Assumptions & Priorities, which were approved by the Officers at their recent retreat:

2018 Budget Assumptions:

1. 2018 AGC dues budget will equal up to ~~4.725MM~~ **1.875MM**
2. Total budgeted net income will be positive without reduction in member services.
3. AGC will continue support to the Education Foundation, which will be the primary resource for education and training services to the membership and implementing workforce development programs in the school systems.
4. The Property Committee will continue to implement and refine the ten-year capital improvement plan to replace old systems.
5. AGC Building and Marina budgeted revenues will reflect a minimum 5% vacancy rate.
6. AGC Building & Marina profits, if any, will continue to be used to support AGC programs (after providing for necessary capital improvements and maintaining the building at a high level).
7. Group Retro program will continue to pay its own operating expenses, provide income to AGC, and AGC will provide the Group Retro program tools and support to grow (i.e. ad campaign, financial reporting, etc.).
8. Continue providing resources for safety services to members.
9. Continue resources aimed at providing value to future leaders in the industry **(CLC)**.
10. Identify and promote non-dues related, income-producing projects, supporting the Association's strategic directions.
11. Continue to measure program effectiveness, member satisfaction and industry needs.
12. Continue to invest in enhancements to internal and external communications to increase participation of members in AGC products, programs and issues, build membership, improve industry image, and promote AGC's vision, values and positions.
13. Budget for an appropriate amount of reserves on an annual basis. (Per Board policy #22, the minimum reserve account balance will be the greater of 30% of AGC's annual budget revenues or the annual earthquake insurance deductible).
14. For major events, e.g. annual meeting, golf tournaments, etc., income will be greater than or equal expenses.
15. Committee meeting costs such as meals and parking will be totally subsidized for participants.
16. AGC's 2018 Charter Fee, payable to AGC of America, will be ~~\$306.5K~~ **\$311.5K**.
17. The Government Affairs department budgets will be capped at 15% or less of total Association expenses, so that AGC of Washington does not jeopardize its 501(c) 6 tax exempt status.

2018 Budget Priorities (ranked as A, B, C for Strategic Plan purposes):

1. **Fund Strategic Plan goals. A**
2. **Explore legal paths to limit use of government-mandated/negotiated project labor agreements (PLA's). A**
3. Collaborate with AGC Education Foundation Executive Committee to improve communications, transparency, and development of goals. **A**
4. Continue dialogue with universities (UW, WSU, and CWU) on what we can do to mutually support each other. **B**
5. ~~Adopt new technologies and increase resource allocation, as appropriate, to improve and expand AGC's delivery of information and communication to members. A~~ ~~6. Provide resources towards diversity efforts. A~~
7. ~~Continue to evaluate difference between recommended reserves and actual cash/investments. B~~
8. ~~Increase efforts to promote Safety Team as a premiere benefit to drive membership. A~~ ~~7. Support AGC's Workforce Development efforts.~~

**SUMMARY MINUTES
AGC OF WASHINGTON
BOARD OF TRUSTEES MEETING
SEPTEMBER 11, 2017**

It was noted that Priorities 5 – 8 were eliminated, but continue as established priorities for AGCWA.

Action: It was moved (Scarsella), seconded (Slattery), and carried to approve the 2018 Budget Assumptions & Priorities as presented.

GAC Legislative Update – Chief Lobbyist Jerry VanderWood gave an updated Government Affairs update, which included:

- AGC legislative scorecard, which ranked legislators regarding how frequently they supported AGC legislative objectives in 2017; the special election for the 45th district State Senate position and the primary election results suggesting that the State Senate could “flip” to a Democrat majority in 2018
- WSDOT’s proposed PLA (opposed by AGC) on the upcoming SR 520 / Montlake project
- Recent discussions with Dept. of Ecology leadership, particularly regarding the voluntary clean-up program
- Failure of the Legislature to pass a capital budget, and AGC’s support of a PR campaign urging its passage
- Rulemaking for the paid sick leave and family leave programs.
- Circulated potential 2018 issues that included: Eyman’s \$30 car tabs initiative; Capital budget; Hirst; portable benefits; retainage; Mike M. Johnson; Brightwater; public/private partnership; workers’ comp reform; hazardous waste clean-up; public works trust fund; taxes; carbon tax; PLAs; apprenticeship; prevailing wage; independent contractors; certified payroll mandates; soils handling rule; workforce/CTE; Washington Waters Coalition; school bonds; WMBE, hydraulic permit application; State Building Code Council; and rural contractors.

CONSENT AGENDA

April and June Summary Minutes

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

July - September Membership Reports

Action: It was moved (McFarland), seconded (Traugutt), and carried to approve the July - September Membership reports as presented (see below):

July Membership Report (Approved by Officers 7/10/17)

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

NEW MEMBERS

SPECIALTY CONTRACTOR

Seattle District

Matvey Foundation Repair, Seattle, WA

RETIRED MEMBERSHIP

Donald Laford retired from AGC member firm AECOM and has requested a retired membership to remain active with AGC.

RETRO

The following Inland NW members have joined our Workers’ Compensation Group Retro program:

American Electric

Columbia Energy and Environmental

Copenhaver Construction

M H Construction

POW Contracting

**SUMMARY MINUTES
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BOARD OF TRUSTEES MEETING
SEPTEMBER 11, 2017**

August Membership Report *(Approved by Officers 8/10/17)*

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

NEW MEMBERS

ASSOCIATE

Seattle District

Leavitt Machinery, Tukwila, WA
National Safety Inc., Kent, WA
RedTeam Software, Orlando, FL

SPECIALTY CONTRACTOR

Southern District

Leavitt Cranes USA, Tacoma, WA

September 11, 2017 Membership Report

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

NEW MEMBERS

ASSOCIATE

Seattle District

DTG Enterprises, Inc., Mill Creek, WA
Glesby Marks Ltd, Bellevue, WA
Viewpoint Construction Software, Seattle, WA

YOUNG CONSTRUCTOR

James Quick
Ritter Project Management Inc.
360.961.5470

Announcements

9/12 Seattle District Quarterly Social, Lucia
9/13 Southern District Membership Mtg., 5 PM, Tacoma Country Club
9/19 Seattle District Membership Breakfast, 7:30 AM, Swedish Cultural Center
10/4 Southern District Membership Mtg., 5 PM, Tacoma Country Club
10/17 Seattle District Membership Breakfast, 7:30 AM, Fred Hutchinson Cancer Research Center
10/19 Celebration of CWU's Safety & Health Management Program Accreditation, 5 – 7 PM, Art & Marble
11/1 Southern District Membership Mtg., 5 PM, Tacoma Country Club
11/13 Board of Trustees' Mtg., 11-1:30 PM, AGC conference Center
3/8/2018 SAVE THE DATE: Leadership Conference for Women in Nontraditional Careers, Lynnwood Convention Center

The meeting was adjourned at 1:30 PM.

Dawn Stephens, Secretary/Treasurer