



STATE BOARD OF DIRECTORS MEETING HIGHLIGHTS
SHERATON GRAND HOTEL, SACRAMENTO, CA
MAY 12, 2015

AGC of California held its second State Board of Directors meeting of the year on May 12, 2015 at the Sheraton Grand Hotel in Sacramento, CA. President Jon Ball, Hensel Phelps, welcomed Past Presidents and guests and asked those in attendance to introduce themselves.

Prior to providing his report, President Ball presented Tom Holsman, AGC of California's CEO, and John Hakel, AGC of California's Vice President with plaques and gifts recognizing their 30 years of employment with AGC.

President's Report: President Ball gave a recap of the Executive Committee meeting held the day prior. The committee shared their experiences attending the National Convention in Puerto Rico. There was an excellent showing of California Members despite the distance. The Convention offered a wide variety of meetings, presenters and receptions. AGC of California's Presidents reception with National AGC President Chuck Greco and his wife Brenda was a success and had a great turnout. A preliminary schedule of events for July's Strategic Planning Session was provided, and it was noted that a survey of the leadership and staff will be conducted to further develop agenda items and discussion focus. At the meeting the committee discussed the current vacancy in the officer core since the move of Sr. Vice President, John Douglas to Denver, and approved a recommendation to the State Board that John Nunan discussed later in the meeting. The Executive Committee accepted the 2014 Audit Committee Report and Audited Financials, which were brought forward and approved by the State Board Directors. President Ball reported that the Executive Committee reviewed the membership report. Membership will continue to be a main focus going into Strategic Planning in July, and in the drafting of the 2016 goals. The committee reviewed a funding request from CIAQC & CICWQ. The Executive Committee recommended for State Board approval an initial 10K check to be paid out from the strategic advocacy fund, with the potential for 10K more in the fall (contingent on the budget). CIAQC & CICWQ have been successful in securing significant changes to air & water quality regulations directed at the construction industry. In approving the Presidents report the State Board would also be authorizing the initial 10k in funding to CIAQC and CICWQ. The Executive Committee heard an update from the Legislative Committee, CLC Committee, and Legal Advisory Committee. The State Board of Directors approved the President's report as submitted.

CEO's Report: CEO Tom Holsman reviewed the Association's major goals by going through various PowerPoint slides which offered the State Board of Directors a clear picture of how the association is being structured to meet those goals. Mr. Holsman presented an update of AGC's Membership, Organizational Effectiveness, Marketing and Service goals; while most trend in

green (an indication that they are on track to be completed and on time) there were some goals currently in “yellow”, indicating that they are currently falling short of the desired intent and timeline. Those goals in yellow include membership growth, dues revenue increase, personalized approach and on boarding, owner outreach, and general contractors services. Mr. Holsman presented some benchmarking slides from a Grant Thornton survey which provides a clear picture of how AGC favorably stacks up against other associations in terms of board focus, structure and training.

This PowerPoint is available for viewing on the AGC of California website: www.agc-ca.org/state-meetings/

Consent Agenda: The State Board of Directors approved the January meeting minutes, as well as the written District and Committee/Council reports which were provided in the meeting materials.

Special Guest Speaker: AGC advocate, Dave Ackerman, DGA and Associates, introduced special guest speaker, Senator Bob Hertzberg who represents nearly 1 million San Fernando Valley residents of Senate District 18, to address the State Board.

A video of Senator Hertzberg’s presentation in its entirety is available on AGC’s YouTube channel: <https://youtu.be/7eETmFTuH1k>

New Business

Officer Core Transition Report: Nominating Committee Chair, and Past President John Nunan, reported that with the unique situation of losing the Sr. Vice President John Douglas to a move and company change out of state, the Nominating Committee met early this year and would have two action items for State Board approval. The first action for requested approval from the board was to move up/elect Jaimie Angus and Mike Mencarini to the positions as Sr. Vice President and Vice President, respectively. The action would place Jaimie into the position of President for 2016. The State Board of Directors approved this request as submitted. Secondly, the Nominating Committee requested that the State Board approve the nomination of Walt Johnson, with KG Walters Construction to the vacant Treasurer position for the next 6 months, to assume the duties as an opportunity to understand that position prior to the move to Vice President in 2016. The State Board of Directors approved the nomination of Walt Johnson to the seat as Treasurer for the remainder of 2015 as submitted.

Membership Report: Sr. Vice President Jaimie Angus, Griffith Company, provided board members with an update on the current status of membership for the Association. Jaimie began his report by presenting the 2014 Dave McCosker Membership Awards for most new members and highest net gain in each district. The Tri-Counties District received the award for the highest contractor member net gain, and the Los Angeles District was awarded for the most new members. The second quarter membership report reflected an overall loss of 73 members since the beginning of 2015. Membership numbers are at 443 for Contractor Members and 437 for Associate Members. Current retention percentages were reported as follows: 94% Contractor Member retention and 85% Associate Member retention. In the month prior the major loss of Associates was from explosions due to lack of payment, and in June the same will be done for

Contractor Members. Mr. Angus went back to the scorecard dashboard and mentioned that the membership gain goal should be reading as red, not yellow, as membership has been in a steep decline since the beginning of the year. At the upcoming Executive Committee's strategic planning session in July, Jaimie reported that Dave Jenkins, Vice President Business Development, would be providing a list of the top five prospect members from each district. The Executive Committee will whittle that down and work as a team to transition those prospects to members. The Presidents Club is currently made up of 13 members, with six of those being lifetime members. The membership report was approved by the State Board as submitted.

Audited 2014 Financial Statement Review: Vice President Mike Mencarini, Unger Construction Co., reviewed the consolidated financial audit statements for 2014. Mr. Mencarini presented a slideshow and reported on some of the major elements that represent the "core" of an audit: the independent auditors' report, the statement of financial position (or balance sheet), and the statement of activities (or income statement). Mike gave a brief comparison of the significant components of AGC's combined report: assets were slightly decreased in 2014, with liabilities being slightly elevated. Net assets were down in 2014, while revenue was slightly up -though Mike cautioned the board that 2015 may see a decrease in revenue if the decline in membership numbers continues. Mr. Mencarini reviewed various financial indicators including: net asset position, working capital, current ratio, unrestricted surplus/deficit and liquid reserves. A brief report was given on the status of the retirement plan which AGC is working to terminate (based on direction from the Executive Committee) by end of 2015. Lastly Mike reported that the Auditors and Tax Preparers made a recommendation for a reclassification of some intercompany accounts between AGC and CIAG. This adjustment will reclassify Receivable/Payable accounts to Equity accounts and avoid any confusion between Audit and Tax reports. The State Board of Directors approved the audited financials, as submitted. Copies of the report are available to members upon requests directed to Mike Navin, CFO.

Construction Education Foundation: The Construction Education Foundation Chair, Cathy Skeen, Excel Bonds and Insurance Services, Inc., reported on the 2015 Inland Empire Construction Career Awareness Day held on May 6th at the California Baptist University. The event brought in over \$50,000 in sponsorships with 40 exhibitors and 561 students in attendance. The event was held in two sessions, with session one attended by the students and teachers, and session two attended by 81 local veterans and adult students from AGC Student Chapter/Universities community colleges and other construction training and pre-apprenticeship programs. The keynote speaker was Frank Wilson with BFW Contractors. Frank's story of starting college with a football scholarship, working with the trades, going back to school for his Masters Degree to currently running his own construction company was very inspiring for the students to hear. Lastly, Cathy thanked the Inland Empire event sponsors as well as those who currently and intend to participate in the annual pledge.

Legislative Report: Legislative Chair and Past President, Randy Douglas, Tierra Contracting, Inc., and Dave Ackerman, DGA and Associates, provided an update on a few pieces of key legislation. AB 1315 (Alejo) – Stormwater Plans, is a bill sponsored by AGC which will require public agencies to prepare and design stormwater plans prior to putting a project out to bid. This bill is currently facing opposition from virtually every public agency in California but was approved by the Assembly Local Government Committee without a negative vote. AB 219

(Daly) – Prevailing Wage for Concrete Delivery Truck drivers (which AGC is in opposition of) expands the definition of “public works” to include the hauling and delivery of ready-mixed concrete to a public works site, with respect to contracts involving state agency or any political subdivision of the state. Dave and Randy went on to also provide updates on AB 1347 (Chiu) – Prompt Payment on Change Orders (which AGC co-sponsors), and 2 year bill Cash vs. Bonds - Prevailing Wage Claims (AGC Sponsor).

A video of Legislative presentation in its entirety is available on AGC's YouTube channel:
<https://youtu.be/7eETmFTuH1k>

Specialty Contractor Councils Report: Chair, Cory Bykoski, Dynalectric/KDC Systems, reviewed the Specialty Contractor Councils goals for 2015 which included: conducting three (3) meetings of the Specialty Contractors Council to provide information and education to the AGC specialty contractor membership, promotion of the ‘Specialty Contractor of the Year’ award given out at the Constructor Awards Banquet, identify and recommend at least one (1) specialty contractor member to participate on the AGC Legislative Committee, increase participation in the Specialty Contractors Council by at least 10% (2 new net members) over previous participation levels, work towards an increase in participation of the younger employees of Specialty Contractors in the Specialty Contractors Council to include one (1) new CLC participant and finally to increase direct communications to Specialty Contractors for matters related to their concerns. Cory was pleased to announce that a few of the presented goals had already been attained, despite only having been established in January. Cory presented numbers comparing AGC Nationals Specialty Member to General Contractor Member ratios vs. AGC of California’s Specialty Member to General Contractor Member ratios. National AGC had 25% more Specialties over Generals, in comparison California has 77% less Specialties than Generals, which spoke to an untapped market in adding Specialty members to California’s membership.

Division Reports: Detailed highlights from the Division meetings are attached.

Announcements & Future Meetings: President Ball pushed for participation in the Safety Awards Program to be held on October 23rd at the Annual Conference. Applications open on June 1st with a deadline for entries of July 17th. The next State Board of Directors meeting will be held in conjunction with the Annual Conference and Awards Program (formerly the Fall Conference) October 21- 24, 2015 at the Omni Rancho Las Palmas Resort in Palm Springs, CA. Mr. Ball thanked all those in attendance and adjourned the meeting.

JOINT ENGINEERING DIVISION MEETING HIGHLIGHTS
SHERATON GRAND HOTEL, SACRAMENTO, CA
MAY 11, 2015

The Joint Engineering Division Board of Directors meeting was held on May 11, 2015. Jerome DiPadova, Chairman of the Joint Engineering Division Board of Directors called the meeting to order.

Bid Protest: Marion T. Hack, esq., Partner at Gibbs, Giden, Locher, Turner, & Senet LLP, presented on the many challenges of bid protest.

- Budget Highlights
 - Any bidder may protest a contract award
 - Subcontractors, suppliers or other third parties may not protest contract awards
 - Complaints about alleged ambiguity of the plans, specifications and estimate are not protests
 - Fax the protest to (916) 227-6282 prior to contract award
 - Include facts supporting your protest
 - Sign the protest
 - If Caltrans receives a protest against the low bidder, we may request the low bidder to provide a written response within a specified time
 - All protests are public documents
 - All protests are responded to prior to contract award
 - Contractor who is not the low bidder on a public works project will want to examine the low bid to see whether it was responsive to the bid requirements.
 - Unsuccessful bidder has the right to examine the bidding documents of the successful bidder
 - California Public Records Act request

The Future of Transportation Funding: Assemblyman Jim Frazier, who chairs the Assembly Transportation Committee, spoke to the Division on important infrastructure funding that will impact our industry.

- Funding Highlights
 - \$200 million per year for transportation funding by accelerating repayment of transportation loans
 - \$800 million per year in new net funds for transportation by establishing a new “Road User Charge”
 - Outstanding Loans: Requires all transfers and loans from transportation accounts to the General Fund to be repaid by December, 2018
 - Repeal the dedication of truck weight fees for use in paying transportation bond debt service, thus these revenues will be available for the State Highway Account

- Recapture non-Article XIX revenues that are now being used to support transit bond debt service
- Extend the present P3 statute to an unspecified date

California Department of Transportation Update: Rachel Falsetti, Chief of the Division of Construction, and Angela Shell, Director of the Office of Business and Economic Opportunity, presented on funding and regulation issues.

Funding Issues:

- Proposition 1B bonds will be exhausted
- Uncertainty of Federal Funding until a new act is in place
- ARRA spending will complete
- Inflation is expected to outweigh revenue growth
- Cost of doing business and mandates are expected to continue increasing
- Continued decline in fuel consumption as vehicles become more efficient
- As infrastructure ages, the maintenance and rehabilitation costs increase
- Level funding right now
 - SHOPP program million per year
 - Major damage - \$150
 - Safety - \$350
 - Bridge - \$400
 - Roadway - \$525
 - Mandates - \$100
 - Mobility - \$ 35
 - Misc - \$100
- DBE Programs:
 - DBE Program Achievements
 - 10.97% Overall
 - Awarded 131 Contracts
 - 15 GFE
 - 7 DBE Primes
 - 87% Exceeded Goals
- Good Faith Effort
 - Necessary and reasonable steps
 - Totality of the effort
 - For example:
 - Use of opt-in, CUCP dbase search, advertisements
 - Ensuring work codes are adequate for proposed work

Next Meeting: Chair Jerome DiPadova announced the next meeting will be held at the AGC of California Annual Conference October 22, 2015 at the Rancho Las Palmas Resort & Spa, 41000 Bob Hope Drive, Rancho Mirage, Ca. 92270.

BUILDING DIVISION MEETING HIGHLIGHTS
SHERATON GRAND HOTEL, SACRAMENTO, CA
MAY 11, 2015

The Building Division meeting was held on May 11, 2015 at the Sheraton Grand in Sacramento, CA. Chairman John Stump, Flint Builders Inc., called the meeting to order at 2:36 p.m.

Approval of Building Division Highlights

Chairman John Stump, Flint Builders asked for approval of the Building Division highlights from January 22, 2015 meeting. The Division m/s/c this request.

Presentations

Critical Legislation Affecting AGC of California Builders: Dave Ackerman, AGC Advocate, described in detail the following pieces of Legislation currently being reviewed:

AB 1315 (Alejo) – Stormwater Plans

AB 552 (O'Donnell) – Public Contracts / Consequential Damages

AB 1354 (Dodd) – Discrimination: Equal Pay State Contracting

AB 1347 (Chiu) – Prompt Payment of Change Orders

SB 630 (Hancock) – Public Contracts Cost Overruns

AB 566 (O'Donnell) – School Facilities – Leasing Property Construction Contracts

AB 1358 (Dababnelt) – School Facilities Design Build Contracts

AB 1431 (Gomez) – Job Order Contracting

SB 762 (Wolk) – Best Value Contracting

AB 219 (Daly) – Prevailing Wage for Concrete Delivery Truck Drivers

SB 480 (Pan) – Equipment Gross Receipts Tax

SB 119 (Hill) – Excavation

SB 350 (DeLeon) – Clean Energy & Pollution Reduction Act of 2015

Numerous questions were raised during this open forum section.

School Bonds: Is a \$9 Billion School Bond a Fact or Fantasy: Assembly Member Patrick O'Donnell, Assembly Education Committee; Former State Senator David Cogdill, CEO/President of the California Building Industry Association, highlighted two different approaches in addressing today's \$9 billion financial shortfall that is now facing California's educational system. A lively debate on this important topic discussed the merits of signature gathering process or using the state's legislative process to place the bond on the 2016 ballot.

Virtual Design & Construction Technology: Designing Today's Construction Environment for Tomorrow's Owners: Thai Nguyen, Director of Virtual Design and Construction; Siavash Mohseni, Lead VDC Engineer, Hensel Phelps held an extremely educational discussion covering the following topics:

- Qualifying Team Members
- Pre-Construction Creates Road Maps
- Design: Identifying the Tools

- Handover and Turnover – Electronic E-Commissions
- Intelligent FM Solutions
- Mobil Scanners
- Active Spatial Coordination
- Benefits of 3D Laser Scanning and BIM
- Drones
- Virtual Reality
- Microsoft Hololens

Thai Nguyen and Siavash Mohseni completed their talk by allowing those present at the Division meeting to take part in a “Hands-on” virtual reality segment.

Several Building Division Directors poised numerous questions on this most unique topic.

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