AGC of California held its Fall State Board of Directors and Annual Meeting on Friday, October 24, 2014 at the Omni Rancho Las Palmas Resort in Rancho Mirage, CA. President Curt Weltz with Stacy and Witbeck, Inc., called the meeting to order, welcomed AGC of America guests, past presidents and directors to the desert and called for self introductions from the attendees.

**Annual Meeting:** During the association’s annual meeting, members heard from AGC of America’s president Al Landes, Herzog Contracting Corp. Mr. Landes discussed the National and Chapter Leadership Conference (NCLC) which was held at the end of September. All the chapters nationwide have an opportunity to come together at that conference and represent their states and issues. Mr. Landes reported on a couple of the key items which came out of the conference. AGC of America’s Construction Advocacy Fund is used to support strategic issues, political candidates, and to help AGC support certain efforts or defend the industry. Mr. Landes pushed for all attendees to take an active role in supporting AGC’s advocacy efforts, not only financially but also by being an active participant when it comes to speaking with local legislators. Another significant topic which came out of the NCLC was workforce development. During the years after the 2008 crash over 2 million construction workers lost their jobs, half of those workers had to find jobs in other industries. Compounded with the lack of vocational training in high schools, and an aging workforce, this leaves a staggering gap in jobs vs. qualified workers as the economy picks up for the construction industry. The components of AGC’s efforts to find a solution to this growing problem includes outreach to high school and junior high level students, regional occupational programs, vocational education programs and college level programs centered on construction industry careers. In conclusion, Mr. Landes noted that when wondering “Why AGC?” just ask yourself this question “If not for AGC what would the landscape look like today for contractors”.

President Curt Weltz reported on the activities and actions of the Executive Committee meeting that was held the day prior. A detailed review of the 2015 scorecard was provided, noting that goals are reflective of the focus the association has and will continue to put on membership in the next year. President Weltz noted that the Committee approved the July meeting minutes as well as AGC holiday office closures for December which will give AGC staff additional days of paid time off during the holiday season in appreciation for all their hard work. The Committee received an update from the associate’s council which included the announcement of a new chair for 2015, as well as a report from the Legal Advisory Committee (LAC). A summary of the 2014 Legislative Program was provided and the committee reviewed the 2015 legislative program proposal that was brought forward to the State Board for further discussion and approval. Additional reports received during the meeting included the membership report, strategic
scorecard updates, and a report from the officers on the National & Chapter Leadership Conference held in September in Washington, D.C.

President Weltz reported on the 2014 status of AGC’s core services. Education and training continues to be strong. 2014 is trending to reach levels close to the 2013 numbers of $85K in revenue with 592 attendees’ year to date. 2014 saw the launch of the new AGC training exchange website which is exclusive for training and education and gives members the benefit of easy registration, tracking any completed courses, and browsing course listings by location, topics or course codes. Mr. Weltz gave a status update on industrial relations in both the north and south. During 2014 the northern IR department had a net gain of 7 Power of Attorneys’, negotiated five Master Labor Agreements and published 38 Labor Bulletins (NLRs). IR south participated in the settlement of 10 grievances year to date, had a net gain of 16 Power of Attorneys’ and negotiated one Master Labor Agreement. During a brief update on the legal advisory committee, Mr. Weltz reported current LAC membership stands at 167 members. The committee has also updated language on four of AGC of California’s contract documents to meet legislative mandates. Lastly, President Weltz updated the Board on the activities of AGC’s Safety and Health Council, noting that the Council provides regulatory updates to Cal OSHA lead standard and continued their work this year on AB 444 –The Legislative effort introduced in 2013 and coined “Positive Work Zone Protection Act” which resulted in an information hearing in the Assembly Transportation committee on February 10, 2014.

AGC of America’s CEO Steve Sandherr reported on the political news at the national level. He updated the State Directors on opportunities in the lame-duck session, the continued regulatory onslaught, and concluded with an election forecast. During the lame-duck session (which occurs whenever one Congress meets after its successor is elected, but before the successor's term begins) some issues where AGC will be looking to pursue opportunities will be in the push for transportation funding, a legislative solution on multiemployer pension reform and tax extenders. The regulatory onslaught continues with DOT DBE Rules, EPA “waters of US” and procurement. In terms of the election forecast, Mr. Sandherr predicted that the GOP will expand the House Majority (+7-10 seats), and that the GOP will get their net gain of six to take Senate.

CEO Tom Holsman reviewed areas of the strategic scorecard that included financials, value added revenue, membership, marketing, communications and public relations, as well as organizational effectiveness. Mr. Holsman reported that dues revenue is down 1.7% from last year’s numbers, and is currently 49% of total revenue year to date. AGC’S PAC has had an increase of 5% over 2013 with at total of $264,601 collected. It was reported that value added revenue is 20.4% of total revenue year to date and Verizon continues to be AGC’s strongest producing program. Membership retention was reported at 92% for both contractor and associate members. Total membership numbers were at 933 members (13 members short of the 946 goal for 2014). Mr. Holsman was happy to report that through the hard work of both staff and members the association is looking to have a net gain in membership for 2014. Mr. Holsman reported on the continued success of AGC’s marketing program. Beyond the external, internal, and targeted marketing pieces produced, AGC continues to increase industry awareness through social media channels and various social networking sites including Facebook, LinkedIn, Twitter, and YouTube. AGC continues to produce electronic newsletters to keep members informed on industry issues, as well as retain a strong presence in the media via various media &
news outlets. AGC has seen a number of staff changes, with the addition of four new hires in 2014, two promotions as well as some various shifts and the rehire of Dave Jenkins as V.P. Business Development.

At the conclusion of CEO Tom Holsman’s report, President Curt Weltz adjourned the Annual Meeting, and the State Board of Directors meeting was reconvened.

**Leadership Forum:** Sr. Vice President Jon Ball, Hensel Phelps, reviewed key strategic and operating business plan goals for 2015. In 2015 the boards will be working off a newly developed “dashboard” which is a quick look, one page version of the full strategic scorecard. Jon took a minute to highlight some of the key differences between the 2014 and 2015 scorecards. Starting with the membership goals - 2014 had a goal of 85% member retention. That goal has been bumped up for 2015 with a new goal of 87% retention, a net gain goal of five new contractor members with two of those gains being max dues payers, and an additional goal of a 2% increase in dues revenue. Marketing goals in 2015 differ only slightly from 2014 with the increase of an owner outreach goal and additional social media marketing. 2014 saw the goal of a 100% increase in AGC Connect participation; in 2015 the goal is to do away with AGC Connect and move to LinkedIn. In conclusion, organizational effectiveness in 2015 has the additional goals focused on succession planning. Succession planning has been a major focus of the current officers as they work to make sure AGC has a plan as current leadership nears retirement. The drafted 2015 Strategic and Operating Business plan as well as the 2015 Strategic Scorecard Dashboard were approved by the State Directors as submitted.

**Consent Agenda:** Directors approved the May meeting minutes, written district and committee/council reports that were provided in the electronic packet.

**New Business**

**2015 Standing State Committees/Councils:** The state board of directors approved continuation for the following standing state committees/councils for 2015: Associates Council, Awards Committee, Nominating Committee, Membership Development Committee, National Affairs Committee, Nominating Committee, Open Shop Council, Safety & Health Council, and Union Contractors Councils North and South.

**Election of 2015 Officers:** The state board of directors approved the nominating committee’s slate of 2015 officer nominations as follows: Treasurer – Mike Mencarini, Unger Construction Company, Vice President – Jaimie Angus, Griffith Company, Sr. Vice President - John Douglas, Granite Construction, and President – Jon Ball, Hensel Phelps

**Membership Report:** Vice President John Douglas, Granite Construction Co., reported on the year-to-date membership numbers. He reported that membership stood at 933 members with 92% retention for both contractor and associate members. AGC membership is only 13 new members away from having a net gain in 2014. In 2015 the Membership Development Committee is looking to produce video profiles of various members to be distributed through AGC’s social media sites. There will be a continued push in the next year for member diversity and integration at both the state and local levels. In conclusion, Mr. Douglas took a moment to
recognize the Presidents Club Members, as well as acknowledge the newest member of the club (and returning member) – Randy Douglas with Tierra Contracting, Inc. The membership report was approved by the state board as submitted.

**Financial Report:** Treasurer Jaimie Angus, Griffith Company, reviewed the financials YTD, which included the balance sheet and income and revenue statements. Year-to-date results are projected to show a slight deficit of ($48,712). Dues revenue is projected at $2,420,645 which reflects a 1.7% reduction from 2013 actual and 5% below 2014 budget. Total revenue is projected at $4,953,377; a 2.8% decline from 2013 and projected expenses are in line with the 2014 budget and indicate a 1.1% decline from 2013. The financial report was approved by the State Board as submitted.

Jaimie also reported that in the Executive Committee meeting held the day prior to the committee discussed the status of the buyout of the AGC retirement plan. The State Board of Director voted and approved a motion to authorize the Executive Committee to approve final action to close and payout benefits for the retirement income plan. The authorization includes approving funding options which may include a bank line of credit up to 400K.

**AGC Education Foundation:** Chair of the AGC Construction Education Foundation, Mike Mencarini of Unger Construction Co., provided a report covering the following items pertaining to the Construction Education Foundation: the Construction Education Foundations 2014 directors, the new faces of 2015, 2014 Direct Scholarship Recipients, and fundraising efforts. The State Board of Directors approved the CEF’s request for the induction of a new chair and vice chair for 2015 - Cathy Skeen, Excel Bonds & Insurance and Anita Young, Umpqua. It was reported that in 2014 the Construction Education Foundation was able to awards $19,000 to 15 different students. Mr. Mencarini recognized the generosity of the 2014 Annual Fund Sponsors and thanked them for their support.

**Legislative Program Review:** Incoming 2015 Legislative Committee Chair Randy Douglas, Tierra Contracting, Inc., updated the board on the 2014 legislative year for AGC. The overview included the following: 11 bills supported by AGC were signed into law, including two of AGC’s sponsored bill, 13 of the bills AGC actively opposed or had concerns with were defeated or amended to remove our opposition, one bill opposed by AGC was vetoed by the Governor, no bills supported by AGC were vetoed, two bills opposed by AGC were signed into law, and ten bills supported by AGC did not pass the Legislature, including one AGC sponsored bill. Lastly, the 2015 legislative program was reviewed by the state board. The 2015 legislative program was approved by the state board as submitted.

**PAC Update:** John Douglas provided a brief update for the Political Action Committee. 2014 was a very busy election year and there was about $340,000 contributed toward the election cycle. Mr. Douglas updated the board on the PAC’s efforts in regards to Proposition 1&2. In the PAC meeting held the day prior the committee discussed formally endorsing the propositions. The PAC requested that the State Board accept and approve a motion for AGC to officially endorse Proposition 1&2. The state board approved the motion.

**Division Reports:** Detailed highlights from the Division meetings are attached.
Announcements & Future Meetings: President Weltz thanked all those in attendance and announced that the next meeting of the State Board of Directors is scheduled for January 23rd, 2015 at the Ritz-Carlton in Half Moon Bay, CA.
The Building Division meeting was held on October 23, 2014 at the Omni Rancho Las Palmas in Palm Desert, CA. Chairman Skip Mancini, B.T. Mancini Co., Inc. called the meeting to order at 4:05 p.m.

Approval of Building Division Highlights
Chairman Skip Mancini, B.T. Mancini Co., Inc. asked for approval of the Building Division highlights from the May 1, 2014 meeting.

They Did “What”? – A Review of Critical Legislation Passed in 2014 from a Legal Point of View – Art Woodward, 2014 Legal Advisory Committee, Downey Brand, LLP reviewed eight pieces of Legislation: SB 785, SB 1077, AB 2471, AB 2416, AB 1897, AB 1650, AB 26 and AB 1705. He reviewed what the industry impact would be to the AGC of California Building Division members. Attorney Woodward also discussed two amicus briefs that the Association is reviewing. A very informative question and answer period followed.

Panel Discussion - What Really is CM/GC? : Bob Christenson, Christenson Consulting, Bill Shields, Armstrong Associates, Erwin Villegas, Schipper Construction, and Matt Girard, Plenary Group held an informative session dealing with the numerous project delivery systems a CM/GC would apply. The panel discussed Design-Bid-Build, CM/GC at Risk, Design Build, Agency CM (Not at Risk) and how a CM/GC system would interplay. The panel fielded numerous questions from the division members and the panel stated that due to the complexity of this project delivery system additional time will be spent on this subject in 2015.

Nomination of 2015 Building Division Directors:
The following slates of directors were approved by the division for 2015:

Chair: John Stump, Flint Builders
Vice Chair: Nick Seals, Seals / Biehle, Inc.

Associate Directors:

Art Woodward, Downey Brand, State
Teri Jackson, Pinnacle Surety, State

Bob Mahan, Mahan Insurance Brokers, Division
Tim Truax, Law Offices of Timothy M. Truax, Division

Specialty Directors:

Tom Brickley, Brickley Environmental, State
Cory Bykoski, Dynalectric, State
Ted Polich, Bali Construction, Division
Dana Kimble, Royal Electric Co., Division

Announcements & Future Meetings: Chairman Skip Mancini announced the next meeting at AGC of California’s Installation at the Ritz Carlton, Half Moon Bay on January 22 – 23, 2015. The meeting was adjourned at 5:00 p.m.
The Joint Engineering Division Board of Directors meeting was held on October 23, 2014. Steve Poindexter, Chairman of the Joint Engineering Division Board of Directors called the meeting to order.

Nomination of 2015 Joint Engineering Division Directors:
The following slates of directors were approved by the division for 2015:

**Chair:** Jerome DiPadova, Skanska USA Civil West  
**Vice Chair:** George Bradshaw, Underground Construction Co.

**Specialty Directors:**
Tony Campbell, Wyatt Jones - State  
Gary Castro, Dennis Sterndahl – Division

**Associate Directors:**
Cathy Skeen & Talin Astourian – State  
Andre Sims & Wyatt Jones - Division

**Transportation California:** Will Kempton, Executive Director of Transportation California reported that there is stormy weather ahead for infrastructure funding. Currently, voters believe they are paying enough taxes and the government will not do the right thing with tax dollars. At this time we have few political champions and Caltrans project list are plummeting but industry leaders are giving the attitude is everything is fine. Transportation California is working to get the right message out - that we are at a critical stage and we need to get a permanent source of infrastructure funding. Some of the areas of funding include: Cap & Trade, truck weight fee, payback on loan from transportation funds and a $5 billion bond in 2016. Additional efforts include: seek legislation to lower threshold for voter approval of local transportation sales tax program, extend P3 authority; streamline process for private investment, support administration efforts to move toward replacement of the gas tax with a road user charge, continue efforts to implement a CMS advertising pilot program and work through the CTIP process to implement meaningful reform proposals.

**AGC/Caltrans Liaison Committee:** Steve Rados gave an update on the activities of State AGC/Caltrans Liaison Committee. He noted that the committee works on state wide industry issues. Some of those issues: TRO – time related overhead, SWPPP, Caltrans’ Standard Specifications, escalation for fuel costs, force account work, issuing joint checks, DRB issues & dispute review board. Other areas of discussion have been design-build projects, 2015 standard specifications, safety/insurance, bridge structures, partnering & rock products. Through this committee and numerous subcommittees the contractors have a voice on Caltrans projects. The
liaison committee meets quarterly with subcommittees meeting monthly or on an as needed basis.

**Old Business:** The Board reviewed some of the concerns with “Stop Notices” on Caltrans projects and the inability of Primes to be able to bond around them. There has been no change on how Caltrans will deal with this issue – “it is on a case by case basis.” If contractors need assistance please contact Sam Hassoun.

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