



The Roofing Industry **ALLIANCE** for Progress

November 15, 2017

Meeting Report

Joint Alliance Board of Trustees and Full Roofing Industry Alliance for Progress Meeting

Oct. 20, 2017

8 – 10 am

The Madison Hotel, Washington, D.C.

1. Call to Order

Alliance President Tom Saeli called the meeting to order at 8 a.m. and welcomed everyone in attendance. He explained that this was a joint meeting of the Alliance Board of Trustees and full Alliance members. He then asked that everyone introduce themselves.

Alliance Board Members present: Jim Barr, Greg Bloom, Dane Bradford, Josh Kelly, Dave Lawlor, James Patterson, Rod Petrick (Alliance Vice President), Tom Saeli (Alliance President), Kyle Thomas, Dan Tinker and David Workman.

Alliance Board Members absent: Nelson Braddy, Bob Daly, John Massarelli, Chris Schmidt and Tom Walker

Alliance Members present: Tim Blue, Blue's Roofing; Curt and Suzan Boyd, Academy Roofing; Monica Cameron, Diamond Roofing; Dennis Conway, Commercial Roofers Inc.; Trent Cotney, Trent Cotney, P.A.; Geoff Craft, National Roofing Partners; Rick Damato, Damato Enterprises; Katie Domenico, SRS Distribution; Piers Dormeyer, Eagleview Technologies; Jon Goodman, Security-Luebke Roofing Inc.; Rudy Gutierrez, Shell Roofing (new); Scott Kawulok, B&M Roofing of CO; Steve Kubicka, Polyglass USA; Dave Lawlor, Roxul; Jim MacKimm, Beacon Roofing Supply Inc.; Daryl Maronic, Dataforma Inc.; Bruce McCrory, Nations Roof; Sherri Miles, J.D. Miles & Sons Inc.; John L. Miller, Acme Roofing and Sheet Metal Co. Inc.; Bob Morgan, Upstate Roofing & Painting Inc.; George Patterson, Bennett & Brosseau Roofing; Mike Pierce, Flynn; John Plescia, Star Roofing Inc.; Reid Ribble, NRCA; Kent Schwickert, Schwickert's Tecta American of Mankato LLC; Brian See, Beacon Roofing Supply Inc.; Nick Serelis, Encite Development Group Inc./FCS Control; and Rob Therrien, The Melanson Co. Inc.; Kelly and Lance Van Winkle; King of Texas Roofing Co. LP

Others present: Mike Breller, Beacon Pointe Advisors; Heidi J. Ellsworth, HJE Consulting; Mark Graham, NRCA; Dean Jagusch, J.S. Wagner Co. Inc. (guest); Bennett Judson, Alliance staff and recorder; Mostafa Khattab, Colorado State University; Jack Krapf, Merrill Lynch; Alison LaValley, NRCA; Duane Musser, NRCA; Jessica Priske, Alliance; Robert Ries, University of Florida; Harry Ryder, NRCA; John Schehl, NRCA and Amy Staska, NRCA

President Saeli extended a special welcome to the Alliance's newest member in attendance, Trent Cotney, Trent Cotney, P.A. and to guest Dean Jagusch with J.S. Wagner Co. Inc.

2. Minutes

A motion was made, seconded and unanimously passed to approve the minutes from the April 20, 2017 Alliance Board of Trustees meeting in Coronado, Calif.

3. Previous Board Approvals by Electronic Votes

President Saeli reported The Board of Trustees had previously approved the following three recommendations by electronic votes. The approved items are being presented as a matter of record, there is no action required at this time. Copies of the audited financial report and the Alliance Policies and Operational Guidelines were included in the meeting notebooks which Alliance members had access to prior to the meeting. The approved recommendations were:

- ▶ A recommendation from the Alliance Balanced Program Committee to contribute \$5,000 to the Bob Frey family (who lost their home and all belongings in a fire) through the Alliance's Helping Our Own Program was unanimously approved.
- ▶ the Audited Financial Report for Fiscal Year Ended May 31, 2017
- ▶ two updates to the Alliance Policies and Operational Guidelines
 - Page 6 – Operating Guidelines - updating the current guidelines to include a category for individual roofing professionals contributing a minimum of \$50,000
 - Page 14 – Administrative Fee – updating the administrative fee section to reflect the approval of both the Finance and Financial Development Committee and the Board of Trustees at the April 21, 2017 meeting to increase the administrative fee to NRCA to \$205,600 and to review

4. Finance and Financial Development Committee Report

Dane Bradford, chairman of the Alliance Finance and Financial Development committee, reported that the committee had met on Thursday. As of September 30, 2017 the fund balances are at \$9,214,336 for the general checking and investment funds and \$1,641,975 for the scholarship investment fund. All revenues and expenses are in line with budget four months into our fiscal year. He further reported that a funding request had been presented but the committee agreed to postpone it until the April 2018 meeting when funding requests are considered as part of the budgeting process. He pointed out that the financials were included in the meeting notebooks which Alliance members had access to prior to the meeting.

President Saeli introduced Jack Krapf and Mike Breller who reported on the status of the investment funds and gave their economic overviews. Following are highlights from their reports.

Mr. Krapf shared the following remarks with members:

- take mulligan on September employment data – due to hurricanes
- all indications suggest economy is growing substantially
- service sector, manufacturing sector and rates are rising
- new Fed Chairman will be selected in next few weeks
- Fed is unwinding balance sheet-plan to reduce balance sheet by \$1.4 Trillion – year 2021 – expect Fed to raise rates again in December
- "Let's Be Honest"
 - ▶ Press pushing story that:
 - Trump frustrated with his cabinet
 - has fractured long-term alliances including fracturing GOP
 - created a schism in GOP
 - concern – headwinds if tax cuts not implemented
 - discuss tax cuts
 - ▶ Merrill Lynch doesn't think it will happen – at this point Jack has no idea
 - GOP has 3 big issues:
 1. doesn't address tough issues – cutting mandatory spending
 2. budget deficit
 3. distribution of tax cuts across income levels and states
 - GOP has 3 choices: (Mr. Krapf imagines the GOP will work at passing number 1)
 1. devise a plan that will provide tax cut up to \$1.5 Trillion over 10 years before accounting for economic cuts resulting from growth
 2. pass a different budget that provides for more than \$1.5 Trillion in cuts over next 10 years, then pass a tax bill make cuts temporary allowing them to expire in ten years.

3. devise a plan that provides a total tax cut in excess of \$1.5 Trillion over next ten years, abandon reconciliation process, and try to obtain Democratic support

-What happens if Fed continues to unwind and we don't get tax cuts

●I am concerned!

Mr. Breller with Beacon Pointe then shared the following performance review and outlook.

- U.S. Economy in good shape (3.1% GDP growth). Unemployment low at 4.3% and inflation is tame at 1.7%. Leading indicators do not point to a threat of recession.
- Equity Market returns were strong for the Calendar YTD. The S&P 500 gained 14%. Growth Stocks far exceed Value stocks during this period (21% vs 8%). International and Emerging Markets stocks outperformed U.S., gaining 27% YTD.
- Alliance Portfolio gained over 13% YTD. The majority of managers exceeded their benchmarks over this period and we have no notable underperformers.
- Beacon's Outlook - positive on the economy, cautious on valuations in the U.S.
 - Valuations near other market tops in 1929 and 1999, concerning. Additionally, we are in the 98th month of economic expansion, the 3rd longest expansion in history.
 - The catalyst to watch for could be Fed tightening too fast or too long.
- Beacon's review of the allocation is that the Alliance is sufficiently diversified to participate in the growth of equity markets and weather difficult markets as well.
- Mr. Krapf and Mr. Breller reviewed the Small Cap termination and new fund recommendation. Mr. Krapf led with the review of fund strategy and characteristics and Mr. Breller shared Beacon's research team review and analysis.
- Committee voted for approval. Proceeds from Blackrock sell to be held in cash temporarily. New fund purchase after we get more clarity on tax legislation.

5. Programs, Projects and Committee/Task Force Updates Were Given

President Saeli began the updates by directing the members' attention to four updates that were included in the meeting notebooks but would have no formal presentations.

-Moisture Release in Concrete-Roof Decks – President Saeli advised members that Mark Graham was in attendance to answer any questions.

-2018 Gold Circle Awards Program

-2017-18 Most Valuable Player (MVP) Awards Program – President Saeli advised members there is still time to support this program – the deadline is Nov. 17.

-2018-19 Melvin Kruger Endowed Scholarship program – President Saeli encouraged members to share scholarship information with their employees; the deadline is Jan. 31, 2018.

A.Alliance Fundraising Task Force and Planned Giving

Mr. Therrien and Mr. Conway reported on fundraising and planned giving efforts.

Member Development - Since June 1, three new members have joined the Alliance increasing revenues by \$150,000. The Alliance Board of Trustees and Finance Committee also approved an honorary, non-voting membership in September bringing the Alliance's total membership to 164, including 114 contractors; 37 associates; five service providers; six individuals; and two supporting members.

Planned Giving Program - Mr. Conway reported that a total of nine Alliance members have officially left charitable bequests, established charitable trusts, or used some other form of estate planning to support the work of the Alliance: Dane and Sandy Bradford, William and Lacey Collins, Dennis Conway, Trent Cotney, Jason Dark, William A. Good, John Gooding, Rob and Lianne Therrien and Kelly and Lance Van Winkle

There are a number of additional prospects in which to follow-up with in late October, Alliance members will receive a letter from Mr. Conway, Chairman of the Planned Giving Steering Committee and NRCA

Senior Advisor Bill Good promoting the Planned Giving Founding Donor recognition opportunity available to all members who make a bequeathal of at least \$50,000 by the end of 2017.

The committee's goal is to secure 6 new Founding Donors, in addition to the 9 now, who will be honored and invited to a special Donor Appreciation Dinner held in conjunction with the April Alliance meeting, profiled in Alliance publications and on social media, and much more.

B.ProCertification

Amy Staska reported ProCertification had reached its first major milestone: The Certified Trainer/Assessor (CTA) train-the-trainer pilot program was held the first week in October. Twenty-plus individuals became the first ProCertification CTAs after participating in a week-long training about the program. Draft versions of three certification assessments (CTA; single-ply; and asphalt shingles) and a draft version of the CTA manual, including a majority of the policies and program explanations, were piloted.

To date, the following items have been done:

- The ProCertification committee has guided the development of all the underlying ideas for the program.
- Staff (primarily John Schehl & Brad Martz) have conducted many discussions at the staff level to hammer out the user experiences of participants, CTAs, training centers, and are currently working on the contractor perspective. Each of the audiences will have their own program manuals that address policies, processes, questions and concerns from the individual perspectives.
- Each certification is based on stakeholder contribution, mined through day-long job analysis (JA) meetings. The roofing-specific JA panels are comprised of various stakeholders including installers, supervisors, contractors, and manufacturers. Data from those meetings are compiled and statistically analyzed to form job task analyses (JTAs). From the JTAs, the assessments are developed. The JTAs then are used as blueprints for exam development.
- IT functions are being developed through NRCA's IT staff, aided by consultant and vendor discussions.
- The training development is coming along nicely as well. Training development staff rely on multiple resources to develop training – including formal panels, participating in the JA meetings, one-on-one and small-group discussions with contractors and installers, and NRCA's technical and enterprise risk management staff. Program reviewers include NRCA staff, NRCA's Technical Operations Committee (TOC) and members of the NRCA University Operations Committee (UOC).
- As of the meeting, program status is as follows:
 - Explorer (introductory “what is roofing” program) is in its third revision, and almost complete.
 - Foundations (a 15-module look at roofing basics) is out for technical and safety review, and will be turned over to a vendor for production before the Alliance meeting.
 - Low-slope core programs (decks; insulation) are coming back from review and being revised.
 - Single-ply programs (membranes; heat-welded seams; adhered seams) are in various stages of script development.
 - Steep-slope core programs and asphalt shingles have been researched and outlined, and awaiting imminent script development.

C.NRCA Silica Objective Data Collection

Reid Ribble updated members on the status of the silica objective data collection as sampling of materials and breathing zone sampling continues. Numerous roofing jobsites have been sampled for possible exposure to respirable crystalline silica including asphalt shingle, modified bitumen and built-up roofing removals and installations. Other exposures have been sampled less extensively including drilling into concrete and masonry, installation of gypsum roof boards, and vacuuming and installation of gravel surfaces. The plan is to also sample lightweight concrete deck removal and installation, stone-coated

metal roof installations, some additional modified removals, and concrete and clay tile and paver

installations with engineering controls in place. Terracon has been somewhat slow in providing reports on sampling projects that they have analyzed because of staff changes that have delayed final approval of the reports by their management but they have assured NRCA staff that they are going to get those in shortly.

D.National Women in Roofing

Heidi Ellsworth reported that National Women in Roofing National Women in Roofing has experienced a year of tremendous growth in 2017. They appreciate and thank their 28 Founding Sponsors, with special thanks to the Alliance, their first founding sponsor, for their leadership in supporting this important movement in the roofing industry. NWIR is an organization of volunteers whose hands-on approach gives every woman and man involved a vested interest in its creation and celebrations.

NWIR continues to provide opportunities for women and men to find ongoing success working together in the roofing industry through their four Pillars: (1) Mentoring – Mentor and empower women in the roofing industry towards excellence in their chosen career; (2) Education – Create high-quality learning programs and experiences for men and women to build successful businesses and careers for both genders; (3) Networking – Provide opportunities to meet women in the roofing industry, creating strong, long-lasting networks and (4) Recruiting – Reach beyond traditional recruitment to enable and promote careers in the roofing industry to current and future workers.

Sunday, Feb. 4, 2018 will be National Women in Roofing Day at the IRE in New Orleans. The program will be from 10 a.m. to 5 p.m. and includes a City Walking Excursion to General Session featuring a Keynote Speaker and breakout mentoring sessions followed by NWIR Super Bowl.

2018 NWIR Founding Sponsor renewal opportunities will be offered under four sponsor levels: Diamond, Platinum, Gold and Silver. Diamond and Platinum level sponsors will be actively recognized and included throughout the NWIR Sanctioned National Women in Roofing Day at the 2018 IRE in New Orleans and all advance promotions prior to the IRE.

E.Construction Management Schools Initiative/Student Competition

Kyle Thomas, Chairman of the Alliance Construction Management Student reported on the Construction Management Schools Initiative.

Seven teams will be participating in the 2017-18 competition. This year's project is the Audubon Aquarium of the Americas in New Orleans – thanks to Tupac De La Cruz with Roofing Solutions for providing the project materials. The teams' written proposals are due December 4. The plan will be to select a maximum of five finalist teams to come to New Orleans to give their oral presentations. Oral presentations will take place Wednesday morning, Feb. 7 starting at 7:45 a.m. at the Ernest N. Morial Convention Center. The winning team will be announced Wednesday evening at NRCA's Industry Awards Ceremony.

Mr. Thomas encouraged Alliance members to show their support by interacting with the students at the Alliance member reception on Monday evening, Feb. 5. The teams will be announced and will then draw for their presentation times.

F.Ronald McDonald House Charities

Alliance Vice President, Rod Petrick, reported that in the 6 months since forming our partnership, 26 houses have been adopted 14 percent of our goal of adopting all 184 houses. He asked everyone who has adopted a house to stand up and be recognized! To date: roofing work (in varying degrees) has been completed on 5 houses, 6 houses are currently in the process of having work done, and 2 houses are slated to have work started in the very near future.

A task force was formed and met Oct. 5. Task force members discussed an overall plan of action to help participating members have an idea of the expectations. The task force also discussed marketing ideas such as how to reach the 184 houses so they're aware of the partnership, how to promote internally to

reach Alliance and NRCA members to encourage them to adopt their local houses, and ways to promote externally creating an awareness among the general public. The task force will be meeting again the end of November to continue discussions. The goal is to have a draft plan to present at the April Alliance meetings. Mr. Petrick then shared a brief video from Charles Antis with Antis Roofing and Waterproofing encouraging all Alliance members to consider partnering with their local Ronald McDonald Houses.

Mr. Petrick concluded by challenging members to the 14% mark up to at least 50 percent or higher between now and the April member meeting.

G. Branding Task Force

Geoff Craft, chairman of the Branding Task Force, gave a brief recap of the task force meeting held Oct. 4. The task force was formed as a result of the facilitated member discussions held at the April Alliance meeting in California. Heidi Ellsworth facilitated the meeting. Prior to the meeting, task force members were asked to review minutes from past communications and marketing committee meetings; discussion group summaries from the April 2016 and 2017 Alliance meetings; the Alliance website and some of the current printed collateral.

Task force members noticed throughout their discussions that there are a number of positive things about the Alliance already in place, we just need to do a better job of telling our story.

Task force members discussed adding a tagline to the logo, shortening the name, possibly shortening up the mission, vision and core values statement, updating the Alliance website, using more social media; being more frequent with our communications; collecting more of our individual stories about why we joined in the first place and the benefits we receive – and then sharing all of this through various communication methods.

As a next step, the task force plans to research outside marketing firms and see how they may be able to help us improve the Alliance brand. The task force will meet again in November to continue discussions, prioritize next steps and to develop a request for proposal that will be sent to several marketing firms. Task force members realize all of this has a potential impact on the budget but we also realize the importance of continuing to build relationships, grow our members and fund projects that help shape the future of our industry.

6. Wrap-Up

President Saeli finished the meeting with a few closing remarks and reminders.

If members are interested in serving on any Alliance committees or task forces, they should let him or staff know. Committee objectives and rosters for the current Alliance committees and task forces are included in the meeting notebooks.

He encouraged members to attend Alliance events scheduled during the IRE in New Orleans, especially the Student Competition on Wed., Feb. 7.

He reminded everyone that our next Alliance member meeting is April 25-28, 2018 at the Omni Amelia Island Resort, Amelia Island, Florida. Details will be sent out before the February IRE.

7. Adjournment

There being no further business, the meeting concluded at 10 a.m.