AGC of California held its Fall State Board of Directors and Annual Meeting on Friday, October 26, 2012 at the Hyatt Grand Champions Resort in Indian Wells, CA. President John Nunan, Unger Construction Company called the meeting to order and welcomed AGC of America guests, Past Presidents and Directors to the desert. During the self-introductions the State Board of Directors were encouraged to fill out a form identifying the last time they asked a company to be a member of AGC, identify the company, and submit the form for a drawing to be conducted during the membership portion of the meeting.

Annual Meeting: During the Association’s Annual Meeting, members heard from AGC of America’s President Joseph Jarboe, Clark Construction Group. The theme of Mr. Jarboe’s address and his year as AGC of America’s President has been “Building Connections”. AGC has a strong presence throughout California because of the leaders in the California construction industry and the great participation of the Chapter. Mr. Jarboe stressed the fact that the strength that comes from a strong and present chapter has never been needed as much as it is now. AGC is facing a few different issues at the present time. The largest of these issues being the economy. With a cloak of uncertainty surrounding the industry, state and local construction budgets continue to be very tight. AGC of America is doing all it can to jump start the economy and have produced two publications available on their website: “Building a Stronger Future” – which promotes the ideas that boost private sector demand, tackle infrastructure debt and the easing of regulatory burdens, and “The Case for Infrastructure and Reform” – why and how the government should continue to fund vital infrastructure in this new age of public austerity. AGC will continue to face various other issues including: membership, 2012 elections, vocational training/ workforce development and infrastructure funding. Mr. Jarboe reported that the construction industry is going through a new transformation being brought on by technology advancements, business practices (which are forcing contractors to rethink long term practices), procurement methods, and the sophistication of driven owners. Success will be had by those who accept, deal and embrace these new changes. Building personal connections with the people you work with, for, and over will become increasingly important. AGC helps facilitate connections to the right people, to the right information, lawmakers, and regulators. Mr. Jarboe concluded his address by stressing the importance and value of being involved in AGC, coming to AGC events, being on committees, and recognizing that your firm is also a member, not only yourself, and to involve those who work with and for you. As President Jarboe stated “Very few people care about what one contractor has to say, but everyone cares about what a whole industry has to say”.

President John Nunan reported on the activities and actions of the Executive Committee meeting that was held the day prior. A detailed review of the 2013 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 Nunan noted that the Committee approved the July meeting minutes as well as AGC holiday office closures for December that will give AGC staff five days of paid time off in addition to the standard holiday office closures. A summary of the 2012 Legislative Program was provided and the Committee reviewed the 2013 Legislative Program proposal that was brought forward to the State Board for further discussion and approval. The Committee also heard an update on the Legal Advisory Committee (LAC) activities, which included a report on the legal retreat held a month prior. The Executive Committee heard a brief report from the CLC chair on their recent activities including the announcement of the new CLC chair for 2013, Clint Myers, Myers and Sons Construction. 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. The State Board of Directors approved President Nunan’s report as submitted.

President John Nunan reported that AGC has continued to make great strides in the way of education and training, noting an increase of over $3K in net revenue YTD over 2011 numbers. New classes, including webinars, have been added to AGC’s education and training programs. President Nunan also reported on the continued success of AGC’s marketing program. Beyond the external, internal, and targeted marketing pieces produced, AGC has also been fully established on various social networking sites including Facebook, LinkedIn, Twitter, and YouTube. Mr. Nunan was proud to announce the launch of “AGC Connect”, a social networking community formed specifically to enable AGC members to do the following: share information, collaborate with peers, and discuss topics related to the construction industry. This networking community is a one-stop resource for any questions that AGC members may have regarding the following topics: construction law, legislation and regulations, safety, and educational opportunities.

At the conclusion of President Nunan’s report, CEO Tom Holsman announced an intermission of the Annual Meeting to allow the keynote speaker, Congressman Gary Miller, to make his address to the State Board. After Mr. Miller’s presentation the Annual Meeting was resumed.

**Keynote Speaker – Congressman Gary Miller:** Congressman Gary Miller addressed the State Board of Directors noting that he was honored to be the first Congressmen officially endorsed by AGC. Congressman Miller stressed the point throughout his presentation to “vote your life”. To think about what it is that you want for yourself and your family. The Congressman recognized that the path currently being walked in regards to the national and state debt is very scary. To that point, the election, not just at a national level but also at the state and local levels, are so crucial this year with so much on the line for the construction industry. Voters cannot afford, nor should they continue to give money to politicians who vote against them and their needs. Congressman Miller touched on several key issues during the course of his address which may not have an obvious impact on each individual or individual’s job, but do in fact directly impact each Californian involved in the construction industry. The issues discussed include social security, the financial and banking crisis, and oil. The Congressman emphasized that our national government has got to get back to basics, stop regulating industry and mandating the private
sector as has been the current trend. Congressman Miller noted that successful people, and businesses, are essentially being punished for their success rather than being rewarded for it. People want to work for successful businesses and people. Miller’s parting statement was we need to let the building and construction industry get back to work.

AGC of America’s CEO Steve Sandherr reported on the political news at the national level. He updated the State Directors on the “Fiscal Cliff” of December 31, 2012. The fiscal cliff defined includes 40 tax cuts which are set to expire at the end of 2012 including the following: Bush Tax Cuts, AMT patch, Equates to 3% of GDP annually. 0.9% Medicare tax/3.8% tax on unearned >$250K. Steve noted that if no action is taken it will result in the biggest tax hike in history. Additionally, $1.2 trillion in budget cuts due to failure of the “Super Committee” are to begin in 2013. Mr. Sandherr provided an update on the presidential and congressional races. He reported on what to expect if President Obama wins the election: Bush tax cuts to expire, possible entitlement reform, possible comprehensive tax reform, increased regulatory activity, restriction on domestic energy production, 1 or 2 Supreme Court nominations, and more regulations on special preference. If Mitt Romney wins the election, Mr. Sandherr reported that the following could be expected from his administration: comprehensive tax reform, entitlement reform, more energy permits, reform of Obamacare, less regulations on business, possible infrastructure investment, and 1 or 2 Supreme Court nominations. In conclusion Mr. Sandherr directed the attendees to visit constructionvote.com an AGC of America page which offers information on the candidates, voter information, and how to talk to employees about the various issues.

CEO Tom Holsman reviewed areas of the strategic scorecard that included financials, membership, value added revenue, legislation, and organizational effectiveness. Mr. Holsman reported that dues revenue is down 9% from last year’s numbers, and is currently 43.6% of total revenue YTD. The meeting attendees were reminded of the Strategic Advocacy Fund which was approved by the State Board of Directors at the meeting in Monterey, CA in May, which implemented an initial dues increase of 2% (beginning in 2013) with a 1% increase for the next three years thereafter. It was reported that value added revenue is 22% of total revenue, down roughly 5% from 2011 percentages. Membership continued to be a struggle for AGC in 2012, with retention at 83% for contractor members and 84% for associate members. Total membership numbers were at 927 members (89 members short of the 1016 goal for 2012). The Membership Development Committee (MDC) has taken active measures in an effort to boost membership and retention, developing a “Best Practices Guide” to aid staff and membership in the areas of membership development and retention. Mr. Holsman was happy to relay to the State Directors that it was a successful legislative year for AGC, with 17 of the bills that AGC opposed defeated, amended, or having never made it out of the legislature. 1 of the 4 bills which AGC actively opposed was vetoed by the Governor, and 16 of the 17 AGC supported bills were signed by the Governor. AGC co-sponsored one bill in 2012 (AB 1671) which was successful and was chaptered on September 11, 2012. AGC has seen a change in staffing for the Director of Industrial Relations- North with the departure of Sean O’Donogue. Mr. Holsman was pleased to announce the promotion of Mark Reynosa for the director position. Lastly, AGC tenured staff was recognized for their hard work. The average tenure of the staff is 11 years of employment, which further speaks to the dedication of the AGC staff.
At the conclusion of CEO Tom Holsman’s report, President John Nunan adjourned the Annual Meeting, and the State Board of Directors meeting was reconvened.

**Leadership Forum:** Sr. Vice President Randy Douglas, Tierra Contracting, Inc., reviewed key strategic and operating business plan goals for 2013. Mr. Douglas stressed that the goals for 2013 are all geared towards membership. Major goals for membership included member retention and increased membership through member diversity, as well as increased member involvement. In terms of marketing, AGC will focus on the increase of membership diversity, embodying a more diverse AGC of the future. AGC will continue to produce and utilize member profiles to demonstrate the broad array of members, and use targeted marketing techniques to appeal to targeted and specific sectors of AGC’s membership. Mr. Douglas noted that in the area of organizational effectiveness, AGC will continue to regionalize to ensure alignment across districts. Mr. Douglas reported that in 2013 there will be an effort to strengthen ties and alignment between the Construction Education Foundation and AGC to support the long term growth of the association. AGC will focus on using a more personalized approach when reaching out to membership, and develop and implement methods of on-boarding for outreach to new members.

**Consent Agenda:** Directors approved the May meeting minutes, written District and Committee/Council reports that were provided in the meeting packets and in the electronic packet.

**New Business**

**Election of 2013 Officers:** The State Board of Directors approved the Nominating Committee’s slate of 2013 officer nominations as follows: Treasurer – John Douglas, Granite Construction Co., Vice President – Jon Ball, Hensel Phelps Construction Co., Sr. Vice President - Curt Weltz, R&L Brosamer, Inc., and President – Randy Douglas, Tierra Contracting Inc.

**2013 Standing State Committees/Councils:** The State Board of Directors approved continuation for the following Standing State Committees/Councils for 2013: 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.

**Membership Report:** Vice President Curt Weltz, R&L Brosamer Inc., reported on the year-to-date membership numbers. He reported that membership stood at 927 members with an 83% retention for contractor members and 84% for associate members. Mr. Weltz noted that the goal for 2012 was to promote the younger generations, students, CLC involvement at the district level, and to continue to promote our tagline “it’s good business to do business with an AGC member”. Though AGC membership numbers show a loss, when benchmarked with other associations, AGC is still doing much better than others. Measures will continue to be taken in an effort to establish what can be done better in terms of getting and retaining members. The Membership Development Committee (MDC) submitted the “Best Practices Guide” as a tool for membership development and retention. As their last order of business the MDC drew one form
of those who submitted a form on the last time they recruited a member. The State Board approved two different motions. The membership report was approved by the State Board as submitted. The State Board also approved the adoption of the “Best Practices Guide” as produced by the Membership Development Committee (MDC).

Financial Report: Treasurer Jon Ball, Hensel Phelps construction Co., reviewed this year’s financials which included the balance sheet and income and revenue statements. It was a reoccurring theme that the biggest challenge has been in dues, and increasing membership is vital to the Association. Mr. Ball noted that AGC is not carrying much, debt and that the association is fairly healthy. AGC is trending to be fairly close to the approved negative budget of 190K which was established to enable to the association to not cut anymore services while dealing with the fallout of members due to the economy and business going out of business, low cash flow, etc. The financial report was approved by the State Board as submitted.

AGC Education Foundation: The State Board of Directors approved three new members; Bob Cowan, Bill Davenport, and Jeff Moore to be seated on the Education Foundation Board as well as the new chair for 2013, Mike Mencarini of Unger Construction. Chair Michelle Loveall, California Republic Bank, and Erin Volk provided a report covering the following items pertaining to the Construction Education Foundation: the Construction Career Awareness Program, 2012 scholarships, the work with the AGC student Chapters, and the foundations partnership with ACE mentor program. The Career Awareness Day held in Sacramento was a huge success drawing over 7,500 students from 69 greater Sacramento middle and high schools. 2012 saw the distribution of $10,000 in scholarships to 8 students from across California. AGC student chapters have seen a great deal of involvement in 2012, including the reconnection to local districts, the attendance of over 120 students at a 2012 AGC conference’s on “scholarships”, as well as the opportunity to receive over 35 hours of professional development/training. The ACE mentor partnership continues to be a success with a scholarship mixer in June, the ACE summer camp in July, and the launch of the CSU Chico Student chapter ACE mentor program in August. Both Michelle and Erin thanked the generosity of the 2012 Annual Fund Sponsors. Lastly, Erin Volk recognized Michelle’s involvement of three years as the Chair of the Education Foundation, thanked her for her unwavering support, time and dedication to the foundation.

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

Legislative Program Review: Legislative Committee Chair Wayne Lindholm, Hensel Phelps Construction Co., and Dave Ackerman, DGA Associates updated the board on the successful legislative year for AGC. AGC directly lobbied 38 bills on which the Legislative Committee took position, which resulted in 34 wins and 4 losses. 17 of the bills AGC actively opposed were defeated or amended to remove our opposition, 16 bills supported by AGC were signed into law, 1 bill opposed by AGC was vetoed, 3 bills opposed by AGC were signed into law, and one bill supported by AGC was vetoed. The board heard a brief update from Mr. Lindholm on cap and trade, and pension reform. Lastly, the 2013 legislative program was reviewed by the State Board. The 2013 Legislative Program was approved by the State Board as submitted.
**PAC Update:** Wayne Lindholm, Hensel Phelps Constructions Co., stood in for PAC Chair Mark Thurman who was not able to make it, and gave an update of the Political Action Committee. He reported that despite a loss of membership the Political Action Committee has brought in over $200K in 2012. More important than ever is the need for contributions and Mr. Lindholm noted that the contributions were evidence of the realization that you have to help and contribute to make a difference.

**Awards Committee:** Chair Dave Garese, Excel Bonds and Insurance, announced that the Annual Constructor Awards will be held on May 4, 2013 at the Palace Hotel in San Francisco. Recognition of the Achievement and Partnering Awards will also be presented at the awards ceremony. Contact AGC for program details and entry deadlines.

**Announcements & Future Meetings:** President Nunan thanked all those in attendance and announced that the next meeting of the State Board of Directors is scheduled for February 8, 2013 at the Fess Parker Double Tree Resort in Santa Barbara, CA.
The Building Division meeting was held on October 25, 2012 in Palm Desert, CA. Chair Mike Mencarini, Unger Construction, called the meeting to order at 2:40 p.m. and asked for self introductions.

**Nomination Process for Building Division 2013 – Tom Foss, Griffith Company:** The following names have been voted and approved by the Building Division Board of Directors:

- Elected for Building Division Chair 2013: Erwin Villegas, Schipper Construction
- Elected for Building Division Vice Chair 2013: Skip Mancini, BT Mancini Company

**Associate Nominations included:** Dave Garese, Excel Bonds & Insurance Services and Teri Jackson, Pinnacle Surety and Insurance Services will serve as State Directors. Bob Mahan, Gold Dolphin Insurance Services and Tim Truax, Law Offices of Timothy M. Truax, will serve as Division Directors.

**Specialty Nominations included:** Tom Brickley, Brickley Environmental and Darrin McElroy, Environmental Construction Group will serve as State Directors. Ted Polich, Bali Construction will serve as a Division Director.

**Legislative Update:** Dave Ackerman, AGC Advocate discussed the following legislation:

**PASSED:**
- Workers’ Compensation Reform
- School Construction Prequalification of Contractors and Certain Subcontractors
- Public Works Electronic Bidding
- Job Order Contracting – Los Angeles Unified School District

**VETOED:**
- Heat Illness Statutory Requirement

**2013 LEGISLATION**
- Implementation of SB 863: Workers’ Compensation Reform
- Design Build Legislation
- Type I Indemnity: SB 474 (Evans)
- CEQA Reform
- Sales Tax: Fixed Price Contracts
- Storm water Runoff
Air Quality Issues: Diesel Retrofit

**Air / Water Quality Regulatory Update:** John Hakel, AGC Vice President, Government Relations discussed the AGC of California and CICWQ partnership with Community Conservation Solutions to jointly develop detailed construction, operation and maintenance costs for storm water capture / retrofit projects that would be located on owned land such as schools or parks. CICWQ has been able to make significant progress on both efforts and are able to drive the policy discussion currently underway on the proposed Los Angeles County Benefit Assessment for storm water control. CICWQ’s role in partnering with this study is to expand the work of the CCS to include real construction, operation and maintenance costs for improvements at those locations. This work is very similar to the work being performed for Orange County Public Works, which will soon be completed. It is timely to produce these numbers for hundreds of potential projects in Los Angeles County as the Benefit Assessment proposal moves to completion. This research should “jump start” the construction funding available from the Benefit Assessment.

**Air Quality:** AGC of California and CIAQC continues to be the information portal for on/off road diesel compliance information.

**Topics Discussed:**

- In-use off road diesel vehicle regulations
- Portable engine air toxic control measures
- Truck and bus regulations, retrofitting, particulate filters
- AGC of California’s involvement with EPA and CARB regarding granting a waiver for air quality compliance.

**AGC and State Architects Office Liaison Committee and AGC / OSHPD Liaison Committee:** Chairman Mike Mencarini informed the division of the two important liaison committee meetings and asked for member involvement.

- AGC of California / State Architects Liaison Committee Meeting
  Monday, November 5, 2012, Statewide Conference Call

- AGC of California / OSHPD Liaison Committee Meeting
  Thursday, November 15, 2012, Statewide Conference Call

**Panel Discussion:** Could New Technology Create a Disaster for Building Contractors in 2012 – 2013: This distinguished panel consisted of: Wayne Lindholm- Hensel Phelps, Attorney Rosemary Carson- Gordon & Rees, Scott Marvell- Zurich North America and Michael Smith- Cannon Design. This very informative discussion centered on potential problems arising from changes to concept and design and implementation and how thru a collaborative process these potential damaging situations could be addressed and corrected.

Chairman Mike Mencarini led a very lively question and answer period during this extremely educational portion.
Next Meeting: Chairman Mencarini thanked the Division for their interest and support during his term as Chair and announced the next meeting to be held at the Fess Parker Double Tree in Santa Barbara, CA on February 7, 2013.
The Joint Engineering Division Board of Directors meeting was held on October 25, 2012. Jamie Angus, Vice-Chair of the Joint Engineering Division Board of Directors called the meeting to order.

Welcome to Caltrans District 8: Basem Muallem, Director, Caltrans District 8 welcomed AGC to Indian Wells. Mr. Muallem discussed the current workload coming for the entire Inland Empire region. He indicated that three agencies partner to deliver transportation and infrastructure projects: Caltrans, SANBAG (San Bernardino Associated Governments), and RCTC (Riverside County Transportation Commission). The expected workload for the next three years will exceed $2 Billion. Mr. Muallem stressed the importance of partnering with the construction industry to deliver this program. He emphasized his vision of no claims and no courts to settle disputes. He encouraged contractors to call him directly if they feel they are not treated fairly by anyone of his Caltrans team. He is a believer of face-to-face meetings and living up to commitments made between parties to best serve the tax payers and the travelling public.

California Transportation Foundation (CTF): Sarah West, Executive Director shared with AGC members the many benefits CTF provides to the transportation community at large, government, as well as the private sector. Some of the highlights are: Scholarships are available to students seeking college education in the Civil Engineering or Construction Management fields. Relief funds dedicated to the families of fallen workers who are killed while working on transportation projects, and Transportation Awards to recognize showcase projects around the state. Ms. West encouraged contractors to participate in CTF functions and to enter their projects for awards.

Infrastructure Funding Update: Bert Sandman, Transportation California is a regular and frequent speaker at AGC conferences. He provided projection for transportation funding within the State of California. Sandman reminded attendees that all projects funded by Proposition 1B and stimulus dollars are out to construction. No additional funding besides the normal STIP with matching Federal funds is available. Revenue from gas tax is stagnant, and Locals have to raise their own money for their local projects. Mr. Sandman indicated that a proposed legislation is being considered to introduce a user fee on vehicles similar to previous discussions on VLF (Vehicle User Fee). The proposal calls for 1.35% surcharge to the annual vehicle registration fee. It is anticipated to generate $4 Billion annually.

Election of 2013 Joint Engineering Division Officers: Tom Foss – Griffith Company, Chair of the Nomination Committee called for nominations and votes for the 2013 slate of Officers. The following names have been voted and approved by the Joint Engineering Board of Directors:

- Elected for Joint Engineering Division Chair 2013 – Jaimie Angus, Griffith Company
- Elected for Joint Engineering Division Vice Chair 2013 – Steve Poindexter, American Paving Company
**Associate Directors Nominations Include:**
Mike McGowen  
Cathy Skeen  
Andre Sims  
Ken Williams  

**Specialty Directors Nominations Include:**
Peter Mendoza  
Joe Morello  
Gary Castro  
Dennis Sterndahl

**How to protect your bid and your DBE from being rejected:** John McMillan – Caltrans, Office Engineer and Rene Halverson – Caltrans, Office of Business & Economic Opportunity presented to the division board. Mr. McMillan indicated that the Public Contract Code 4101 prohibits any prime contractor from altering his bid in order to maintain a fair and competitive environment. He cited the ruling of the Appellate Court (Valley Crest vs. City of Davis) that rejected appeal by the contractor due to clerical error. Accordingly any information requested by a department concerning any subcontractor who the prime contractor is required to list, is to be submitted by the prime contractor up to 24 hours after the deadline established by the department for receipt of bids by prime contractors. Ms. Halverson, with OBEO provided attendees with tips to help them protect their bids from being rejected or protested by other bidders by thoroughly investigating their subcontractors; mainly DBE’s to ensure proper licenses are current, as well as Commercially Useful Function (CUF).

**Update on Caltrans Storm Water Taskforce:** Steve Blois provided an update on the joint effort with Caltrans in providing data to the Water Board on the cost and functionality of implementing regulations and requirements imposed on departments and contractors. This is a joint partnering effort between Caltrans and industry to best protect the environment as well as tax payers’ dollars to provide cost-effective measures.

**Legislative Update:** Dave Ackerman, DGA Associates presented results of the legislative effort. AGC lobbied for 38 Bills, with 34 wins against 4 losses. Dave also highlighted 17 “bad bills” that AGC was able to block from making it out of the legislators, which could have had negative impacts to the construction industry. Among the Bills which are great success to industry:

- Workers’ Compensation reform
- Increased use of recycled asphalt
- Highway maintenance exemption from CEQA review
- Measure R sales tax extension in Los Angeles County
- Retention and electronic bidding for Caltrans
- LAMATA design-build and contract authority
- Construction Manager/General Contractor authorization for Caltrans (CMGC)
- SANDAG – CMGC and design sequencing procurement
- Mining liens for rock quarries
Gas tax dollars/budget delays

Lastly, High Speed Rail and Cabinet Secretary for Transportation are also additional successes for the construction industry and AGC.

**Next Meeting:** Vice Chair Jamie Angus announced the next meeting to be held at the Fess Parker Double Tree in Santa Barbara, CA on February 7, 2013.