



The Roofing Industry **ALLIANCE** for Progress

May 16, 2017

Meeting Report
The Roofing Industry Alliance for Progress
April 21, 2017
The Hotel Del Coronado, Coronado, CA

1. Call to Order and Self-Introductions

A regular meeting of the members of The Roofing Industry Alliance for Progress was held on Friday, April 21, 2017 at The Hotel Del Coronado, Coronado, CA. The following were in attendance:

Alliance Board of Trustees

Jim Barr, Secretary-Treasurer	Josh Kelly, Trustee	Rod Petrick, Trustee
Nelson Braddy, Trustee	John Massarelli, Trustee	Thomas Saeli, Vice President
Dane Bradford, Trustee	Paul Mitchell, Trustee	Tom Walker, Trustee
Naomi Dupre, Trustee	James Patterson, President	David Workman, Trustee
Ken Farrish, Trustee		

Alliance Members

Charles Antis	Jennifer Ford-Smith	James Perella
Greg Bloom	John Gooding	Trenton Perron
Tim Blue	Rudy Gutierrez	Doug Reader
Eric Brandenburg	Jeremy Hill	Jonathan Reader
Bill Collins	Greg Hudson	Patrick Reilly
Dennis Conway	Nick Kesslering	Dave Rueter
Geoff Craft	Dave Lawlor	Lindy Ryan
Rick Damato	Brian Levoguer	Brynne Smith
Jason Dark	Daryl Maronic	Kent Tolley
Piers Dormeyer	Mark Paine	Kelly Van Winkle
John Embow	Richard Paradise	Lance Van Winkle

Guests and Others

Mike Breller, Beacon Point Advisors	Mostafa Khattab, Colorado State University
Kent Burress, Ronald McDonald House Charities (RMHC)	Jack Krapf, Merrill Lynch
Karen Cates, facilitator	Alison LaValley, NRCA
Paul Deeley, Beacon Point Advisors	Jessica Priske, NRCA
Mike DiRocco, Beacon Point Advisors	Reid Ribble, NRCA CEO
Heidi Ellsworth, HJE Consulting Group	Robert Ries, University of Florida
Bill Good, NRCA	Harry Ryder, NRCA
Jeff Jarvis, NRCA	Amy Staska, NRCA
Bennett Judson, Alliance Executive Director, recorder	Sarah Tobeck, RMHC

Alliance President James Patterson called the meeting to order at 8 a.m. mountain time. He began by welcoming all members and thanking them for attending. He explained the meeting attendance was the highest it has been in a number of years. He extended a special welcome and recognized the new members who have joined since June 1 that were in attendance: Charles Antis, Antis Roofing & Waterproofing; Rick Damato; Nick Kesslering, Fibertite Roofing Systems; Rudy Gutierrez, Shell Roofing Solutions Group; Mark Paine, Hy-Tech Products Inc. and Douglas and Jonathan Reader, R&B Roofing. He then asked the remaining members to introduce themselves.

2. Minutes from the April, 2016 Alliance Meeting

Upon a motion duly made, seconded and unanimously carried, the minutes from the April 15, 2016 Alliance Member Meeting in Naples, FL were approved as submitted.

3. Finance and Financial Development Committee Report

Dane Bradford report on behalf of Finance committee chairman Jim Barr. Mr. Bradford reported on highlights and recommendations from the Alliance Finance and Financial Development Committee held Thursday morning. As of March 31, 2017, the general fund stands at \$8,598,688 and the scholarship fund stands at \$1,561,343. Both funds are up from a year ago. The year-to-date forecast is favorable to the current budget.

Mr. Bradford further reported that the Finance Committee:

- ▶ approved the 2017-2018 operating budgets for the Melvin Kruger Endowed Scholarship (as presented) and the Alliance General Endowment (without new project funding and a reduction from \$25,000 to \$18,000 in the consulting & investment advisor expense)

The Melvin Kruger Endowed Scholarship operating budget includes

- 3 percent for estimated investment income
- \$55,000 for 11 Melvin Kruger Endowed scholarships (6 renewals and 5 new)

The Alliance General Endowment operating budget includes:

- 3 percent for estimated investment income
- \$140,500 in continued commitments for 1)the Employee Outreach Initiative (MVP Program), 2)Construction Management Schools Initiative, 3)CM Cares Program and 4)a final year of funding to National Women in Roofing
- a one-year agreement to work with Bill Good on a consulting basis with 1)fundraising – member development, scholarship campaign, planned giving program; 2)construction management schools initiative and 3)Ronald McDonald House Charities partnership (pending approval)
- funding for the Gold Circle Awards program (pending approval for the program to transfer to the Alliance) and
- an increase in the Alliance’s administrative fee to NRCA to \$205,600 with the understanding that it will be reviewed annually and adjusted accordingly for CPI -- all subject to review by the Alliance Finance and Financial Development Committee

- ▶ recommended a maximum spending cap of \$320,000 for new project funding.

He advised everyone that the proposed budgets and the Feb. 28, 2017 financials were in Section III of the Alliance notebooks.

4. Investment Performance Overview and Economic Outlook

Following Mr. Bradford's report, Jack Krapf and Paul Deeley shared their economic outlooks. Highlights from their reports are as follows:

Mr. Krapf's remarks to the committee:

Trump Agenda- Market's need Clarity-Clarity and Clarity

▶ Health Care

- Obamacare Regulations increased premiums 68% across the board.
- Congress continues to debate
- Far Right killed bill
- 24 million Americans would not lose Health Care- they may chose not to purchase healthcare

▶ Tax Reform

- Probably be smaller than expected.
- Probably not be Reform but tax cut's
- 3 Individual Rates 12%-25% and 33%
- Corporate Tax Rate 20%-25%
- Without Border Adjustment Tax may not get tax cuts-
- It's about budget neutrality

▶ Economic Data

- Drop in Auto sales could shave a few tenths off GDP
- ISM –Manufacturing slipped a bit in March
- ISM-Non Manufacturing declined a bit in March

▶ Federal Reserve

- GDP 1st quarter up 1.2% expect an increase to 2.3% following quarters
- Expect rate increase 2-3 times in 2017 taking rate to 1.5% to 1.75%
- Expect rate increasing 2018 3 times taking Fed Fund rate in 2018 to 2.25% to 2.5%
- Fed to begin normalization of balance sheet- Will markets be able to absorb debt purchases and what happens to cash? Will deficit decrease or will funds be disbursed?
- Potential inflation- Yields Rise- Funds be used to fund infrastructure?

Highlights from Paul Deeley's comments to the committee:

- ▶ In the early months of 2017, consumer confidence is at a 16 year high, Small Business confidence surges, and forecasts abound for global economic growth
- ▶ Much enthusiasm for change and with good fortune it will come about
- ▶ Looking back since the 2007 recession, The Federal reserve has kept rates low in order to boost spending, investment and borrowing
- ▶ To some degree the policy has worked. 2016 was a good year for equity markets, unemployment is low and outlook is positive
- ▶ But GDP growth was only 1.8% in 2016. we are not going to offer economic opportunity at that level of economic growth
- ▶ So we begin to understand that real growth of the economy will not come about without regulatory reform, tax reform, healthcare reform
- ▶ Change has started and the optimism has come from the perfect storm of economic action from the elected political class.
- ▶ Much solid news on ISM numbers, measurable wage inflation and labor markets are tightening modestly. Signs of strength in the economy
- ▶ Getting to a better place will take time and will not be a straight line

- ▶ Expect 2017 to be equity markets returning high single digits, fixed income markets rising modestly to 3%
- ▶ Regulatory reform in process, but it will take time
- ▶ Alliance portfolio has done well and fully participated in good markets in 2016 and 2017 to date
- ▶ We are currently not recommending any changes to the allocations in the portfolio

5. Alliance Board of Trustees Report

President Patterson reported that the following action items were approved by the Board of Trustees at their meeting held Thursday, April 20, 2017.

- ▶ the two operating budgets as presented in Mr. Bradford's earlier report

A motion was made, seconded and passed by Alliance members present to approve the 2017-2018 Melvin Kruger Endowed Scholarship and the General Alliance Operating Budgets as presented and recommended. (*Copies of the approved budgets with new project funding are included with the minutes.*)

- ▶ 11 scholarship awards for the 2017-18 Melvin Kruger Endowed Scholarship program: Six renewals at \$5,000 each: Christian Cole (Dan Cohen Scholarship), Jaclyn Harris (Firestone Scholarship), Josiah Martin, Dannelly McKenzie, Drury Poston, and Ivy Rivas (Fred Good Scholarship). Five new scholarships at \$5,000 each: Alyssa Merna (2nd Firestone Scholarship), Salvador Flores Garcia (Beacon Roofing Supply Scholarship), Sophia McGuire, Lillian McKenzie (OMG Roofing Products Inc. Scholarship) and Nicholas Calvert.
- ▶ 2017-19 Officers and 2017-21 Trustees: Thomas Saeli, Duro-Last, Saginaw, Mich., President; Rod Petrick, Ridgworth Roofing Co. Inc. Frankfort, Ill, Vice President (President for 2018-19); Dane Bradford, Bradford Roof Management, Billings, Mont., Secretary-Treasurer. 2017-21 – New Trustees: Greg Bloom, Allied Building Products Corp., Edmonds, Wa.; Dave Lawlor, Roxul Inc., Milton, Ontario, Canada; Kyle Thomas, Thomas Roofing Co. Inc., Mobile, Ala.; and Dan Tinker, SRS Distribution Inc., McKinney, Texas

6. Recommended Funding Requests

President Patterson reminded Alliance members that there were copies of funding requests in the meeting notebooks, Section IV and on their tables. He reported that the Board approved the following new funding requests: \$50,000 to partner with Ronald McDonald House Charities; \$100,000 in additional funding for the NRCA ProCertification Series; \$50,000 for NRCA Silica Objective Data Collection Project and \$105,000 for the Moisture Release in Concrete Roof Decks Study. And, the Board included the \$15,000 expense for the Gold Circle Awards Program as part of the project funding total.

In-person presentations were given for the funding requests that the Board had approved. Following the presentations and **upon motion duly made, seconded and carried,**

Alliance members approved funding for the following projects:

- \$ 50,000 – to partner with Ronald McDonald House Charities** (*renewable on an annual basis subject to review*)
- \$100,000 – additional funding for NRCA ProCertification Series** (*the revenue agreement was revised – the Alliance will receive 25% of revenue until the total amount funded is recovered and a 10% royalty fee on licensing revenues capped at 5 years after that.*)
- \$ 50,000 – NRCA Silica Objective Data Collection Project**
- \$105,000 – Moisture Release in Concrete Roof Decks Study**
- \$ 15,000 – Gold Circle Awards**
- \$320,000 – total new project funding for 2017-18**

7. Program/Project Updates

President Patterson directed members to Sections IV and V in their meeting notebooks where they would find written status reports for current programs and projects. Several in-person reports were given at this point in the meeting.

- ▶ **Employee Outreach Initiative and RoofPoint** – Mr. Patterson said there is a recap of the 2016-17 Most Valuable Player Awards program in the notebooks.
- ▶ **RoofPoint** – Mr. Patterson advised there is a status report on RoofPoint in the notebooks. He further explained that all RoofPoint data, the app, emails and websites are now in the possession of the Alliance. Everything has been “shelved.” It is no longer active. There are no plans to activate, update or train. A webpage has been created stating RoofPoint is no longer active and directing questions to the Alliance office. He further advised that at the previous Finance and Board meetings, members asked that the RoofPoint Task Force discuss whether or not there might be an Organization or school interested in RoofPoint.
- ▶ **Construction Management Schools Initiative** – Bill Good, Mostafa Khattab and Robert Ries reported on the state of the initiative. Mr. Good gave background information on the initiative. The goals are to ensure that CM students learn more about roofing and to attract more CM graduates into the roofing industry. The partnerships with Auburn, Colorado State and the University of Florida remains strong. Efforts are being made to involve more schools, engage faculty by offering research opportunities, engage more students through the student competitions, develop tools for classes on roofing, develop tools for recruiting and encourage and engage Alliance members to get in front of students.

Both Dr. Khattab and Dr. Ries said their schools (faculty and students) value their relationships with The Alliance. And, they feel we’ve made good progress to date. They encouraged Alliance members to be persistent and patient. There is a future for the roofing industry and an opportunity to get talent from the construction management field.
- ▶ **Colorado State University CM Cares Program** – Mr. Khattab thanked The Alliance for their support. The CM Cares Program provides a wonderful service and leadership opportunity for CM students. Students learn the value of using their talents and abilities to touch someone else’s life and make a difference. The program currently has currently achieved \$650,000 of their \$1 million goal.

- ▶ Heidi Ellsworth reported on National Women in Roofing. She began by thanking The Alliance for their support as a Founding Sponsor – and she thanked the Alliance members who have individually joined NWIR. Their membership currently stands at 391. NWIR continues to focus on education, recruiting, training and mentoring. NWIR has a monthly newsletter, they had a strong presence at the 2017 IRE in Las Vegas and plans are already underway for special events during the 2018 IRE in New Orleans, including NWIR Day. They have a presence at industry programs and tradeshow; they conduct webinars and they support local NWIR councils.
- ▶ Dane Bradford and Dennis Conway gave Member Development and Planned Giving reports. Detailed reports were included in Section V in the meeting notebooks.
- ▶ Member Development Report – Dane Bradford reported on the activity in 2016-2017 for the five objectives that had been identified to generate revenue and expand the Alliance’s visibility.

8. Recognition of Retiring Alliance Board of Trustees and President

President Patterson formally recognized and thanked the Board of Trustees who are retiring May 31, 2017: Bob Bechtholdt, Douglass Colony Group, Commerce City, Colo.; Naomi Dupre, Kirby Fiberglass, Pueblo West, Colo.; Ken Farrish, Atlas Roofing, Atlanta, Ga. and Paul Mitchell, Tremco Roofing and Building Maintenance, Beachwood, Ohio.

Incoming President Thomas Saeli formally acknowledged and thanked James Patterson for his service as President of the Alliance this past year.

9. U.S. Navy SEALs or The Alliance: Elite Team Get the Job Done

After lunch, Howard Wasdin will share his experiences as a U.S. Navy SEAL and how they can be used in your businesses as you face the day-to-day challenges of labor shortages, maintaining employee morale and learning how we can apply best practices even if they are gleaned from our competition: comparing traits of success: SEAL Team or The Alliance; overcoming adversity; there are no Rambo in a successful team; Delta Force vs. SEAL Team Six; improvise, adapt and overcome is a fallacy; thorough preparation makes its own luck and perseverance through teamwork.

10. Alliance Member Breakout Discussions

In preparation for the breakout discussions, members had received in advance several articles and questions to consider. Rather than discussing the question of balancing or expanding the Alliance’s approach to funding, there was more of a freeform discussion of branding and marketing, especially in support of strategic issues that came to light. More information from the discussions will be shared with all members at a later date.

11. Wrap up and Adjournment

President Patterson reminded Alliance members that the next Alliance meeting will be held in conjunction with NRCA’s Fall Committee Meetings on Friday, Oct. 20, 2017 at the Loews Madison Hotel in Washington, D.C.

There being no further business, President Patterson thanked everyone for attending and adjourned the meeting at approx. 5 p.m. Mountain time.

Enclosure - Approved operating budgets for 2017-18