



The Roofing Industry **ALLIANCE** for Progress

May 16, 2018

Meeting Report

The Roofing Industry Alliance for Progress

April 27-28, 2018

Omni Amelia Island Plantation and Resort, Fernandina Beach, FL

1. Call to Order and Self-Introductions

A regular meeting of the members of The Roofing Industry Alliance for Progress was held on Friday and Saturday, April 27-28, 2018 at the Omni Amelia Island Plantation and Resort, Fernandina Beach, FL. The following were in attendance:

Alliance Board of Trustees

Dane Bradford, Secretary-Treasurer	James Patterson, Trustee	Kyle Thomas, Trustee
Josh Kelly, Trustee	Rod Petrick, Vice President	Tom Walker, Trustee
Dave Lawlor, Trustee	Tom Saeli, President	

Alliance Members

David Almario	Reed Gooding	Craig Rainey
Charles Antis	Rudy Gutierrez	Jonathan Reader
Bob Bechtholdt	Kevin Gwaltney	Reid Ribble
Tim Blue	Greg Hudson	Lindy Ryan
Bill Collins	Jeff Karo	Chris Salazar
Trent Cotney	Aaron Kock	Brian See
Geoff Craft	Steve Kubicka	Philip Siegel
Rick Damato	Cynthia Lang	Joe Smith
Jeremiah Dancy	Steve Little	Rob Springer
Jason Dark	Jim MacKimm	Mike Steele
Katie Domenico	Daryl Maronic	Larry Sterritt
Naomi Dupre	Bruce McCrory	Rob Therrien
Ken Farrish	Rob McNamara	Kelly Van Winkle
Jennifer Ford-Smith	Dudley Miles	Lance Van Winkle
Scott Gipson	Mark Paine	

Guests and Others

Rick Bonfim, Merrill Lynch	Jack Krapf, Merrill Lynch
Mike Breller, Beacon Pointe Advisors	Alison LaValley, NRCA
Shari Carlozzi, National Women in Roofing	Jessica Priske, Alliance
Heidi Ellsworth, NJE Consulting	Robert Ries, University of Florida
Bill Good, NRCA	Harry Ryder, NRCA
Bennett Judson, Alliance Executive Director, recorder	Hilary Ward, RMHC
Mostafa Khattab, Colorado State University	

Alliance President Tom Saeli called the meeting to order at 8 a.m. Eastern 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: Trent Cotney, Cotney Construction Law, LLP; Jeremiah Dancy, BLUEFIN, LLC; and Philip Siegel, Hendrick, Phillips, Salman & Siegel. He then asked all members and guests in attendance to introduce themselves.

2. Minutes from the April, 2017 Alliance Meeting

**Upon a motion duly made, seconded and unanimously carried, the minutes from the April 21, 2017 Alliance Member Meeting in Coronado, CA were approved as submitted.**

3. Alliance-NRCA-One Voice and Demographic Study

NRCA CEO, Reid Ribble, explained the relationships and differences between the Alliance, NRCA and NRCA's One Voice Initiative.

► The National Roofing Foundation (NRF), founded in 1970 as a 501 (c) 3 educational foundation for the NRCA. NRF currently does business as The Roofing Industry Alliance for Progress which was formed in 1996. The Alliance is NRCA philanthropic arm that (1) provides scholarships, (2) partners with nationally recognized philanthropic organizations like Ronald McDonald House Charities and (3) funds research that benefits the roofing industry.

► The National Roofing Contractors Association (NRCA) is one of the construction industry's most respected trade associations and the voice of roofing professionals and leading authority in the roofing industry for information, education, technology and advocacy. Founded in 1886, NRCA is a nonprofit association that represents all segments of the roofing.

► NRCA's One Voice Initiative unites the industry in order to address the roofing industry's most critical issues and concerns—with one voice—to secure its future. NRCA invites manufacturers, distributors, architects, engineers, consultants and service providers to fully engage with NRCA, as partners, and actively address the industry's most pressing issues, including workforce and work certification; effecting change in Washington, D.C.; building codes and insurance; and increasing professionalism in all industry sectors.

Mr. Ribble also gave a brief report on the Construction Management Faculty Research topic that the Board had approved – A Study of the U.S. Roofing Industry and Its Workforce. This study has a two-fold purpose. Not only does it provide a next step in the Alliance's Construction Management Initiative by engaging CM faculty, but it will also provide some much-needed demographic information. We currently don't have good data. The research will quantify the economic impact of the roofing industry and measure the size, age, racial background and gender of the workforce. The study also will identify the number of roof contracting, manufacturing and distribution companies that exist in the U.S. market and the type of work they do. This comprehensive study will provide real data for us as we plan our future.

4. Finance and Financial Development Committee Report

Chairman Dane Bradford reported that the Alliance Finance and Financial Development Committee had a very productive meeting; there was good input and good discussion. He reported that the Alliance finances are currently in good standing. As of March 31, 2018, the general fund stands at \$9,259,218 and the scholarship fund stands at \$1,725,778. Both funds are up from a year ago. The year-to-date forecast is favorable to the current budget. He reminded the Board that they have copies of all Feb. 28, 2018 financial reports and the proposed operating budgets in their notebooks and that Harry Ryder is available to answer any questions they may have.

Mr. Bradford further reported that the Finance Committee approved the following:

- ▶ the Administrative Fee of \$205,600 for the 2018-19 fiscal year (*A 2.1% CPI was used to calculate this year's fee.*)
  - ▶ a maximum spending cap of \$450,000 for 2018-19 New Project Funding
  - ▶ the Melvin Kruger Endowed Scholarship Operating Budget for 2018-19 as presented with \$55,000 included for 11 Melvin Kruger Endowed scholarships (9 renewals and 2 new), and
  - ▶ the proposed Alliance General Endowment Operating Budget for 2018-19 without any new project funding and without the following: (*all of which are subject to Alliance Board of Trustees' review, discussion and approval*)
    - \$80,000 – under Branding – to work with an outside marketing/communications firm
    - \$30,000 – under Fundraising – to continue working with Bill Good on a consulting basis
    - \$35,000 – under CM Schools Initiative – earmarked for a demographics study by CM faculty (*\$70,000 is the total estimated cost - \$35,000 is available in the 2017-18 budget.*)
    - \$75,000 – under RMHC – to continue the partnership and earmarked funds for house projects
- \$220,000

5. Investment Performance Overview and Economic Outlooks

Mr. Krapf distributed March 31, 2018 Investment Performance Reports which show the general fund balance at \$9,259,218 and the scholarship fund balance at \$1,725,778.

Following are Mr. Krapf's remarks on Geo-Politics and Economic Outlook. Trade war with China, I don't think it will happen:

China

- ▶ China GDP for 2017- \$11.2 Trillion
- ▶ 2017 GDP growth rate 6%-7% per China- I don't think so!!! China does not mark to market asset values. More like 3%
- ▶ Chinese Gov't expenditures represent about 30% of total GDP. Roads to no-where.
- ▶ \$2.06 trillion in Exports and \$1.32 imports. Net \$740 Billion. US represents almost half net.
- ▶ China exports \$500 Billion to US and imports \$170 billion. Net \$330 Billion from US.
- ▶ U.S. owes China \$1.16 Trillion down from over \$2 Trillion from a few years ago.

## **United States**

- ▶ U.S. GDP \$21 trillion.
- ▶ 2017 GDP growth rate around 2.5%.
- ▶ U.S. Gov't expenditures represent about 30% of total GDP.
- ▶ U.S. total deficit around \$21.5 trillion.
- ▶ Around 28% total U.S debt owed to Foreigners around 72% owed to U.S Citizens, U.S. entities, and to U.S. Gov't.

## **Who holds the cards? U.S. Economic Outlook**

- ▶ Length and strength of current economic expansion suggest there is significant room to grow.
- ▶ Corporate cash at all-time high.
- ▶ Consensus S&P 500 earnings estimate positive outlook for higher valuations.
- ▶ P/E Ratios at 25-year average, suggests higher equity valuations.
- ▶ Unemployment rate negative, but is it?
- ▶ U.S. deficits and expectations from Federal Reserve.
- ▶ Trade negotiations, China, NAFTA, Eurozone, Asia.

## **Risks to U.S. Markets**

- ▶ Always unexpected conflagration- War, Terrorism.
- ▶ Trade war with China or other trading partners.
- ▶ President Speak or Impeachment.

Mr. Breller shared the following remarks with the Board:

**Economy** - All signs point toward continued, albeit slowing global growth in 2018. A tighter jobs market, wage growth, and accommodative central bank policy will most likely lead to continued synchronized global economic growth. The benefits of the U.S. tax stimulus have led to strong consumer sentiment and will provide for continued economic expansion in the United States. The recently passed budget will add to current deficits and may hamper longer-term economic growth.

**Equities** - While equity valuations remain elevated from a historical perspective, the recent selloff has taken them off their high-water levels. Newly enacted corporate tax reductions should start showing up in corporate earnings, reducing valuations from their lofty levels. While forward looking Price-Earnings ratios are now near historical averages, higher interest rates and wages may lead to future slowing of earnings growth. We believe a cautious approach is best going forward.

**Fixed Income** - The Federal Reserve raised interest rates in Q1-18, as expected, and has signaled 2-3 additional increases for 2018. The path of least resistance is for interest rates to move higher, both in the U.S. and in Europe. Recent data show inflation starting to increase and wage growth should follow the same path. Overall, interest rate levels have significantly increased from their lows, pressuring bond valuations. The Eurozone seems to be rethinking its easy monetary policy. Overall, we expect to be in a low, but increasing rate environment in 2018.

Mr. Krapf and Mr. Breller advised the Board that the Finance and Financial Development committee approved the following two recommended changes on page 7 in the Investment Policy Statement for the General Alliance Fund:

- 1) change Foreign Equity/EAFE maximum from 12.50% to 20.00%
- 2) change the Total Fixed Income minimum from 30.00% to 25.00% (this was a typo)

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

#### 6. Alliance Board of Trustees Report

President Saeli reported on the following action items that were approved by the Board of Trustees at their meeting held Thursday, April 26, 2018.

The Board approved both 2018-19 operating budgets -- the scholarship budget (found in Section III of the notebooks, page 14) and the general operating budget (updated copies were available on each table).

President Saeli explained that the budget being recommended includes:

- ▶ funding to hire an outside communications/marketing firm who will work with staff and our Branding Task Force to ramp up the Alliance's communications and marketing efforts.
- ▶ funds to continue working with Bill Good on fundraising, our RMHC partnership and our Construction Management initiative
- ▶ as a next step in our Construction Management initiative, funds were approved for the faculty research Study of the U.S. Roofing Industry and its Workforce which Mr. Ribble explained earlier in the meeting, and
- ▶ funding to continue the Alliance partnership with Ronald McDonald House Charities

**A motion was made, seconded and passed by Alliance members present to approve the 2018-19 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.*)

President Saeli explained that the Board did not use the full spending cap that the Finance committee had recommended for new project funding – the Board approved \$25,000 for National Women in Roofing for a Diamond Sponsorship with the understanding that this will be the final year of sponsorship funding. He explained that following Shari Carlozzi's report on NWIR, members will be asked to vote.

President Saeli explained that after hearing presentations on Bioremediation of Roofing Waste and Developing Interventions for Reducing Musculoskeletal Disorders Among Roofers, the Board decided to table the Bioremediation request. They will be asked to provide more detailed information and resubmit a future funding request if they choose to do so.

The Board did not approve funding for the Musculoskeletal study. They did not feel the study would come up with practical results that would help the industry or could be easily implemented.

The Board also approved:

- ▶ 11 Melvin Kruger Endowed Scholarship Awards were approved – Nine renewals at \$5,000 each: Nicholas Calvert, Christian Cole (Dan Cohen Scholarship), Salvador Flores Garcia (Beacon Roofing Supply Scholarship), Jonah Manson, Sophia McGuire (William A. Good Scholarship), Lillian McKenzie (OMG Roofing Products Scholarship), Alyssa Merna (Firestone Scholarship), Drury Poston, and Ivy Rivas (Fred Good Scholarship). Two new scholarships at \$5,000 each: Cameron Tickerhoff (second Firestone Scholarship) and John Paynter.
  
- ▶ the following officers for 2018-19:
  - Rod Petrick, Ridgeworth Roofing, President
  - Josh Kelly, OMG Roofing Products, Vice President in 2018-19 and then President in 2019-20
  - Dane Bradford, Bradford Roof Management, Secretary-Treasurer
  
- ▶ the following New Trustees:
  - Rudy Gutierrez, Shell Roofing Solutions (2018-2022)
  - Stephen Kubicka, Polyglass USA (2018-2022)
  - George Patterson, Bennett and Brosseau Roofing (2018-2022)
  - Jonathan Reader, R&B Roofing (2018-2022)
  - Chris Salazar, Karnak Corp. (2018-2020 – finishing John Massarelli’s term)
  
- ▶ The Board approved an operational policy update – language to address a maximum cap of 12% for indirect costs associated with funding requests from institutes of higher education.
  
- ▶ The deadline for funding requests was changed from March 1 to January 1 and Proposal Review Committee will be formed. This committee will review funding requests and determine if they meet The Alliance’s project funding criteria. They will have the opportunity to ask questions and request additional information, if needed. The Board felt this will provide for a more thorough review of proposed projects before they are presented to the Board.

#### 7. Recommended Funding Requests

President Saeli reminded Alliance members that there were copies of funding requests in the meeting notebooks, Section IV. He then introduced Shari Carlozzi, chairwoman for National Women in Roofing to present her update and additional funding request.

After hearing the report, **a motion was made, seconded and unanimously approved to provide \$25,000 in funding for National Women in Roofing for a Diamond Sponsorship with the understanding that this will be the final year of sponsorship funding.**

After hearing an update on the RMHC partnership from Bill Good and Hilary Ward with RMHC Global in Chicago, IL, **a motion was made, seconded and unanimously approved to approve \$75,000 in the 2018-19 budget -- \$50,000 for a continued sponsorship with RMHC and \$25,000 earmarked for labor and/or materials on individual house projects if these items cannot be donated.**

#### 8. Program/Project Updates

President Saeli directed members to Section V in their meeting notebooks where they would find written status reports for current programs and projects. The following in-person reports were given at this point in the meeting.

- ▶ Alliance Branding Task Force – *Heidi Ellsworth*
- ▶ NRCA Pro Certification Series – *Reid Ribble*
- ▶ Member Development, Fundraising, Planned Giving – *Rob Therrien*
- ▶ NRCA Silica Objective Data Collection – Reid Ribble
- ▶ Construction Management Schools Initiative (and 2017-18 Student Competition Recap) – *Kyle Thomas, Bill Good*
- ▶ Colorado State University CM Cares Program – *Mostafa Khattab*
- ▶ RMHC Task Force – *Rod Petrick and Charles Antis*

At this point in the meeting, members broke for lunch with guest speaker, Chris Czarnik.

## **Saturday, April 28, 2018**

### 9. Saturday, April 28, 2018 – Alliance Member Meeting Resumes

The Saturday morning meeting began with a breakfast program – “Working Successfully with Construction Management and Vo-Tech Schools” with Panelists: Bob Bechtholdt, Bill Good, Cynthia Lang, John Kalkreuth, Mostafa Khattab and Rob Springer

### 10. Recognition of Retiring Alliance Board of Trustees and President

President Saeli acknowledged and thanked following Board of Trustees, whose terms expire May 31, 2018, for their service: Jim Barr, Barr Roofing, Abilene, TX; Nelson Braddy, Grand Prairie, TX; James Patterson, Canonsburg, PA and Chris Schmidt, USG Securock Roofing Systems, Chicago, IL. He then presented James Patterson with his retiring board award.

Incoming President Rock Petrick formally acknowledged and thanked Tom Saeli for his service as President of the Alliance this past year.

### 11. Other Business, Concluding Remarks and Adjournment

President Saeli asked if there was any other business. There being none, he reminded Alliance members:

- ▶ to review the Current Committee/Task Force Rosters (Section VI) in the meeting notebooks and to let Leadership or staff know if there are any they’d like to serve on.
- ▶ to complete the meeting evaluation forms
- ▶ The Alliance will hold a ***Dessert and Cordials Reception*** during the IRE in Nashville on Sun., Feb. 10, 2019 from 7:30 to 9 p.m. The location will be advised. More details to come.
- ▶ The next Alliance meeting will be held in conjunction with NRCA’s Fall Committee Meetings on Friday, Nov. 16, 2018 at Trump International Hotel in Chicago.

There being no further business, President Saeli thanked everyone for attending and adjourned the meeting at approx. 10:30 a.m. Eastern time.

Enclosure - Approved operating budgets for 2018-19