



The Roofing Industry **ALLIANCE** for Progress

May 30, 2013

Meeting Report

The Roofing Industry Alliance for Progress

April 19, 2013

The Meritage Resort and Spa, Napa, 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 19, 2013 at The Meritage Resort and Spa in Napa, CA. The following people were in attendance:

Alliance Board of Trustees

Rob Therrien, President

Jim MacKimm, Vice President

Dennis Conway, Trustee

Bob Daly, Trustee

Bob Gardiner, Trustee

Reed Gooding, Trustee

Rick Jenkins, Trustee

Rob McNamara, Trustee

Dan Murphy, Trustee

James Patterson, Trustee

David Workman, Trustee

Alliance Members

Jim Barr

Bob Bechtholdt

Nelson Braddy

Dane Bradford

Clifford Brown

Valerie Buchanan

Jay Butch

Naomi Dupre

Michele Ernst

Ken Farrish

Jennifer Ford-Smith

Beth Gloss

Bill Good

Sarah Jelin

Rhonda Lohmar

Hubert McGovern

Dudley Miles

Tim Perryman

Keith Post

Tim Rainey

Paul Rouse

Tim Ruff

Lindy Ryan

Chris Salazar

Chris Schmidt

Bob Seeley

Roger Stark

Larry Sterritt

Mike Sullivan

Dale Tyler

Mike Vall

Bob Wamboldt

Joe Zamrzla

Guests and Others

Al Heeg, Albert Heeg Investment Management

Jim Hoff, the Center for Environmental Innovation in Roofing

Jeff Jarvis, NRCA

Bennett Judson, The Roofing Industry Alliance for Progress

Jim Kirby, the Center for Environmental Innovation in Roofing

Jack Krapf, Merrill Lynch

Harry Ryder, NRCA

Jonathan Smoke, Hanley Wood
Esther Woods, The Roofing Industry Alliance for Progress

The meeting was called to order by Alliance President Rob Therrien at 8:30 a.m. pacific time. He began by welcoming the members in attendance. He extended a special welcome to the newest members of the Alliance: Jim Barr, Barr Roofing Co., Abilene, TX; Chris Salazar and Sarah Jelin, KARNAK Corp., Clark, N.J.; Dale Tyler, National Roofing Partners, Dallas, TX and Chris Schmidt, USG SECUROCK® Roofing Solutions, Chicago, IL. He then asked everyone to introduce themselves.

2. Minutes from the April 20, 2012 Alliance Meeting

Upon a motion duly made, seconded and unanimously carried, the minutes from the April 20, 2012 Alliance Member Meeting in Atlanta were approved as submitted.

3. Alliance Board of Trustees Report

President Therrien reported the following action items were approved by the Alliance Board of Trustees at their meeting held on Thursday, April 18, 2013.

- ▶ the 2013-2014 operating budgets for the Melvin Kruger Endowed Scholarship fund and the General Alliance Endowment fund.
- ▶ a total of \$10,000 for the Alliance's Helping Our Own Fund (\$3,640.96 currently in the disaster relief fund will be transferred to the Helping Our Own Fund and combined with another \$6,359.04 so it can be made available for distribution to recipients such as the three roofing workers from Marshall Roofing in Boston who lost limbs as a result of the Boston Marathon explosion. *(Note: Fundraising letters will be sent out to Alliance and NRCA members asking for donations to the Helping Our Fund.)*
- ▶ a total of \$455,000 in project funding was approved and will be recommended later in the meeting for six new projects.
- ▶ a total of ten Melvin Kruger Endowed Scholarships for the 2013-2014 school year at \$5,000 each – eight renewals and two new.
- ▶ the following slate of officers (for 2013-2014): Jim MacKimm, president; Rob McNamara, vice president; and Ken Farrish, co-secretary/treasurer and the following new trustees (for 2013-2017): Bob Bechtholdt, Douglass Colony Group, Commerce City, CO; Ken Farrish, Atlas Roofing, Atlanta, GA; Rick Jenkins (fulfilling Steve Kubicka's term until 2015), ABC Supply, Beloit, WI, Rhonda Lohmar, CNA, Littleton, CO and Bob Seeley, Derbigum Americas, Kansas City, MO.

President Therrien reported that member development efforts are ongoing. A total of eight visits have been made to date. Four of the prospective firms have joined the Alliance and are attending the meetings. *(Since the minutes, Roxul Inc. has joined.)* The other two have indicated they are not currently in a position to join due to timing issues and the economy. Another manufacturer visit is scheduled for the first week of May. *(Since the minutes, the meeting has taken place. We await their decision.)* He said the Alliance is looking for tier one contractors and manufacturers and asked committee members to share any leads they have that the member development team can contact.

4. Finance and Financial Development Committee Report

Dan Murphy, co-chair of the Finance and Financial Development reported on the highlights from the finance committee meeting held on Thursday, April 18, 2013.

Mr. Murphy reported that copies of the Feb. 29, 2013 financials and year-end projections were included in the Alliance notebooks. He stated that Mr. Ryder had gone over the reports and the proposed 2013-2014 operating budgets for the Melvin Kruger Endowed Scholarship Fund and the General Alliance Fund in detail. After reviewing the reports and discussing the proposed operating budgets for 2013-2014, the finance committee and the Board of Trustees approved both operating budgets as presented. The General Alliance budget does not include any new project funding being presented later in this meeting. The finance committee advised a range of \$200,000 - \$500,000 was available for new project funding.

Upon a motion duly made, seconded and unanimously carried, the 2013-2014 Melvin Kruger Endowed Scholarship Fund and the General Alliance Fund operating budgets were approved as submitted with the understanding that they would be revised to include new project funding approved later in this meeting. (Copies of the approved budgets including approved new project funding are included with the minutes.)

5. Investment Performance and Economic Outlook

Al Heeg discussed areas of the economy that could create massive economic growth – such as oil and technology. He then reviewed the “Murphy” reports and the Gold Books.

Jack Krapf shared his perspective on the economy and the markets.

- Unlike five years ago, he is actually optimistic about opportunities in Equity.
- He expects a correction in the near term.
- Small and Mid Cap Equities are performing worse than Large Cap Equities. This is one trend that may suggest a correction is near.
- He doesn't see economic boom times ahead based on fiscal policy, such as taxes, but with certainty of tax issues set in place, he does expect slow growth (approximately 2-2.5 percent) over the next three years or so.
- U3 unemployment was 7.8 percent at 12-31-12 and 7.6 percent at 3-31-13. U6 unemployment (which includes workers not looking for work) was 14.4 percent at 12-31-12 and 13.8 percent at 3-31-13.
- the Institute of Supply Manufacturing (ISM) index fell from 54.2 to 51.3 in March, although the last six months moving average points to a slow but expanding manufacturing sector. (50 and below hints to a recession; above 50 equals a growing economy).
- Manufacturing of durable goods orders was up 5.7 percent in February which is an increase five fold over the last six months.
- Auto sales – pent up demand. The average age of an automobile is 11 years and 13 years for trucks. It is anticipated 15.77 million units will be sold in 2013.
- Construction spending is up 1.2 percent month over month in February.
- Residential construction is up 2 percent in February.
- Home prices in the top 20 metropolitan areas rose 8.15 percent as of January.
- As construction continues to improve, bank earnings are expected to improve.
- As bank earnings improve, we can expect more lending – and it becomes a snowball effect.

- Between 2007 and 2012 - \$445 billion was pulled from domestic equities. In 2013 -- \$33 billion flowed back into domestic equities. Retail investors are beginning to invest in equities again.
- The S&P 500 is trading around 14 times earnings. It still offers value.
- There are still risks such as the currency war, the global credit bubble, the housing bubble, cheap government credit, pressures on wage growth, things going on in Europe, unregulated credit default swaps, conflagration and the middle East and North Korea. Despite all of this, Mr. Krapf expects markets to be good for a few years.

6. Project/Program Updates

President Therrien directed Alliance members to their notebooks for written updates on the current Alliance-funded projects. He then introduced Jim Hoff, Research Director for the Center for Environmental Innovation in Roofing who gave a final report on RoofPoint. (*A copy of Mr. Hoff's power point presentation is available upon request.*)

7. Recommended Funding Requests

Alliance members received copies of all funding requests prior to the meeting. In-person presentations were given for the funding requests that had been approved at the Board meeting. Following the presentations and **upon a motion duly made, seconded and unanimously carried, Alliance members approved funding for the following new projects:**

\$ 70,000 – Developing Relationships with Construction Management Schools

- \$5,000 will be added to the Melvin Kruger Endowed Scholarship budget for a separate scholarship to be awarded to construction management students. The scholarship will be named the “LB Conway Scholarship” after Lynda Conway.

\$ 25,000 – Positioning the Roofing Industry Alliance for Progress as a Source of Data Collection – Feasibility Study. It was decided the first step in this project is a feasibility study to determine what data is available in the industry, if other organizations are willing to share their data, how the data could be disseminated, etc. The findings of this feasibility study are to be presented to the Board at their fall, 2013 meeting in Washington, DC.

\$ 25,000 – to Update the EnergyWise Online Calculator. The Board requests that usage be tracked and included in future status reports.

\$ 25,000 – Air Retarding Testing; the total funding request is \$50,000; \$25,000 will be deferred to the 2014-2015 budget.

\$200,000 – will be *earmarked* for RoofPoint; future funding will be subject to specific criteria and guidelines being met. A letter will be developed and sent to the Center outlining the criteria, guidelines, check points and reporting. Some of the criteria requested:

- a copy of the Center's current budget
- a revenue sharing plan
- the Alliance is to be recognized as a co-sponsor in all printed materials, presentations, on the RoofPoint website, etc.
- the Board wants to discuss intellectual property rights to RoofPoint to ensure that the Alliance would maintain ownership of the program (and name) in the event the Center should ever dissolve.

\$ 10,000 – to cover costs related to the discussion/procedure to ensure the Alliance maintains intellectual property rights to RoofPoint

\$100,000 – *previously approved funding to update the top-selling RATP modules (already included in the budget)*

\$455,000 – project funding for 2013-2014 (\$480,000 total funding approved—including \$25,000 for Air Retarding Testing deferred to 2014-2015 budget)

(Copies of the final, approved budgets including approved project funding are included with the minutes.)

At this time, the meeting concluded and attendees went into the luncheon meeting room for the balance of the meeting.

8. Recognition of Retiring Alliance Board of Trustees and Retiring President Rob Therrien

President Therrien formally recognized and thanked the Alliance Board of Trustees who are retiring: Dennis Conway, Commercial Roofers Inc., Las Vegas, NV; Molly Kwiatkowski, Owens Corning, Toledo, OH; Dan Murphy, Longmeadow, MA; and Nick Shears, Carlisle SynTec Inc., Carlisle, PA.

Vice President Jim MacKimm thanked President Therrien for his service both as a Trustee and for his service as President of the Alliance this past year and presented him with his plaques.

9. Speaker – Jonathan Smoke

After lunch, President Therrien introduced Jonathan Smoke, a national expert on tracking and analyzing housing market conditions across the country. As chief economist for Hanley Wood and senior vice president of national research and BPM channel for Metrostudy, he is responsible for all data products and services focused on the building product manufacturing channel as well as leading the national research functions for Hanley Wood and Metrostudy. Mr. Smoke shared his outlook and perspective on housing, roofing, construction and economic trends. *(A copy of Mr. Smoke's power point presentation is available upon request.)*

10. Wrap up and Adjournment

President Therrien reminded the Alliance members that the next Alliance meeting will be held in conjunction with NRCA's Fall Committee Meetings on Thursday, Oct. 24, 2013 at the Washington Court Hotel in Washington, DC.

There being no further business, President Therrien thanked everyone for attending and adjourned the meeting at 2 p.m./pacific time.