



The Roofing Industry **ALLIANCE** for Progress

May 18, 2015

Meeting Report

The Roofing Industry Alliance for Progress

April 17, 2015

The Omni San Francisco, San Francisco, 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 17, 2015 at The Omni San Francisco, San Francisco, CA. The following people were in attendance:

Alliance Board of Trustees

Jim Barr, Secretary-Treasurer  
Bob Bechtholdt, Trustee  
Nelson Braddy, Trustee  
Bob Daly, Trustee  
Ken Farrish, Vice President

Scott Kawulok, Trustee (by phone)  
Josh Kelly, Trustee  
Rhonda Lohmar, Trustee  
Jim MacKimm, Trustee  
Rob McNamara, President

James Patterson, Trustee  
Bob Seeley, Trustee  
Jeff Willis, Trustee  
David Workman, Trustee

Alliance Members

Chris Adler  
Greg Bloom  
Dan Blue  
Tim Blue  
Dane Bradford  
Valerie Buchanan  
Dennis Conway  
Naomi Dupre  
Heidi Ellsworth  
Michele Ernst

Jennifer Ford-Smith  
John Geary  
Bill Good  
Reed Gooding  
Greg Hausz  
John Kalkreuth  
Rob Kornahrens  
Dave Lawlor  
Scott Lelling  
Brian Levoguer

John Massarelli  
Paul Mitchell  
Rod Petrick  
Lindy Ryan  
Thomas Saeli  
Brynne Smith  
Larry Sterritt  
Rob Therrien  
Kent Tolley  
Bob Wamboldt

Guests and Others

Bill Callahan, Associated Roofing Contractors of the Bay Area Counties, Inc.  
Paul Deeley, Beacon Pointe Advisors  
Atul Dighe, Futurist  
Jeff Jarvis, NRCA  
Bennett Judson, The Roofing Industry Alliance for Progress  
Jack Krapf, Merrill Lynch  
Alison LaValley, NRCA  
Duane Musser, NRCA  
Harry Ryder, NRCA

Alliance President Rob McNamara called the meeting to order at 8 a.m. Pacific time. He began by welcoming all members and thanking them for attending. He explained attendance was good with approximately 82 members, spouses, guests and speakers. He extended a special welcome to the newest members of the Alliance who were in attendance: Chris Adler, Adler Roofing & Sheet Metal, Joliet, Ill.; Tim and Dan Blue, Blue's Roofing Co., Milpitas, CA; Heidi Ellsworth, Eagle View Technologies, Bothell, WA; Scott Lelling, Polyglass U.S.A., Inc., Deerfield Beach, FL. He then asked everyone to introduce themselves and share the market conditions in their areas. The majority of the reports were that market conditions are favorable, companies were experiencing a busy year to date and some were currently experiencing and/or expecting backlogs in the upcoming months.

2. Minutes from the April, 2014 Alliance Meeting

**Upon a motion duly made, seconded and unanimously carried, the minutes from the April 25, 2014 Alliance Member Meeting in Fort Lauderdale, FL were approved as submitted.**

3. Finance and Financial Development Committee Report

Jim Barr, chairman of the Finance and Financial Development committee, reported on the highlights from the finance committee meeting held on Thursday, April 16, 2015. He reported that the Alliance Finance and Financial Development Committee had a very productive meeting. As of March 31, 2015, the general fund stands at just \$8,655,526.53. This is up 3.11% year to date. It outperformed the benchmark which was -1.80%. The value of the scholarship fund is \$1,432,550. This is up 3.29% compared to the benchmark which was 1.80%. The year-to-date forecast is favorable to the current budget.

Mr. Barr reported that the Finance Committee approved the Melvin Kruger Endowed Scholarship and the Alliance General Endowment operating budgets for 2015-2016 as presented. And, the Finance committee recommended a maximum of \$300,000 for new project funding. He then highlighted the following for the budgets.

The Melvin Kruger Endowed Scholarship operating budget includes \$50,000 for 10 Melvin Kruger Endowed scholarships (5 renewals and 5 new).

The Alliance General Endowment budget does not include any new member income but it:

- ▶ does include 3 percent for estimated investment income
- ▶ does include \$34,000 in committed project funding for the completion of the Bilingual America Latino Workforce Training (and final report) and ANSI Canvassing (which is currently on hold), and
- ▶ does not include any new project funding.

He advised everyone that the proposed budgets and Feb. 28, 2015 financial reports were in Section III of the Alliance notebooks. Mr. Barr then introduced Harry Ryder who went through the financial reports in more detail.

**A motion was made, seconded and passed by Alliance members present to approve the 2015-2016 Melvin Kruger Endowed Scholarship and the General Alliance Operating Budgets as presented and recommended.** (*Copies of the approved budgets including new project funding are included with these minutes.*)

4. Investment Performance Overview and Economic Outlook

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

Jack Krapf:

1. Market correction in a Bull Market vs. Recession
2. Expected U.S. Returns to be mid to high single digit.
3. Expect both short and long rates to move modestly higher.
4. Fed will begin to modestly raise rates no later than late fall.
5. Between Rock and Hard place.
6. No signs of inflation.
7. Domestic Converts could be a good place for investment.
8. ECB easing makes Europe a good place to invest.
9. US Consumer spending picked up in March after several months of declines due to weather.
10. Strength in dollar will put pressure on earnings for global companies.
11. Domestic Export Growth declined and growth outlooks have been reduced due to dollar strength.
12. Geo-Politics: Iran-Israel-Saudia Arabia-Turkey

Paul Deeley:

There was volatility in the closing quarters as 2014 wound down but, the markets were fine at the end of the period. Likewise economic activity was fine, not robust growth, but some real progress. If there is a negative, it is housing which seems to resist any strong momentum.

2015 is in a positive trend, a lot more volatility is to be expected. As stocks price higher, they are more susceptible to change based on events, or even headlines. We can expect a positive year in equity performance, absent unseen catastrophe either in the US or overseas. The trends that have been in place for several years are still in place. We see moderate growth, or even slow growth, witness the first quarter of 2015. The economy is still slacking, although there are early signs of wage growth, demonstrating a tightening of labor markets. US stocks are more richly valued now, after more than 50 straight quarters of positive performance, so there may not be a lot of potential for expansion of PE's. Therefore further equity gains will have to come from corporate earnings. A best guess is that there is potential for additional corporate earnings. There are some headwinds. US multinationals are facing a strong dollar. Accordingly, earnings of US multinationals in local overseas currency may not add up to as many dollars as previous periods, even if the amount is greater in local currency. Also the drop in energy prices has affected corporate earnings and investment. Since the drop in oil prices, about 800 drilling rigs, 30% of total US rigs, have closed. That has an immediate effect on corporate earnings. The benefit of lower energy prices will flow from additional consumer spending, but will take longer to be realized.

Consequently, equity results in US markets are likely to increase about 7% in 2015. This is a lower increase than recent years, but reflects the reality that the market is fully valued currently. International markets are expected to do better in local currencies, but when translated to dollars may not be appreciably higher.

5. Alliance Board of Trustees Report

President McNamara reported that the following action items were approved by the Board of Trustees at their meeting held Thursday, April 16, 2015.

- ▶ the two operating budgets as presented in Mr. Barr’s earlier report
- ▶ ten scholarship awards for the 2015-2016 Melvin Kruger Endowed Scholarship program: Five renewals at \$5,000 each: Jaclyn Harris (Firestone Scholarship), Shoshanna Lee, Josiah Martin, Dannelly McKenzie and Kara Sosinski. Five new scholarships at \$5,000 each: Brittany Beldon (2<sup>nd</sup> Firestone Scholarship), Christian Cole (Dan Cohen Scholarship), Ivy Rivas (Fred Good Scholarship), Jonah Mason and Adam Stackpole.
- ▶ 2015-2016 officers: Ken Farrish, Atlas Roofing, President; James Patterson, CentiMark Corporation, Vice President (President for 2016-2017) and Jim Barr, Barr Roofing, Secretary-Treasurer. The 2015-2019 New Trustees: Dane Bradford, Bradford Roof Management, Billings, MT; Rod Petrick, Ridgeworth Roofing Co., Inc., Frankfort, IL; Tom Saeli, Duro-Last Inc., Saginaw, MI and Tom Walker, ABC Supply, Beloit, WI (second full term).
- ▶ a capital campaign/voluntary “ask” that will provide options for existing members to contribute on a strictly voluntary basis for new and existing project work and/or to contribute to the Melvin Kruger Endowed Scholarship fund. Once the campaign is rolled out, the different giving opportunities will be promoted on an ongoing basis with a concentrated effort being made in October for year-end giving.
- ▶ resurrect the Planned Giving program. Staff will seek a planned giving consultant to help set the goals, define the audience, assist with promotional materials and then to serve as the “go-to” expert when members have specific questions about their planned giving options. The Planned Giving program will be open to all roofing industry professionals, not just Alliance members. The estimated consultant costs will be approx. \$25,000 - \$50,000, which is not included in the current budget. Staff will bring details to the Finance committee and Board of Trustees.
- ▶ lowering the Melvin Kruger Endowed named scholarships from \$100,000 to \$50,000.
- ▶ adding the following new membership categories:
 

Service providers, less than \$10 mil. in annual sales	-	\$50,000
\$10-\$30 mil.	-	\$75,000
Over \$30 mil.	-	\$100,000
Local Distributors/Suppliers, less than \$15 mil. in annual sales	-	\$50,000
\$15-\$30 mil.	-	\$75,000
Over \$30 mil.	-	\$100,000

6. Recommended Funding Requests

President McNamara reminded Alliance members that copies of all funding requests were in the meeting notebooks, Section IV. He reported that the Board approved two funding requests: \$80,000 – for Continued Relationships with Construction Management Schools and \$16,500 – for EnergyWise Online Calculator 2015 Update and tabled a third request – The Future of the Roofing Industry – Building the New Century until Atul Dighe could present at the Friday Alliance meeting since he was unable to attend the Board meeting on Thursday.

In-person presentations were given for the funding requests that had been approved by the Board and the future study. Following the presentations and **upon motion duly made, seconded and carried, Alliance members approved funding for the following two new projects:**

- \$80,000 – for Continued Relationships with Construction Management Schools**
- \$16,500 – for EnergyWise Online Calculator 2015 Update**

After Mr. Dighe’s presentation and discussion, **a motion was made, seconded and passed by a majority vote to decline funding for a future study at this time.**

7. Program/Project Updates

President McNamara directed Alliance members to Section III of 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.

▶ Alliance/Bilingual America Latino Workforce Initiative – Mr. Good reported that this initiative will carry over into the next fiscal period. Training is at various stages – several companies have completed the training and others are either in progress or scheduled to begin. The training will be complete and a final report prepared and presented at the Fall, 2015 Alliance meeting.

▶ Continuing Relationships with Schools of Construction Management – Dennis Conway gave a brief background of why the initiative was started originally, the progress made to date and the plans for the future. The deans from the three schools we are working with continue to remind us that this is not a speedy process. It’s important that we take our time and do things right so construction management students have a positive impression of the roofing industry.

▶ After hearing reports from Dane Bradford, chair of the Alliance Fundraising Task Force, and Rob Therrien, chair of the Membership Development, **motions were made, seconded and carried to approve (1) lowering Melvin Kruger Endowed named scholarships from \$100,000 to \$50,000 and (2) to adding the following new Alliance membership categories:**

<b>Service providers, less than \$10 mil. in annual sales</b>	<b>- \$50,000</b>
<b>\$10-\$30 mil.</b>	<b>- \$75,000</b>
<b>Over \$30 mil.</b>	<b>- \$100,000</b>
<b>Local Distributors/Suppliers, less than \$15 mil. in annual sales</b>	<b>- \$50,000</b>
<b>\$15-\$30 mil.</b>	<b>- \$75,000</b>
<b>Over \$30 mil.</b>	<b>-\$100,000</b>

▶ John Geary gave a brief report on the status of the Center for Environmental Innovation in Roofing (CEIR) and RoofPoint.

- In January 2015 CEIR signed a contract for new management services with Kellen Company, a full-service association management company; Shawn Swearingen is the new Executive Director
- They are reaching out to current, past and potential members at industry shows to gauge interest and hear concerns.

They held a strategic planning session in March. As a result of this session, they plan to:

- develop focused, prioritized and actionable 90 and 180-day plans designed to achieve success and restore confidence in the need for and the viability of, CEIR.
- develop a member retention and recruitment plan with a clear value proposition for each member segment, including dues restructuring.
- develop and successfully execute a RoofPoint marketing and standard development plan focused on making RoofPoint the standard for re-roofing and to establish level designations within RoofPoint based on accreditation points.

8. Recognition of Retiring Alliance Board of Trustees and President

President McNamara formally recognized and thanked the Alliance Board of Trustees who are retiring May 31, 2015: Scott Kawulok, B & M Roofing of Colorado, Inc., Frederick CO; Tom Walker, ABC Supply, Beloit, WI and Jeff Willis, Roofing Supply Group LLC, Dallas, TX.

Incoming President Ken Farrish then formally acknowledged and thanked Rob McNamara for serving as President of the Alliance this past year and also for completing his four-year term as an Alliance Trustee.

9. Afterburner – Accelerating Performance Through Flawless Execution

After lunch, Alliance members experienced a special program on how to use the techniques and processes of elite military professionals to accelerate performance and win the battles of the business world. Alliance members learned the six steps of Mission Planning, how to Execute and how to Debrief.

10. Wrap up and Adjournment

President McNamara reminded Alliance members that the next Alliance meeting will be held in conjunction with NRCA's Fall Committee Meetings on Friday, Oct. 23, 2015 at the Washington Court Hotel in Washington, D.C.

There being no further business, President McNamara thanked everyone for attending and adjourned the meeting at approx.. 3 p.m. Pacific time.