



The Roofing Industry **ALLIANCE** for Progress

Dec. 9, 2014

## Meeting Report

Joint Alliance Board of Trustees and Full Roofing Industry Alliance for Progress Meeting

Nov. 14, 2014

8 am – noon

The Park Hyatt Hotel, Chicago, IL

### 1. Call to Order

Alliance President Rob McNamara called the meeting to order at 8 a.m. and welcomed everyone in attendance. He explained that this was a joint meeting of the Alliance Board of Trustees and full Alliance members. He then asked that everyone introduce themselves.

**Alliance Board Members present:** Jim Barr, Bob Bechtholdt, Nelson Braddy, Bob Daly (called in), Ken Farrish, Scott Kawulok, Josh Kelly, Rhonda Lohmar, Rob McNamara (Alliance President), James Patterson, Bob Seeley, Tom Walker (replacing Rick Jenkins), Jeff Willis and David Workman.

**Alliance Board Members absent:** Jim MacKimm and Chris Schmidt

**Others present:** Tim Blue, Blue's Roofing; Joe Brannen, TMC Transportation, Inc.; Keri Cooper Perry, Firestone; Beth Crider, Firestone; Paul Deeley, Albert Heeg Investment; Ricardo Gonzalez, Bilingual America; Bill Good, NRCA; Mark Graham, NRCA; Jim Hoff, CEIR; John Hurst, Georgia-Pacific; Bennett Judson, Alliance (recorder); Pete Korellis, Korellis Roofing; Jack Krapf, Merrill Lynch; Kevin Krolczyk, Mint Roofing; Tom Lathers, Landstar Systems; Alison LaValley, NRCA; Duane Musser, NRCA; Jonathan Reader, R & B Roofing; Stephanie Sorens, Firestone; Jim Sullivan, University of Florida; Esther Woods, Alliance and DAVaid Young, CH Robinson.

**Alliance Members present:** Bradley Bedard, OMG Roofing Products; Greg Bloom, Allied Building Products; Dane Bradford, Bradford Roof Management; Bill Collins, William Wallace Collins; Dennis Conway, Commercial Roofers; Geoff Craft, Roofing Supply Group; Jason Dark, Duro-Last; Bob Delaney, Firestone; Naomi Dupre, Kirby Fiberglass; Michele Ernst, CNA; David Fisher, Johns Manville; Jason Flack, Firestone; Michael Gaulin, Tecta America East; John Geary, Firestone; Reed Gooding, GSM Roofing; Jeff Hansen, Carlisle SynTec; Michael Johannes, Nations Roof; John Kalkreuth, Kalkreuth Roofing; Dave Lawlor, Roxul; Steve Little, KPOST Company; Rob McReynolds, D&D Roofing; John McDermott, Karnak; Paul Mitchell, Tremco; Dan Murphy; Rich Nugent, Nations Roof; Rod Petrick, Ridgeworth Roofing; Lindy Ryan, Tecta America; Larry Sterritt, GAF; Rob Therrien, The Melanson Co.; Kyle Thomas, Thomas Roofing; Dave Tilsen, Tilsen Roofing; Dale Tyler, National Roofing Partners; Dave Uncapher, Owens Corning; Kelly Van Winkle, King of Texas; Tom Walker, ABC Supply; Bob Wamboldt, Johns Manville; Brian Whelan, Sika Sarnafil and Jayne Williams, KPOST Company

2. April 24, 2014 Minutes

**A motion was made, seconded and unanimously passed to approve the minutes from the April 24, 2014 Alliance Board of Trustees meeting in Fort Lauderdale, FL.**

3. Previous Board Approvals by Electronic Votes

President McNamara reported that the Alliance Board of Trustees previously approved the following by electronic votes: the Independent Auditor's Report for the Year Ended May 31, 2014 and two proposals – 1)for The Alliance to become an Approved American National Standards Institute (ANSI) Canvassing Body and 2)the Alliance/Bilingual American Latino Workforce Initiative. These approved items were presented as a matter of record, there was no action required. The audit and proposals were included in the meeting notebooks (*Section I*) which Alliance members had access to prior to the meeting.

4. Finance and Financial Development Committee Report

Jim Barr, chairman of the Alliance Finance and Financial Development committee, gave a brief report on the meeting held the previous day. He explained that the Finance committee had reviewed the 9-30-14 financial reports and found everything to be in good shape. The general Alliance fund balance stands at \$8,475,966.09 and the scholarship fund balance is \$1,407,540.84.

He reported there had been a brief discussion about revisiting the spending guidelines and possibly adjusting the minimum required corpus. In 2011 the spending guidelines were changed to maintain \$6 million in the corpus without a CPI. The goal at the time was to free up funds for project spending while respecting the original intent of the founding members to maintain a corpus. The committee members agreed to not make any changes at this time but to keep an eye on it and possibly revisit it at a future meeting.

Mr. Barr pointed out that all 9-30-14 financials were in the Alliance notebooks (Section II) and Harry Ryder was available to answer any questions.

He then introduced Mr. Krapf and Mr. Deeley. Following are highlights from their reports.

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

1. Federal Open Market Committee comments: "Substantial policy changes may be coming".
2. Expect ISM Manufacturing to move lower in October than it was in September.
3. Construction spending is improving.
4. Vehicle sales are on pace; \$16.4 billion vehicles have been sold in 2014.
5. Inflation is stable; lower energy and other commodity price declines will keep the lid on inflation.
6. Unemployment data suggests numbers flawed but reported below 6% at 5.9%
7. Recent revised quarterly GDP growing over 3% annual rate.
8. Corporate cash high and leverage low.
9. At the end of October, 805 of all S&P 500 companies reported higher earnings.
10. 12 month forward looking PE at 15.4.
11. Data suggests higher equity prices and economic growth.
12. Risks: Geo Political; US Debt level at \$17 Trillion; US Treasury holds 32% of all outstanding government debt on balance sheet.

Paul Deeley then shared his perspective on the economy and the markets. It's been great to enjoy record setting equity markets and relatively tame fixed income markets at the same time. In the last few weeks, we have gone through a brief period of turmoil and a rapid resumption of calm and new highs for the market. Underlining these comforting results, we are experiencing real GDP growth, the kind that is talked about but has been infrequently experienced over the last six years. Growth has been slow. But is now picking up and Jack has outlined many of the underlying effects of this growth.

The other thing we have not experienced in five years is a meaningful correction in the stock market. History does repeat itself and I guarantee that we will have some turbulence in equity markets in the future. As investors, we have tools to deal with this phenomena and it is diversification. We can allocate assets to various asset classes that are reasonably non-correlated. This gives us some protection against unforeseen, one-time events. We have to stick with our diversification, if an asset class is poorly performing when other classes are doing well, that is not a signal to dump the poor performing class. Our portfolios are diversified and built to last.

In summary, the economy is improving gradually and slowly. This is a continuation of experience over the last five years and reinforces our current asset allocation decisions regarding the respective portfolios. There is considerable slack in the economy, so there is a low risk right now of a big correction. There can be corrections and we should brace ourselves for that but there is unlikely to be a catastrophe. We are not proposing any big portfolio changes. We are reviewing a number of positions in the manager lineup, to be sure that we are comfortable continuing to hold them.

5. Program/Project Updates

President McNamara directed the Board to the written program/project updates that were included in their meeting notebooks (*Section III*).

In lieu of a **RoofPoint** report, President McNamara explained that there had been a breakfast meeting held earlier Friday morning with leadership from NRCA, the Center for Environmental Innovations in Roofing (CEIR) and the Alliance. The purpose was to explore opportunities to work jointly to grow RoofPoint. Mr. Hoff and Mr. Geary then briefly advised that CEIR is in a state of transition and that CEIR's Board will be meeting in December to re-evaluate the structure of the organization. Dialogue between the three organizations will continue and the Alliance Board will be updated on any developments.

Ricardo Gonzalez with Bilingual America reported on the **Latino workforce initiative**. 15 Alliance companies have committed to date. The goal is to have a total of 20 companies participate. At the conclusion of the training, a formal industry report (in the form of a white paper) will be developed and made available to all Alliance members. This industry report will include key findings, best practices, industry challenges that must be overcome for future growth, suggestions for improved collaboration, specific recommendations for workplace improvement, and conditions found that are unique to the roofing industry. The report will respect the confidentiality of each organization involved and will not name company names, or specific people. (*A copy of Mr. Gonzalez's presentation is available upon request.*)

Jim Sullivan M.E. Rinker Sr. School of Construction Management at the University of Florida presented the **Faculty Curriculum Study – Final Report**. (*A copy of the report is available upon request.*)

Kyle Thomas, chairman of the **Alliance Construction Management Student Competition** Task Force, gave a brief report on the meeting held the day prior and the status of the competition. Competition details were sent to the three schools partnering with the Alliance – Auburn University, Colorado State and the University of Florida. Each team is to participate as a roofing company interested in bidding on installing a roof system on the Bass Pro Shop Sportsman’s Center in Colorado Springs, Colo. Each team must research the project, review the plans and specifications, and assemble a full estimate and proposal to submit a qualified bid package. Written proposals are due February 16. Oral presentations will take place on February 24, 2015 during the IRE in New Orleans. Mr. Thomas said this first competition is a work in progress. Hopefully it will grow and be expanded to other schools with construction management programs. He encouraged everyone to attend and support the program in New Orleans.

6. Alliance Fundraising Task Force and Member Development Update

Dane Bradford, chairman of the **Alliance Fundraising Task Force**, reported that the task force came to consensus about going back to original members for a voluntary ask. The task force is looking at three giving areas. (1) a voluntary ask for additional project funds, (2) work to complete the Melvin Kruger Endowed Scholarship campaign and (3) resurrect Planned Giving. The ask will be strictly voluntary, there will be no change in member status, payments can be flexible and it will be an ongoing opportunity. The contributions can be made into the general fund or to the Melvin Kruger Endowed scholarship fund.

The task force feels we should be actively promoting planned giving as an opportunity to give back to the industry. They feel we need a professional to help develop and promote a planned giving program. Staff is to research professionals and bring a recommendation back to the task force.

The goal is to have detailed information and a proposal for the Alliance Board of Trustees’ consideration at the April 2015 meeting.

Mr. Therrien reported on **membership development** efforts. We definitely have one verbal commitment to join by the end of the year. Hopefully a second will come in after Mr. Therrien and Mr. Good conduct a prospect visit the first week in December. The goal is to achieve seven new members by May 31, 2015. The task force discussed the possibility of creating several additional categories for smaller accessory manufacturers and local/regional suppliers, possibly at the \$50,000 giving level.

In addition to personal visits, promotional efforts include developing a new prospect list, holding a small reception during NRCA’s Fall Committee meetings for approximately six prospective companies, (These companies are also invited to attend the Joint Alliance Board of Trustees and full Alliance member meeting.), an article on the Alliance in the December issue of *Professional Roofing* and house ads in future issues, a booth in the 2015 IRE trade show and, prospective firms will be invited to attend the Alliance reception in New Orleans. A full development plan including all current and planned efforts as well as any proposed new categories will be prepared and presented at the April 2015 meetings.

After a short break, the remainder of the meeting featured a shipper’s forum. (*A copy of the presentation and a summary of action items are available upon request.*)

7. Wrap-Up

President McNamara returned to the podium and reminded members that there will be an Alliance member reception during the IRE in New Orleans on Mon., Feb. 23, 2015 at the Sheraton New Orleans.

He encouraged members to attend the first Alliance Construction Management Student Competition which will be held on Tues., Feb. 24, 2015 from 2:30 to 5 p.m. at the 2015 IRE in New Orleans

The dates for the next Alliance meeting are April 16-18, 2015 at the Omni San Francisco Hotel. He asked members to let him or staff know of any topic or speaker ideas they may have for the April meeting.

8. Adjournment

There being no further business, the meeting concluded at noon.