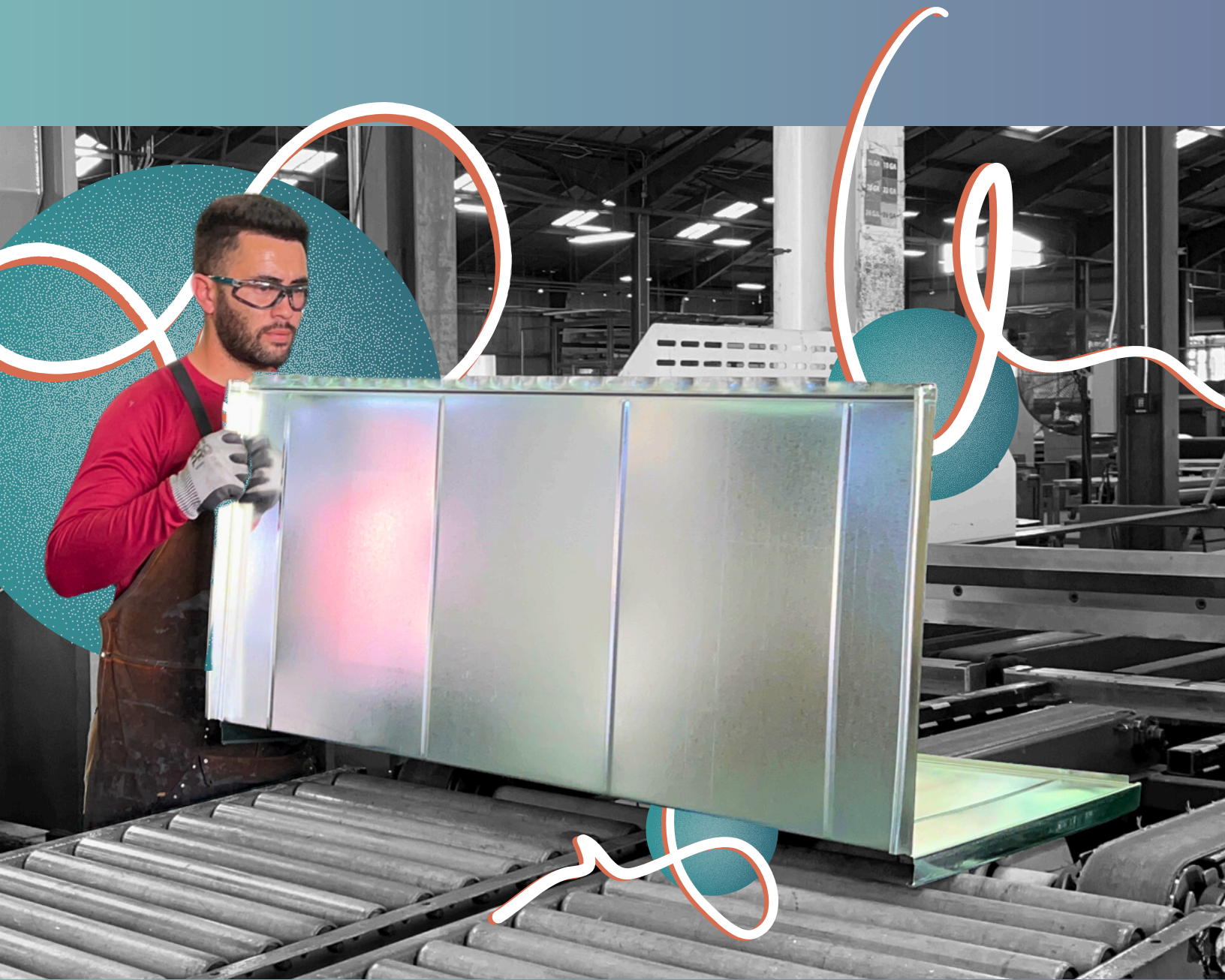


SMACN-IFUS | 2023 ANNUAL **REPORT**



Letter from **THE CHAIR**



Dear IFUS Contributor,

I would like to take a moment to thank you for your ongoing support of our efforts designed to further our industry's common cause. I am honored to be a part of an organization which continually advances towards a prosperous unionized sheet metal industry.

I am sure we all can agree that this last year has been one of rapid change. Stakeholders from both the private and public sectors have been placing demands on our contractors like none we have seen before. Thanks to increased funding from state and federal actors, we are witnessing a large number of megaprojects nationwide. While these initiatives represent a tremendous opportunity for all parties involved, they present challenges for our contractors in terms of workforce and technological demands.

These factors make your support for the IFUS fund more critical than ever. Thanks to your ongoing support, we can provide training and guidance on several of our space's core issues. We can maintain access to resources that educate IFUS contributors on matters such as robust workforce development, investing in ongoing technological innovation, developing best practices in supplier relations, project management, and resource allocation. As an IFUS contributor, I urge you to learn more about the resources at your disposal and leverage them to further your business.

This fund's mission is to provide our industry with resources such as information, training, and issues education which puts our constituents in a position to succeed and flourish. By employing the tools and knowledge made possible by your ongoing contribution to the IFUS fund, you are taking an active role in ensuring that signatory contractors are not only in a position to survive, but to grow and thrive.

Thank you again for your constant and steadfast support.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Klaus".

PAUL KLAUS, PE
SMACN-IFUS chairman

2023 FINANCIAL REPORT

In 2022, the IFUS trustees approved a grant to the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA) to execute specific programs and projects consistent with the purposes of the trust. The grant was for a maximum expenditure of \$12,519,073, excluding the administrative fee and subject to the availability of receipts and collections.

Through the end of the year, total disbursements to SMACNA were \$9,583,227. IFUS finished the year with \$91,111 in excess of revenue over expenses, resulting in a year-end fund balance of \$292,950.

— MITCH GOLAY, SECRETARY/TREASURER

MAXIMUM EXPENDITURE GRANT

\$12,519,073

TOTAL DISBURSEMENT OWED TO SMACNA

\$9,583,227

BALANCE SHEET AS OF DECEMBER 31, 2023

TOTAL ASSETS

\$292,950

IFUS FUND BALANCE

\$292,950

INCOME & EXPENSES AS OF DECEMBER 31, 2023

INCOME/CONTRIBUTIONS

\$9,679,203

EXPENSES

TRANSFERS TO SMACNA

\$9,583,227

OTHER EXPENSES

\$4,865

EXCESS OF REVENUE
OVER EXPENSES

\$91,111



SMACN-IFUS TRUSTEES

Trustees of the Sheet Metal and Air Conditioning Contractors' National Industry Fund of the United States are responsible for the general management of the trust fund. This includes the receipt of contributions and the approval, development, execution, and subsequent monitoring of programs and projects that benefit the signatory sheet metal and air conditioning industry.

- **PAUL KLAUS**, CHAIR
- **MITCH GOLAY**, SECRETARY/TREASURER
- **GAVIN BROWNLIE**
- **CLAY COOKE**
- **KURT MATTSON**
- **DAN HAMPTON**
- **JEFF LINK**
- **AARON HILGER**, ADMINISTRATOR
- **DANIEL KELLY**, LEGAL COUNSEL
- **NADINE WITCHEL**, STAFF LIAISON



Industry members make contributions to the industry fund based on hours worked. The fund, through a contract with the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), develops programs and services to support the business endeavors of industry fund contributors.

INDUSTRY FUND OF THE UNITED STATES STATEMENT OF PURPOSE

The sole mission of the Industry Fund of the United States (IFUS) is to ensure the longevity, stability, and prosperity of the sheet metal and air conditioning industry.

INDUSTRY PROGRAMS INCLUDE BUT ARE NOT LIMITED TO:

- Educational opportunities
- Industry-wide public relations efforts that enhance work opportunities
- Development and promotion of technical standards that keep pace with industry advancements
- Initiatives that promote harmony between employees and employers
- Programs that assist the industry to be of greater service to the public

INQUIRIES ABOUT IFUS SHOULD BE DIRECTED TO:

Aaron Hilger, Administrator

Sheet Metal and Air Conditioning Contractors' National Industry Fund of the United States

4201 Lafayette Center Drive, Chantilly, VA 20151-1219

Phone: (703) 803-2980

CHAPTER SUPPORT AND EDUCATION

In tandem with other sections of the association, SMACNA's Operations Department has been tasked with addressing the needs of our members and chapters in various functions. The stated objective is to build solid and robust local SMACNA Chapters that meet the needs of their members and create a resilient nationwide community that can serve the interests of our entire industry. This objective will be met by ensuring seamless access to required resources and actively addressing member contractors' challenges.

Some of the core tenets of SMACNA's Chapter Support operations include regular Check-ins designed to maintain a robust dialogue between national staff and chapters, coupled with personalized assistance tailored to meet the unique needs of each chapter and its membership to ensure the prosperity of the industry locally, regionally, and nationally.

THE BENEFITS OF THIS APPROACH INCLUDE:

- Stronger Relationships
- Resource Optimization
- Improved Chapter Performance

By embracing this role, SMACNA can continue demonstrating its dedication to chapter success and well-being at all levels of the association while building a Unified SMACNA community that advances the general welfare of the signatory contractor space.

Some of the other specific operational engagements include:

Be4All

Endeavors to build a strong culture of respect throughout the unionized sheet metal industry so that companies can thrive, workers are retained, and the best individuals are attracted into the industry. This effort provides guidance on responding to incidents of inappropriate behavior on the job, tools for training and building a work environment where incidences are reduced, and resources for contractors and workers that can be used to improve the workplace culture of every contractor in the industry.



Trustee Education

An in-person trustee education seminar on our industry's benefit funds was held for management trustees. The two-day workshop covered information to help trustees better meet their fiduciary duties and oversee their respective funds' operations. Speakers addressed collection trends, actuarial practices, and legislative and regulatory actions impacting funds.



COMMUNICATIONS & MARKETING

SMACNA's Communications and Marketing Department has been working to improve awareness within the membership of the association's activities and also to become a source of thought leadership for the general public on the pressing issues surrounding our industry.

WEBSITE REDESIGN

SMACNA is working with MatrixGroup to revamp and reimagine the SMACNA website to improve the member experience and ensure speedy access to the information contractors need to support their businesses. The new site will also help SMACNA's growing library of multimedia content, which it is continuously producing. The launch date for the new site is due to be Q1 2025.

BE4ALL MICROSITE

SMACNA and SMART have completed work on a BE4ALL microsite that can be quickly accessed by both organizations' members and enable quick use of all necessary tools that contractors and union members utilize to promote a safe, collaborative workplace. This site went live in August 2024.

SMACNEWS

SMACNEWS remains the organization's flagship publication, reaching out to our entire membership and other external stakeholders. Recently, *SMACNEWS* transitioned to a new production and design vendor to improve the quality of the overall product while keeping costs manageable and within budget. Recent editions of *SMACNEWS* have covered topics such as our legislative outreach at the federal level, our ongoing work with SMART through Partners in Progress, and helping workers in the field address ongoing mental health challenges.



COMMUNICATIONS & MARKETING

EXECUTIVE NEWS BRIEF

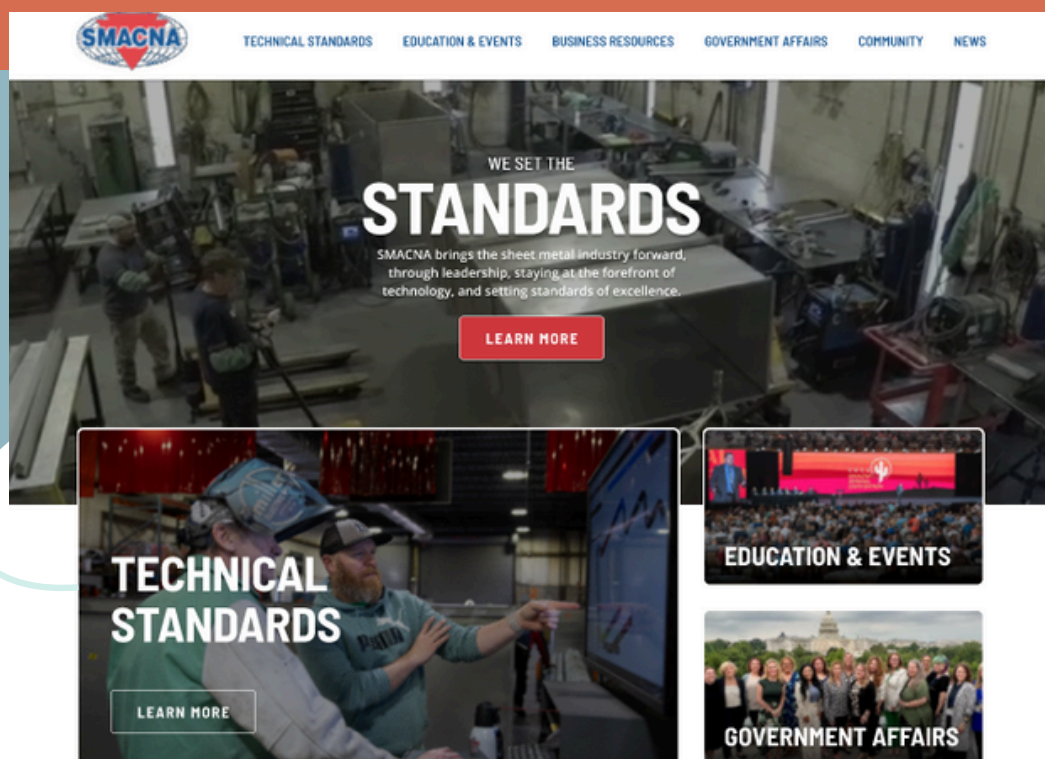
SMACNA's Executive News Brief was an invaluable resource to our contractors, covering critical topics such as infrastructure renewal and indoor air quality. ENB continues to be one of SMACNA's most broadly consumed products, consistently achieving an above-average open rate of at or near 30 percent.

MEDIA PLACEMENTS/THOUGHT LEADERSHIP

SMACNA's team has endeavored to place some of the association's top voices into leading publications to bring our voice to the table on matters that impact not only the union sheet metal HVAC space but are critical to the national economy. A particular focus has been on building our skilled workforce by encouraging more young people to consider a career in the trades as an alternative to a college education.

MULTIMEDIA OUTREACH

SMACNA has been expanding its library of video and audio collateral to enhance the member experience and better outline the benefits of being a SMACNA contractor. These include the development of podcasts such as The Operations Hub, a program where contractors can listen to their peers about some of the operational challenges they encounter when managing their businesses. An expansion of video programming is also underway; SMACNA's Contractor Spotlight series has been highlighting the work of our members within their communities. We've also expanded our video offerings to include discussions with legislative, regulatory, and union stakeholders.



LABOR RELATIONS

The SMACNA Labor Relations Department provided chapters and members timely guidance, legal advice, and practical advice on all labor matters.

WEBINARS

IFUS funds contributed to a series of digital webinars on a wide range of topics, including:

- Apprenticeship requirements within the Inflation Reduction Act final rule
- Unfair labor practices (ULPs)
- Davis-Bacon prevailing wages
- Understanding Grievance Arbitration Provisions of the Standard Form of Union Agreement and the Grievance Process from Beginning to End
- Navigating the New Standards: What You Need to Know about the Revised Apprenticeship Guidelines
- Market Opportunities Contained in the Inflation Reduction Act
- Project Labor Agreements

BEST PRACTICES TASK FORCE

The SMACNA/SMART Best Practices Task Force met two times in 2024. The meeting's objective was to ensure that the task force operated by the strategic plans of both SMACNA and SMART and held the 2024 SMACNA/SMART Partners in Progress Conference on February 27-28, 2024, in Orlando, Florida.

MEGA PROJECT TASK FORCE

The SMACNA-SMART Joint Mega Project Task Force continued its Collaboration to Support Mega Projects Implementation and Long-Term Organizational Stability and Growth for both organizations.



INTEREST-BASED BARGAINING PROGRAM

We conducted a joint SMACNA/SMART Interest-Based Bargaining Program in Orlando, Florida, on February 5-7, 2024, to prepare bargainers for negotiations based on industry interests rather than the parties' positions. Other program elements included using objective standards, constituent engagement, establishing ground rules, and preserving the partnership.

LABOR RELATIONS

COLLECTIVE BARGAINING ORIENTATION

The 2024 edition of the Collective Bargaining Orientation was held February 12-13, 2024, and featured sessions on topics such as the basics of collective bargaining, avoiding work stoppages, handling discussions, and putting together a legal framework for labor negotiations.

WAGE AND FRINGE DATABASE

The Wage and Fringe Database is a great bargaining resource that is updated throughout the year. It tracks wage and fringe information for 107 areas and includes regional and national averages.

REGULATORY COMMENTING

Regulatory commenting continued to feature a front-and-center role in activities related to how we utilized funds. SMACNA and SMART continue to collaborate on regulatory issues of interest to the industry.



LEGISLATIVE AFFAIRS

LEGISLATIVE ACHIEVEMENTS AND GOALS IN 2023

In 2023 and 2024, our legislative and regulatory advocacy remained heavily engaged to build upon the progress of the last Congress. This included filing detailed and consequential regulatory comments and increasing policy meetings with the Administration and key agencies to help shape consequential new laws resulting from historic wins in the legislative arena. In addition, we aggressively advocated and advanced key policy priorities and initiatives from our issue and policy priority agenda.

SMACNA has filed regulatory comments on independent contractor reform, registered apprenticeship reform, project labor agreement (PLA) executive order implementing rules, energy efficiency tax incentives and offered consequential legislative policy suggestions for new programs funded by the landmark airport infrastructure law, advanced nuclear power law, and the newly enacted building infrastructure law as well as the prevailing wage and registered apprenticeship requirements associated with the CHIPS and Science Act. These efforts and many more have advanced SMACNA contractors and their workforce partners within the competitive environment.

A just-released nongovernmental report finds over 6,200 clean energy projects in the development pipeline nationwide that could be eligible for federal energy efficiency tax credits with labor standards. These projects represent an unprecedented opportunity to create high-quality union contractor jobs and slash carbon emissions. These projects are estimated to represent a combined potential of over \$2 trillion in investment, 1,000+ gigawatts of clean power, and approximately 3.9 million jobs.

As the 118th Congress neared its conclusion, our intensified advocacy campaign focused on three critical unfulfilled objectives:



LEGISLATIVE AFFAIRS

EQUIPMENT TAX INCENTIVES EXTENDERS PACKAGE

We are giving our strongest support for expedited Senate passage of (House-passed) H.R. 7024, the Tax Relief for America's Families and Workers Act, as passed by the House (357-70) on January 31st. The nation is seeing robust and record-setting growth of construction activity following the enactment of significant policy changes, especially the Infrastructure Act, CHIPS and Science Act, and the Inflation Reduction Act's private sector tax incentives. Therefore, we are asking the Senate's support for three essential tax incentive provisions:

- Retroactive Extension of the 100% Bonus Depreciation would restore the 100% bonus depreciation for qualified property instead of the current 20% annual phase-down that went into effect on January 1, 2023.
- Retroactive Extension and Permanence for 174 Research and Development Expenditures—This would allow companies to immediately deduct R&D expenses instead of amortizing them over five years.
- Expand Section 179 expensing and interest deductibility for small businesses. This measure would increase the maximum eligible amount of equipment investment and extend the point at which the benefit phases out.

CHANGE ORDER REFORM

Boosting efforts to pass H.R. 2726, The Small Business Payment for Performance Act, vital legislation sponsored by Rep. Pete Stauber (R-MN). The bill would make essential reforms to federal contracting practices to resolve change order disputes that harm contractors and taxpayers more quickly. Original cosponsors include Rep. Fitzpatrick (R-PA) and Rep Veasey (D-TX). This critical proposal passed the House in the last Congress (117th). It continues to receive bipartisan support from nearly two dozen cosponsors in this Congress and broad business support from union and non-union organizations.

- Under current federal procurement practices, builders like ours aren't paid for change orders until after the entire federal project is finished.
- A change order can add millions of dollars to a project's cost. Recouping those costs can take months or years. H.R. 2726 would address this problem by requiring the federal government to pay 50% of the cost of a change order once those additional changes are completed and certified.



LEGISLATIVE AFFAIRS

SAFE BANKING ACT


We have joined with many leading business and banking industry organizations to advocate for the Secure and Fair Enforcement (SAFE) Banking Act, H.R. 2891, introduced by Rep. David Joyce (R-OH) and currently featuring more than 125 bipartisan cosponsors.

- The Senate Banking Committee has passed their bipartisan SAFER Banking bill, S. 2680. Both House and Senate bills await floor votes and SMACNA is actively advancing the bills.
- SMACNA is contracting all House and Senate GOP members to ask for support and co-sponsorship of H.R. 2891. The SAFE Banking Act would allow banks, credit unions, and other financial institutions to offer banking services to construction contractors and other legally operating businesses providing contracting and other services to the industry.

IMPLEMENTING THE ADVANCE ACT

SMACNA's decades-long-endorsed nuclear power legislation was designed to accelerate the deployment of nuclear energy capacity by speeding permitting and creating new incentives for advanced nuclear reactor technologies. The ADVANCE ACT would modernize licensing requirements to address the needs of new technologies. The bill identifies regulatory barriers that limit the safe deployment of new nuclear technologies, which are capable of radically reducing carbon emissions. It also directs the Nuclear Regulatory Commission to create a pathway for conventional energy source sites to be repurposed in the future.

REGULATIONS TARGETED FOR SPECIAL 2023-2024 ATTENTION AND SMACNA COMMENTS FILED:

- Davis-Bacon Reform – Rules were final on October 23, 2023
 - IRA Tax Incentives Regulatory Guidance – Most key rules final December 2023.
 - Independent Contractor Reform – Draft rule expected by February 2024.
 - PLA Executive Order / Reform – Final rule issued to take effect in February 2024.
 - FAR Council Decarbonization Reform – Final rule expected by Summer 2024.
 - Buy America Act Regulatory Reform – Final rule in early 2024.
 - Cannabis Regulatory Reform – FDA reclassification rule comments are being drafted now.
 - Registered Apprenticeship Reform – Proposed final rule December 2023; commenting.
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INNOVATION, INTEGRATION & LEARNING

MARKET SECTOR COUNCILS

Unlike a task force or focused committee with a specific charge, the five Market Sector Councils (HVAC, Industrial, Architectural, Residential, and Testing Adjusting & Balancing) perform an environmental scan of issues impacting sheet metal market sector members. The broad mission is to identify current and future issues and emerging trends that affect members' and contributors' business operations and profitability – and to develop programs and services that help the industry perform better.

Some of the specific examples of how the Market Sector Councils positively impacted SMACNA membership include:

- Receiving updates from across departments of SMACNA to better gauge the opportunities for innovation and integration in the industry;
- The new TAB Market Sector Council held its first meeting in conjunction with the ICB/TABB Conference;
- The first annual FAB FORUM, held from November 13-14, 2023, in Indianapolis, provided a forum for contractors to understand best practices and emerging fabrication technologies.
- Ongoing development and evolution of the Reference Manual for Labor Units Task Force
- Expansion of Member Peer Groups and encouragement of their use to share knowledge, experiences, and advice in small groups of business leaders with the goal of enhancing the success and growth of the contributors.



INNOVATION, INTEGRATION & LEARNING

CONTRACTORS OPERATIONS COMMITTEE

The Contractors Operations Committee recommends white papers and manual chapters to develop, publish, and educate members and contributors on a broad spectrum of contractor operations. New for 2023:

- The Operations Hub Podcasts by SMACNA
- "Partnerships"
- "When is it Time to Rightsize?"
- New Contractor Operations Manual papers:
- Principles of Job Costing
- Guideline to Information Technology
- Right Sizing: The Keys to Profitably Scaling Your Business

CONSTRUCTION TECHNOLOGY COMMITTEE

This committee is about innovation, providing IFUS contributors and SMACNA members with information about new tools and software, technology breakthroughs, and leading processes to improve productivity and profitability. This committee is responsible for actively participating and collaborating with MCAA and NECA for a successful MEP Innovations Conference each year in January.

- Strategic staff addition – Travis Voss, SMACNA Director of Innovative Technology and Fabrication

SAFETY AND HEALTH

SMACNA communicates with OSHA and other federal agencies on issues affecting members and offers briefings on regulatory compliance issues. SMACNA also develops safety programs, publications, services, and videos to assist members in establishing and managing effective safety programs. Highlights over the past year include:

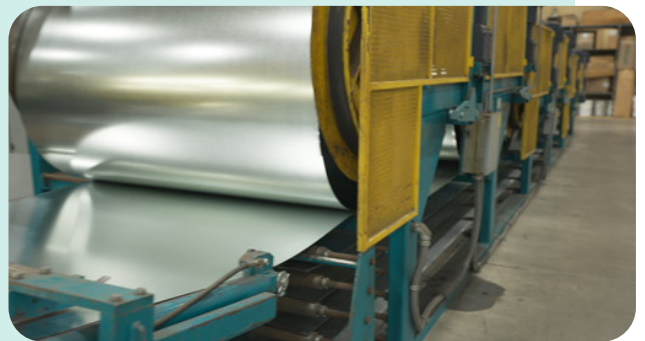
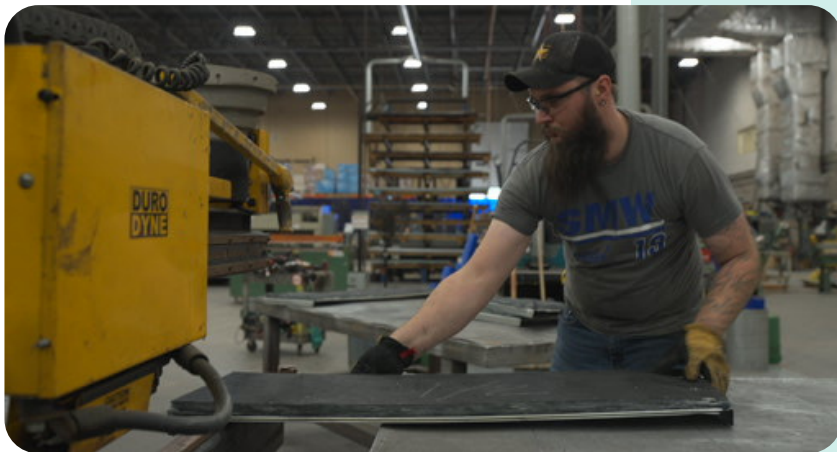
- New SMACNA Heat Task Force
- Reviewed ANSI A.10 Construction and Demolition standards
- Reviewed ANSI A10.50 Heat Stress Management – submitted 32 comments for review to changes in the proposed standards, 12 of which were accepted word for word, and 10 others were taken under advisement
- ANSI B.11 Machine Guarding standards were reviewed. The B11 Standards of Interest Update includes the B11.1 Mechanical Power Presses, which is in its final stages of revision, the B11.2 Hydraulic/Pneumatic Power Presses, which is just starting a revision, and the B11.3 Power Press Brakes, which was recently revised in 2022.
- New Model for SMACNA Chapter Safety Program



TECHNICAL SERVICES

The SMACNA Technical Services & Research Department develops technical standards, manuals, and guidelines for worldwide acceptance in the construction/design industry and model building code community. SMACNA develops many of these standards under ANSI as an accredited standards developer. SMACNA also develops and presents technical programs for the education of the HVAC, Architectural, Industrial, and design industries.

- Published the newly revised TAB Procedural Guide for TAB Field Technicians
- Successfully developed several model-building code change proposals for inclusion in future editions of the International Mechanical Code and Uniform Mechanical Code
- Created and presented multiple bespoke technical programs for SMACNA Chapters & Members, and additional technical programs for Designers in the HVAC Industry
- Assisted in submitting both oral and written testimony to various State Houses for the inclusion of Fire Life Safety programs for proper inspection and servicing of Fire/Smoke Dampers
- Technical Task Forces commenced work on the development or revisions and new documents for Laser Welding, Architectural Wall Panel Systems, HVAC Sound & Vibration, Phenolic Ductwork, Cannabis, and Kitchen Equipment





SMACNA FUS

**Sheet Metal and Air Conditioning Contractors'
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