

**THE SHEET METAL AND AIR CONDITIONING CONTRACTORS'
NATIONAL ASSOCIATION, INC.
(SMACNA)
BOARD OF DIRECTORS
MEETING REPORT
January 14, 2019
Cayman Islands**

I. CALL TO ORDER:

President Dills called the meeting to order at 8:00 a.m.

A. Welcome – President Dills

President Dills welcomed the Board members to the meeting and recognized new Board Members including: Executive Committee member Tony Kocurek, SMACNA Vice President; Board members Steven Benkovsky, Chad Bunting, Randy Pagel, Joseph Samia and Aaron Smith.

B. Introductions, Local Markets and Chapter Issues Discussion

Board members conducted self-introductions.

C. Call for Additional Agenda Items

President Dills requested Board members identify new business items not already covered in the agenda. No items were brought to the President's attention.

ATTENDANCE:

Members of the Executive Committee:

Nathan Dills, President, ACP Sheet Metal Co., Inc., Oklahoma City, OK
Angie Simon, President-Elect, Western Allied Mechanical, Menlo Park, CA
Al LaBella, Secretary-Treasurer, Blue Diamond Sheet Metal, Inc., Medford, NY
Tony Kocurek, Vice President, Energy Balance & Integration, LLC., Albuquerque, NM
Jack Knox, Immediate Past President, R. J. Knox Company, Inc., Smyrna, GA
Vincent R. Sandusky, CEO

Legal Counsel:

Daniel R. Kelly, Felhaber Larson, Minneapolis, MN
Michael G. McNally, Felhaber Larson, Minneapolis, MN

Members of the Board of Directors:

Hank Artlip, Artlip & Sons, Inc., Aurora, IL
Kyle Bellmon, United Mechanical, Inc., Oklahoma City, OK

Steve Benkovsky, Triple S Air Systems, Inc., Ronkonkoma, NY
Chad Bunting, Schoppe Company, Inc., Salt Lake City, UT
Danny Dillon, Dilfo Mechanical, Ltd., Ottawa, Canada
Brian Fluetsch, Sunset Air, Inc., Lacey, WA
Ken Groeschel, Jr., Butters-Fettig Co., Inc., Milwaukee, WI
James E. Hall, Systems Management & Balancing, Inc., Waukee, IA
Gary Luthe, Sr., Luthe Sheet Metal Inc., Cherry Hill, NJ
Thomas E. Martin, T. H. Martin, Inc., Cleveland, OH
James M. Morgan, Worcester Air Conditioning LLC, Ashland, MA
Randy Pagel, Bumler Mechanical, Sterling Heights, MI
John Raught, Northstar Environmental Ltd., Beaver, PA
Joseph Samia, Central Consolidates, Inc., Wichita, KS
Aaron Smith, Smith Sheet Metal Works Ltd., British Columbia, Canada
A. Scott Vidimos, Vidimos, Inc., East Chicago, IN
Art Williams, Air Systems, Inc., San Jose, CA

Staff:

Jeff Henriksen, Executive Director, Communications & Marketing
Eli P. Howard, III, Executive Director, Technical Services
Thomas J. Soles, Jr., Executive Director, Member Services & Market Sectors
Deborah Wyandt, Esq., Executive Director, Labor Relations & Human Resources

Guests:

Kelcey Henderson, President & Co-Founder, Continuum Advisory Group, Raleigh, NC

II. CONSENT AGENDA

The consent agenda consists of the most recent Board and Executive Committee meeting reports and the Executive Staff reports identified in the Board meeting workbooks.

A. Meeting Reports

1. July 2018 Board of Directors Meeting Report
2. October 2018 Executive Committee Meeting Report
3. January 2019 Executive Committee Meeting Report

B. Executive Staff Reports

1. Communications & Marketing
2. Labor Relations
3. Technical Services
4. Market Sector Councils
5. Government Relations

A motion was made, seconded and approved to approve the above meeting reports and staff reports as presented in items II. A. and B. above.

III. FACILITATED DISCUSSION - Facilitator: Kelcey Henderson, President, Continuum Advisory Group

Ms. Henderson led an interactive discussion with the Board, using small groups, charts and slides to enhance discussions centered around two primary questions:

- a) What should SMACNA's role be – specifically at the national level – in workforce recruitment and retention?
- b) What should SMACNA's role be in the evaluation and adoption of cost saving technologies by contractors?

A. SMACNA Role in Workforce Recruitment/Retention

Results from a high-level survey of Board members, taken before the Board meeting, were shared and discussed.

The group developed a framework and identified specific areas of responsibilities for SMACNA National, local chapters and contractors. The consensus was:

- SMACNA National – Responsible for developing national strategies that create a positive image for our industry while gathering and disseminating information, materials, and content to the chapters and contractors.
- SMACNA chapters – Responsible for the implementation and execution of strategies and programs in their areas.
- SMACNA contractors have the responsibilities to recruit, select team members, provide benefits and create an attractive work environment.

B. New Technology Adoption

Ms. Henderson began the discussion by sharing results from a high-level survey of Board members, taken prior to the Board meeting.

The team discussed various ideas and developed a framework for future SMACNA efforts involving SMACNA member adoption of new technologies. A general observation made by the Board was SMACNA is already making several contributions in this area through publications, events, educational programs and engagement with SMACNA's Associated Members.

SMACNA's Board discussed a possible position statement that affirms and supports a contractor's right to invest in technology that will help increase competitiveness and grow market share, and SMACNA has a role in keeping SMACNA contractors and labor partners informed on technological advancements.

The discussion of SMACNA's role in educating contractors on new technologies included such items as:

- Sharing technological advances with the SMACNA community.

- Creating a community platform for interactive discussion among members, utilizing SMACNA Connect.
- Maintain impartiality and make sure to provide unbiased information.

C. Advertising and Sponsorships

Due to time-constraints on the first two topics, discussion on advertising and sponsorships was tabled until the July Board meeting.

IV. OPERATIONAL AGENDA

A. Policy Review – Mr. Kelly

1. Anti-Trust Policy & Compliance Procedures

Mr. Kelly discussed issues related to the Board of Directors' governance of the Association and reviewed SMACNA's Anti-Trust Compliance Policy and Procedures.

2. Conflict of Interest Policy & Disclosure Statement

Mr. Kelly reviewed the Conflict of Interest Policy adopted by the Board of Directors at its January 2018 meeting, and explained the Conflict of Interest Disclosure Statement.

3. Whistleblower Policy

Mr. Kelly discussed the basis for the SMACNA Whistleblower Policy and reviewed the policy with Board members.

B. Responsibilities of Directors – Mr. Kelly

Mr. Kelly discussed Board members' fiduciary responsibilities as members of SMACNA's Board of Directors (Duties of care, loyalty and obedience) from both a legal and practical perspective. Mr. Kelly defined "fiduciary responsibility" and "apparent authority" for those in attendance acting as Board of Directors for SMACNA.

C. Financial – Secretary-Treasurer LaBella, Mr. Sandusky

1. Financial Statements

Secretary-Treasurer LaBella and Mr. Sandusky reported on 2018 financials through year-end. Mr. Sandusky reviewed the draft 2018 year-end Comparative Balance Sheet and the Income and Expense Report through December 2018. He noted that 2018 manhours were up by 4.8% over 2017 levels. SMACNA had budgeted a 2.5% increase.

Mr. Sandusky reported that the Executive Committee is recommending the Board transfer \$1.5 million to the reserve fund.

A motion was made, seconded and approved to transfer \$1.5 million to SMACNA's reserve fund account.

2. Investment Report

Mr. Sandusky reported the market value of SMACNA's investment portfolio at the end of 2018 was \$11,956,141. Mr. Sandusky reminded the Board that the consensus was to reach 1.5 years of reserves as the target amount to achieve, then the Board would reevaluate reserve allocations.

D. Industry Updates

1. New Horizons Foundation – President-Elect Simon, Mr. Soles

SMACNA's President-Elect Simon and Mr. Soles reported on NHF activity including:

- a) Seven projects and white papers either under development or about to be initiated:
 - *Productivity Tracking for Detailing Fabrication Installation*
 - *Library of Knowledge*
 - *White Paper: Tools of Hiring, Promotion and Talent Development*
 - *Customer Satisfaction Measurement that Stand Out from the Competition*
 - *Engaging a Workforce in Transition*
 - *Executive Exit – Factors that Impact Organizational Continuity*
 - *Internet of Things – Implications and Strategies for Sheet Metal and HVAC Contractors*
- b) Ms. Simon expressed her gratitude on behalf of the Foundation to SMACNA Cleveland, SMACNA Past President, Jack Knox, and SMACNA Portland. Mr. Soles also recognized and thanked President-Elect Simon for her financial support of the NHF.

2. ITI/NEMI/SMOHIT Update –Messrs. Kocurek, Raught, Howard

Messrs. Kocurek, Raught and Howard reported on the following topics:

- a) SMART Heroes program – To date, 87 people have completed training; 38 are still in the trade; with about 12% awaiting discharge or moving on to other industries.
- b) SMACNA Heroes Foundation was created to offset the cost of the apprentice training program. \$70,000 in contributions have been raised to date with \$50,000 from SMACNA.
- c) The SMART Heroes program is still seeking a viable location to conduct a second Heroes program.
- d) iTi is looking to train workers on Edge, an estimating software.
- e) SMOHIT Safety Champions Conference will be held at the end of February in Scottsdale, AZ.
- f) NEMIC staff changes continue to be an issue. Updates were shared by Mr. Raught.
- g) NEMI is very active in Fire Life Safety in various states.

3. National Pension Fund – Mr. Sandusky

Mr. Sandusky shared highlights from the National Pension Fund report. They include:

- The Fund has steadily improved its funding percentage since 2015.

- The Fund is currently in the Yellow zone. The trustees expect a slight increase in the funded percentage each year for the foreseeable future.
- Funding stats continue to improve – cash flow positive projected in 2016 and 2017.
- Projections show the NPF fund will be approximately 75% funded by 2026.

E. Communications and Marketing – Mr. Henriksen

Mr. Henriksen shared some key metrics that demonstrate increased engagement in 2018. Statistics shared with the Board included the number of pages visited on the website, time per session visit and various email metrics as well. Mr. Henriksen reviewed other initiatives completed, in progress or planned for 2019 including:

1. **2019 Content Strategy** – Mr. Henriksen informed the Board that the successful launch of Executive News Brief requires slight adjustments in the approach to SMACNews and Member Updates:
 - SMACNews will become more like a magazine with valuable content and columns and less information on the inner workings of SMACNA
 - Member Updates will focus mostly on SMACNA activities, updates and content available to members.

Mr. Henriksen informed the Board that our more complex marketing efforts require us to better identify peoples’ roles and responsibilities at our member companies. Enhancing the database by adding job titles is critical to more effective delivery of the right content to the right people.

2. **Video Developments** – SMACNA will be testing a new documentary-style video production to capture the culture of several shops across the country.
3. **Podcast Launch** – SMACNA will be launching a podcast with Angie Simon as the host, called “Let’s Talk Shop.”
4. **Marketing Resource Center** – This web portal is in production and will serve SMACNA National and all SMACNA Chapters, providing a unified set of printable marketing materials (also in pdf form). Almost all materials will be customizable to create a local market feel and add local contact information. There will be three categories of customizable materials including “stationary”, “marketing materials” and “Chapter resources.” Chapter Executives will be able to generate a customized pdf or print marketing materials and mail them on demand.
5. **Workforce Development Website** – SMACNA is developing *igniteyourcareer.com* to serve as a national platform to promote our industry and raise the profile of several career paths offered in our industry. Interested candidates will be directed to the appropriate local chapter for further support. The primary focus will be non-craft positions, but any interest generated on behalf of craft positions will be channeled to training centers.

F. Market Sector Councils, Education, Membership, Safety and Health – Mr. Soles

Mr. Soles referred the Board to his consent agenda to highlight various projects and programs under way. Specific programs he noted include:

1. Market Sector Councils:

- a. HVAC Council – *HVAC Understanding the Basics*, a non-technical HVAC book, is being updated. The book is intended to educate straight-line mechanical sheet metal contractors on the “wet side.” 39 blog posts were added to the content.
- b. HVAC Council – *SMACNA Guide to Federal Contracting* – to be issued in first quarter. Aligns contractor interest in pursuing federal building construction work. SMACNA will be creating a landing page off of the HVAC page to host related content.
- c. Residential Council – A white paper is scheduled to be released this quarter: *Mini-Split Systems and Residential Applications*.
- d. Residential Council – SMACNA just completed a white paper titled *Equipment Warranty Options for Residential Contractors* was released in the first week of January. Now on smacna.org.
- e. Architectural Council – SMACNA is working with AIA’s Student Association (AIAS) and will be reaching out to SMART to develop an MOU for an internship program providing architectural student interns access to the shop floor and project sites without labor consequences.

2. SMACNA Contractor Operations Manual – SMACNA is producing five manuals in 2019:

- a. *Strategies and Tools for Effective Procurement*
- b. *The Contractor’s Role in Preconstruction Planning*
- c. *Improving Shop Work Flow and Efficiency*
- d. *Recruit to Retire*
- e. *Maximizing Bonding Capacity*

3. SMACNA National Education Programs – Mr. Soles reviewed progress in 2018 with two new courses launched including Advanced Project Management Institute and Executive Leadership Development Program. Mr. Soles then reviewed the 2019 schedule for existing programs. A new 2019 National Education Program, Business Valuation and Ownership Transfer, is being presented to the Board for consideration.

4. Financial Survey – SMACNA is discontinuing this program due to insufficient contractor participation.

5. 2018 Women in Construction Leadership Council – The group met in June 2018 and feedback was positive. A meeting is being planned for the June time frame in Lake Tahoe. The group is looking to connect participants with mentors.

6. **SMACNA Student Chapter Initiative** –SMACNA has developed a presentation, bylaws and informational material. However, there is hesitation because the implementation process is very time consuming for Chapter Executives. Mr. Soles and Mr. Sandusky suggested Chapter Executives should work in tandem with a contractor “champion” to make it a successful program. Ms. Simon stated that ASHRAE is interested in teaming with SMACNA and Mr. Soles commented that several SMACNA chapters have informed him of that possibility. Mr. Sandusky also stated he would ascertain the level of interest from Chapter Executives at CEI later in the month.

G. Technical Services – Mr. Howard

Mr. Howard reviewed department staff activities, publications dates of standards, technical apps, technical university dates and locations, and collaboration efforts with various organizations.

Mr. Howard then discussed the following items with the Board including:

1. **2019 New Project Proposals & Benefits** to SMACNA members and the industry, including three Task Forces and completion of a construction standard:
 - *HVAC Systems Duct Design Manual TF*
 - *HVAC Sound & Vibration Manual TF*
 - *Kitchen Vent & Food Service Manual TF*
 - *Rectangular Industrial Duct Construction Standard*
2. **2019 AMCA-ASET Conference** - Chicago, March 25-26 - which features a SMACNA educational tract on forced air systems with speakers including Laurens Vaneveld, Jim Hall and SMACNA Technical Services staff.
3. **SMACNA Testing & Research Institute (TRI)** – Mr. Howard discussed issues that various members are having with certification requirements being specified by architects for coping and fascia. Mr. Howard suggested SMACNA TRI could meet a need for architectural contractors and save them substantial costs by having TRI verify member products. The Board discussed who could use this service and it was determined that a legal review was needed to clear any antitrust concerns about offering this service to SMACNA members only.
4. **New Technical Education Offerings for 2019** – Considering developing short videos based on standards. Mr. Howard stated that for each subject, the Technical Services team is looking to custom-tailor the video for different audiences including code officials, journeymen, contractors and design engineers.
5. **Court Case RE: Standards Copyrights – Messrs. Sandusky & Kelly**
Mr. Sandusky briefed the Board on a lawsuit brought by standards development organizations (ASHRAE, ASTM and NFPA) against PublicResources.Org. The suit

focuses on whether standards cited in law, regulation or building codes must be made available at no cost.

H. Officer & Board Liaison Chapter Reports – President Dills

Mr. Dills briefed the Board on visits to chapters. He attended meetings in Cooperstown, NY where he met with contractors and a congressman. He also attended the Indiana Labor Appreciation Dinner, as well as the Bay Area Installation Dinner—both great events. Mr. Fluetsch visited the Utah Chapter for their Annual Convention, where he discussed SMACNA’s strategic plan and social media and marketing efforts. Mr. Groeschel visited the SMACNA Chicagoland event and had discussions with the Fox Valley, WI group to encourage them to join. Mr. Vidimos reported he went to St. Louis to present on the eLibrary, and may also do the same in his own chapter and Southern Illinois in April.

I. Pension Reform Status – Mr. Sandusky

Mr. Sandusky updated the Board on the outcome of the Congressional Joint Select Committee on pension reform, noting that the Committee did not come to any final agreement.

SMACNA remains well-positioned to influence pension reform activity in the coming Congress.

J. Annual Convention

1. Convention Committee Recommendations – Mr. Sandusky

a. 2024 Location

The Board discussed a recommendation made by the Convention Committee that SMACNA select San Diego, CA as the site of the 2024 Annual Convention.

b. 2025 Location

The Board discussed a recommendation by the Convention Committee to approve the Grand Wailea on Maui as the site for the 2025 Annual Convention.

A motion was made, seconded and approved to hold SMACNA’s convention in San Diego in 2024 and at the Grand Wailea in Hawaii in 2025.

K. Council of Chapter Representatives Report – Mr. Sandusky

1. Action on Council Recommendation

Mr. Sandusky reported that the meeting had strong attendance with 45% of chapters present. There was a recommendation to the Board to consider funding training that meets continuing education mandates for contractor HVAC licenses. Mr. Howard noted that they have reviewed six states looking at mechanical engineers, architects and contractors to maintain sheet metal licenses or mechanical license. Mr. Howard found the requirements varied by state, city, county and even township.

Mr. Sandusky stated the staff recommendation is to gather additional data regarding individual state licensing requirements in order to develop more accurate cost and usage projections for discussion by the Board in July. The Board agreed to defer further discussion pending development of that information.

L. Labor Relations – Ms. Wyandt

Ms. Wyandt noted SMART is planning to emphasize collecting letters of assignment from contractors. These letters of assignment help SMART local areas defend jurisdictional disputes with other trades.

- 1. 2018 Industry Bargaining Update** – Ms. Wyandt reviewed 2018 sheet metal collective bargaining increases which averaged 3.1%, slightly higher than those negotiated in 2017. All trades averaged 3.0% increases. In terms of duration of new contracts, 89% are for three years or more. Ms. Wyandt shared with the Board that there were two two-week strikes in 2018—one in Iowa and the other in Boston. Ms. Wyandt added that 29% of chapters will be negotiating in 2019.

Ms. Wyandt then gave an overview of the Collective Bargaining Orientation and asked the Board to provide feedback on whether members thought adding a half-day to the program in order to bring in a negotiating authority to advise the group on how to effectively manage particularly difficult or acrimonious negotiations would be beneficial. Ms. Wyandt advised that a new program was added to the 2018 Collective Bargaining Orientation that would present questions and case studies from some areas that had challenging negotiations in recent years.

- 2. September NJAB Overview** - Ms. Wyandt stated four cases were brought forward to the NJAB in September, three of which were Article X Section 8 cases, and all four were resolved with unanimous decisions. Ms. Wyandt pointed out two trends in grievances reaching the panel level: surveillance devices and wage equalization.
- 3. Wage Equalization Issue** – Ms. Wyandt advised that SMACNA had reviewed crew cost calculations with SMACNA Chapter Executives and is waiting to hear from SMART on their review of their numbers that did not appear consistent with the CBA.

She further advised that SMACNA’s Labor Committee will plan to meet with SMART later in the year to try to resolve different views on wage equalization requirements for spiral duct and fittings.

- 4. SMACNA/SMART Davis-Bacon Project** – Ms. Wyandt briefed the Board on the joint venture project with SMART to maximize engagement on prevailing wage surveys.

5. **Follow-up Report on Exploration of Multi-Employer Approach to Federal Sick Leave** – Mr. McNally reviewed his efforts to date regarding the opportunity to initiate a shared contribution program that would administer employee claims filed for paid sick leave. Mr. McNally stated the legal due diligence has been completed and they are working with an actuary to figure out what it would cost to pool resources. At the same time, they are gathering a year of data from Washington State in addition to surveying contractors regarding their level of interest. There will be another update at the next Board meeting in July.
6. **SMACNA & SMART Support of CPWR Grant Application to Evaluate the Impact of Mentorship on Women Workers' Well-Being & Retention in the Trades** – Ms. Wyandt informed the Board that SMART had asked SMACNA to provide oversight of a study that will examine the effectiveness of mentor programs on the retention and well-being of sheet metal trades women.
7. **Best Practices Update** – Ms. Wyandt & Mr. Martin
Ms. Wyandt briefed the Board on the rotation process for the Best Practices Task Force. She reported on the last meeting activities including the development of session suggestions for the Partners in Progress conference; and development of a strategy for workforce recruitment, including the development of a tool kit and other resources to target high school counselors. Mr. Martin added some areas have had successful events for guidance counselors at JATCs. Lastly, Ms. Wyandt mentioned that the Best Practices Task Force would be devoting its Spring 2019 meeting to developing a five-year strategic plan.

M. Appointment of Legal Counsel – President Knox

President Dills referred Board members to a Board workbook exhibit from Mr. Kelly on the scope of legal activities performed by his firm on behalf of the association in 2018. The Executive Committee recommends that the Board appoint the firm, Felhaber Larson, as legal counsel to SMACNA for calendar year 2019.

A motion was made, seconded and approved to retain Felhaber Larson as legal counsel to SMACNA for calendar year 2019

N. Appointment of Officer Nominating Committee – President Dills

President Dills announced his appointments to the 2019 Officer Nominating Committee: Hank Artlip, Kyle Bellmon and Tom Martin.

A motion was made, seconded and approved to ratify the appointments.

O. Action on Proposed 2019 Budget – Secretary-Treasurer LaBella, Mr. Sandusky

Mr. LaBella gave a brief overview of the 2019 budget, noting that it was conservative. Mr. Sandusky then discussed the proposed 2019 budget and new projects in more detail.

Mr. Sandusky also noted the operating budget is conservative and contemplates a 1% increase in IFUS and dues contributions over 2018 receipts

The Board discussed the budget and recommendation of the Budget and Finance Committee from its December 18, 2018.

A motion was made, seconded and approved to approve a 2019 Operating Revenue Budget of \$13,403,836 and an Operating Expense Budget of \$12,818,123.

A motion was made, seconded and approved to approve a 2019 New Project Expense Budget of \$151,800 with a corresponding potential revenue of \$36,000.

IV. OPEN DISCUSSION

President Dills asked the Board for any open discussion items or issues.

V. ADJOURNMENT

Having no further business to conduct, the Board adjourned to an Executive Session at 4:31pm local time.

**THE SHEET METAL AND AIR CONDITIONING CONTRACTORS'
NATIONAL ASSOCIATION, INC.
(SMACNA)
BOARD OF DIRECTORS
MEETING REPORT
July 16-17, 2018
JACKSON HOLE, WYOMING**

I. CALL TO ORDER:

President Knox called the meeting to order at 8:00 a.m.

A. Welcome – President Knox

President Knox welcomed the Board members to the meeting and also recognized and expressed his appreciation of Board members attending their final Board meeting; Craig Benson, Carol Duncan, Tony Kocurek, Kevin Jones and Todd Hill. He also expressed his appreciation to departing Executive Committee Member, Immediate Past-President, Joseph Lansdell.

B. Introductions, Local Markets and Chapter Issues Discussion

Board members proceeded with self-introductions.

C. Call for Additional Agenda Items

President Knox requested Board members identify new business items not already covered in the agenda. No items were brought to the President's attention.

ATTENDANCE:

Members of the Executive Committee:

Jack Knox, President, R. J. Knox Company, Inc., Smyrna, GA
Nathan Dills, President-Elect, ACP Sheet Metal Co., Inc., Oklahoma City, OK
Angie Simon, Secretary-Treasurer, Western Allied Mechanical, Menlo Park, CA
Al LaBella, Vice President, Blue Diamond Sheet Metal, Inc., Medford, NY
Joseph Lansdell, Immediate Past President, Poynter Sheet Metal, Inc., Greenwood, IN
Vincent R. Sandusky, Chief Executive Officer

Members of the Board of Directors:

Hank Artlip, Artlip & Sons, Inc., Aurora, IL
Kyle Bellmon, United Mechanical, Inc., Oklahoma City, OK
Craig Benson, Paramount Sheet Metal Ltd., Port Coquitlam, BC, Canada

Danny Dillon, Dilfo Mechanical, Ltd., Ottawa, Canada
Carol Duncan, General Sheet Metal, Clackamas, OR
Brian Fluetsch, Sunset Air, Inc., Lacey, WA
Ken Groeschel, Jr., Butters-Fettig Co., Inc., Milwaukee, WI
James E. Hall, Systems Management & Balancing, Inc., Waukee, IA
Todd Hill, Ventcon, Inc., Allen Park, MI
K. Joe Isom, California Sheet Metal Works, Inc., El Cajon, CA
Kevin Jones, Richards Sheet Metal Works Inc., Ogden, UT
Anthony Kocurek, Energy Balance & Integration, LLC., Albuquerque, NM
Gary Luthé, Sr., Luthé Sheet Metal Inc., Cherry Hill, NJ
Thomas E. Martin, T. H. Martin, Inc., Cleveland, OH
James M. Morgan, Worcester Air Conditioning LLC, Ashland, MA
John Raught, Northstar Environmental Ltd., Beaver, PA
A. Scott Vidimos, Vidimos, Inc., East Chicago, IN
Art Williams, Air Systems, Inc., San Jose, CA

Staff & Legal Counsel:

Jeff Henriksen, Executive Director, Communications & Marketing
Eli P. Howard, III, Executive Director, Technical Services
Thomas J. Soles, Jr., Executive Director, Member Services & Market Sectors
Deborah Wyandt, Executive Director, Labor Relations & Human Resources
Daniel R. Kelly, Felhaber Larson, Minneapolis, MN
Michael G. McNally, Felhaber Larson, Minneapolis, MN

Guests:

Ron Magnus, FMI Corporation, Inc., Denver, CO
Julie Muller-Neff, Esq., Chair, Council of Chapter Representatives

II. STRATEGIC DISCUSSION

Ron Magnus, Managing Director of FMI's Center for Strategic Leadership

Mr. Magnus led an interactive discussion with the Board, exploring a variety of best practices used in leadership roles in construction.

Some of the topics discussed included:

- How to think about an inevitable market downturn
- Succession planning
- Senior leadership perspective
- Role of technology – more noise than news
- Training, finding talent, differentiating your company
- Technology shifts in industry (chilled beams)
- Invest in young people, plan for economizing in a downturn

- Identify bottlenecks in technology
- Encourage industry to evolve because industry is getting smarter
- Skewed industry growth numbers because of mega projects (Apple)
- Big contractors have to think differently about rotating staff to develop skills and keep people sharp
- Find the best training companies – simulations/AI could cut training time in half
- Best Practices driving culture of people to be driven to get better, increase awareness, continual improvement.
- Use outside advisors in four categories: peer groups, board of directors, local associations and advisory boards. Peers can be outside the industry.

III. CONSENT AGENDA

The consent agenda consists of the most recent Board and Executive Committee meeting reports and the Executive Staff reports identified in the Board meeting workbooks.

A motion was made, seconded and approved to approve the following meeting reports and staff reports.

Meeting Reports

1. January 2018 Board of Directors Meeting Report (Exhibit I)
2. July 2018 Executive Committee Meeting Report (Exhibit II)

Executive Staff Reports

1. Labor Relations Update
2. Market Sector Council Update
3. Technical Services Update
4. Communications & Marketing
5. Government Relations Update

IV. OPERATIONAL AGENDA

A. Financial – Secretary-Treasurer Simon/Mr. Sandusky

1. Year-to-Date Financial Statements

Mr. Sandusky and Secretary-Treasurer Simon reported on 2018 financials year-to-date. It was reported that the SMACNA Balance Sheet, the Income and Expense Summary Report and Department Recap from June 30, 2018, and all looked normal with no irregularities reported.

2. Investment Report

Mr. Sandusky reviewed the Investment Account Summary Report indicating a market value of \$12,127,085 as of 6/29/18.

3. Additional Contributions to Reserves

Mr. Sandusky informed the Board that the Executive Committee had voted and approved the transfer of \$250,000 to reserves the previous day.

B. Industry Updates

1. New Horizons Foundation – Secretary-Treasurer Simon

SMACNA Secretary-Treasurer and NHF Vice-Chair Simon and Mr. Soles reported on NHF activity including:

- a) Four current projects under development:
 - The Foundation’s Library of Knowledge
 - Tools for Hiring and Talent Development.
 - Productivity Tracking for Design, Fabrication and Installation
 - Customer Satisfaction Measurement
- b) The Foundation will be providing several presentations to Chapters.
- c) Ms. Simon expressed her gratitude on behalf of the Foundation to Carol Duncan, Nathan Dills, Jack Knox, Julie Muller-Neff and SMACNA’s Western Washington Chapter for their contributions and commitments to the Foundation.

2. iTi/NEMI/SMOHIT Update – Messrs. Howard, Kocurek, Jones

Messrs. Howard, Kocurek and Jones reported on the following topics:

- a) ITI/NEMI/SMOHIT planned meeting is at Spring Creek Ranch in Jackson Hole, immediately following the Board Meeting.
- b) SMART Heroes program – To date, 59 people have completed training; 27 are currently working in the industry; with the majority of others awaiting service discharge. SMART contacted SMACNA’s Mid-Atlantic Chapter to discuss a possible second location opening for the Heroes program.
- c) An update from NEMI will be coming at the December Council meeting on fire life safety
- d) SMOHIT is paying for asbestos health testing this year. Mr. Jones urged Board members to submit requests for SMOHIT to perform screening services in their areas.
- e) SMOHIT is adding safety videos to the library of content on SMOHIT’s website.
- f) Mr. Kocurek noted NEMI announced some staff changes and commented on the fire life safety program. He has noticed that fire life safety can be enacted either as legislation or through a regulatory process as a code introduction. New Mexico was used as an example to illustrate how the process can switch from legislative to regulatory and back again to give it the best chance at passing.
- g) NEMI/NEMIC continuing efforts concerning ICRA infectious control for healthcare related facilities.
- h) Mr. Howard noted ITI has a new grant program – \$20,000 to bring a new technique or specialty to the local JATC on which they currently don’t offer training but can adopt and teach the technique going forward.

3. National Pension Fund – Immediate Past President Lansdell

Mr. Lansdell shared a presentation on the National Pension Fund. Highlights of his report include:

- Labor Trustee Pat Landgraf is retiring, and an opening will be filled by SMART.
- The Fund is currently in the Yellow zone. The committee expects a slight increase in the funded percentage each year for the foreseeable future.
- Funding stats continue to improve – cash flow positive in 2016 and 2017
- No mandatory contribution increases expected in 2018 and 2019.
- Projections show the NPF fund will be 80% funded by 2026.

4. Association Leadership Meeting (ALM) – President Knox

Mr. Knox shared approximately 35 contractors attended this year's ALM and noted attendance was up slightly from previous years.

- Agenda included Chapter updates and a focused discussion on how to get people more engaged in their Chapters.
- It was noted that Chapter Executives will be invited to attend in 2019.

5. Women in Construction Leadership – Secretary-Treasurer Simon

Ms. Simon reported on the one-day meeting in Boston on June 9, to help establish the mission, vision and values for the Committee.

MISSION: Inspire women at all levels to make greater contributions and achieve leadership roles throughout recruitment, mentorship, education, and recognition to strengthen the sheet metal and mechanical industry.

VISION: Building an environment where more women are engaged and inspire contributors and leaders, growing industry success at the local and national levels.

Based on an Executive Committee recommendation, the group will present SMACNA with a formal request to create a Council within the formal SMACNA structure.

C. Communications and Marketing – Mr. Henriksen

Mr. Henriksen shared how the newly formed Communications and Marketing Department was progressing into an in-house agency with full marketing and communications capabilities. Accomplishments included:

- *SMACNews* redesign and doubling of content
- New focus on designing for mobile devices
- *Member Update* and *Chapter Leadership News* redesigns
- New focus on intuitive navigation for several areas of the website

Mr. Henriksen then shifted the conversation to focus on current and future projects including:

- Increasing the capabilities of SMACNA public relations and communications efforts, creating a proactive PR department that uses the right tools to target the right journalists with the right information to gain coverage.
- The pros and cons for a daily vs. weekly version of a SMACNA SmartBrief e-newsletter. He pointed out the newsletter saves contractors time, providing information on important emerging trends and industry news that could affect their business. Topics to be covered include business ownership, legislation, technology and economic trends and data. The consensus of the Board was to product a daily version.
- An update on the Chapter website pilot program, sharing the latest two versions of the chapter templates.
- The importance of strengthening the shared identity that SMACNA National and Chapters have when they use a common logo to identify themselves.
- The launch of a marketing resource center that will hold all stationary, marketing materials, chapter logos and presentations created by SMACNA National and available to customize by Chapter Executives and possibly members directly. Visitors would have the ability to customize brochures and other items with local content and images and either generate a pdf or print a brochure on demand and have it shipped. Payment terms would be handled directly with the printer.
- A preview of 75th anniversary plans. Mr. Henriksen touched on efforts associated with the website, publications, video, marketing materials and events.

D. Technical Services – Mr. Howard

Mr. Howard gave an overview of current technical education work including efforts to coordinate more closely with the International Code Council (ICC). Mr. Howard touched on specific efforts in the areas including technical papers, regional conferences, committee work and jointly-branded technical standards. Additional points of emphasis included:

- Current work being done with the Air Movement Control Association (AMCA) which approached SMACNA about working jointly on proactive marketing efforts highlighting the benefits of forced air systems.
- Continuing work with AMCA in 2019 by sponsoring the AMCA ASET Conference in Chicago. Day one of the conference would be devoted to content provided by SMACNA.
- New opportunities to use AMCA's research center/lab. SMACNA would be able to develop meaningful reports on forced air system research which could then be publicized to the industry.

Discussion ensued regarding the use and distribution of technical training videos to reach more people as well as the publication date of the System Air Leakage Test Standard which will be issued for public review by the end of August.

E. Policy Recommendations – Mr. Sandusky

1. Legislative Policy Update

a) Amendment to Federal Contracts Standards Policy

The Government Affairs Committee is recommending SMACNA’s Federal Contracts Standard Policy be amended to include “*Contractors working on public projects should be compensated for extra costs directly attributed to a government shutdown during the contract’s duration leading to a necessary extension of the contract period.*”

b) Federal Contracts Benefits Standards Policy

The Government Affairs Committee is recommending amending SMACNA’s Federal Contract Benefits Standards Policy to add: “*but supports federal exemptions for construction firms that are signatory to collective bargaining agreements. These benefits would include, but not be limited to, programs for mandated family, medical, sick and related leave programs.*”

2. Director Nominating Committee Election Process

Mr. Sandusky discussed the need to streamline the election process without revising the SMACNA Constitution or violating New York State corporate law, and to maintain the ability of a specific region to elect a nominating committee in the event of a contested election. A draft policy was submitted for review.

3. Student Chapter Charter Approval Process

Mr. Sandusky discussed feedback from the Task Force and interested SMACNA Chapters indicating we could receive applications for formation of SMACNA Student Chapters before the end of 2018.

The application approval process was discussed including what person or entity has the authority to sign off on the applications. Options discussed included:

1. The Board by electronic means
2. The Executive Committee by electronic means
3. The SMACNA CEO

The Board accepted the Executive Committee’s recommendation that the SMACNA CEO should have the authority to approve all Student Chapter Applications.

4. Endorsement of MCAA Labor Factors

Mr. Sandusky and Mr. Soles proposed that SMACNA renew its endorsement of the recently updated MCAA document, “*Change Orders Productivity Overtime: A Primer for the Construction Industry*” SMACNA has endorsed this since 2011. The Executive Committee recommendation is to renew SMACNA’s endorsement.

A motion was made, seconded and approved by the Board to adopt all four policy proposals.

F. Membership/Market Sectors/Education/Safety – Mr. Soles

Mr. Soles reported that Johns Manville has become SMACNA's sixth Premier Partner effective July 1, 2018, and that Titus and Daikin Applied are up for renewal at the end of the year. In total, the Premier Partners Program is generating \$1.3 million in gross revenue over the three-year contract commitment.

1. SMACNA Multi-day Educations Programs

All four of the traditional programs were sold out this year – Business Management University, Supervisor Training Academy, Project Management Institute and Financial Bootcamp.

2. New Programs:

a. Leadership Development Program at UNC

Mr. Soles reported that the program held this past May had 20 attendees. The program (April 2019 target date) is being fine-tuned to attract more senior executive participants and the title is changing to Executive Leadership Development Program. Both Ms. Duncan who attended the program, and Mr. Dills who sent his fabrication VP commented on the tremendous value of the program.

b. Advanced Project Management Institute

Mr. Soles stated that the Advanced Project Management Institute program was designed for the 250 graduates of PMI and other PM's with senior project management experience. The course is a case study based on real-world examples from SMACNA contractors and is being put together by FMI.

Mr. Soles also informed Board members that the Committee will be revisiting development of a multi-day Succession Planning Program at its September meeting. Suggestions were made that an on-line "prep-program" prior to the actual session may help better orient attendees, particularly on sensitive financial business topics.

3. Market Sector Councils Update

Mr. Soles discussed activities of SMACNA'S four Market Sector Councils, referring everyone to the consensus report. Highlights include:

- The HVAC Forum this year is going to be on a New Horizons study on productivity tracking for detailing fabrication and installation.
- The HVAC Council is taking a closer look at federal contracting and is producing a guideline for members interested in pursuing public work. It is also updating the

HVAC - Understanding the Basics manual with links to video tutorials, the majority of which have been provided by Premier Partner, Titus HVAC.

- Architectural Metals Forum at this year's convention is focused on Building Envelope – Design and Construction.
- The Architectural Council is working on a project with the American Institute of Architects – Student Association to develop a student intern program for SMACNA architectural metals contractors.
- The Residential Forum will focus attendee's attention on sales strategies and best practices.
- The Residential Council has two new whitepapers, one on extended warranties, and the other on the pros and cons of residential ductless systems.
- The Industrial Forum at this year's convention will be focused on industrial ventilation system designs and performance, with an emphasis on system designs in automotive environments.

4. Financial Survey

John Murdough's CPA firm was hired to manage the survey, last conducted in 2012. While response to date was less than expected, Murdough's firm is contacting members who partially completed the survey to guide them through completion. This effort will conclude by the end of August.

5. Student Chapters Initiatives

SMACNA will roll out a Student Chapter Program to SMACNA Chapter Executives in late September, branded under the campaign slogan "Ignite Your Career." Several initial campaign elements are being produced including a logo, a multi-use PowerPoint presentation, a toolkit containing Chapter models, constitutional bylaws, suggested events, and how to champion a program within a school.

6. Reference Manual for Labor Units Launch

Mr. Soles commented that the revised web-based program launch to members only, will happen by the end of August. The plan is to release the reference manual to the general public in early 2019 and house the document on SMACNA's MadCad subscription library pending negotiations with MadCad.

7. Chapter Mentoring Program

Mr. Soles reported that Tom Keating has been engaged to mentor Chapter Executives, either new or in need of management guidance or assistance in promoting awareness of SMACNA products and services. Tom has had successful meetings with six chapters to date, with more being planned for the remainder of the year.

8. Contractor Operations Manuals

Mr. Soles provided an overview of this multi-year project to revise and add to SMACNA's Contractor Operations Manual. Task Force Chair Tom Martin provided details on manuals released to date and planned publications for the remainder of the year including, Construction Contracts White Paper, Alternate Delivery Methods, Establishing Shop Burden, Contractors Role in Precon; Sheet Metal Shop Layout, Recruit to Retire, Maximizing Body Capacity. Several of these manuals will convert to Chapter Education Programs beginning in 2019.

9. Discussion

Mr. Groeschel opened discussion about SMACNA developing a library of YouTube business videos to complement technical videos. Videos would appeal to interns and those fresh out of college. The Business Management Committee will include this topic for discussion at its September meeting.

An estimating video and a shop burden video were also suggested as being worthy of evaluation.

G. Government Relations – Mr. Sandusky

Mr. Sandusky reviewed Capitol Hill activities effecting contractors, including:

1. Pension Reform Update

Mr. Sandusky informed the Board that the industry is facing a changing landscape on Capitol Hill including:

- A bi-partisan Joint Select Committee will issue a report on November 30, 2018 (after the election). Assessment at the time of the meeting was that it will be exceptionally difficult for the Joint Select Committee to issue a recommendation as a super majority is required on any vote.
- Composite plan reform is still SMACNA's top priority and could possibly be one of the options offered by the Joint Select Committee.
- Some troubling discussions have emerged among some committee members around multi-employer pension plans and establishing more conservative assumptions about investment returns, including reducing rate of returns, placing caps on the rate, and/or using different types of mortality tables in calculations.
- Potential for significant increases in premiums with the Pension Benefit Guarantee Corporation – people are talking in multiples of up to 20 times what is currently being paid.
- Good news is that Composite Plan reform could be tied to must-have bills in the upcoming lame duck session.

Mr. Sandusky concluded by emphasizing that even if Composite Plan reform passed, other newer threats to pension reform could require our full attention.

2. SMAC PAC report

Mr. Sandusky gave an overview of Government Relations activities including:

- An effort to participate in more activities in the congressional home districts of legislators with SMACNA Chapters and members. More frequent visits to home districts increases the opportunity to discuss pension plan reform and how it is a business issue, not a labor issue.
- SMAC PAC funding continues to improve which demonstrates continued interest by members.

H. Board Liaison Reports – President Knox

Mr. Knox encouraged all Board members to reach out to their liaison assignments. Mr. Vidimos, Ms. Simon, Ms. Duncan, Mr. Groeschel and Mr. Fluetsch all discussed their outreach efforts.

I. Chapter of Council Representatives Report

Ms. Mueller-Neff reported the Council meeting held in Boston in June was very productive despite no recommendations to the Board for action. Thirty-five percent of SMACNA Chapters were represented. Five Premier Partners attended including Daikin, Milwaukee Tools, Mestek, Titus and Federated Insurance.

J. Labor Relations – Ms. Wyandt

1. 2018 Bargaining Outlook

Ms. Wyandt reviewed 2018 sheet metal collective bargaining activity. She reported that first year settlements are averaging 3.1 percent, slightly higher than those negotiated in 2017.

2. June 2018 NJAB Review

One contract renewal was resolved. Four grievances were resolved on-site with the assistance of NJAB mediators and were withdrawn by the grieving local unions.

Ms. Wyandt advised there has been one strike in the industry this year in the Midwest, which began one week prior to the Board meeting and was still in effect at the time of meeting. SMACNA Labor Relations staff and outside labor counsel were in contact with the involved Chapter throughout negotiations and provided all assistance and support possible to the affected contractors.

3. Crew Cost Wage Equalization Update

She reviewed the Board recommended objectives that had been accomplished by The Labor and Executive Committee members who worked with SMART to achieve a workable agreement on the crew cost methodology for wage equalization. She further reviewed the steps SMACNA had taken to educate members on this topic, including two

webinars available on the SMACNA website. Some areas discussed the crew cost method of negotiations during 2018 bargaining, but to date, no new areas have adopted it.

4. SASMI Trustee/Sponsorship Issue

Mr. Sandusky advised the Board of the status of discussions with SMART on potential SMACNA co-sponsorship of the SASMI trust. Ultimately, SMACNA and the SASMI trustees could not come to agreement on SMACNA's authority as a co-sponsor, therefore negotiations were terminated.

5. **New project** – an update on the history of the Standard Form of Union Agreement (SFUA) should be finalized and available by the end of September.

6. Davis Bacon Survey Project

Ms. Wyandt provided an overview of a Davis-Bacon project that will be funded by the National LMCF to help areas strategize and respond to Davis-Bacon prevailing wage surveys.

7. CLRC Research Study to Identify Key Predictors of Employment Share

Ms. Wyandt advised that the Labor Relations staff was proposing a new project analyzing employment share data to determine what factors might be attributed to areas most successful in increasing or maintaining market share. SMART is reviewing the study proposal to determine if they agree to have the study funded by the LMCF.

Later in the meeting, the SMACNA Board agreed that SMACNA should fund the study in the event SMART declines funding by the LMCF.

8. Exploration of Multi-Employer Approach to PTO Requirements

Ms. Wyandt and Mr. McNally discussed a federal executive order that requires the accrual and payment of sick leave for employees performing federally-funded work. They solicited feedback from the Board to determine if an employer-sponsored fund might ease administrative burdens related to the federal requirement and state and local paid time off (PTO) requirements.

The Board directed staff to research the concept further and to provide the Board with additional information at the January 2019 Board Meeting.

**9. Overview of Specialty Agreement Discussions with SMART: Ms. Wyandt/
Mr. McNally**

Ms. Wyandt advised that SMACNA and SMART have met once to determine if discussions on a National Service Agreement should be reinstated. Ms. Wyandt and Mr. McNally have likewise had a meeting with an architectural contractor, a local union and SMART International to assist in exploring the feasibility of a production agreement for certain aspects of architectural work.

10. Best Practices Update – Mr. Dills

Mr. Dills provided an update of the Best Practices meeting. Carol Duncan will assume the Management Co-chair role for the September 19-20 meeting.

Mr. Dills reported on the Partners in Progress meeting where approximately 440 were in attendance. Attendance was split 53% labor, 45% management and 2% other. Mr. Dills commented that there was a great speaker on last day – John Foley who had a great tie-in slogan #gladtobehere.

LMCF asked the Best Practices Task Force to work on recruiting and retention efforts. Best Practices voted to conduct a short, five-question survey going to apprentices. Focus group data will be gathered as well.

Other

Ms. Wyandt advised tentative dates for the next Partners in Progress Conference are March 3-4, 2020 in Las Vegas. The hotel contract is currently under negotiation.

Discussions entailed around external trust fund auditor scope of work when visiting contractors. Contractors took issue with auditors trying to examine items unrelated to scope of audit.

K. Leadership

1. 2020 Board Meeting Locations – Secretary-Treasurer Simon

A motion was made, seconded and approved for the following two locations for the 2020 Board Meetings:

January 2020	Hilton Waikoloa Village, Kona, Hawaii
July 2020	Park Hyatt Beaver Creek Resort & Spa, Beaver Creek, Colorado

2. Appointment of IFUS Nominating Committee – President Knox

Slate of three nominated: Kevin Jones, Brian Fluetsch and Scott Vidimos.

A motion was made, seconded and approved to approve the IFUS Nominating Committee Appointments

3. Officer Nominating Committee Report and Election

Mr. Dills thanked Scott Vidimos, Angie Simon, Ken Groeschel, Carol Duncan for their past year of service. Mr. Dills, Chair of the Officer Nominating Committee, submitted the following slate of candidates for Board consideration:

President: Nathan Dills
President-Elect: Angie Simon
Secretary: Al LaBella
Vice President: Anthony Kocurek
Immediate Past President: Jack Knox

A motion was made, seconded and carried that nominations be closed and that the Officer Nominating Committee's slate of candidates be elected by unanimous approval.

L. Annual Convention – Mr. Franco

Mr. Franco gave an update on the Convention earlier in the day, stating attendance is exceeding all expectations.

M. 2018 Mid-Year Budget Adjustments – Secretary-Treasurer Simon/Mr. Sandusky

Ms. Simon and Mr. Sandusky reported on five mid-year budget proposals based on proceedings of the Budget and Finance Committee call meeting on June 19, 2018.

A motion was made, seconded and carried to approve the five proposed adjustments and reallocation of resources, including:

1. PR and Communications Enhancement
2. Marketing Materials Development and 75th Anniversary
3. SMACNA Daily SmartBrief
4. AMCA-ASET Conference
5. Study to Identify Key Predictors of Employment Share

Funding for these five initiatives total \$205,000 and result in an adjusted operating budget of \$12,241,555.

V. OPEN DISCUSSION

A. Effect of Loss of State Prevailing Wage Law

The Board discussed the effect of prevailing wage laws on their businesses.

B. Sharing Effective Craft Training Strategies – Mr. Jim Morgan

Mr. Morgan stated that he joined both the SMACNA Board and JATC Board at the same time. He thought it would be productive to share ideas that are working locally, in particular, getting the JATC and others talking about new apprentice training ideas and successes. Mr. Morgan mentioned the impact of having virtual welding in more JATCs.

The group discussed some ideas, including the idea of approaching Premier Partners like Milwaukee Tools for a tool wall and Platinum Member, Vicon, for refurbished tables. One idea was to approach states for funding to help equip trade training centers.

C. Entry Level Craft Recruitment - Mr. Ken Groeschel

Mr. Groeschel reviewed the "Choose Bigger" campaign.

- Budget of more than \$100,000 for campaign and website.
- Goes to high schools and apprenticeship programs.
- Shared AdWords results via email.
- Trying to get set up across the whole state of Wisconsin.
- Vendor owns copyright but is allowing use by interested chapters.

VI. ADJOURNMENT

Having no further business to conduct, the Committee adjourned to an Executive Session.

**THE SHEET METAL AND AIR CONDITIONING CONTRACTORS'
NATIONAL ASSOCIATION, INC.
(SMACNA)
EXECUTIVE COMMITTEE MEETING
OCTOBER 13, 2018
SAN DIEGO, CALIFORNIA**

I. CALL TO ORDER:

President Knox called the meeting to order at 12:00 p.m.

ATTENDANCE:

Members of the Executive Committee:

Jack Knox – President

Nathan Dills – President-Elect

Al LaBella – Vice President

Angela Simon – Secretary-Treasurer

Joseph Lansdell – Immediate Past President

Vincent R. Sandusky – Chief Executive Officer

Staff and Legal Counsel:

Jeff Henriksen – Executive Director of Communications & Marketing

Eli P. Howard, III – Executive Director of Technical Services

Thomas J. Soles, Jr. – Executive Director of Member Services and Market Sectors

Deb Wyandt – Executive Director of Labor Relations & Human Resources

Jerrold Marans - Controller

Daniel R. Kelly, Felhaber Larson – SMACNA General Counsel

Michael G. McNally, Felhaber Larson – SMACNA Labor Counsel

A. Request for New Business Items

President Knox requested new business items. No items were presented.

B. Convention Review

Mr. Sandusky informed the Committee of their social events, meeting schedules and special guests attending the Convention. Mr. Sandusky also informed the Committee that the 2018 Convention revenue looked strong with 982 attendees; a number that was unprecedented following a convention held in Hawaii.

II. FINANCIAL UPDATE – Ms. Simon and Mr. Marans

A. Financial Report – SMACNA Year-to-Date

Mr. Marans reported that IFUS collections through September 2018 were up about 8% over last year.

Mr. Marans also reported there was a budget surplus of \$2.5 million, due in part to the recognition of Convention receipts, but not the expenses.

Mr. Marans reviewed the Investment Account Summary Report indicating a market value as of September 30, 2018 of \$12.7 million.

III. Labor Relations – Ms. Wyandt

Ms. Wyandt reviewed 2018 sheet metal collective bargaining activity. She reported that first year settlements are averaging 2.9 percent, ranging from 60 cents up to \$3.50 cents, adding that 50% of contracts were for a three-year period, 33% were for more than a three-year period and 11% were for less than a three-year period.

Ms. Wyandt provided an overview of the September NJAB meeting. Four contract renewals were resolved. One grievance was resolved on site with the assistance of NJAB mediators. The issue concerned cameras in the contractor's shop.

Mr. Sandusky suggested to the Executive Committee that SMACNA should consider devising a process to discuss technology with SMART.

Ms. Wyandt reported on the latest developments related to the crew costs method for wage equalization. SMART held workshops on the crew cost method at their August Business Agents' Conference. Some local areas have discussed the crew cost method but to date, no new areas have adopted it. SMACNA and SMART staff discussed a portal for publishing crew cost numbers using the Partners In Progress website to host it behind a member login.

Ms. Wyandt provided an overview of a Davis-Bacon project that will be funded by the National LMCF to help areas strategize and respond to Davis-Bacon prevailing wage surveys.

She provided an overview of the new project analyzing employment share data to determine what factors might be attributed to areas most successful in increasing or maintaining market share. SMART and SMACNA are anticipating results may be available by the end of first quarter of 2019.

The labor team is updating substance testing guidance due to the proliferation of changing laws concerning marijuana use across the country.

Ms. Wyandt discussed an update to the history of the Standard Form of Union Agreement (SFUA), stating it accounts for the most recent SFUA changes and gives guidance to members on the history of the provisions, how they have been historically interpreted and what the intent of SMACNA and SMART were in negotiating those changes. The Felhaber firm has been asked to provide a legal review to see if any case law needs updating.

Mr. Dills provided an update of the last Best Practices meeting held in Key West, FL in September, and discussed his transition of the co-chair responsibilities to Carol Duncan. Tom Martin and Gary Myers are coming onboard the task force as part of a new rotating term recently implemented to keep ideas current and innovative. Mr. Dills added that the Best Practices meeting focused on planning the next Partners in Progress Conference which has now been confirmed to take place February 25-26, 2020 in Caesars Palace, Las Vegas. The theme will be “All In!”

In addition, a recruiting marketing plan was being discussed and developed. A plan will be presented at the next meeting.

Mr. Sandusky briefed the Committee that iTi established the Heroes Foundation to fundraise and financially support the Heroes program going forward. Mr. Sandusky asked the Committee whether SMACNA should make a contribution.

After a discussion on sponsorship levels and contributions, a motion was made, seconded and approved for a contribution of \$50,000 to the Heroes Foundation.

Ms. Wyandt stated that she and Mr. McNally were researching requests by a growing number of SMACNA members and chapters to petition the NPF to waive its suspension of benefits requirements so that retirees could return to work in areas with severe manpower or skills shortages. Ms. Simon shared the Bay Area’s

local pension fund has a program allowing retirees to come back to work with tools and benefit from the additional accruals immediately upon retiring again instead of waiting until they reached age 65. The local plan also allows, on a case by case basis, returning to work without tools for a limited period of time.

Mr. McNally proposed an idea for the contractor and local union to jointly approach national plan representatives when there is a critical shortage of manpower. The proposal would include retirees coming back to work, not suspending their benefits and contributing on their behalf as active members so man hours can contribute into the national pension fund.

A pros and cons sheet was shared and discussed, and the consensus was to bring this to pension plan trustees at the Convention in preparation for a trustee meeting in the coming weeks.

Mr. McNally updated the Executive Committee on his progress researching a business plan that establishes a trust to administer contractor obligations under National, State and Local Paid Time Off and Family Leave Requirements. Multiple trades could establish their own trusts which could then be managed under one umbrella by a service agency. This concept will be presented to the SMACNA Board of Directors at their January 2019 meeting.

IV. Technical Services – Mr. Howard

In addition to referring to the Executive Committee workbook items contained in his Q3 Update, Mr. Howard discussed the following:

- The Duct Construction Standard 4th Edition is currently in the ANSI review process. The review ends October 15 and he expects it to be published in a month or so.
- Fire Damper Manual will be posted for 45-day public review, after which it will go directly to publication.
- Total Systems Leakage Manual will also be posted for 45-day public review and it will also go directly to publication.
- AMCA-SMACNA joint initiatives:
 - Coordinating on ASET Conference in Chicago, March 2019. Working on joint agenda.
 - Also working on published article in *AMCA inmotion Magazine*.
- Trial runs of live demo duct fittings efficiency kit at SMACNA Convention & SMACNA/ASHRAE Long Island, NY.
- Task Force Meetings took place on Seismic Restraint Manual and Tab Manual. Industrial Duct Construction Task Force meets later in the month.

- Updates on apps including Rectangular Industrial App and Ductulator App.
- Interest in Tech University remains strong with several chapters scheduled into 2019.
- Testing and Research Institute meeting to review new website.
- Delaine Deer is leaving SMACNA at the end of the month.

V. Business Management/Market Sectors/Membership Update – Mr. Soles

In addition to referring to the Executive Committee workbook items contained in his Q3 Update, Mr. Soles discussed:

- Three new Operations manual documents scheduled for publication before year end.
- Two Residential Council white papers on extended warranties and mini-split systems scheduled for publication before year end.
- HVAC Council whitepaper - Guide to Federal Contracting scheduled for publication before year end.
- Edward DeLisle is providing a session at the Convention on Federal Contracting Tuesday afternoon.
- First Advanced Project Managers Institute October 8-9, 2018 – sold out.
- Advanced PMI in 2019 – First course scheduled for May in Raleigh, and second is scheduled for September in Denver.
- Executive Leadership Development Program set for first week of April 2019
- Financial Bootcamp to be held in May 2019 in Tempe, AZ
- Supervisory Training Academy to be held in Milwaukee in April 2019 and hosted by Milwaukee Tools.
- Student Chapter Initiative – Some Chapter Executives shifting focus to internships rather than setting up chapters. Content for Student Chapter presentation deck almost complete.
- Premiere Partners –Daiken has renewed for a three-year term. Titus renewal decision is pending but positive.
- Convention Product Show Exhibitor sales at all-time high.

VI. Communications & Marketing – Mr. Henriksen

In addition to referring to the Executive Committee workbook items contained in his Q3 Update, Mr. Henriksen discussed:

- Departmental Structure
 - new hire starting November 5, 2018, focused on non-dues revenue generation and database enhancements.

- Vault Communications on retainer, conducting research and developing communications plan.
- SMACNA's daily newsletter titled *SMACNA Executive Review* will launch November 15. Marketing activity to support it and grow the circulation will also start then.
- The transformation of various SMACNews distribution channels is now complete with print, digital and website pages redesigned. Engagement numbers show a nine-fold increase in readership between May and September this year.

Focus now turns to maintaining/increasing value over the long term by producing valuable content to members. SMACNA is looking to add Ron Magnus as a regular columnist to add thought-provoking content at a strategic management level to the publication. Also, an Editorial Advisory Board has been established and the first meeting is this month. The Advisory board will discuss the six-month editorial calendar and share story ideas with SMACNews staff.

- SMACNA is creating 14 marketing pieces to be loaded into a Marketing Resource Center for Chapters Executives. Vault Communications is helping to establish a visual identity for these pieces.
- SMACNA has established a video channel based on interview content developed during the Annual Convention. Videos will start to roll out the week following the Annual Convention.
- Website continues to be developed with the Advocacy section currently in process. Labor Relations and Technical Services are still to be addressed.
- The Chapter website pilot program is almost complete. Two of three chapters are working on content development. The third is incommunicado at the moment. We have started the next wave of the process by reaching out to four more chapters.

VII. Old Business Updates – Mr. Sandusky

- A. Pension Reform: Mr. Sandusky reported it unlikely pension reform will get done this year. If Republicans lose the House, there could be a flurry of activity during the lame duck session to pass legislation and pension reform is already part of that conversation. There is the possibility of Congress considering a construction only version of the GROW Act.
- B. Max Dues. An Executive Committee member reached out to the non-conforming member. Contact was unsuccessful. The Committee agreed to take no action unless additional violators emerge.

VIII. ADJOURNMENT

Having no further business to conduct, the regular meeting of the Committee adjourned at 2:20 pm at which time the Committee went into Executive Session.

**THE SHEET METAL AND AIR CONDITIONING CONTRACTORS'
NATIONAL ASSOCIATION, INC.
(SMACNA)
EXECUTIVE COMMITTEE MEETING REPORT
JANUARY 12, 2019
GRAND CAYMAN**

I. CALL TO ORDER:

President Dills called the meeting to order at 8:00 a.m.

ATTENDANCE:

Members of the Executive Committee:

Nathan Dills – President
Angela Simon – President-Elect
Al LaBella – Secretary-Treasurer
Anthony Kocurek – Vice President
Jack Knox – Immediate Past President
Vincent R. Sandusky – Chief Executive Officer

Staff and Legal Counsel:

Jeff Henriksen – Executive Director of Communications & Marketing
Eli P. Howard, III – Executive Director of Technical Services
Thomas J. Soles, Jr. – Executive Director of Member Services and Market Sectors
Deb Wyandt – Executive Director of Labor Relations
Daniel R. Kelly, Felhaber Larson – SMACNA General Counsel
Michael G. McNally, Felhaber Larson – SMACNA Labor Counsel

A. Request for New Business Items

President Dills requested new business items. No new business items were identified.

B. Review of Meetings and Event Schedules.

Mr. Sandusky and Mr. Franco informed the Committee of their schedule and the Board social events and meeting schedules.

**II. REVIEW ACTION ITEMS FROM BOARD OF DIRECTORS MEETING
AGENDA**

A. Financial Report – Secretary-Treasurer LaBella/Mr. Sandusky

1. Year-End 2018

Mr. Sandusky and Secretary-Treasurer LaBella reported on 2018 ending as expected with contributions slightly exceeding expectations and expenses in line with expectations.

2. Investment Report

Mr. Sandusky reviewed the Investment Account Summary, reporting a market value of \$11,956,141 as of 12/31/18.

3. Additional Contributions to Reserves

After review, a consensus motion was made, seconded and approved to recommend to the Board a transfer of \$1,500,000 to reserves.

4. 2019 Budget Proposal

Mr. Sandusky discussed the 2019 budget adjustment proposals, and shared that all new projects had been recommended for approval by the Budget and Finance Committee.

B. Policy Recommendations

1. Convention Locations 2024 and 2025

The Executive Committee discussed a recommendation made by the Convention Committee that San Diego, CA be the option for the 2024, considering the success and positive feedback from the 2018 convention.

2. Also raised for consideration by the Convention Committee was Grand Wailea, Hawaii for the 2025 Convention. The Grand Wailea is offering SMACNA the opportunity to secure the property at favorable conditions, provided we respond by the end of January 2019.

The consensus of the Committee was to recommend Board approval to locate the 2024 convention in San Diego and the 2025 at the Grand Wailea in 2025.

C. Appointment of Legal Counsel – President Dills

President Dills referred Committee members to a Board workbook exhibit from Mr. Kelly on the scope of legal activities performed by his firm on behalf of the Association in 2018. The Committee recommends that the Board appoint the firm, Felhaber, Larson, as legal counsel to SMACNA for calendar year 2019.

D. Selection of Officer Nominating Committee – President Dills

President Dills discussed the recommended appointments to the Officer Nominating Committee to occur at this Board of Directors meeting.

E. Items Submitted for Board Discussion

1. SMACNA's Role and Goals in Workforce Recruitment and Retention

The Committee discussed the various roles SMACNA could play in workforce recruitment and retention..

2. SMACNA's Role in Facilitating Contractor Technology Adoption
The Committee discussed possible roles for SMACNA in helping members evaluate and implement technologies. Developing a list of objectives was discussed as a possible form of guidance that would help clarify SMACNA's role.
3. SMACNA Policy re: Sponsorships and Advertising
The Committee discussed the possible scope and direction of the coming Board discussion regarding possible SMACNA policy around accepting and or soliciting event and product sponsorships from supplier members.
4. Council Recommendation re Technical Webinars
The Committee discussed a Council meeting recommendation to have SMACNA invest money to adjust educational and technical training to help contractor and/or engineering professionals meet their licensing requirements in various states and jurisdictions.

III. INDUSTRY SERVICES UPDATES

A. Technical Services – Mr. Howard

In addition to referring to the Board workbook items contained in his consent agenda report, Mr. Howard discussed:

- Three new task forces to start 2019 including Duct Design Manual, Sound Vibration Manual, Kitchen Ventilation and Food Service Manual.
- Rectangular Industrial Duct Construction Standard – Project is fully funded and will be completed by 2020 after ANSI review process.
- In-house review projects include:
 - Fibrous Glass Standard document.
 - Duct Electric Heat Manual
- AMCA ASET conference will be taking place at the end of March 2019. Marketing underway promoting SMACNA's co-sponsorship with AMCA which includes organizing an education tract with speakers including Loek (Laurens) Vanveveld from Western Allied Mechanical, Jim Hall, President and Owner, Systems Management & Balancing, Inc., and Davor Novosel, former CTO of NEMIC in addition to SMACNA technical staff.
- SMACNA will explore a certification that can be offered to architectural members as part of a SMACNA membership.
- Technical education programs:
 - SMACNA Tech University – full schedule through June/July.

- Technical Roadshow, presenting it at AHR Expo. Going to Atlanta, Los Angeles and more. Best used in joint meetings with ASHRAE or architects.
- Looking to develop short videos on various elements of standards.

B. Market Sectors & Education, Membership and Safety – Mr. Soles

In addition to referring to the Board workbook items contained in his consent agenda Mr. Soles discussed:

- Market Sector Council activities
- Contractor Operations Manual with five documents coming out this year. Still working on a sixth document, the High Performing Contractor Manual document.
- Multi-day educational programs
- New proposed project on Ownership Transfer and Business Valuation program. Will form a task force to help develop the program if approved by Board of Directors.
- Business Management University sold out.
- Financial Survey is being dropped due to lack of participation. Women in Construction Leadership Council.
- Student Chapter Initiative – direction forward.

C. Labor Relations – Ms. Wyandt

Ms. Wyandt provided the Executive Committee with a Labor Relations Update. Topics reported on included:

- SMART will be busy preparing for its General Convention which will include elections of the General President, General Secretary Treasurer and all of the General Executive Committee members in August 2019.
- Sheet metal settlements negotiated in 2018 were consistent with those negotiated by the other construction trades. Thirty people are registered to attend the Collective Bargaining Orientation (CBO) in March 2019. That number is higher than normal. The CBO provides important training in bargaining for those negotiating in 2019. A new presentation has been incorporated in the CBO agenda to share with attendees the experience of those Chapters who faced the most difficult negotiations in 2019, to provide lessons learned and to generate discussion on approaches when negotiations are particularly tough.
- Ms. Wyandt provided an update on the crew cost wage equalization.
- Ms. Wyandt reported on the efforts of SMACNA and SMART to work with local areas in which prevailing wage determinations are scheduled to increase union sheet metal contractor responses to surveys to enhance the likelihood that the prevailing wage determination mirrors the collectively bargained rate.

- Mr. McNally advised that he will report to the Board on the research results on determining the feasibility and usefulness of a national multi-employer approach to compliance with Federal, State and Local mandatory paid time off requirements.
- Ms. Wyandt provided a brief update of the works of the SMACNA/SMART Best Practices Market Expansion Task Force, including developing guidance for local Chapters and local Unions on implementing a recruiting and retention program and on the development of content suggestions for the 2020 Partners in Progress Conference.

D. Communications & Marketing – Mr. Henriksen

Mr. Henriksen reviewed material contained in his consent agenda as well as covering new initiatives and strategies. Mr. Henriksen also shared some of the analytics that demonstrate increased engagement across the Association. More specifically, Mr. Henriksen covered:

- Content Strategy: Publication strategies are shifting due to the launch of Executive News Brief and redesign of Products & Services.
- Video Developments – New video format has generated more than 17,000 views. SMACNA will be testing a new documentary style video in 2019.
- Podcast Launch – Monthly podcast channel to be launched with Angie Simon serving as the host and interviewing peers, manufacturers and other contractors in a contractor-to-contractor conversation called “Lets Talk Shop”
- Marketing Resource Center – Currently under construction and will provide chapter executives with stationary, marketing materials and chapter resources that can be customized and ordered in print or pdf format.
- Workforce Development Website – “*Igniteyourcareer.com*” is currently under construction, but the final strategic direction will be determined by conversations at the Board meeting. This site can serve as an umbrella site that generates interest in the industry among young adults and directs interest to apprenticeship, non-trade contractor positions, contractor internships and student chapter formation.

E. Government Relations – Mr. Sandusky

Mr. Sandusky referred Committee members to the consent agenda, and then highlighted issues that will be a focus for the Association in 2019 including:

- Energy policy and incentives for energy efficient construction
- Construction processes, changes orders, bid listing and looking for better leadership from the Federal Government.

Multi-Employer Pension Composite Plan Reform stats and strategy for the coming year.

IV. JOINT TRUST FUND UPDATES

A. LMCC and Best Practices TF – Ms. Wyandt

Ms. Wyandt reported that the LMCC Trustees had determined that SMACNA and SMART should each contribute \$310,000 to the National LMCF in 2019.

Payments for the organizations will be phased in at \$105,000 due in February with the remaining \$105,000 due in June. Contributions are higher than those required in 2018 because several pre-payments for the 2020 Partners in Progress conference are due during 2019.

B. National Pension Fund – Mr. Sandusky

Mr. Sandusky referred Committee members to the pension fund section of the Board book and gave a brief report on the status of the National Pension Fund.

C. ITI/NEMI/SMOHIT – Mr. Howard

- ITI/NEMI/SMOHIT - end of February is the SMOHIT safety conference.
- SMART Hero's program – For 2018, 87 people have completed training; 38 (43%) are working in the trade. SMART Hero's Foundation established with \$70,000 in current funds (\$50,000 of which is from SMACNA). Bay Area SMACNA has pledged an additional \$50,000.
- JATCs to have new software program called Edge, training trades for estimating positions.

V. OTHER DISCUSSION ITEMS

A. Future Financial Structure

Topic deferred to July meeting.

B. Review of Strategic Objectives

The Executive Committee discussed the four strategic objectives and where progress stands. A review of the progress towards completion of the strategic objectives will be conducted prior to the July meeting and added to the agenda for that meeting.

VI. ADJOURNMENT

Having no further business to conduct, the Committee adjourned to an Executive Session at 11:40 a.m.