

BOARD OF DIRECTORS MEETING
Minutes

Red Lion Hotel, Olympia
Wednesday, February 22, 2006

Call to Order

President Hansell called the Board of Directors meeting to order at 11:15 am. Hansell began with the Pledge of Allegiance.

Roll Call

Secretary Dennon confirmed there was a quorum.

Approval of Minutes

President Hansell entertained a motion to approve the minutes as written for November 4, 2005.

MOTION: So moved.

MSP

President's Report

President Hansell began his report welcoming the members to the Board of Directors meeting. Hansell gave the following updates:

- **Membership:** due to some great membership challenges BIAW passed Georgia becoming the 3rd largest State Association in the Nation with 11,902 members. BIAW also ranked number two in retention, number two in percentage increase in growth and number three in numerical increase.
- **Legislative Session:** cut off was February 14. BIAW did a great job and stopped a number of bad bills:

BIAW-004540

- Retro-bution legislation - never surfaced after the bad press of 2005.
- Senator Fraser's lien legislation (SB 6470) - would have made builders and employees personally liable. Legislators received over 6,000 e-mails from BIAW members opposing the bill. A great victory for BIAW.
- Worst vesting bill ever - legislation proposed builders not invest until the city/county approved their application
- Construction Defect bill - legislation proposed increasing contractor's window of liability from six to twelve years.

An important BIAW-supported bill survived the cut-off. Legislation requiring Senate confirmation of Governor Appointees to the GMA Hearing Boards passed out of the House unanimously and will instill some accountability and oversight into Hearing Boards appointees.

- **New Stormwater Rules:** BIAW and AGC have sued the Department of Ecology for its recently issued construction general Stormwater Permit. The hearing will be in October and BIAW is doing everything it can to help members learn how to comply.
- **Heat Stress Rules:** L&I is in the process of developing a "Heat Stress Rule" requiring employers to provide water, access to cooling areas, etc. BIAW will continue to try to stop the rule including filing a legal challenge.
- **Election 2006:** BIAW's goals for 2006 include electing a new Supreme Court Justice and electing two or three new housing supporters to the Legislature. BIAW will be implementing a Voter Identification project in 10 legislative districts.

Treasurer's Report

Daimon Doyle, 2005 Treasurer, began his report acknowledging February as National Designation month. Doyle also recognized Mark Shaffer for his work on the rally in building the coffin for the death of affordable housing. Daimon continued with the Treasurer's report and presented the statement of revenues and expenditures and balance sheet for year-to-date December 31, 2005. 2005 was a fantastic year financially. Revenue was \$622,000 over projection and expenditures \$1.14 million under projection. That allowed BIAW to move funds into long term reserves in an effort to protect BIAW from the event that the Retro program was to end.

President Hansell acknowledged the BIAW Past Presidents and the service they provide BIAW. Hansell then presented Lyle Fox with his President's ring.

Lyle Fox thanked Jeff acknowledging BIAW staff and members for making 2005 a great year.

State Representative's Report

Robert Camp gave his last report as a State Representative stating he had enjoyed the past three years working on behalf of BIAW at the National level. Camp gave an update on the Fannie Mae and Fannie Mac financing warning of increased interest rates.

John Piazza, incoming State Representative, stated that he would make himself available to each of the Local Associations. John said his job was to work as a liaison and take information, concerns, problems or questions of Local Associations and BIAW back to NAHB. Piazza announced that the next NAHB meeting would take place on May 8 - 14 in Washington, DC. It would be a Board of Directors meeting and Legislative Conference combined. There are three key issues NAHB will focus on: tax reform, endangered species act, and GSEs. John encouraged the Local Association Directors and Presidents to attend the NAHB meeting and get involved through participation in meetings of interest. Piazza gave updates on the following items:

- development of PATH program
- issues regarding lead base paint
- new book: Light Commercial Work for Homebuilders
- Greenbuilder Magazine

Committee Reports

Washington Builders Benefit Trust

Rick Tremaine, Chairman of the WBBT and HIT, began his report with the WBBT report. The ROII program funds managed in 2005 had a 9.59% return. To put into perspective, the Dow Jones was down for the year and the S&P 500 was at 4.91%. Over the last three years the funds have had an average 8.91% return and since inception 6.78% return. The Trust had an attorney give an overview of the trustee responsibilities and recommended structure. A training session was planned for the Trust prior to the BOD meetings in Spokane.

The HIT had substantial increases in costs about two years ago which resulted in a decrease in participants. Last year the HIT had a very modest increase in premium costs and have since then increased the number of participants. The 2005 experience rate was very good and the Trust anticipates, on average, an extremely low increase in rates in 2006.

Washington Affordable Housing Council

Tom Stewart, Chairman of the WAHC, reported that there were no motions to bring forward to the Board of Directors. Stewart gave an update on the actions of the Council noting that the WAHC would be participating in two Supreme Court races in 2006. The WAHC had a number of guests from the Legislature. Senator Mike Carrell, representing the Senate Republican Campaign Committee, updated the WAHC on upcoming campaigns and the coming year of defense to be played. Representative Skip Priest, representing the House Republican Organizational Committee, updated the WAHC on the candidates they are seeking to run in the fall to fill a number of seats in the House. Representative Judy Clibborn, representing the House Democratic Campaign Committee, shared with the WAHC a number of pro-business candidates running in upcoming elections. In addition, Mayor Bud Norris from the City of Mt. Vernon and Council person Joe Lindquist also attended the WAHC meeting. A number of Local Associations presented WAHC dues for 2006 totaling approximately \$67,000.

Remodelors Council

Chairman Joe Schwab gave an update on the Remodelors Council. The Council received a report from Sherry Schwab regarding NAHB activities which included the following:

- ◆ The EPA's lead based paint rule, due to be implemented in 3 years.
- ◆ The Countrywide Insurance Affinity program

Joe continued his report stating Sherry Schwab was unanimously elected as the Vice Chair of the Remodelors Council. Jeff Hansell gave a report and encouraged members to participate in the legislative rally. There was discussion on housing affordability and how it relates to Remodelors. The Remodelors Weekend will take place in conjunction with the BIAW Board meeting in Spokane. There will be a golf outing and a full slate of Remodelors activities. The Local Associations gave their local Council reports. There will be a NW Builders trade show and education opportunities which will take place in the fall, October 3 - 4 at the Convention Center.

Past Presidents Council

Lyle Fox, elected Chairman of the Past Presidents Council, said there was one motion. The Council requested that President Hansell inform the Council as to what they can do to assist with reviewing the BIAW 5-year plan and reaching the goals of 2006.

Membership Committee

Darylene Dennon, Chairman of the Membership Committee, reported on both the Spike Club and Membership Committee meetings. Dennon reported that there were five

entries for the Spike competition and the awards will be presented at the Spike Party in June. The membership total as of 12/31/05 was 11,902 placing BIAW 3rd in the Nation. Darylne announced that membership incentives totaling \$56,610 were to be distributed to the Local Associations. The following BIAW members were acknowledged as Top Spikes:

Bob Smith	54 new members
Brenda Renrick	49 new members
Kevin Kartack	35 new members
Joe Schwab	27 new members
David Main	26 new members
Brenda Charles	26 new members
Doug Barnes	25 new members
Jeff Taylor	22 new members
Juli Bacon	21 new members
April Beltinger	21 new members
Dale Armstrong	21 new members
Dennis Poppe	20 new members
Craig Lundgren	20 new members
Gus Koedding	19 new members
Matt Willard	19 new members
Bob Johnson	19 new members
Brian Panush	19 new members
Charlie Brown	19 new members

BIAW Contest Standings by Category were as follows:

1,500 + Category	Patrick McCourt
500 - 999.5 Category	Jeff Taylor
250 - 499.5 Category	Bob Smith
150 - 249.5 Category	Joe Schwab
100 - 149.5 Category	Brenda Renrick
50 - 99.5 Category	Doug Barnes
25 - 49.5 Category	Brenda Charles
6 - 24.5 Category	Matt Willard

Darylne acknowledged Bob Smith as the Top Recruiter presenting him with a jacket and plaque.

Bob Smith thanked BIAW for the award then noted that because of his membership with MBA and BIAW there have been a number of business opportunities presented to him.

President Hansell entertained a motion to increase the membership goal.

MOTION: to increase BIAW's membership goal to 13,000 in 2006.

MSP

Dennon closed her report with a distribution of checks to the Local Associations for the membership incentive program. The following checks were presented:

HBA of Kitsap County	\$ 360.00	4	net new members
San Juan Builders Assoc	360.00	4	net new members
Olympia Master Builders	720.00	8	net new members
HBA of Tri-Cities	720.00	8	net new members
North Peninsula BA	2430.00	27	net new members
Skagit-Island Counties BA	2790.00	31	net new members
BIA of Whatcom County	4140.00	46	net new members
BIA of Clark County	5130.00	57	net new members
MBA of Pierce County	7470.00	83	net new members
MBA of King/Snohomish	27270.00	303	net new members

Legislative Policy Committee

Chairman Clarkson reported there were no motions to be brought forward to the Board of Directors. He reported that BIAW had a very successful rally at the Capitol and a well attended Legislative Reception. He thanked President Hansell for conducting the rally stating it was a great event to promote affordable housing. The 2006 legislative session had so far been successful with BIAW playing great defense on some very bad bills. The biggest victory so far was the defeat of Senator Fraser's horrible lien bill (SB 6740). A number of BIAW members had e-mailed and/or called their Senators which had been very helpful. Clarkson thanked Gordon Gregg and John Bratton for testifying on the bill. Some of the key issues BIAW has worked on during the 2006 session are as follows:

- ◆ HB 3016 - Senate confirmation of GMA Hearing Board members. BIAW supported the bill and it had passed the House.
- ◆ HB 2004 - Increased the Statute of Limitation from 6 to 12 years. BIAW opposed and the bill was dead.
- ◆ HB 2722 - Price gouging. BIAW opposed and the bill was dead. Clarkson thanked Daimon Doyle for testifying on the bill and doing an outstanding job.

The "I" Code Task Force chaired by Mike Nykreim met with the Washington Association of Building Officials (WABO) last month to discuss code enforcement and interpretation issues with the building codes. WABO will be working more closely

with BIAW to address these issues. WABO members have been assigned to work with BIAW.

Finally, the Homeowner Housing Construction Exemption Task Force reported to the LPC. The task force met in December to discuss options and staff will do further research once the session is over. There was a strong desire by many on the LPC to draft legislation for next year. That will be worked on over the next few months and a draft bill will be available for discussion at the June board meeting.

Legal Trust Committee

In the absence of Bob Thorpe, Timothy Harris, BIAW Legal Counsel gave the Legal Trust Committee (LTC) report. The LTC met on February 15th, 2006. The following is a brief summary of the cases that the LTC recommended for BIAW funding, totaling \$22,500:

1. DOE v. City of Kent

The Department of Ecology (DOE) and the Department of Community, Trade & Economic Development (CTED) appealed Kent's Critical Areas Ordinance because Kent refused to adopt DOE's four-tier wetlands rating system and recommended buffer widths. DOE and CTED believe that best available science mandates local adoption of DOE's wetland ratings system and recommended buffers and setbacks. Instead of increasing buffers, Kent wants to offset wetland impacts with a preservation and enhancement program.

The Master Builders Association of King and Snohomish Counties and BIAW intervened in support of Kent. The case is pending before the Central Puget Sound Growth Management Hearings Board.

The Legal Trust Committee recommended and Executive Committee approved funding in the amount of \$2,500.

2. Tiger Mountain, LLC & P&L Associates v. King County

In 1999, King County began billing permit applicants based on "full cost absorption" accounting. This method charges applicants for direct and indirect costs. These indirect costs include extraneous employee costs, all DDES overhead, retirement of old DDES debt, unfunded state mandates, an allocated portion of new County debt, and other costs to make DDES entirely "self-supporting."

Tiger Mountain and P&L filed a class action lawsuit to recover improper taxes of approximately \$40 million. Plaintiffs allege that King County uses project application

fees to raise general revenue in violation of RCW 82.02.020 and Article 7, Sec. 1 of the Washington Constitution. Plaintiffs also challenge the amount of the fees as being unreasonable where they exceed the actual cost of processing permit applications.

On August 19th, 2005, Judge Allendorfer's ruled on a summary judgment motion and limited some of King County's fee assessments. The remaining issues are scheduled for hearing before Superior Court. BIAW previously funded \$5,000 and agreed to submit an amicus curiae brief if the case is appealed.

The Legal Trust Committee recommended and Executive Committee approved funding in the amount of \$15,000.

3. City of Des Moines v. Gray Businesses, LLC

Gray Businesses owned a mobile home park in the City of Des Moines. In 2000, the City revoked the park's designation as a legal nonconforming use because Gray Businesses had not filed a site plan as required by a City ordinance adopted in 1992. However, the City never informed Gray Businesses of the ordinance requirement and kept issuing annual business licenses to the park.

As a nonconforming use, the City prohibited Gray Businesses from renting vacated spaces unless it agreed to sell the land to the City for redevelopment. Gray Businesses refused and attempted to sell the property subject to new zoning. It was unable to do so. The City later condemned part of the property for expansion of Pacific Highway South. Gray Businesses counterclaimed for regulatory takings. The trial court decision finding a regulatory taking was overturned by a 2-1 decision of the Court of Appeals. Gray Businesses is now seeking review at the State Supreme Court.

The Legal Trust Committee recommended and Executive Committee approved funding in the amount of \$5,000 if the WA Supreme Court grants review.

Ed Stanton, Co-Chair of the LTC spoke stating that he and Bob Thorpe, under the direction of Jeff Hansell were going to be working on streamlining the LTC application process. They will work on getting the Local Associations more involved.

Executive Officers Council

Wayne Crider, the EOC Chair, reported that the EOC received a training session and overview of the ROI program as far as what it does and how to market the program. Following that, the Council received training on the Health Insurance program and various ways to boost participation in the HII program. The Council discussed upcoming meeting requests and needs. In the afternoon the Council had their Government Affairs meeting to discuss Local, State, and National issues.

Guest Speaker

President Hansell introduced Representative Richard DeBolt.

Representative DeBolt addressed the Board of Directors giving an update on the 2006 session. Currently the Legislature is working on the supplemental budget which will show a 12 - 18 percent increase. State Government is setting new spending records. There was a \$1.4 billion surplus which the Republicans were working to give back to the taxpayers. However, the Democrats have chosen to put \$900,000,000 in rainy day fund; \$700,000,000 of that would be allocated as deferred spending, which means it would be spent next year in the budget. DeBolt closed thanking the BIAW members for building Washington.

Education Committee

Chairman Culbert reported there were no motions to bring forward to the Board of Directors. The Committee reviewed and approved the application for the BIAW Education Scholarship. The application will be put on the BIAW website and distributed to a list of schools. Also discussed was the possibility of putting together a 2007 Education Cruise which staff will be researching. The Education Committee distributed education rebates to 13 participating Local Associations totaling approximately \$18,000. They are as follows:

- North Central HBA
- Central WA HBA
- MBA of King/Snohomish Counties
- Skagit-Island Counties BA
- HBA of Tri-Cities
- Spokane HBA
- Lower Columbia Contractors Assoc
- North Peninsula BA
- HBA of Kitsap County
- Olympia Master Builders
- BIA of Clark County
- BIA of Whatcom County
- MBA of Pierce County

Bylaws/Nominations Committee

In the absence of William Childress, Gary Cronce gave the Bylaws and Nominations Committee report. William Childress was elected chair of the Committee.

Under old business there was a motion to reconsider the Bylaws and Nominations Committee's recommendation to approve the bylaw change reducing the size of the Board of Directors. The motion was seconded and passed. Then there was also a

motion to change the Committee's recommendation on the bylaw change reducing the size of the Board of Directors from "do pass" to "do not pass." That motion was seconded and passed.

Jeff Hansell mentioned that the Executive Committee also passed the motion to forward on as "do not pass."

Daimon Doyle said he had brought the motion forward as a housekeeping measure. It was presented for consideration then given to the membership to decide. Due to the overwhelming consensus against the motion, Daimon, maker of the motion, made a motion to table the motion indefinitely.

MOTION: to table the motion indefinitely.

MSP

Under new business the Committee interviewed Kyle LaPierre for BIAW Treasurer. There was a motion to forward Kyle's nomination with a "qualified" recommendation. The Committee also interviewed Linda Mosier-Vaudt for BIAW Secretary. There was a motion to forward Linda's nomination with a "qualified" recommendation.

Associate Advisory Council

Darylene Dennon, Chair of the Associate Advisory Council, requested that she be allowed to return to her Membership report noting she needed to present awards to the winners of the BIAW Contest Standings by Category.

Dennon continued her report with an update on the AAC. The Council had 2000 "Doing Business with Members" decals which were distributed to the Local Associations. The Council voted and approved \$1000 to purchase additional decals. Also discussed was an educational program, a mini consumer education piece, focusing on warranties and standards. Darylene challenged Local Associations to take all the November recruited members and participate in a mini-mentor program in an effort to increase BIAW membership retention. February was Builder Appreciation Month and the Council presented awards to the following builders for their outstanding service. They were as follows:

Monty Smith	BIAW of Whatcom County
Bob Wright, CGR, CAPS	Spokane HBA
Dennis Taylor	Skagit-Island Counties BA
Dave Graff	MBA of Pierce County
Dick Ryan	No Central HBA
Rick Courson	Kitsap County HBA
Charlie Conner	MBA of King & Snohomish Counties

Mitch Williams
Jerry Clark

Central WA HBA
BIAW of Clark County

50+ Housing Council

Chairman Doyle began his report on the 50+ Housing Council sharing statistics on the staggering numbers of people included in the 50+ client group. The 50+ group owns 45% of all homes in America; possesses 75% of the Nations wealth; control half of all discretionary income; purchased one-quarter of all new homes built in 2005; and are entering the active adult market at the rate of 10,000 per day. These are the baby boomers born between 1945 and 1964 and now are called "ABBies" Aging Baby Boomers. Daimon encouraged all BIAW members to get involved at the State and National level noting there are benefits to participating.

Old Business

President Hansell - Rally

President Hansell thanked BIAW members for their attendance at the Un-Affordable Housing Rally. Jeff noted that what struck him the most was the constant stream of school kids, parents and teachers walking by who stop and read the signs, then took pictures. The point was being made.

President Hansell - NAHB Hill Day

The NAHB Hill Day will be May 10. President Hansell encouraged participation in the event. He will try to coordinate efforts and work to get the right folks in the right districts so the Congressional Delegates are talking to constituents.

President Hansell - Building Insight Challenge

Hansell thanked the number of BIAW members who had taken his challenge of giving an extra 2% in service to BIAW.

New Business

Robert Camp - Motions

MOTION: to prepare a resolution supporting Robert Jones for the office of NAHB Vice President/Secretary.

MSP

MOTION: to allow the BIAW President with the consent of the Senior Officers to opt-in to the NAHB Insurance program. The implementation would not be authorized until the program was reviewed and recommended for implementation by the BIAW Task Force of not less than four BIAW members of the insurance community, the BIAW President as Chair, the other Senior Officers, the BIAW State Representative, the National Vice President and upon approval by the Task Force the BIAW President would be authorized to implement the program.

MS

Robert Camp noted that the only way to evaluate the program as to whether it would be a good tool for BIAW members or not was to opt-in for the program.

VOTING ON THE MOTION: Passed.

Jeff Hansell - Dino Rossi

President Hansell acknowledged the BIAW membership as huge supporters of Dino Rossi. Hansell said Dino had gone to Hansell and requested help in retiring the lawsuit debt. Dino was saddled with a huge debt and was seeking BIAW's help. Hansell communicated to Dino that BIAW would consider as long as he continued to work hard at getting the debt retired. The amount started at \$2 million and was worked down considerably. Dino was in need of help to avoid litigation and negative PR. It was discussed at length with the Senior Officers and the Executive Committee. The Executive Committee unanimously voted to authorize from the political line item, therefore a budgeted amount, up to \$230,000 to help retire the debt completely. The funds would be paid directly to the law firm. Hansell asked BIAW members for their support, individually and through the Local Associations, to help minimize the impact on BIAW. President Hansell implored the BIAW members to unite.

MOTION: to approve the request.

MS

Mike Nykreim asked if there was a commitment from Dino Rossi to run as Governor in 2008.

President Hansell stated that for political and/or reporting purposes Dino was unable to state that at this time.

VOTING ON THE MOTION: to approve the request. Passed.

President Hansell - Mariners PR Program

Hansell announced that there had been a change in the previously planned PR program. The Neighborhood Hoops program has been replaced with a program with

the Mariners. The program would provide \$5,000 grants to kids baseball Leagues in Washington State. Local Associations would contribute \$1,000 and BIAW \$4,000. There would be a presentation at the Mariners game involving the Local Association and BIAW. Jeff's hope would be to get some good publicity and notoriety.

MOTION: to support the PR program with the Mariners.

MSP

Lyle Fox - Dino Rossi

Fox asked that the Dino Rossi request for help be kept quiet in an effort to protect Rossi from any bad publicity.

Jeff Hansell - Rick Tremaine Restoration Project

President Hansell announced that Rick Tremaine had been working on a restoration project for the Whatcom County Courthouse and the Executive Committee approved donating \$10,000 to the project. The building was built in 1868 and is the oldest brick structure in the State of Washington. BIAW will get some great recognition for supporting the project.

Open Microphone

No open mic.

Guest Speaker

President Hansell introduced Representative Frank Chopp, Speaker of the House.

Speaker Chopp addressed the Board of Directors noting his appreciation for people who build homes in the State of Washington. Chopp thanked BIAW for continuing to build working relationships and working together on a number of issues. Chopp spoke regarding successes in the 2006 legislative session. Chopp also spoke on impact fees and how he felt school impact fees are unconstitutional. He stated he would continue to educate legislators on how inappropriate it is to have builders pay school impact fees. The Legislature is still not there yet and Chopp solicited patience and help in reaching members on both sides of the isle to work together in a bi-partisan effort to do away with impact fees.

Adjournment

The meeting adjourned at 1:20 p.m.n

