

Notes from CEO Meeting

Las Vegas, 12:30-1:30 pm, 3/4/2017

Meeting purpose:

CEOs, including those in leadership positions with the materials trade associations (NSSGA, NRMCA, ACPA, PCA, NAPA) met to discuss advocacy coordination during the unique window of opportunity for significant additional infrastructure investment given the President's infrastructure priorities. They agreed to a shared vision that includes commonality of purpose in pursuing legislative and regulatory agendas; associations communicating a clear, consistent, coordinated message; and, association accountability.

Key Points:

The Trump Administration presents a unique opportunity to advance infrastructure in a significant way.

The CEOs want the associations to have unified, coordinated, and consistent advocacy around federal infrastructure investment opportunities.

The industry will be ineffective if advocacy efforts, including communications, grassroots and lobbying/legislative/regulatory, are inconsistent among associations as has been the case in the past.

The focus now needs to be on making the pie bigger and creating the circumstances for companies where infrastructure needs can be met (e.g. regulatory environment).

Associations and companies should set aside product-specific (asphalt versus concrete pavement) and preferential process advocacy as part of the effort to get a big infrastructure boost. The details of this point are going to be discussed at a meeting of association executives and leaders on March 7.

We need thought leadership, and common policy recommendations and strategies; it is not effective to have a "we want more infrastructure and it doesn't matter how it's paid for" approach. There can be a multiple prong approach to revenue options that helps Congress respond to an electorate that wants to see action.

There should be a "Top 10 association priorities" list that is common among the organizations and drives advocacy.

Passage of a major infrastructure program that is additive to routine authorizations will be much more likely if a broader base of companies beyond the construction industry (to include significant transportation system users) become leading advocates. Thought leadership,

proposals, and messages must be something that “not just us”, but also the users can sign on to. The construction industry is viewed as self-serving and should cheer (and lead) from behind. Several state and local transportation initiatives have been successful because the general business community got out in front. Materials producers were architects and leaders, but purposefully stayed in the background.

The CEOs recognize that recruiting a broader base will require CEOs to expend personal time and capital to secure the support of that broader group.

The CEO group will provide direction to the associations and hold them accountable, and a subset of the larger group including the chairs of the associations and a few large players will be responsible for ensuring accountability. The CEO group should consider identifying a single point person to communicate to the associations.

The CEOs expect the association heads and lobbyists to work out a system of managing this unified advocacy effort. NSSGA should probably be the point organization among the materials suppliers.

The unity, coordination, consistency should extend to other construction interests and coalitions, including the Transportation Construction Coalition and the Americans for Transportation Mobility Coalition. There is also interest in understanding what the American Highway Users Alliance is doing since they represent the users that are essential.

Regular communications are needed among association CEOs and lobbyists and company CEOs and lobbyists. Big decisions should involve direct member input; associations should ask company leaders what they think; CEOs will give honest and timely feedback.

There must be better coordination of calendars (meetings, fly-ins) on the part of the associations. Associations should also coordinate PAC strategies and targeted candidates, and events around those recipients so that the industry as a whole can maximize its voice.

The first obvious opportunity to show unity is coming in May. We must have (and the associations and companies should actually adhere to) a unified message for the TCC fly-in. The associations need to get the CEOs up to speed on what is happening already or if more work needs to be done (and if so, what?). There will also be a need for effective and timely communications concerning the need for long-term stability for the Highway Trust Fund in the context of the upcoming debate on tax reform.

Context: State of Play in DC

The political and policy environment in Washington is evolving and uncertain. The Trump Administration is still populating leadership positions, so decision making/action is still largely at the White House, not agency, level. There are multiple centers of power in the Administration,

which could translate to opportunities for communicating a consistent message to several key people through a number of messengers.

“Infrastructure” is broadly defined by the Administration. Companies in the materials sector benefit from investment in public infrastructure of all types (roads, transit, airports, waterways, schools, courthouses, public housing) and also from some forms of private investment (energy, utilities). Efforts to narrow the scope of discussions to focus solely on roads run the risk of eliminating allies.

However, we need to be explicit about addressing highway, road, and bridge needs. As described to date, President Trump’s conceptual infrastructure plans do not include ongoing, sustainable, dedicated direct federal funding for highways (AKA a Highway Trust Fund fix) or other direct federal funding that could boost spending through established programs. Highway construction industry advocacy will need to establish road, bridge, highway as "core" to any "infrastructure package." We don't want to end up with an ARRA-type situation where people think \$787 billion was spent on roads when in fact less than \$30 billion was allocated there.

There are two likely legislative paths, and the “infrastructure plan” may go down both: tax reform to generate revenues/offsets, and legislation to authorize expenditures. There are a number of items on the Congressional agenda before infrastructure, but the window for something significant may still be as narrow as six to nine months.

Congress is working through its initial to-do list, which defines the calendar (nominations, Obamacare, 2017 and 2018 appropriations, tax reform). Because McConnell and Ryan "just" passed the FAST Act, they haven’t been looking to infrastructure as a part of the Republican agenda, and the Republican party platform isn't supportive of a big federal program boost, which it views as just another “stimulus” program. Infrastructure is part of the tax reform discussion, but it's viewed as a Trump priority; President Trump has to lead. The Republican Congress has other fish to fry until the Administration gets better organized, and Democrats aren't going to hand the President any easy wins.

Efforts underway:

- Legislative proposal: ARTBA BOLD Act
- Education campaign: ARTBA Partnership for America’s Economic Expressway, which NSSGA voted to support
- Broadening the base effort: CEO letter (Caterpillar, Vulcan)
- We would like to know more about the work by the Transportation Construction Coalition, Americans for Transportation Mobility coalition, and the legislative proposal from the American Highway Users Alliance. What else might be out there led by associations or other groups?

Meeting Participants

CalPortland: Allen Hamblen, Ron Summers

Cemex: Joel Galassini

Chaney Enterprises: Bill Childs

Gallagher Asphalt Corp: Dan Gallagher

Hanson Aggregates: Jon Morrish

LaFarge Holcim: John Stull, Guy Edwards

Lehigh Hanson: Tom Chizmadia, Lori Tiefenthaler

Luck Companies: Charlie Luck

Martin Marietta: Ward Nye

Memphis Stone & Gravel Company: Hal Williford

Oldcastle: Randy Lake, Scott Parson

Rogers Group: Darin Matson

US Concrete: Bill Sandbrook

Vulcan Materials Company: Tom Hill, David Donaldson, Janet Kavinoky