

2012

Advocating for Free Enterprise

The Year in Review

Association of Washington Business
Annual Report

Message from the President



In so many ways, 2012 was a milestone year for our association. So, thank you!

For the first time in our 108-year history, we surpassed the 8,000 member mark, deepening our member base and making us the state's largest private sector association for all employers. Small entrepreneurs — those employing 10 or fewer people — continue to comprise more than half of our members even though the range

of issues we work on impacts employers of all sizes and types. Simply put, from members as large as Boeing in Seattle or as tiny as ACME Fuel in Olympia, our staff works hard for you.

It is particularly satisfying that attendance at — and sponsorship funding for — AWB events broke association records. Thanks to our sponsors, we are able to provide quality events and training programs in 2012.

AWB also played a major role in the 2012 elections. We hosted the first statewide debate between candidates for governor and attorney general at Spokane's historic Bing Crosby Theater. We also launched our political action committee to help elect those legislators and statewide officials that our board members endorsed.

None of this, though, would be possible without you and the thousands of people you employ. Your efforts, every day, as private employers, are what drive our state's economy and create jobs. Our goal continues to be to make AWB the organization you call first for help. Likewise, we work to make our state the one that ends up at the top of the list for investment and job opportunities.

We know that state government and the Legislature strongly influence your decisions to stay and expand here. Our staff works hard to lobby for helpful legislation, to ensure regulations are cost effective and make sense, and to bring you quality programming, training and information.

We deeply thank you for your continued support and invite you to reflect on 2012 with us in this annual report.

Sincerely,

A handwritten signature in black ink that reads "Don C. Brunell". The signature is written in a cursive, flowing style.

Don C. Brunell,
President, AWB

Financial Overview

With a careful eye toward managing expenses, and the good fortune of continued membership gains and extraordinary sponsorship of AWB events, the association logged yet another banner year. Our total income for the fiscal year was up 14 percent. Retention for the year was up 6 percent, though net income from new dues was off by 19 percent, a sign the economy continues to affect economic growth.

Non Dues Income — which includes our HealthChoice association health plan, CompWise retrospective rating program and seminar and event revenue — ended the year 27 percent above budget. It should be noted that record support and participation for events like our 2012 Legislative & Lobby Days, Spring Meeting and Policy Summit made 2012 our best year in history.

AWB also closed out 2012 under plan on expenses, which further contributed to our sound fiscal year.

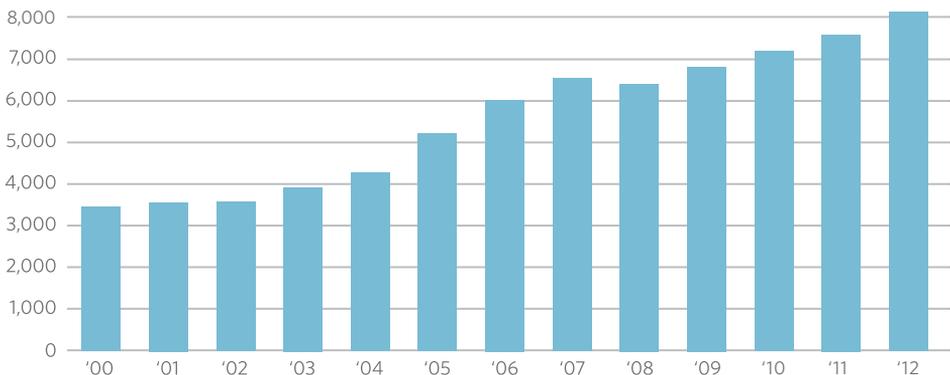
And, AWB continued to keep its eye on its long-term fiscal health, finishing out 2012 with \$1 million in its board-designated reserves.

Membership

For the first time in AWB history, the association topped the 8,000 mark, closing out the fiscal year with 8,032 members, a net increase of 420 members over the previous year. Our continued membership growth makes AWB the largest business association in the state, representing small, medium and large private employers from all corners of Washington.

8,032
MEMBERS
A NEW AWB RECORD

AWB MEMBERSHIP GROWTH SINCE 2000



Government Affairs

Close margins in the Legislature and the 2012 elections made for an active year in politics.

In Olympia, with lawmakers again trying to solve another budget deficit, the focus was again on raising taxes and making decisions that hindered rather than helped our economic recovery. Despite ongoing unemployment concerns and the need for more private sector jobs, lawmakers continued to target private employers for increased taxes and regulatory burdens in 2012. That's



Shuttle Express' Steve Salins testifies against Senate Bill 6229, a proposal to impose mandatory paid sick leave in Washington state.

where AWB leveraged input from real business owners like Steve Salins and testimony from hundreds of other members to tell the story of how proposed taxes and regulations would hamper our state's economic recovery.

House and Senate Democrats made repeated attempts to repeal tax incentives or proposed new tax increases in the 2012 session, pitting employer versus employer in the Legislature. One such bill, Senate Bill 6635, would have repealed the first mortgage

deduction for banks while extending tax incentives for data centers and fruit and vegetable processors. This deliberate strategy to divide the business community captures the tension in Olympia last session, and the challenges faced by AWB and members speaking out on behalf of private employers.

In the end, it took a coup of Democrats in the Senate to force a bipartisan budget agreement that included four short- and long-term budget reforms that stand to have a real impact on Washington's fiscal standing. All told, the 2012 session set the tone for what was one of the state's most expensive and contentious election years on record.

Given the stakes of a presidential and gubernatorial election, AWB staff was again active in races for statewide offices, ballot measures and legislative contests. Our government affairs directors conducted thousands of hours of meetings and interviews with incumbent candidates and challengers for statewide office and the Legislature. The AWB Spring Meeting also helped focus members and voters

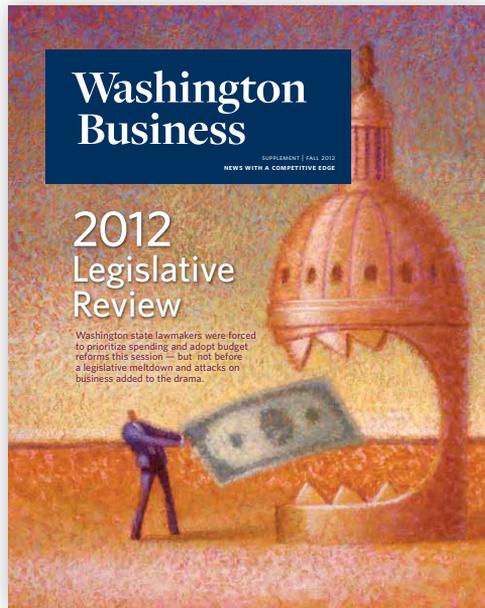
2012 session
SET THE TONE FOR
ONE OF THE STATE'S MOST EXPENSIVE AND
CONTENTIOUS ELECTION YEARS ON RECORD

across the state on two of the state's top elected officials: governor and attorney general. The debate, AWB's signature political event, focused the candidates' attention on the economic issues that matter most to our members, and gave private employers a chance to hear firsthand from the candidates. AWB has hosted debates between the state's candidates for governor each election cycle since 1992, when it first hosted Mike Lowry (D) and Ken Eikenberry (R).

GA DIRECTORS CONDUCTED **thousands of hours** OF INTERVIEWS WITH INCUMBENT CANDIDATES AND CHALLENGERS FOR STATEWIDE OFFICE AND THE LEGISLATURE

The association took a big step forward politically in 2012 by establishing its own political action committee, providing job creators with a place to channel their support of business-friendly political candidates and issues. AWB also continued its support for the two-thirds rule to raise taxes as an advocate for Initiative 1185, which went on to pass with record voters support in all 39 counties and all but four legislative districts.

While not every candidate AWB endorsed won, our staff and association leadership remain committed to working with all elected officials to promote a more business-friendly climate in Washington state, one that encourages and rewards innovation, hard work and success.



To see how your legislator voted on key business issues last session, be sure to read AWB's 2012 Legislative Review, available online at www.awb.org/2012voterecord.

Member Services

HEALTHCHOICE

AWB's HealthChoice program welcomed more than 1,000 new employers in fiscal year 2012. The plan now provides coverage to nearly 40,000 employees and their families. The continued growth of the health insurance program is evidence of the important role it is fulfilling in Washington state. Many of AWB's smallest members rely on HealthChoice to provide their employees and families with affordable, quality health care. On average, more than 45 percent of the enrolling employers did not previously offer health care coverage.

AWB's HealthChoice program continues to demonstrate value to existing employers, as well. More than 90 percent renew their health coverage every year. Thanks to association health plans like HealthChoice, more than a half million people in Washington state who might not otherwise have health care coverage have access to care.

COMPWISE

Participants in AWB's CompWise program shared more than \$8.2 million in premium refunds in fiscal 2012. AWB strongly believes employers should receive all of the rewards for maintaining a safe workplace and preventing accidents, therefore our members receive 100 percent of the refunds generated from the program.

Member satisfaction with AWB's retro program is extremely high, as nearly all of participating companies re-enroll in the program each year.

\$8.2
MILLION
IN REFUNDS
SHARED BY MEMBERS OF
THE COMPWISE PROGRAM

AWB Institute

The AWB Institute continued its focus on workforce development and manufacturing, securing a record \$500,000 in grants and contracts. The funds are being used to work with Washington state's colleges and workforce system and to develop programs and materials to help businesses employ workers with disabilities.

The Institute also held two sets of listening sessions, each designed to gather member input on two key policy areas: health care and manufacturing. The sessions each culminated in the publication of reports distributed to members, legislators and other key policymakers. "Challenges & Opportunities for Manufacturers in Washington State" was released in January at the AWB Legislative Day in Olympia. Then, later that summer, the Institute also held listening sessions

and produced "2012: The State of Health Care in Washington State," which was published in October in conjunction with the AWB Health Care Forum.

Additional listening sessions on transportation and logistics challenges were held in the fall, the results of which were published in early 2013 in "Transportation Infrastructure in the State of Washington."

7 students WERE AWARDED THE DON C. BRUNELL SCHOLARSHIP

This past year, the Institute also awarded seven students \$7,600 in scholarship money through the Don C. Brunell Scholarship for Future Leaders, an honor encouraging young people interested in business and as a potential career path.

Receiving the award were: Natalie Riel (Central Valley High School, Spokane Valley); Courtney Widhalm (Colorado School of Mines); Dominique Bitners (University of Washington); Kenny Raymond (University of Washington); Bryce Remington (University of Michigan); Mackenzie Young (Oregon State University); Gregory Lewis (Gonzaga University); and Carson Carruth (Grays Harbor Community College).

Outstanding Achievements



AWB Communications and Membership staff was again honored for their work to advance the association.

AWB Communications also received five awards in July via the Missouri School of Journalism's 2012 Magnum Opus Awards for content and design.

The honors included gold and silver awards for Best News Story (Jason Hagey for both "Selling Washington to the World," Spring 2011, and "Energy at a Crossroads," Summer 2011), a silver award for Best CEO Letter (Don Brunell, "Grandma's Rubber Band Accounting," Fall 2011); and silver and bronze awards for Best Topic-Specific Blog (Don Brunell, Jocelyn McCabe, Jason Hagey and Daniel Brunell for 2011 Legislature; Don Brunell for Poland Business Week).

In September, the Association of State Chamber Professionals recognized AWB's Membership Department for earning the Highest Market Share in Numbers, reflecting AWB's continued membership growth. The ASCP consists of the top membership, marketing, communications and non-dues professionals from state chambers of commerce from across the country, and is the professional development association for the nation's chambers of commerce.

Sponsorships & Events

This past year, we achieved several milestones with our sponsorships and events registrations, including a record \$500,000 in total event revenue and nearly \$350,000 in sponsorship contributions. We thank our more than 200 sponsors, which were spread across a number of signature events this year, including Legislative & Lobby Days, Spring Meeting and Policy Summit.



In June, AWB hosted its first-ever live televised gubernatorial debate at the Bing Crosby Theater in Spokane.



AWB members like Ron Schneider (R) had the chance to talk with attorney general candidate Bob Ferguson after the debate.



UPS Chairman and CEO Scott Davis addresses attendees at the 2012 Policy Summit.

In 2012, there was no bigger event for AWB than the Spring Meeting, featuring the election season's first statewide, televised debate between the candidates for governor and attorney general. Thanks to our chamber partner Greater Spokane Incorporated, and our media partners at TVW, KREM 2 News, Spokane Public Radio and Northwest News Network, thousands of Washingtonians had the chance to see and hear from the candidates at this much-anticipated event, held at the historic Bing Crosby Theater in Spokane.

Our annual Policy Summit, held in September at Suncadia, also brought increased attendance due to high-level presentations by communications expert Frank Luntz, UPS Chairman Scott Davis and CNN commentator Ron Brownstein, plus three more debates between the candidates for auditor, secretary of state and treasurer.

Given the intense focus on implementation of the new Affordable Care Act, AWB also hosted its second Health Care Forum. This day-long event in Bellevue drew members from all industries and areas of the state to ask questions — and get answers — from policy experts and legislators on the new law.

All told, more than 1,500 members attended AWB events this past year, including a growing number of issue-specific webinars and seminars offered by AWB. Topics covered

in 2012 included everything from forklift training and Seattle's paid sick leave law to business succession planning, disaster planning and large/small employer health care issues.

AWB events are an essential part of our association and we greatly appreciate the support of our sponsors and attendees for a tremendous year.



Hadley Heath of the Independent Women's Forum speaks at AWB's 2012 Health Care Forum.

We Mean Business Campaign

There's perhaps no better testimonial to the challenges of running a business than one offered directly by an AWB member. This past year, AWB was proud to feature eight new members in our "We Mean Business" print campaign in business journals around the state. And, if you flew on an Alaska or Horizon Air flight in 2012, you may have noticed our new print ads in their in-flight publications.

"We Mean Business" continues to emphasize the importance of a competitive economy, urging lawmakers to make choices that bolster — not hamper — our business climate. Thanks to your direct support, we will continue telling the story of Washington employers.

"Washington's schools can't solve our education problems on their own. AWB has promoted public-private partnerships to provide science, technology, engineering, and math education that will fuel Washington's economy into the next century. It's working."

Phillip C. Ohl, President
Vista Engineering Technologies, Tri-Cities

"In Olympia they keep saying 'It's not time for the state regulation; it's only one fact.' But the state total makes it nearly impossible for small businesses to grow and create jobs!"

Judy Covert, Co-Owner
Printcom Inc., Burien

Our State's Business Climate is Tough. But you can do something about it.

All across Washington state, employers and business owners are adjusting to the new economy, eagerly anticipating a recovery. They're doing their fair share by cutting costs, innovating — even retooling — to retain and create jobs.

Any hope of a sustained recovery rests with private sector job growth — a critical piece to solving our state's significant, recurring budget needs.

Lawmakers must take particular care not to jeopardize a restart of our economy by piling additional tax and regulatory costs on employers. Policymakers should instead be considering incentives that will help retain and recruit employers and jobs.

That's why AWB is encouraging greater support for private employers and job creation across the state.

We can't control the ups and downs of our economy. But we can promote a more business-friendly climate in Washington state.

AWB Association of Washington Business

To help ensure your voice is heard in Olympia, visit us in Olympia, visit us at www.AWB.org and click on "We Mean Business."

PO Box 656, Olympia, WA 98507-0656 800.521.9325 www.AWB.org

"Thanks to the savings we're enjoying with AWB's group health care plan, we're able to cover 100% of our employees' health care premiums. Finally, a program we can depend on to keep costs under control."

Deborah Barnard, Co-Owner
Barnard Griffin Winery, Richland

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That's why AWB is encouraging members to contribute to a media campaign that will build greater support for employees, and job creation, across the state.

We can't control the ups and downs of our economy. But we can promote a more business-friendly climate in Washington state. Your contribution will help ensure your voice is heard clearly in Olympia.

To help ensure your voice is heard in Olympia, visit www.AWB.org and click on "We Mean Business."

AWB Association of Washington Business

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Far Left: Phillip C. Ohl, President Vista Engineering Technologies, Tri-Cities

Center: Judy Covert, Co-Owner Printcom Inc., Burien

Above: Deborah Barnard, Co-Owner Barnard Griffin Winery, Richland

Service & Community Giving

INDIVIDUAL EXCELLENCE

AWB honored seven individuals this past year for their personal contributions to the business community:

- Former U.S. Sen. **Slade Gorton** received the 2012 C. David Gordon Award, AWB's highest award in recognition of Washingtonians who distinguish themselves in service to the state of Washington.
- Lobbyist **Greg Pierce** was posthumously honored with the Ron Gjerde Award for excellence in government affairs. Pierce died July 8 after a battle with cancer.
- **William Ayer**, chairman and chief executive officer of Alaska Airlines and Alaska Air Group, was awarded the Bruce Briggs Award, which is presented each year to an AWB member who continues to give back to his or her community.
- **Judy Coovert**, co-owner of PrintCom Inc., in Burien, received the 2012 S. Fred Bruhn Award for dedicated service to AWB.
- **Stephen Hyer**, executive director of Washington Business Week, received the 2012 Judy Coovert Award for excellence in volunteerism to the association.
- **Rep. Cary Condotta, R-East Wenatchee**, was honored with the 2012 Matson Award for his bipartisan work on business issues, including workers' compensation and unemployment insurance.



The 2012 AWB Holiday Kids' Tree Project raised more than \$22,000 for families and children in seven rural counties.

HELPING OTHERS: HOLIDAY KIDS' TREE PROJECT

For nearly a quarter of a century, AWB member companies and individuals have donated funds to make sure children and families in rural Washington counties have food and gifts each Christmas; this year was no different. More than 100 donors contributed more than \$22,000 to the AWB Holiday Kids' Tree Project. Donations were distributed to 14 rural fire departments in seven counties: Grant, Grays Harbor, Lewis, Mason, Spokane, Thurston and Walla Walla. The program culminates each December with a community gathering and tree lighting in the Legislative Building on the state Capitol campus. This year's 25-foot Noble fir tree was donated to the state by Rayonier, an AWB member business.

Thank You, Sponsors!

Your sponsorship is essential to our success! AWB would like to recognize the following member companies for their generous sponsorship support in 2012, including 57 new sponsors.

\$10,000 OR HIGHER

Altria Client Services, Inc.
AT&T
Cascade Natural Gas Corp.
Sterling Bank

\$5,000 - \$9,999

BNSF Railway Company
BP
Costco Wholesale
First Choice Health
Fred Meyer
International Paper
KeyBank
Longview Fibre Paper and Packaging, Inc.
Microsoft Corporation
Novo Nordisk Inc.
Premera Blue Cross
ProPoint Business Solutions
Puget Sound Energy
Regence BlueShield
Schnitzer
State Farm Insurance Company
Stoel Rives LLP
The Doctors Company
TransAlta US Operations
UPS
Walmart
Western States Petroleum Association

\$1,000 - \$4,999

AAA Washington
Alaska Airlines
Albers & Company
Alliance for Northwest Jobs & Exports
Allstate Insurance Company
Associated Industries of Inland NW
Avista Corporation
Banner Bank
Bayer HealthCare, LLC
Benefit Solutions, Inc.
Boeing Company
CenturyLink
Cintas
CLG Employer Resources, LLC
Coca-Cola Refreshments
Comcast
Cowles Company
Dart Container Corporation

Davis Wright Tremaine
Dick's Drive-Ins, LTD, LP
Enterprise Rent-A-Car Company
Gingold Law Firm PLLC
GM Nameplate, Inc.
Group Health Cooperative
Heritage Bank
Integrity Financial Corporation
J.R. Simplot Company
K 12, Inc.
Koch Companies Public Sector LLC
Lakeside Milam Recovery Center
Lane Powell PC
Legacy Health
Liberty Mutual Group
Lilly USA
Lincoln Financial Group
Littler
McDonalds Operators of Washington
Moss Adams LLP
ODS Health Plan, Inc.
PacifiCorp
Peabody Energy
Phillips 66
Phillips Wesch Burgess PLLC
Physicians Insurance A Mutual Company
Pistol Creek Company
Pivotal Law Group
Port Blakely Tree Farms L.P.
Russell Investments
Ryan
Sanitary Service Company, Inc.
Schweitzer Engineering Labs, Inc.
Servco Insurance Services Washington LLC
Shining Ocean Inc.
Sprint
SSA Marine
T-Mobile USA
TrueBlue, Inc.
Tupper Mack Wells PLLC
Union Pacific Railroad Company
UnitedHealthcare
Virginia Mason Medical Center
Vivacity
WA State Potato Commission
Wells Fargo Bank
Western Polymer Corporation
Weyerhaeuser Company
WGU Washington

\$100 - \$999

Acme Concrete Paving, Inc.
Aldercreek Vineyards
Alliance Nursing
American Medical Response Washington
Bogard & Johnson LLC
Broetje Orchards
Brown & Brown Insurance of Tacoma
Capital Aeroporter
Cardinal Media
Carlile Transportation Systems
Colville Medical Center, PS
Coyne, Jesernig, LLC
Daniels-Brown Communications
Evergreen Memorial Garden Cemetery
& Funeral Chap.
Expense Reduction Analysts
FirstFruits Marketing of Washington
Foster's Furniture
Frank Gurney, Inc.
Gordon, Thomas, Honeywell
Haskins Steel Co., Inc.
Hill+Knowlton Strategies
Holland America Line
Lodi Water Company
Mason Coatings
Master Builders Assn/King & Snohomish
Mercer Wine Estates LLC
Millennia Public Affairs, Inc.
Mutual of Enumclaw Insurance Company
NCM Contracting Group, LP
Northwest Gas Association
Northwest Mining Association
Nucor Steel Seattle, Inc.
Potlatch Corporation
Print NW
Proliance Surgeons
Recreational Gaming Assn. of WA
Red Lion Hotels Corporation
RLL Consulting & Advocacy
Rubatino Refuse Removal, Inc.
Sonderen Packaging, Inc.
Sprague Pest Solutions
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Terra Staffing Group
The Acme Service Group
The Partners Group, LTD.
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Vice President, Communications



AWB is Washington state's chamber of commerce and one of just four state chambers in the country to be "accredited with distinction" by the U.S. Chamber of Commerce.