

2013

Growing the Association

The Year in Review

Association of Washington Business
Annual Report

Message from the President

This was an historic year on so many levels for AWB.

First, our leadership transition. Last year marked the conclusion of nearly 30 years of service to AWB by President Don Brunell. He left this organization on solid financial footing and well-positioned to continue its growth as the state's largest business association.

We also concluded 2013 with the highest membership ever — 8,105 members. This is a reflection on the work we do and the staff who live it every day. From our advocacy efforts to our events, products and services, AWB continues to meet the changing needs of its members.

Fiscally, we continue to manage our resources well. Philosophically, we remain committed to our core mission: providing an economic climate for all to prosper.

Regrettably, not all share this perspective.

This is perhaps the greatest challenge as we look ahead to AWB's next 10, 20 — even 100 years: Helping people understand why a vibrant private sector matters. And with more than 8,105 member voices statewide, there are plenty of stories to be told.



In 2013, we made history. With your continued support, we can continue that tradition and make Washington the best place to do business.

Sincerely,

A handwritten signature in blue ink, which appears to read "Kristofer T. Johnson". The signature is fluid and cursive, extending to the right with a long horizontal stroke.

Kristofer T. Johnson
President, AWB

Financial Overview

Carefully managing expenses during a period of uncertainty and transition, coupled with continued membership gains, helped the association have another strong year. In 2013, total association income increased by 1% over a record 2012 and was 10% over the 2013 projection. Retention of existing members increased by 1% and new member dues income was the same as 2012.

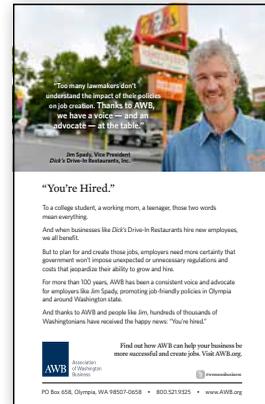
Non Dues Income — which includes our HealthChoice association health plan, CompWise retrospective rating program and seminar and event revenue — ended the year 1% above 2012 and 17% above budget.

Finally, it should be noted that AWB operational expenses finished 2013 right on budget — and only 1% higher than 2012.

Advocacy Campaigns

As part of our ongoing effort to reach broader audiences about the importance of a vibrant private sector, AWB introduced a series of “We Mean Business” radio ads on KIRO 97.3 FM. The ads featured KIRO host Dori Monson alongside AWB members Lisa Janicki/Janicki Industries, Judy Coovert/Printcom Inc., and Jim Spady/Dick’s Drive-In Restaurants, talking about the challenges they face operating in Washington state. KIRO’s broadcast reach includes communities north to the Canadian border, south into Lewis County, east into Kittitas County and online via the KIRO radio website. The campaign also includes a digital component that redirected visitors from the KIRO site to www.awb.org.

All told, AWB’s “We Mean Business” campaign has generated more than \$100,000 in donations from members and non-members since the campaign first began in 2010. All donations are redirected back into the ad campaign to help defer design and placement costs.

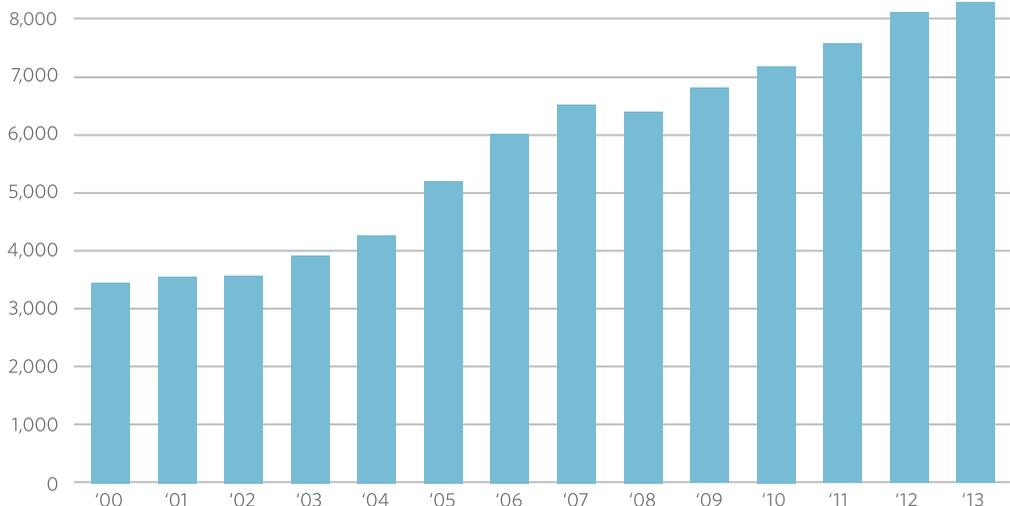


Membership

AWB closed out 2013 in record fashion with 8,105 members, a net increase of 118 new members over the previous year. These outstanding numbers also reflect continued strong performances by the Membership Department. AWB’s advocacy program, coupled with strong health care benefit and workers’ compensation programs, have bolstered recruitment with businesses of all sizes and industries across Washington state.

8,105
MEMBERS
AN ALL-TIME RECORD

AWB MEMBERSHIP GROWTH SINCE 2000

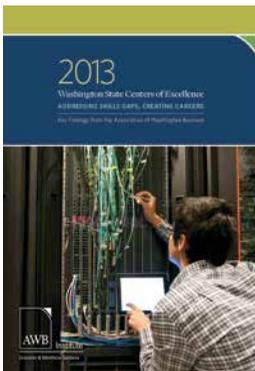


AWB Institute

The AWB Institute, AWB's workforce development arm, continued another steady year of development and achievements.

WORKFORCE DEVELOPMENT

The Institute deepened its focus on workforce training challenges, partnering with the State Board for Community and Technical Colleges to better pinpoint training opportunities. In March and April, AWBI and SBCTC co-hosted 10 industry skills gaps forums with the state's Centers of Excellence. More than 100 employers and 150 educators participated in these sessions about the state of workforce development. The resulting Skills Gap Report framed the workforce challenges and identified key findings based on current and future demands by industry. The report also serves as the basis for continued partner projects in various industry sectors with state community and technical colleges, in an effort to help solve the looming worker shortages.



Above: Read more about what workforce issues are worrying Washington employers in the Institute's Skills Gap report.



Top right: Ecology Director Maia Bellon learns more about the REC Silicon plant during a tour in Moses Lake; Bottom: AWB members toured Vigor Shipyards as part of the manufacturing showcase.

MANUFACTURING

As part of the Institute's ongoing efforts to highlight the breadth, depth and diversity of manufacturing in Washington state, AWBI hosted two manufacturing showcases in 2013. In August, we hosted 25 people in Moses Lake, touring National Frozen Foods, Genie Industries and REC Silicon. The Seattle tour in December hosted 18 people and included visits to Vigor Shipyards, the Port of Seattle and the Lighthouse for

the Blind. The showcases served to highlight the best practices of Washington businesses while also allowing industry professionals and workforce training experts to connect and explore training issues.

DON C. BRUNELL SCHOLARSHIP

Seven students were awarded Don C. Brunell Scholarships in 2013, receiving awards of up to \$2,000 each. The Brunell scholarships, named for former AWB President Don Brunell, are awarded to high school students and undergraduate or career/vocational students currently pursuing a course of education that will lead to a degree or certification in business. Recipients may attend any public or private university, community or technical college, or private career school. The recipients of the 2013 awards include:



- **Dominique Bitners:** Mercer Island High School graduate, now attending the University of Washington.
- **Carson Carruth:** Elma High School graduate, now attending Grays Harbor Community College.
- **Gregory Lewis:** Bellingham High School graduate, now attending Gonzaga University.
- **Kenny Raymond:** Woodinville High School graduate, now attending the University of Washington.
- **Bryce Remington:** Graduate of The Overlake School in Redmond, now attending the University of Michigan.
- **Courtney Widhalm:** Graduate of Riverside Christian School in Yakima, now attending Colorado School of Mines.
- **Mackenzie Young:** Graduate of Glencoe High School in Hillsboro, Ore., now attending Oregon State University.

The Don C. Brunell Scholarship for Future Leaders was established by AWB in 2004 to inspire and aid Washington's future business leaders.

Scholarship donations are welcomed.

Member Services

HEALTHCHOICE

AWB's HealthChoice association plan continues to provide more affordable, high quality coverage for small employer members and their workers and families. At the end of fiscal year 2013, nearly 40,000 people were covered under the plan. The continued growth of HealthChoice is evidence of the important role it fulfills for employers in Washington state.

Thanks to the HealthChoice association plan, many AWB members have been able to offer coverage for the first time; on average, 40 percent of those enrolling did not previously offer health care coverage. In addition, more than 90 percent of our members renew their coverage each year demonstrating consistent value year after year.

During a year of uncertainty related to health reforms, the consistency and continuity of coverage through association plans was even more important to our small employer members. AWB's small employer members have relied on HealthChoice for nearly two decades.

COMPWISE

Participants in AWB's CompWise program shared more than \$6.8 million in premium refunds in fiscal 2013. 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.

\$6.8 million
IN REFUNDS SHARED
BY MEMBERS OF THE COMPWISE PROGRAM

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

Government Affairs

The 2013 session produced plenty of drama but, in the end, no significant tax increases.

The decision by two Democrats — Sens. Rodney Tom, D-Bellevue, and Tim Sheldon, D-Potlatch — to caucus with the Senate Republicans and create the Majority Coalition Caucus provided the opening session fireworks and a 25-24 majority that proved crucial, particularly on tax votes. In the end, lawmakers in both chambers achieved consensus on the biennial budget that put \$1 billion more into K-12 education, meeting the duties of the Supreme Court's McCleary decision. The Legislature also put more money into higher education, avoiding tuition increases for the first time in about 20 years.

What the 2013 session set the stage for was a continued debate about the value of tax incentives — one that continued well into the 2014 session. Attempts by the governor and House and Senate Democrats to repeal tax exemptions to fund education failed in 2013, but signaled the start of a protracted debate by the Legislature and private employers about the value of these incentives and what they mean to competitiveness in our state. AWB's 2013 Vote Record and Legislative Review paints a more robust



Below: To see how your legislator voted on key business issues last session, be sure to read AWB's 2013 Legislative Review, available online at awb.org/2013voterecord



Top left: Consultant Amy Johnson and AWB's Gary Chandler testify in Olympia on the findings of the association's transportation report; Bottom: Roger Thieme (Evergreen Implement, Othello), Annette Herup (SGL Automotive Carbon Fibers) and AWB Chair Doug Bayne (Walla Walla Community College Foundation), testify about partnerships between business and higher education during AWB's Legislative & Lobby Days.





AWB member employers visit with Sen. Janéa Holmquist Newbury, R-Moses Lake, during the 2013 AWB Legislative & Lobby Days.

picture of the session, with full details about key issue areas like transportation, workers' compensation, education and the environment.

Finally, AWB continues to be grateful for the private employers who take the time to visit Olympia and testify on the impacts of proposed legislation. Lawmakers frequently comment about the value of hearing first-hand from their constituents — and that includes businesses. While AWB staff testifies frequently throughout the legislative session, it's really the voices of the employers in their home legislative districts that give state senators and representatives a clearer picture of how their policies impact the people back home. Advocacy remains our top priority at AWB, and we welcome the input of our members in working toward that goal.

Service & Community Giving

INDIVIDUAL EXCELLENCE

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

- **Former State Auditor Brian Sonntag** received the 2013 C. David Gordon Award, AWB's highest award in recognition of Washingtonians who distinguish themselves in service to the state of Washington.
- Lobbyist **Brad Tower of Tower, Ltd.**, received the Ron Gjerde Award for excellence in government affairs.
- **Ed Vander Pol, co-owner of Oak Harbor Freight Lines**, 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.
- **Fred Stabbert of Mission Match Partners** received the 2013 S. Fred Bruhn Award for dedicated service to AWB.

- **Don Conant, general manager of Valley Nut & Bolt in Olympia,** received the 2013 Judy Coovert Award for excellence in volunteerism to the association.
- **Sens. Rodney Tom, D-Bellevue,** and **Mark Schoesler, R-Ritzville,** shared the 2013 Matson Award honors for their efforts to hold the line against increased costs and regulations during the 2013 legislative session.



Former State Auditor Brian Sonntag (center) and his wife, Jann, accept the 2013 C. David Gordon Award. Pictured with him at left are Fluor Federal Service Vice President Tony Umek and at right, Board President Doug Bayne (Walla Walla Community College Foundation).

COMMUNITY GIVING

Kermit the Frog, Woody the Cowboy and Snow White were among the special Disney-themed decorations on this year's Holiday Kids' Tree. This year marked the 25th year for the Holiday Kids' Tree Program, which again culminated in a community gathering and tree lighting in the Legislative Building on the Capitol Campus. This year's tree was a 24' noble fir donated by AWB member Port Blakely.



AWB employees Jason Hagey, Connie Glasgow and Laurel Calquhoun display some of the non-perishable food items staff and members have donated to the Thurston County Food Bank bin at the AWB office.

Donations from AWB member companies and individuals generated more than \$18,000 to support children and families in seven rural Washington state counties. Fifteen fire departments used the donations to purchase and distribute food and gifts to those in need. All of the Disney decorations used to adorn this year's tree were also donated to Seattle Children's Hospital.

In 2013, AWB staff also partnered with the Thurston County Food Bank to collect food for those in need. Each month, representatives from the food bank collect non-perishable food from a donation barrel at the AWB office in Olympia.



Children and families enjoyed the Disney decorations on this year's AWB Holiday Kids' Tree. The project raised more than \$18,000 for children and families in seven rural counties.

Sponsorships & Events

In 2013, AWB continued its trend of serving more members at more events focused on top-of-mind issues.

Overall, more than 2,220 people attended AWB events in 2013, up more than 50 percent over 2012. Our sponsors followed suit with more than \$460,000 in support and over \$161,000 in new sponsorship. We are so pleased to have more members sharing in our events and taking an active role in supporting the association.

Our signature events — the AWB Legislative Summit, Spring Meeting and Policy Summit — continued to draw solid attendance with top state and national speakers. At the Legislative Summit in February, we were pleased to continue our tradition of hosting the governor, who addressed the recipients of our Better Workplace Awards for 2013. This event plays a critical role in helping members stay on top of the policy issues that affect them directly as private employers.

The Spring Meeting served as an opportunity to thank members for outstanding practices and service, including the presentation of our 2013 Environmental Excellence Awards, Community Service Awards and AWB leadership awards.



Top: TIME magazine assistant managing editor Rana Foroohar addresses attendees at Policy Summit; Bottom: AWB's Legislative reception allows legislators and employers to talk one-on-one about policy issues. Pictured here are Rep. Norma Smith, R-Clinton, and Lisa Janicki (Janicki Industries).



But it is perhaps the Policy Summit that has come to define AWB's events. Our 2013 speakers, ranging from TIME Magazine's Rana Foroohar and Hadley Health of the Independent Women's Forum, tackled issues like the economy, manufacturing and the new federal health care law. Attendees also heard from their peers on the challenges presented by the workforce skills gap, transportation and energy. The evening's keynoters, MSNBC's "Morning Joe" co-hosts Joe Scarborough and Mika Brzezinski provided a glimpse into the "other" Washington and underscored the need for bipartisanship here and back in D.C.

In addition to these signature events, AWB continues to broaden its offerings to provide members with access to high-quality professional development and training sessions. Last year, we increased our seminar and webinar offerings on an array of topics, ranging from implementing the new Affordable Health Care Act to forklift training and crisis communications. Given the time challenges faced by today's businesses, AWB is looking to increase its one-day and one-hour training offerings to help members better prepare to face the practical issues affecting today's private employers.



Top: Environmental Excellence Awards are just a few of the honors presented at AWB's annual Spring Meeting in Spokane; Center: MSNBC's "Morning Joe" co-hosts Joe Scarborough and Mika Brzezinski share insight into the D.C. political scene at Policy Summit; Bottom: Delta Emerson of Ryan LLC makes a point at AWB's HR Forum, one of several specialized events the association hosts for industry experts.

Thank You, Sponsors!

AWB would like to recognize the following member companies for their generous sponsorship support in fiscal year 2013, including 46 new sponsors.

\$10,000 OR HIGHER

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\$100 - \$999

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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.