



## Where Do We Go From Here

by Ed Davenport, President

America is in some very changing times. We, here in Michigan, are going to feel it more than the rest of the nation. We are losing our industrial base which has been the backbone of Michigan's economy for the bulk of the last 100 years.

Pensions are under funded left and right. The big three and the UAW have not kept an eye on their customer's requirements, allowing foreign competition to gobble up their market share. Radical change looms. Many predict that one of the big three will either go bankrupt or be purchased by Toyota. One thing for sure is that their total wage package will be dramatically reduced. Health care costs continue to spiral upward, seemingly out of control. Organized labor continues to lose market share and use history as its guiding light. Public education is struggling to meet society's needs with all the change.

With all this doom and gloom, what's next? For us in the masonry industry, it does not have to be bad.

The choice is ours to make. Experts estimate that we operate between 35% - 40% efficiency. It would be very difficult to compete with the masonry industry if we moved our efficiency factor to 60%.

Labor and management, union and open shop, supplier and contractor, architect and engineer, and GC/CM and subcontractors must all work together.

The brick industry, the block industry, and the stone industry need to quit looking at one another as the competition. I acknowledge that they often compete for the same square footage of wall; however, there is a much bigger picture. The market is large enough to allow all three industries to thrive if they focused on marketing masonry as a system instead of marketing their perception of their portion of the

masonry system. These segments of our industry must start marketing their products as a part of a wall system. Owners are not buying brick, block, or stone; they are buying a wall system. That is what our competition is marketing, and quite well I might add. They are stealing the masonry industry market share daily.

The economy in Michigan may be seeing some rough times and we may have some rougher times ahead until we adjust for the loss of manufacturing jobs. I don't want to see the masonry industry use Michigan's economy as a crutch or a source of blame. Rather, we should use these rough times as a motivator to unite all factions of our industry in an effort to increase our market share. Remember, economic growth and trade remains the best anti-poverty program in the world.

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*DMI continues to work at the First Street Lofts in Flint, MI*



*Eric Martin and crew are doing an excellent job at the U of M Hospital*

**KALAMAZOO  
TRANSPORTATION CENTER  
Kalamazoo, MI**

The Kalamazoo Transportation Center is very near completion. The unit masonry phase is 95% complete and the restoration phase is 90% complete. Site work remaining to be completed is two main signs and fence piers. Footings for remainder of site work will be poured in the spring. To complete the restoration phase, 70 sandstone pieces need to be set along with a final wash of the building. This will also be done in the spring. I would like to thank my teammates Bob Schittenhelm and Fred Teachworth, as well as everyone that has participated in this historical work of art. Hope to see you on the next big project.  
**Edison Pinto, Project Foreman**

**OAKWOOD HOSPITAL  
MASONRY REPAIRS  
Dearborn, MI**

Our assignment hangs 30' above the circle drive entrance at one of the areas busiest emergency rooms. The façade above this drive is brick with block back-up, some of the brick were becoming loose and drew our attention to this area. We opened up the wall to inspect the cavity and condition of the support steel. After determining that the relief angle that supports some 8,000 brick needed to be replaced, we were called upon for the task of removing and replacing the brick and angle.

This was no easy assignment. Not only is the area very busy with public traffic, but just south of the drive is the ambulance entrance. Public safety and uninterrupted traffic flow was the top priority. The solution: a designated

ground person, sometimes two, was needed to assist traffic and direct pedestrians away from the construction area. To make it more interesting, the space adjacent to the demo area is the surgical suites which operate from 6 a.m. to 7 p.m. As you can imagine, the chipping hammers didn't go over well with the O.R. staff, and I'm not expecting a Christmas card. All went well after a meeting with the staff and owners rep, where the urgency for this repair was explained. From that point, I had direct contact with the O.R. coordinator, who really helped smooth things out with the doctors. Our work is now complete and looks great. Thanks to the crew for another fine job.

**Tom Ward, Project Foreman**

**GANNON VOCATIONAL  
TECHNICAL CENTER  
Lansing, MI**

This project got off to a slow start but is now going in full swing. The sheet waterproofing is 100% complete. Approximately 2,500 LF of tuckpointing (out of 6,500 LF) is complete. Window glazing is about 30% complete and there are 1,270 Helifix anchors to install which we are going to install in 2006. Structure Tec shut the project down on December 16<sup>th</sup> since this is only Bid Pack 1 out of 3. There were windows installed in December, and some metal work that was done. The project is coming along very nicely. I would like to thank my crew for their great work!

**Dan Place, Project Foreman**

**SCHOOL OF PUBLIC HEALTH  
Ann Arbor, MI**

With winter now upon us, this job is nearing the final phase. Mid-January should see the major work coming to an end with GFRC to complete later on in the winter. I would like to thank Pat O'Neill for watching everything for me while I was recuperating from surgery. Also, thanks to the rest of the crew for putting up with the constant chaos within the jobsite due to the limited access and lay down area. Well that is about all for now.

**Matt Stoddard, Project Foreman**

**BOYSVILLE CENTER  
Clinton, MI**

Boysville is a private institution run by the Catholic Church. Youthful offenders are sent here as an alternative to the conventional penal system. The project we have been on is a new Administration Building for Boysville. This building is one of several Krieghoff-Lenawee jobs we had in 2005. It has been a pretty straight

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*Ted Benner and crew did a wonderful job at the Gloria Dei Lutheran Church in Tecumseh, MI*

# Construction Safety

by Ned Niemi,  
Safety Director

When it comes to construction safety and jobsite safety, Davenport Masonry, Inc. is always trying to improve. This year was no exception with a total team effort to minimize unsafe acts and injuries. Sure we had a couple of bone-head incidents, but we will work to eliminate them too. The break down for 2005, (as of this writing) included ten recordable injuries. One of our goals at the beginning of 2005 was to continue the "Our Aim-No Accidents Policy", which is a policy that encourages safe behavior for new hires. Last year we had 76 new hires totaling 12,160 potential injury free hours, unfortunately we had one accident with a new hire. Fortunately, it was very minor. The other 75 new hires that worked 12,000 hours not only went home injury free, they also each received a \$25.00 gift card for their efforts.

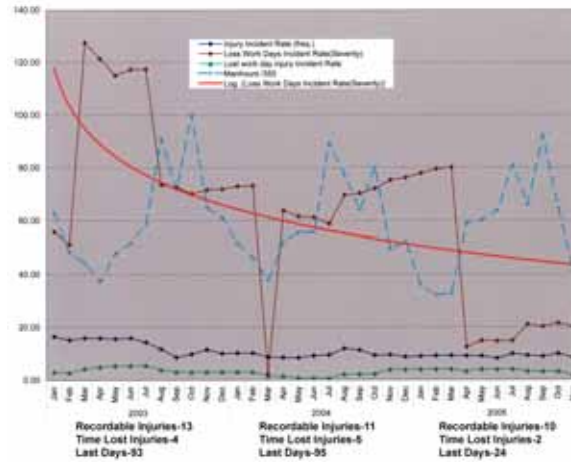
Of the ten recordable injuries we had last year, seven were Bricklayers, and three were Mason Tenders. The injuries between Bricklayers and Mason Tenders went like this:

Of seven Bricklayers injured; two fell, one foreign body in eye, two wrist strains, one wrist contusion, and one wrist laceration. Of the three Mason Tenders injured, one caught between (thumb), one strained groin, and one other.

The graph printed below is a snapshot of 2005 and the two previous years. If you look, our recordable injuries are slightly on the decline as is our lost time injuries. But the real good news is that our lost day injuries are less severe. The red line (trend line) in the graph represents the Loss Work Days Incident Rate (Severity), which is trending downward. This happens for various reasons, the main one

being that **Davenport Masonry Inc. employees work safe** and don't get hurt. How simple is that? Secondly, if they do get hurt, they are either on light duty or the injury is not very severe and they are able to return to work with no lost time. Another key component to an injury free workplace is our never ending pursuit to do it better, be it through our employee's innovation in work practices or the modifications to existing equipment that push the manufacturers to make the equipment we use better. Many improvements made to our equipment come right from the people who use it, please keep those suggestions coming.

Also playing a big role is our safety bonus programs and self inspection process. The weekly jobsite safety drawing has been a real hit since its introduction two years ago. We will be setting a goal of no loss time injuries for 2006; this is very achievable and will take the entire company's efforts and commitment. Please continue to strive for this goal throughout 2006. ■



Lost Work Day Incident Rate

## Project News

Continued from page 2

forward project. There are 12,000 block for exterior and interior bearing walls, with 45,000 brick on the exterior. We laid the first block on this job in late August. Inspection delays, structural changes, as well as waiting on steel and other items, have stretched this job out. I'm writing this article on December 5th, with one more week of work to do on this project, and winter seemingly in full swing. By the time you are reading this article, the project will be done.

This project has given me the opportunity to work with new faces. I would like to take this opportunity to recognize their efforts. Jim Martin, Aaron Albrecht, Rod Brokaw, and Mike Murley have all been exceptional at what they do. Familiar faces Gary Cook and Shane White also did their usual excellent work for me. The winter ahead looks like it could be a tough one, but I hope to see you on the projects we do have.

**Greg Dobbrastine, Project Foreman** ■



Christ The Redeemer Lutheran Church in Adrian, MI



School of Public Health in Ann Arbor

## Where Do We Go From Here

Continued from page 1

To accomplish this, it will take leadership; leadership on labor's side as well as leadership on management's side. We will have to pull together unselfishly to grow our market. This will require some sacrifice. We will have to use what power we have to push for change rather than trying to preserve the status quo. If we keep our eyes keenly focused on our customer's needs, we can succeed. I challenge each of you to become a part of the solution. ■



Scaffold at Sparrow Foster Wing in Lansing, MI

# The Bid Doctor

## ***Mt. Hope Assembly Facility Lansing, MI***

Wieland-Davco  
Start Date: 12/05/2005  
8 BL / 5 MT  
12,033 CMU



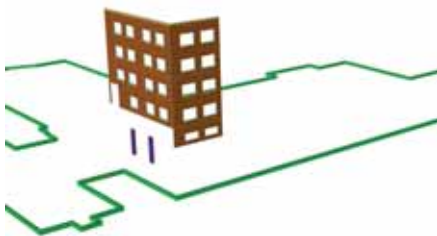
## ***Genesys Health Park 600 Grand Blanc, MI***

Vision Quest  
Start Date: 12/26/2005  
6 BL / 4 MT  
25,000 Groundface Block Veneer  
300 Stone  
1,000 CMU



## ***Sparrow Hospital Foster Wing Lansing, MI***

Granger Construction Company  
Start Date: 01/01/2006  
6 BL / 4 MT  
21,554 Modular Brick  
77 CF Precast Coping & Sills



## ***Loft #322 Ann Arbor, MI***

Cornerstone  
Start Date: 01/01/2006  
5 BL / 4 MT  
60,000 C-Brick CMU  
6,000 Raw CMU  
400 Pieces of Cast Stone  
500 Glass Block  
6,500 Colored Smooth CMU



## ***Herrick Memorial Hospital Tecumseh, MI***

Krieghoff-Lenawee  
Start Date: 01/02/2006  
5 BL / 3 MT  
31,800 Modular Brick  
11,200 CMU  
1,800 SF 4" Ashlar Bond  
Limestone  
372 CF Limestone Coping & Sills



## ***Spirit of Solidarity Grand Rapids, MI***

Grand River Construction  
Start Date: 03/01/2006  
3 BL  
310 Granite  
2,200 CMU



## ***325 Woodward Birmingham, MI***

Burton Katzman  
Start Date: 04/01/2006  
12 BL / 9 MT  
199,479 Modular Brick  
5,183 CMU  
556 CF Precast Coping & Sills



**Ervin Industries**  
**Ann Arbor, MI**  
 Krieghoff-Lenawee  
 Start Date: 04/01/2006  
 4 BL  
 3,000 Brick Replacement  
 12,000 SF Cleaning  
 12,000 SF Waterproofing  
 700 LF Tuckpointing  
 450 LF Steel Replacement  
 2,500 LF Caulk



**Ingham Regional Medical Center**  
**Lansing, MI**  
 HBE Corporation  
 Start Date: 05/01/2006  
 12 BL / 9 MT  
 250,000 Modular Brick  
 5,000 CMU



**St. Joe Mercy**  
**Ann Arbor, MI**  
 The Christman Company  
 Start Date: 05/01/2006  
 6 BL / 3 MT  
 26,771 CMU  
 4,300 Brick



**Walgreen's**  
**St. Johns, MI**  
 E. Gilbert and Sons  
 Start Date: 05/01/2006  
 7 BL / 6 MT  
 20,000 Brick  
 1,000 Block  
 1,000 Pieces of Cast Stone  
 1,000 Split-face Block



**Icon on Bond**  
**Grand Rapids, MI**  
 Wolverine Construction  
 Start Date: 06/01/2005  
 12 BL  
 160,000 Utility Brick  
 10,000 CMU  
 8,000 Split-face  
 800 LF Precast ■



## Reminder: Direct Deposit Is Encouraged

By Betsy Zietlow

With our job locations being spread out all over the state, wouldn't now be a good time to consider setting up weekly direct deposit for your payroll?

DMI currently offers direct deposit into one or more accounts, which can be at multiple bank locations, for checking or savings accounts. This tremendous convenience has continued to gain popularity and proven to be a much easier payment method for DMI employees.

***Direct Deposit helps guarantee that you get paid on Wednesday, no matter what! This avoids the problems of moving from job to job, mail delays, or working late and not getting to the bank before closing.***

Once you get signed up for the program it takes about two to three weeks for your check to actually get directly deposited into your bank account (you will continue to receive paychecks as you have in the past during these weeks). We have to do a dummy (test) deposit to make sure all the account and routing information is correct before we make the real transfer of cash. If you choose to use direct deposit, it will be in your bank account on Wednesday of each week. Instead of receiving your check at the job-site on Wednesday, you would receive your stub in the mail or at your job-site showing the amount and date of the deposit.

### **WHY NOT START TODAY?**

Just fill out an enrollment form and return to the office either by mail to the address below or give directly to your foreman to send in with the weekly paperwork. Forms may be obtained by calling Betsy at (517) 699-6160 or (517) 230-5807.

Don't delay, get your forms returned as soon as possible, be sure to fill the form out completely and include a voided check or a savings deposit slip with the form. If you have questions, please feel free to contact Betsy at the number listed above.

Mail to:  
 Davenport Masonry, Inc.  
 P.O. Box 188  
 Holt, MI 48842 ■

# Questions and Answers To Today's Pension Plans

## by a Management Trustee on the BAC Local 9 Pension Plan

### *Is my pension plan going to fail?*

It seems like every time you turn on the news, you hear about pension failure. Pension failures making the news include steel mills, airlines, and now closer to home the potential failures at GM/Delphi and Ford/Visteon. These well publicized failures beg the question; what is the status of our pension plans? To fully understand the answer to this question, you have to understand the types of pension plans and the differences between them.

Employee benefit plans can be broken down into two categories, single employer benefit plans and multi-employer benefit plans. Single employer benefit plans are just that. The workers represented by these plans all work for one employer. Multi-employer plans, or as they are also known *Taft-Hartley* (named after the sponsors of the 1947 Labor Management Relations Act) plans, cover workers who work for more than one employer. Construction industry plans are typically multi-employer. The well-publicized failures have one thing in common, they are all single employer benefit plans. When the single funding employer of these plans becomes insolvent, contributions cease and the plan becomes unfunded. The insolvent plan is then turned over to the Pension Benefit Guarantee Corporation or PBGC. This non profit corporation is funded with premiums paid by employers to guarantee benefits for the plan participants. Typically, the benefits paid are reduced. The current maximum is \$45,613 annually.

In multi-employer plans when an employer experiences insolvency, the funding requirements of the plan become the responsibility of the remaining employers. In the event there is total failure of plan funding the PBGC once again takes over. Unfortunately, due to the reduced premium paid by multi-employers (based on the limited likelihood of total insolvency) benefits

paid are significantly reduced. The current maximum paid is \$12,870 annually. The PBGC is currently projecting a \$22.8 billion dollar deficit and will likely need a federally funded bailout to remain solvent. Most of this deficit is from single employer plans, less than 2% (400 million) comes from multi-employer plans.

### *Who manages my pension plan?*

Pension plans are managed by joint labor management trustees with an equal number of management and labor trustees. The trustees are appointed by their respective organizations. The union appoints the labor trustees and the employer's collective bargaining organization appoints the management trustees. Trustees have fiduciary responsibility for their management of the plan. This means the individual trustees must discharge his or her duties solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits, while defraying reasonable expenses of the plan. The conduct of a fiduciary is governed by "prudent man" standard; that is a fiduciary must act with the same care as a prudent person dealing with similar. Fiduciaries must also keep abreast of legal developments and be able to respond to changes necessitated by economic or demographic fluctuations. Trustees are personally liable for any violation of applicable laws and standards governing the plan. These include ERISA regulations, IRS regulations, Department of Labor requirements and numerous court decisions affecting how these regulations are interpreted to name a few.

### *How is the plan managed?*

The trustees charged with managing the plan are unpaid volunteers, who meet 4-5 times a year. Some of the requirements are that the trustees

manage the administration of the plan (collecting fringes, monitoring hours and paying benefits), maintain the plan in legal compliance, manage the plan investments, forecast the future funding status, and control how benefits are paid. Obviously this requires more knowledge and time than the typical trustee, who already has a full time job, is able to provide. For this reason, the trustees are allowed to hire plan professionals to help with this work. Typically the trustees use an outside administrator, hire a plan attorney and an accountant, use investment consultants, and have a plan actuary to forecast the future funding status. The trustees' duties then become more of managing and monitoring these professionals.

### *How do the trustees keep abreast of all this?*

The first requirement of a trustee is to become well educated. It is important to understand laws and regulations, plan accounting procedures, investment regulations and strategies, forecasting future financial and demographic trends. This takes a significant commitment of time dedicated to education. Currently the best available resource for this education is the IFEBP or the International Foundation. The International Foundation of Employee Benefit Plans is the largest educational association serving the employee benefits and compensation industry. A nonprofit, non lobbying organization since its inception 50 years ago, the Foundation is a trusted resource for objective, accurate and timely information. Today, 35,000 individual members represent 8,500 multi-employer trust funds, corporations, public employee groups and professional advisory firms throughout the United States and Canada. The IFEBP conducts seminars related to these issues as well as providing constant updates on

legislation and court decisions. They also maintain a significant book store.

Trustees should, and do, regularly attend these conferences to maintain their level of education. The conferences are usually held at convention/resort type areas. This gives the trustees and their spouses (only trustee expenses are covered and these are fairly restricted and carefully scrutinized) an opportunity to relax during the conference. I've often heard these seminars referred to as vacations funded by the plan, nothing could be further from the truth. During the most recent conference, my schedule included 22 seminars over 4 ½ days. The education I received will greatly improve my ability to actively participate in the proper management of the plan.

Trustees are also responsible for reading and understanding all documents related to the plan. These include the plan itself and all attached documents, financial statements, actuarial reports, investment reports, claims, meeting minutes, and numerous other documents. This requires a large investment of time. Based on my experience, I think Taft-Hartley plans may be the single most significant cause of deforestation. Yes it's that much paper. Hopefully in the not too distant future the information will be available in digital format.

### ***What is the difference between defined benefit and defined contribution plans?***

Defined benefit plans are the standard pension plans as we know them. A defined benefit plan promises the participant a specific monthly benefit at retirement and may state this as an exact dollar amount. A defined contribution plan provides an individual account for each participant. The benefits are based on the amount contributed and are also affected by income, expenses, gains and losses. Some examples of defined contribution plans include 401(K) plans, 403(b) plans, employee stock ownership plans and profit sharing plans.

### ***I've heard a lot of talk about funding what does this mean?***

Funding is the setting aside of monies in a trust account in advance of the date when benefits are payable. A fully funded plan has enough money currently to meet its current and projected future liabilities. Under-funded plans are those whose assets fall short of paying these liabilities. Over-funded plans have more assets than liabilities.

Funding level can affect a plan many ways. Taft-Hartley plans are tax exempt under the IRC (internal revenue code). This means that the employer may deduct his contributions, employees have no current income tax on the contributions made on their behalf, and investment earnings of the plan are tax exempt. If a plan becomes over funded, the employer contributions may be taxed. Similarly if a plan becomes significantly under-funded, employers may face excise taxes. Under-funding can also create a withdrawal liability. This is when employers who cease working under the plan or have significantly reduced hours are forced to pay their total share of the under-funding. Failure to maintain appropriate levels of funding could jeopardize the tax exempt status of the plan.

Funding levels are affected by contributions, total and average hours worked, investment returns, increasing or decreasing membership and actuarial assumptions. Actuarial assumptions are the basis for plan benefit decisions. They are the factors used by the actuary to forecast future events. These assumptions include such things as interest, investment earnings, inflation, levels of employment, mortality rates and retirement patterns. The direction the actual plan experience varies from the assumptions is what affects funding status.

Adjustment of funding levels is accomplished by increasing or reducing benefits. Benefits, once they are given, are considered to be vested. That is, they cannot be taken back. All negative adjustments must be made to future benefits not yet earned. This vesting of benefits coupled with an unusual set of financial circumstances has created the circumstances we face in today's pension plans. During the 90's the stock market soared to unprecedented highs. It was not

unusual to see investment returns of above 20%. This created over-funding in most all pension plans. To avoid taxation and maintain funding balance, the plans raised benefit levels by reducing vesting requirements, increasing benefit rates, and lowering retirement ages. About the time pension plans completed their positive benefit adjustments, the markets made a large correction and returns decreased. Negative investment returns were not uncommon. Also during this time, the continued reduction of a union workforce and the increased pressure of higher baby boomer retirement rates caused the percentage of working participants to retirees to decrease. This caused plans to experience rapid decrease in funding.

This decrease in funding has caused plans to reduce future benefits so available funds can pay previously vested benefits. It also has imposed withdrawal liability on many plans, which is not favored by employers. New accounting regulations may force this withdrawal liability to be recognized in financial statements and could affect the ability of businesses to borrow money or obtain bonding, key elements in construction.

### ***What is the future of defined benefit pension plans?***

The future will depend on many factors. A prolonged period of positive investment return could smooth out this bump in the road. In contrast, continued periods of uncertainty will lead to employers seeking relief in the form of changes. Defined contribution plans eliminate this exposure to liability and will become more popular with employers. This change will be supported by younger workers who do not relish the thought of paying for their parent's retirement before they can save for theirs. Congress may have to amend funding rules to allow for a reduction of vested benefits given on assumptions that just didn't pan out. New forms of retirement security may emerge. The only certainty is that the future will include changes, hopefully for the better. ■

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**In This Issue...** Where Do We Go From Here, Project News, Construction Safety, Bid Doctor, Reminder, Q&A About Today's Pension Plans, Skills Challenge Comes To Michigan

## Skills Challenge Comes to Michigan

### Bill Plummer, General Field Superintendent

On November 5, 2005 the apprentice skills challenge came to Michigan. The BAC Local 1 Detroit Training Center hosted the event and it was sponsored by the Michigan Mason Contractors Association. There were a total of twenty one contestants vying for prizes. The contestants were from Michigan BAC Local 9 (3), Detroit Local 1 (9) and Northern, Southern & Central Ohio (9), including John Alastra and Ryan Benner from DMI.

The event kicked off at 8:00 a.m. with the competition beginning at 9:00 a.m. There were three divisions (1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> year apprentices) with the complexity of the projects increasing with the skill level of the apprentice. The projects were all brick with a four inch block back-up. Judging was based on ten different criteria with a maximum score of twenty points for each area. The ten criteria were plumb, level, square and range, measurements, correct design, manipulation, tooling and neatness, full head joints, aesthetics, and production. The apprentices had three hours to complete their project.

I was very impressed with the demeanor of the apprentices. They all seemed very excited to compete in the event and didn't seem to be nervous about the competition. As the contestants worked on their projects, there was plenty of time for the spectators to converse and enjoy refreshments.

At the end of the competition, prizes were awarded that included a set of tools and levels to all who participated, a gift certificate for third place, \$200.00 in cash for second place and



*Skills Challenge Participants work on their projects*

the winner received \$500.00 and a chance to travel to Las Vegas in March to compete in the national competition.

Congratulations to Local 1 for hosting this exciting event. I was a little disappointed in the lack of participation from contractors and the number of out state (non-Detroit) apprentices that competed. Therefore, my commitment for next year is to increase both the numbers of participants and the numbers in attendance from out state. I enjoyed judging the event and look forward to attending this event in northern Ohio next year, followed by the Michigan BAC 9 apprenticeship hosting the event in 2007. ■