

Black Construction Corporation

Excellence Newsletter



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Message from the General Manager

Greetings & Hafa Adai:

As the first quarter of 2016 wraps up, the Black group of companies is well positioned for a successful year. Our organization remains extremely busy in Saipan, Chuuk, Manila and Diego Garcia. While Guam continues to be challenged due to the slow pace of the military buildup, we are finally beginning to see positive movement out of NAVFAC.

Over the past few months, BCC has been selected by NAVFAC to move forward from Phase-One to Phase-Two on several major RFP’s. Congratulations to each of you as NAVFAC’s selection of BCC was based upon our outstanding past performance, safety record and other relevant criteria. The major RFP’s which we have successfully qualified for includes:

- Finegayan Utilities and Site Improvements Phase 1
- P-715 Live Fire Training Range Phase 1
- Guam Design Build Multiple Award Construction Contract (GDBMACC)

In the first quarter we successfully negotiated contracts in Guam for the Matson Headquarters Building and the Nikko Pile Foundations, and in Saipan, the Comfort Homes project. These negotiations are a direct result of your efforts in establishing the organization as the premier contractor in the region.



While the staff in Guam is full of activity supporting off-island projects and preparing proposals, the company has been challenged in keeping our craft personnel busy as a number of projects recently wrapped up, which includes the Ordot Dump Closure, Guam Commercial Port and the Luen Fung Cold Storage. Additionally, the Lockwood Phase II housing project has been severely hampered by the Government’s inability to resolve the MEC (Munitions and Explosives of Concern) issue. ***Finding new work on Guam to keep our craft workforce employed is my priority, and in the long term, I feel very good about the future...KEEP THE FAITH.***

Led by Bruce Johnson, Augie de Leon and Sonny Baluyut, work in Saipan continues to move forward in a positive manner. The Puerto Rico Dump Closure is on schedule and within budget. Our project team has taken lessons learned from the Ordot Dump Closure to ensure our success. I am

GM’s Message - continues

challenging the Puerto Rico team to exceed expectations in all areas while maintaining a satisfied customer. In Saipan we are also in the process of starting up Comfort Homes, another project by the Triple J Group. The award of both the Puerto Rico Dump Closure and Comfort Homes are directly related to our past performance on the Ordot Dump Closure and Saipan Sandy Beach Homes. Keep up the good work.

Utilizing the Seabridge 7000 Ton capacity barge on two successive voyages, the mobilization of the Chuuk Runway project has been carried out in a safe and effective manner. Dante Rebutio, Graig Reyes, Mike Riveira, Soc LaMadrid and the entire shop did an outstanding job in planning and executing all mobilization activities. On Chuuk, the construction of our temporary facilities is ongoing and we are pushing to be in a position to start work in the field by the summer. Manny Concepcion and Elmer Mercader have led the charge for all planning and engineering activities related to the Chuuk Runway.

Dean Bates and his entire Diego Garcia IDIQ Team continue to successfully execute work while at the same time picking up new work as a result of their outstanding record of past performance. To date our organization has been awarded 20 task orders at a value of over \$75M that includes over \$25M in the first quarter for the following projects:

- Replace Roof, North Power Plant
- Replace Generators 5 & 6, Phase III
- Repair Shoreline Revetment

E.E. Black remains extremely busy with their own projects as well as in support of projects outside of the Philippines. EEB continues to grow and provide us with new and exciting opportunities. Country Manager Noel Villegas and his entire team are prepared to take the Philippine organization to the next level. We are currently working on a number of projects including one of the largest projects EEB has undertaken, the Ascott Renovation, and we are expecting outstanding results.

One of our organizations strengths developed over the past few years is our extended reach and successful performance beyond Guam. This strength has allowed our organization to withstand slowdowns as we are currently experiencing in Guam. As our reach has extended, we have asked many of you to temporarily relocate or to travel extensively in support of our operations. I would like to take this time to personally thank each of you for the sacrifices made in being away from your families for extended periods.

My message in the past has mainly focused on our ongoing field operations however; I firmly believe that we have the best overall support organization in the region. Our Estimating and Proposal Departments in Guam and the

Philippines work tirelessly to obtain new work. Our Safety Department works to ensure each of our employees gets home safely each and every day. Our Drafting/Detailing Department are continuously putting in extra hours to keep work in the field moving forward. Our Purchasing/Procurement staff keep us competitive by scouring the market for the appropriate materials at the best price. Our Accounting Department collects invoices and ensures timely payments to employees, vendors and subcontractors. Our Cost Accounting Department sets up and tracks project costs. Our HR Department does a little bit of everything including ensuring compliance with labor laws. Our Administrative Staff keeps us organized and “On Track”. Thanks to each and every one of you. In future messages I will expound on how critical each department is to our overall success.

Lastly, congratulations are in order for the Guam Commercial Port Team for being nationally recognized by the Associated Builders and Contractors (ABC) with the prestigious Eagle Award.

On behalf of Senior Management, I would like to extend a safe and continued 2016 to everyone and your families.

LKK



What to Teach Kids About Strangers

What Parents Can Do

When teaching children how to recognize and handle dangerous situations and strangers, there are a few things parents can do to help their children stay safe and avoid dangerous situations.

- **Know where your children are at all times.** Make it a rule that your children must ask permission or check in with you before going anywhere.
- **Point out safe places.** Show your children safe places to play, safe roads and paths to take, and safe places to go if there's trouble.

- **Teach children to trust their instincts.** Explain that if they ever feel scared or uncomfortable, they should get away as fast as they can and tell an adult. Tell them that sometimes adults they know may make them feel uncomfortable, and they should still get away as fast as possible and tell another adult what happened. Reassure children that you will help them when they need it.
- **Teach your children to be assertive.** Make sure they know

adult and to run away from adults in dangerous situations.

- **Encourage your children to play with others.** There's safety in numbers!



"If you talk to God, you are praying; if God talks to you, you have schizophrenia." —Thomas Szasz

2015 Safety Report

In 2015, BCC recorded its second consecutive year without a lost time accident. This marks the fourth time since 2010 that we have achieved this milestone. During this period we recorded over 2.8M manhours of work and lowered our Days Away, Restricted or Job Transferred (DART) to 0.34. Our five year average Total Recordable Case (TRC) and DART is 2.33 and 0.89. Both rates fall well below the Bureau of Labor Statistics (BLS) and Government thresholds of 4.0 and 2.0 respectively.

Below is an illustration of our five year rates and overall average.

This significant milestone is attributed to the implementation of a strategic safety program. A program designed with an aggressive Return-to-Work process that focuses on the employee's physical condition and the phasing-in of that employee back into the work environment. This, coupled with a continued commitment from our safety professional staff, has minimized the consequences of occupational injuries and illnesses that result from returning employees prematurely to their work assignments. The safety staff embraces their share of responsibility to ensure the safety and health of employees and

its commitment to practices that reduce or eliminate the causes of human suffering.

As an organization, we must continue to maintain a safety program conforming to best industry practices. Our goal of zero incidents is based on continuously emphasizing safety work practices through meetings, EM385 and competent person training, near-miss and medical surveillance programs to prevent incidents, protecting our employees and equipment, and providing a working environment free of hazards for our clients, employees, sub-contractors, the public and the environment.

Black Construction Corporation (BCC)	2011	2012	2013	2014	2015	AVG.
TRC Rate	2.79	3.60	2.36	1.71	1.20	2.33
DART Rate	1.24	1.20	0.52	1.14	0.34	0.89



"Safety is not an intellectual exercise to keep us in work. It is a matter of life and death. It is the sum of our contributions to safety management that determines whether the people we work with live or die" – Sir Brian Appleton after Piper Alpha

OSHA fines to increase significantly

WASHINGTON—OSHA fines will increase for the first time in a quarter century, under a provision in the recently signed congressional budget deal.

The Federal Civil Penalties Inflation Adjustment Act of 1990 exempted OSHA from increasing its penalties to account for inflation. The new budget, signed into law on November 2 by President Barack Obama, contains an amendment that strikes the exemption.

Now, OSHA is directed to issue an interim final rule increasing its penalties to account for current inflation levels, which could raise proposed fines by about 80 percent. As a result, maximum penalty changes might include:

- Willful and repeat violations increasing to about \$127,000 from \$70,000
- Serious violations increasing to about \$12,700 from \$7,000

The adjustment must occur before August 1, 2016. In subsequent years, OSHA also will be allowed—for the first time—to adjust its penalty levels based on inflation.

The last time OSHA's maximum penalty levels were increased was in the Omnibus Budget Reconciliation Act of 1990. Prior to that, maximum penalties for willful and serious violations were \$7,000 and \$1,000 respectively.



Photo credit: Reuters

Employers in states with legalized marijuana use have “limited tolerance,” survey shows

Alexandria, VA—Workers in states that have legalized marijuana should think twice before smoking the drug. A new survey from the Society for Human Resource Management indicates many employers have continued a zero-tolerance policy.

More than 4 out of 5 organizations in states where recreational and medical marijuana use is legal bar workers from using the drug, survey respondents reported.

Eleven percent of employers had exceptions for medical use.

Two-fifths of respondents said their organization can subject employees to marijuana drug testing after an incident occurs, and one-quarter reported that all employees are subject to marijuana drug testing throughout employment.

regardless of whether an incident occurred. About half of respondents said first-time violators of substance policies were terminated.

“While marijuana use is legal in some states, it remains illegal under federal law,” Evren Esen, SHRM director of survey programs, said in a press release.

Employers in states with legalized marijuana use have “limited tolerance,” survey shows—continued

“Substance use, disciplinary and hiring policies are all influenced by employers limited tolerance of marijuana use.”

Marijuana is legal in 19 states for medical use only, and in four states and the District of Columbia for medical and recreational use. The drug can lead to impaired body movement and difficulty with problem-solving in the short-term, the National Institute on Drug Abuse states.

Although the Food and Drug Administration has not approved the marijuana plant as medicine, it has approved medications containing synthetic marijuana chemicals. Additionally, research has indicated marijuana is effective in relieving symptoms of several diseases, including HIV/AIDS, cancer, glaucoma and multiple sclerosis.

National Safety Council, January 8, 2016



OSHA - Upcoming rule on crane operator qualifications

OSHA's forthcoming crane operator qualifications rule will be difference from a draft previously issued, an agency official recently told stakeholders.

In October, the National Commission for the Certification of Crane Operators hosted its inaugural Industry Forum on Personnel Qualifications. Jim Maddux, director of OSHA's Directorate of Construction, told attendees that OSHA is continuing its work on the crane operator qualifications issue, and a “positive resolution” could be expected in 2016, according to an NCCCCO press release.

The issue stems from stakeholder concerns that crane operator certification requirements under the 2010 Cranes and Derricks in Construction final rule were insufficient to determine competency. In response, OSHA delayed that requirement until November 2017 and began pursuing a new rule to address the issue.

Earlier this year, OSHA presented a craft certification rule to the agency's Advisory Committee on Construction Safety and Health. Taking into account feedback received during and after the committee meeting, the proposed rule

will “without a doubt” be different from the draft, Maddux said.

A proposed rule on crane operator certifications is expected in March, according to the agency's latest regulatory agenda.

BCC is moving forward with our crane operator certification program to ensure we meet OSHA mandates. We are working jointly with the Guam Trades Academy and Island CERTS.



Photo Gallery

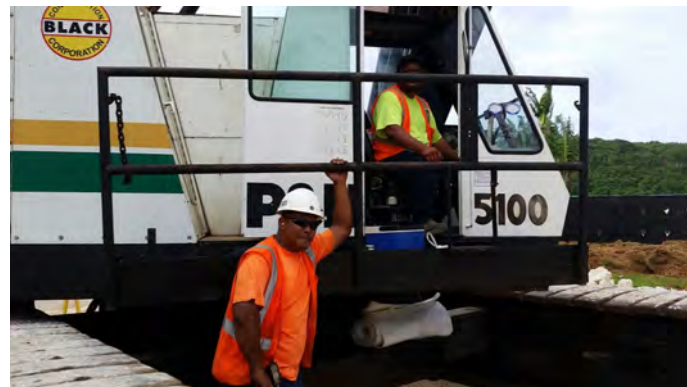


Photo Gallery



HR Corner

\$\$\$\$ IT IS NEVER TOO LATE TO START SAVING \$\$\$\$\$ TAKE CONTROL OF YOUR FINANCES AND PAY YOURSELF FIRST

Tutor Perini 401(K) Retirement Savings Plan has switched from Charles Schwab and is now serviced by **Merrill Lynch**. Merrill Lynch offers lower fees and expenses, enhanced guidance services to help prepare for your financial future. Plan provisions (such as bullet points listed below) remain the same:

- Eligibility requirements (age requirement of 18 and above, fulltime U.S. citizen or permanent resident),
- Employee contributions starting at 1% and above plus Company match contribution of 30% up to 10% of your annual eligible base pay
- Employees may still borrow against their 401K (eligibility requirements must be met)

HEALTH AND WELLNESS

Prevention is the foundation to good health and both TakeCare and Stay Well offer Incentives and Rewards. Put \$\$\$\$Cash back into your pockets\$\$\$\$

TakeCare members can earn cash back for

Preventive Incentives: Members can earn up to \$250 per individual / \$500 per family simply by getting your annual physical exams, dental exams, vision exams and other preventive care check-ups.

Outcome Based Bonuses: Members can earn an incentive bonus of up to \$150 per individual / \$300 per family by screenings such as Cholesterol and / or HBA1C and more.

Fitness & Healthy Activities Incentive: Earn up to \$300 per member per year for working out a minimum of 10 times a month. Earn \$100 incentive for completing 2 healthy activities in categories provided by TakeCare.



Stay Well offers “Enjoy Life Rewards”

Preventive Rewards: Members can earn up to \$175 by fulfilling certain activities such as annual physical ex-ams, health risk assessment, dental exams and other preventive care exams.

Diabetes Care Reward: Earn up to \$100 for diabetes care when you get diabetes required exams such as annual retinal eye exam, hemoglobin A1C exam, and foot exam just to name a few.

Fitness Rewards: Earn up to \$75 when you complete Stay Well sponsored fitness events, work out at the gym for a minimum of 8 visits per month or earn 300 points through their Health Activity Tracker portal.



Visit your HR department for more information or make sure to read the flyers provided to you in the 2016 Insurance packets.

PUERTO RICO DUMP PROJECT

The Black Micro team in Saipan has solidified into a cohesive working force and is attacking the dump closure with gusto!

Under Augie’s direction and a great support team, Black is making good, solid progress on the Puerto Rico Dump Closure. The work forces have now accomplished over 80% of the waste relocation and the initial foundation layer of engineered fill is in place in anticipation of the Geomembrane liner installation which is scheduled to start mid-February.

One interesting aspect of the project involves the shoreline protection. Originally designed to use 15 ton armor stone, with an option for a double layer of 3 foot (2 ton) pre-cast concrete cubes. The non-

availability of the large armor stone guided the choice to the pre-cast cubes, but as designed with a 3’ cube, that would have entailed casting over 6,000 cubes! Vying for a cost effective alternate, BMC originally intended to use a larger (6’ cube) in a single layer, but through discussions with our designers, chose instead to utilize a pre-cast “jack” called tribars. BMC presented this concept to the Construction Manager who in turn endorsed this approach to the CNMI government who gave the green light to proceed in late November. BMC has received the custom fabricated steel formwork from Manila, and has begun casting to tribar units.

Once completed the government

intends to convert Puerto Rico Dump into a public parkland in accordance with the final closure and post-closure requirements approved by the U.S Environmental Protection Agency and the government of the CNMI.

We look forward to seeing you there at the ribbon cutting, and don’t forget to bring your kites as the ocean breeze on top of the new park will be ideal for aerial acrobatics.

By: Bruce Johnson, PRD Project Manager



PRDC- BMC STAFF



MECHANIC SHOP

“Most people do not listen with the intent to understand; they listen with the intent to reply.” ~ Stephen R. Covey

PUERTO RICO DUMP—PHOTOS



SURVEYOR CREW AND EXPEDITER



LINER SUPPORT



OPERATORS



BMC AND SUBS



DONG CHUR SHIN AND MASSU'

MINE SAFETY AND HEALTH ADMINISTRATION (MSHA)

The Mine Safety and Health Administration (MSHA) will implement compliance activities and inspections at all active metal and nonmetal mines located in the U.S. Territories American Samoa, Guam, and CNMI beginning October 2016. Because MSHA has not previously conducted inspections in these areas, it anticipates that operators' compliance with MSHA's standards will be lacking and that there will be compliance issues.

MSHA will conduct onsite training, compliance assistance, and inspection activities. With its presence, mine operators will be better able to work with MSHA to reduce incidences of fatalities, injuries, and miners' exposure to safety and health hazards. Bringing mining operations into compliance will improve conditions for miners and lead to positive safety and health performance impacts.

MSHA recently held a free workshop on Guam and invited the

Guam Contractors Association (GCA) members to attend. The first week included topics on Mining Law, Regulations and Policy, and then a "Train-the-Trainer" workshop the following week. Members of the construction community, quarry operators, trucking, military and NAVFAC personnel were in attendance.



Unlike the Occupational Safety and Health Administration (OSHA) which falls under Title 29 of the Code of Federal Regulations (CFR), MSHA is covered under Title 30 CFR, Mineral Resources. Will we be subject to

both agency compliance oversight? The answer is yes. The Interagency Agreement between OSHA and MSHA delineates certain areas of authority, set forth factors regarding determinations relating to convenience of administration, provides a procedure for determining general jurisdictional questions, and provides for coordination between MSHA and OSHA in all areas of mutual interest.

In order to prepare ourselves for MSHA's regulatory oversight, BCC has requested a Compliance Assistance Visit (CAV) so we can be better informed of MSHA's jurisdictional definition of a "mine", interagency agreement between MSHA and OSHA, as well as observing for any unsafe conditions/behaviors and potential violations that need to be immediately corrected.

Training efforts to meet MSHA requirements will be scheduled in the near future.



DIEGO GARCIA

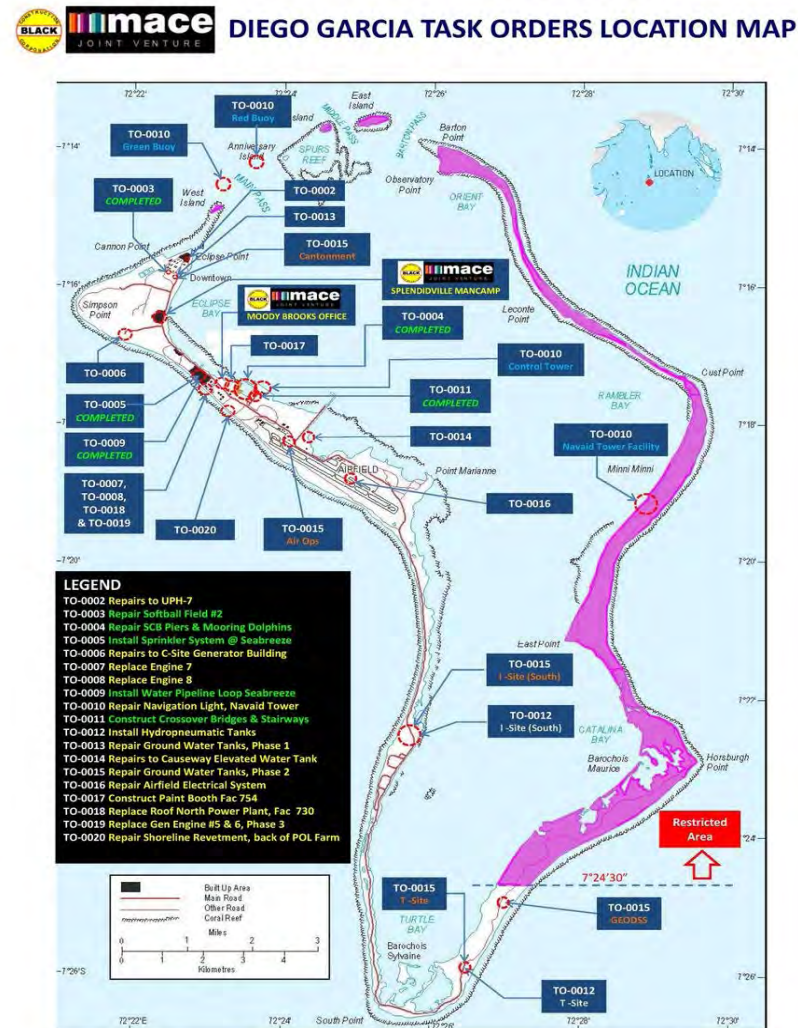
We continue to move forward with the IDIQ program in Diego Garcia. To date the government has approved 20 Task Orders with an award value over \$75.7M. Out of the twenty, 5 TO's have been completed. They are:

- TO-0003, Repair Softball Field
- TO-0004, Berthing Pier Repair
- TO-0005, Install Sprinkler SBV
- TO-0009, Install Water Pipeline Loop
- TO-0011, Cross Over Bridge

Over the next thirty days, two more projects will be completed bringing the total number of completed TO's to 7.

Kudos to TEAM DG for their outstanding performance delivering high quality work safely to our client.

The map to the right, illustrates each task orders work location.



DIEGO GARCIA PHOTO ALBUM





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"On Track With Black"

Safety Mission Statement

"To establish, through open communication and a spirit of cooperation from all Black Construction Corporation employees, an environment that promotes and practices safety awareness and achieves a company-wide accident and injury free working environment."

Visit us on the Web!
blackconstructionguam.com

SYMBOLS OF EXCELLENCE



"The true measure of a man is not how he behaves in moments of comfort and convenience but how he stands at times of controversy and challenges." Martin Luther King Jr.