

PUNCH LIST

The voice of the Subcontractor's Industry

WALK ON THE CAPITOL

I'm sure you're tired of hearing about it – but you have great folks walking the halls of the state capitol on your behalf, through your fellow subcontractors in SAM, participants in the other member entities in the Texas Construction Association (TCA), and (of course) the hard-working TCA lobbying team later this month in the bi-annual Walk on the Capitol.

TCA carries the critical message of subcontractors' issues, issues of fairness and honor, to our Texas legislature on behalf of SAM members and the members of many other groups representing the interests of Texas trade contractors. The TCA carries this message through publications and the active involvement of skilled and committed lobbyists.



The most important way that TCA convey this message to legislators, however, is through the voices of TCA members, themselves, and TCA does a marvelous job of organizing its members for a well-orchestrated Walk on the Capitol each legislative session.

The next TCA Walk on the Capitol takes place on Tuesday and Wednesday, January 29-30, 2019. All the lobbying in

the world won't help, if the legislators don't sense the commitment and passion of their constituents, and that's where you come in. Walking the halls of the capitol, visiting with legislators and their staff as part of the TCA group, you will find that we have a much stronger voice together, then you do individually.

Every TCA member organization will have representatives at the Walk on the Capitol, and we need a strong turnout from SAM members. Please make time to attend, and make your reservations right away, so you won't miss this incredible event. Those who done it before, know how important it is, and how much fun it is; if you haven't done it yet, you owe it to yourself to experience the Walk on the Capitol.

MEMBER SPOTLIGHT: NEUCO & ASSOCIATES

SAM is proud to present Neuco & Associates as our first featured member in 2019. If you regularly attend our meetings and events, then you have probably met Neuco's current Vice President of Operations and newest SAM Board Member, Billy Neu.

Neuco & Associates is a commercial Drywall and Acoustical subcontractor in Dallas. Billy's parents, Roy and Glenda Neu, started the company in 1995. They primarily work on projects in the DFW Metroplex, but they will travel for a special customer or a special project. Neuco can perform

work on a variety of projects, but they have focused on medical facilities, shopping centers, churches, and schools in the last few years.

In the early 90's, Roy Neu was instrumental in starting SAM when he, Norma Mann, Pete Snider, Steve Carter, Gifford Olin, David Etheridge, and Guy Hestand, Jr. decided to start a new association for subcontractors.

Billy has been active in SAM for a few years. While he finds the meetings educational and enjoys the networking opportunities, he especially finds value in the BPI portion of our meetings.

Billy is looking forward to April when he will marry Amber - "the love of my life."

For more information about Neuco & Associates, visit their website at www.neucoassoc.com.



BEWARE, THE GIFT!

The ancient phrase is, “Be wary of Greeks bearing gifts,” and it had as its genesis the well-known story of the Trojan Horse, presented as a gift at the gates of Troy. Its admission, with a payload of armed and motivated Greek soldiers led by Odysseus, was the downfall of the besieged city, and has been a lesson of caution and care for millennia.

“What,” you might ask, “has this to do with ME?” Read on, faithful warriors!

Those who have read my tales over the years well know my emphasis on the contract - what you do is called “contracting,” yet an amazing number of trade contractors still sign without reading, or having read only the scope and the much-overemphasized indemnification provisions.

Still, just as most general contractors have rolled out subcontracts relieving themselves of risk and placing most risk in the hands of the subcontractors, subcontractors have become better-educated about the effects of subcontracts, and the critical importance of negotiating rational subcontract language. As a result, many GCs have agreed to important changes to subcontracts for well-qualified subcontractors – and let’s be honest – well-qualified subcontractors always negotiate their subcontracts! Generally speaking, once a GC has agreed to

reasonable changes to their standard subcontract, they’ll honor those changes on future jobs, and our experience has been that, on projects where the subcontract has been reasonably negotiated, minor issues rarely erupt into major battles.

Just lately, though, there have been a few GCs who, recognizing that it is difficult to repudiate a previously-negotiated deal on a subcontract when nothing has gone wrong, are turning instead to a “Trojan Horse” approach – calling for use of a “Short Form Subcontract” on projects they call “smaller,” and trying to resist making equitable changes to the subcontract form. Justification often sounds something like this: “On a project this small, we don’t need a full subcontract, so we are issuing our Short Form Subcontract, and we don’t need to revise it.”

Don’t fall for it!

These Short Form Subcontracts, while shorter in word length, are chock-full of provisions that place a subcontractor in grave danger. The biggest harmful issue we find in them: in the event the GC declares the subcontractor to be in default (note – this is not if the sub is *actually in default* – merely the *declaration* by the GC that a default exists), the Sub has agreed that the GC can take all manner of action, on the

subcontractor’s account and with the subcontractor’s equipment, and all at the subcontractor’s expense. These subcontracts deprive the subcontractor of the right to even be *given notice* of an alleged default, and a reasonable opportunity to either cure the default or *demonstrate that no default existed at all*. In a nutshell, they say it, you eat it, no questions asked.

Other magical terms might include one-way attorneys’ fees provisions (you’re agreeing that Mr. Contractor can back charge you for attorneys’ fees if they even consult a lawyer, but you have no right to attorneys’ fees, no matter what), the right to audit your records and know your actual costs of work (always a no-no on a fixed-price subcontract), the right to demand payment and performance bonds and the demand that you provide lien waivers from your subs and suppliers in advance of being paid.

Be not deceived – you can often have as much or more risk on a small project, if the subcontract is bad, and the risk will certainly be much greater in relation to the potential reward. If a GC is insisting on changing contracts on you, especially where you’ve already hashed out a fair subcontract compromise, *don’t fall for it*.

By Spike Cutler

Read more on our website

OUR ASSOCIATION LEADERSHIP

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If you’re not a member of SAM, contact us for an application!

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