

ZACHRY

FORCE REPORT

JULY / AUGUST 2015

THE NEWSLETTER FOR THE EMPLOYEES, FAMILIES AND FRIENDS OF ZACHRY GROUP



COVER:

A view of employees through the end of a pipe at JVIC's facilities in Freeport, Texas, which provide a full range of pipe fabrication and field services.
Photo/Alissa Rosebrough



DEAR READERS,

The diversity of work we are executing and the abundant potential that continues to emerge across all of our market sectors certainly make this an exciting time to be in our industry, and to be working at Zachry.

As the large engineering, procurement and construction (EPC) projects we have been planning for the last couple of years are now in the field with construction in full swing, we are working hard in business development to book new projects that will replace our backlog as it is worked off. The good news is that our key markets look great, and our business development team is finding very attractive new opportunities for all of our service offerings.

EPC-wise, it appears likely that a second wave of major midstream oil and gas, and downstream petrochemical projects will move forward in the next 12 to 18 months. This is excellent timing for us. We are actively pursuing several appealing opportunities with good Zachry customers, including a major ethylene expansion, several new olefins projects, two methanol projects, and two large liquefied natural gas (LNG) projects. We are also finding good mid-sized process industry projects for our mid-cap EPC group, such as a new air separation unit on the Texas coast, and the recently completed boiler project for Air Liquide that is highlighted in this issue of the *Force Report*.

Our sales pipeline in the power industry is also very healthy. We are developing proposals for several combined cycle and simple cycle gas-fired generation projects, plus a couple of environmental upgrades at existing coal plants. We expect multiple new EPC awards in the power industry during the second half of this year.

In the same way, we have seen considerable growth in business for our Industrial Services Group (ISG) over the recent months, including the addition of eight new permanent-presence sites—read about one of these sites, Cornerstone Chemical Co., in this issue—with a few more expected awards in the second half of 2015! Also, we have continued to see strong new bookings in JVIC for regional project work, turnarounds and specialty services. We are particularly focused on exploring the expansion of JVIC services at ISG sites. A good example of this growth potential is found in this edition in an article about ongoing collaboration at Chevron Phillips Chemical's (CPChem) plant in Old Ocean, Texas.

We also are finding great opportunities for our engineering business. For beginners, most of the EPC work mentioned above includes engineering scope to be performed by Zachry. In fact, one of the methanol opportunities we are



“As we look forward, Zachry is in a highly favorable position. The U.S. industrial and energy market is the best in the world right now, and it looks to be expanding even more in the foreseeable future.”

— **Scott Duffy, Senior Vice President, Enterprise Strategic Development**

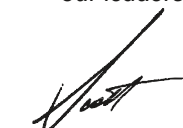
Photo/Dan Payton

pursuing developed from our Tyler Design Center winning the Front-End Engineering Design (FEED) contract. Having such technical engineering capability is crucial to our sales strategy, especially in today's EPC-dominated project world.

We have also had some very nice engineering-only awards, including the design of an important refining project in New Orleans, and a multi-site award for nuclear engineering and analysis services. Speaking of our Nuclear Group, please join me in welcoming the employees of CSA to Zachry. This issue includes details of this important acquisition that has enhanced our nuclear analytical capabilities.

I believe that our recent success in business development is largely attributable to two primary factors: the skill of our people and our excellent safety performance. Customers select Zachry because they recognize our capabilities and can see our results, and they keep coming back because they experience the difference in the special and skillful ways in which we deliver our services and manage our relationships. Safety is the cornerstone of our principle-based approach to business, and our safety record is also a measureable advantage that customers see and appreciate. Even as our business has expanded in recent years, our already strong safety performance has continued to improve.

As we look forward, Zachry is in a highly favorable position. The U.S. industrial and energy market is the best in the world right now, and it looks to be expanding even more in the foreseeable future. As it does, the expertise, safety commitment and proven abilities of our employees will continue to put Zachry in place to capitalize on opportunities, help our customers grow, and maintain our leadership position.

 **Scott**

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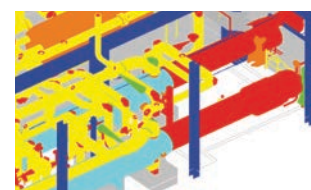
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Story ideas and photos also can be submitted to members of the *Zachry Force Report* editorial board, listed on page 22.

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Dave Tolbert runs the finishing stretch of the 2014 Ironman Boulder 70.3. Photo/Nicole Clark

A PERSONAL AND PHYSICAL CHALLENGE

GOING THE DISTANCE, AND THEN SOME, REFLECTS COMPANY VALUES

 Completing an Ironman triathlon—a race consisting of a 2.4-mile swim, a 112-mile bicycle ride and a 26.2-mile run—is an unfathomable task for most people.

But for **Dave Tolbert**, a senior corporate risk manager in the Denver Design Center, the Ironman is more than a personal challenge—it's a way to make a difference.

Tolbert and his wife Marianne, who have completed two and five Ironman triathlons respectively, are both members of the IRONMAN Foundation Newton Running Ambassador Triathlon Team, a group of athletes from across the country who combine their love of triathlons with their passion for community service. The team exists to benefit the communities where Ironman events take place through volunteer projects and fundraising. That's the basis for the team's informal name, team "kokua," a Hawaiian word that means to give to others solely for their benefit. Hundreds of applications for the team are submitted each year, but only 40 people are selected.

"There's an old adage that states from those to whom much is given, much is required," Tolbert said. "You could say that about all of us on this team."




Tolbert participates in a team training ride over Memorial Day weekend last year. Photo/Nils Nilsen

This is the Tolberts' second year on the team. As ambassadors, they have committed to participating in one, half-Ironman distance event and two full Ironman distance events this year, while also supporting non-profit groups in communities that host events. Their efforts reflect Zachry's encouragement of active lifestyles and also align with the company's concept of Corporate Citizenship, which includes an emphasis on community investment and philanthropy.

The triathlon team contributes to the IRONMAN Foundation's Community Fund, which distributed \$1.2 million in grant funding to nearly 1,000 groups and organizations in 2014, and has awarded more than \$32 million since its inception. Many beneficiaries are agencies affiliated with United Way, which is the focus of Zachry's annual charitable giving campaign each fall. ■

SMALL CAPITAL PROJECTS AND MAINTENANCE SUPPORT

LAYING THE CORNERSTONE: ISG GAINS NEW CUSTOMER

 The Industrial Services Group (ISG) has further increased its already expanding presence in the Gulf Coast region with the addition of Cornerstone Chemical Company as a new maintenance customer. An ISG team has begun working at Cornerstone's 800-acre Fortier Manufacturing Complex in Waggaman, La., which produces chemical

compounds that are used in the production of thousands of industrial and consumer products.

ISG is responsible for executing small capital projects and providing maintenance support, including complete turnaround support at the facility, which is just outside of New Orleans. The Fortier complex is next to a plant operated by Monsanto where ISG has a long history.


"The Cornerstone Chemical contract came about because of the good work we've done at the Monsanto plant for the last 20 years," said **Don Empfield**, general manager of ISG's petrochemical/process business unit. "This piece of new business aligns nicely with our strategic initiative to grow the Zachry footprint in Louisiana."

The proximity of the two plants allows ISG teams at both sites to share resources and best practices. Currently, the Zachry leadership team at Monsanto is providing oversight at the Fortier site.

"This opportunity is really turning out to be an exciting prospect," said Empfield. "Not only is it growth for Zachry in a target area and great recognition within the community, but the work is already expanding to include several other facets of Zachry." ■

TEAMWORK YIELDS SUCCESS DURING INSTALLATION

SEQUENCING AND SAFETY TRIUMPH OVER SPACE CONSTRAINTS

 It was neither the biggest nor smallest project ever undertaken by Zachry or its joint venture partner Sargent & Lundy, but the odds are good that it might have been the tightest in terms of space. The joint venture team, called SLZ, finished installing the third of three auxiliary boilers earlier this year at Air Liquide's Bayport Complex in the greater Houston area. Sargent & Lundy was responsible for engineering and specialty procurements, while Zachry carried out all other procurement and construction.

"Construction took place in an operating plant and, with as little elbow room as we had to work with, it never got easier," Project Executive **Byron Ozenberger** said. "When we installed equipment, we would cut off access to other areas, so our sequencing had to be very deliberate to ensure that plant workers could continue performing their jobs and that we didn't box ourselves in."

The boilers each supply as much as 400,000 lbs. per hour of steam to the complex, which produces gases, such as nitrogen, hydrogen and helium, for industrial customers.

The success of the project, which was awarded in May 2013, is underscored by the team's safety achievements. No recordable incidents occurred during more than 240,000 direct work hours.




Zachry completed installation of three auxiliary boilers with no recordable incidents at Air Liquide's Bayport Complex in the Houston area earlier this year. Photo/Site

"It took many individuals working together to achieve this," Project Manager **Glenn Atkinson** said. "Communication was the key to our success due to the tight space we had to work in. Everyone understood the task at hand, and what their responsibilities were, so we could successfully and safely complete the job."

Zachry's performance contributed to Air Liquide's decision to award Zachry an additional project to install an air separation unit (ASU) at Air Liquide's Port Neches, Texas, facility. That project is scheduled to conclude by the end of this year. ■

NEW ADDITION

ZACHRY NUCLEAR ENGINEERING ACQUIRES CSA

 Zachry Nuclear Engineering (ZNE) has acquired Computer Simulation & Analysis, Inc. (CSA), a diversified engineering consulting company. CSA specializes in nuclear safety and operational transient analysis, power plant simulation and computer software development for engineering applications. The company, based in Idaho Falls, Idaho, also provides general support involving nuclear safety licensing issues.

"The addition of CSA expands our presence in the northwestern United States while also adding complementary skills to better provide our nuclear clients with solutions to the most demanding problems facing the industry today," ZNE President **Mark Mills** said. "Coupling these solutions with Zachry's engineering, procurement and construction capabilities offers our customers comprehensive support for the lifecycle of their facilities."

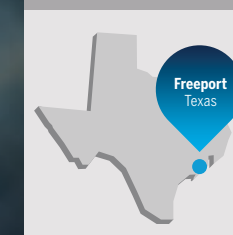
CSA will operate within ZNE's Analysis Division. ZNE performs engineering, design and project management services to support the nuclear power industry in the United States. ZNE also deploys proprietary system modeling software that is used by approximately 90 percent of the industry. ■

JVIC FREEPORT: STEADY GROWTH, POSITIONED FOR MORE



When JVIC's **James Reynolds** helped establish the company's location in Freeport, Texas, in 2003, he knew it would grow. He just didn't realize how quickly. Today, JVIC Freeport is the company's largest operation outside of its headquarters in Houston—for now.

LOCATION



JVIC, a Zachry Group company since 2012, started the Freeport site to serve a niche market southwest of Houston with expertise in fabrication, field construction and field turnarounds.

"When we opened our office in Freeport in 2003, we were confident we could be successful and were intent on being around for the long-term," said Reynolds, JVIC director of operations at Freeport. "What was a little surprising to us was how quickly we were able to increase our presence. The growth has been super steady and super predictable."

JVIC Freeport has expanded to become a 20-acre site employing 800 workers, including welders, pipefitters, riggers and boilermakers. The crew provides a full range of field services and pipe fabrication for clients in southern Brazoria County and beyond. Specific support includes turnaround work inside client facilities, welding, general mechanical services, and specialty services, such as bolt torquing, field machining, tower work and heater revamps.

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Pipe Welder Jaime Coranado welds a flange at one of JVIC's Freeport fabrication shops. Photo/Alissa Rosebrough



JVIC's Freeport site provides fabrication, field construction and field turnaround services to customers in southern Brazoria County and beyond. Photos/Alissa Rosebrough

GROWTH FUELED BY NATURAL GAS AND HIGH QUALITY TEAM

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The site benefits from continuing to serve major clients, including Dow Chemical, Phillips 66 and Chevron Phillips Chemical, as well as three major Zachry construction projects in the county to build petrochemical facilities. These construction projects, and the additional work flowing to JVIC Freeport from them, are outgrowths of abundant natural gas production across the Eagle Ford shale formation in southern Texas.

"We're so fortunate in southern Brazoria County. This is the center of the universe if you want construction work right now," Reynolds said. "There are more plants being built here than anywhere else in the United States. That's why Zachry's presence is so great here."

Reynolds also attributed JVIC Freeport's ongoing growth to the caliber of its employees and the culture that the site maintains.

"The key reason we've grown the way we have is our ability to attract the best employees," Reynolds said. "We've never seen a period in our history where we've had major turnover."



JVIC Vice President of Field Operations **Kevin Wauters** agreed.

"James has incredible talent throughout his organization. I think the reason our business has grown in that region is because of the talent that James has recruited and retained."

Wauters referred to the Freeport site a "standard bearer" for JVIC, particularly in terms of the many JVIC safety initiatives that have originated there.

"Many of these safety programs have come about through our working relationship with the clients in that particular region, and some have originated from the JVIC employees there. They've been very influential not only to our growth, but to a lot of the programs that we utilize today."

FIELD OPERATIONS DIVISION: TURNAROUNDS, MULTIPLE CUSTOMERS

Freeport's Field Operations Division, which provides turnaround services to clients in the area, has approximately 750 employees. JVIC employees are embedded on site at three Dow Chemical plants in Freeport and one in Seadrift, along the coast to the south, as well as within facilities of Phillips 66 and Chevron Phillips Chemical in Old Ocean to the northwest. Their work includes a variety of activities, from scheduled turnarounds to emergency jobs.

When JVIC Senior Operations Manager **Brent Bowers** first came to work at the Dow plants in Freeport 11 years ago, he was part of a lean operation.

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JVIC SUPPLIES SPECIALTY SERVICES WITH FOCUS ON QUALITY

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"I was everywhere at all times," Bowers said.

Today, 350 JVIC employees, on average, work at Dow's Freeport sites. In the first quarter of 2015, however, JVIC had a record 550 employees on the sites for scheduled turnaround work.

As one of JVIC Freeport's first and biggest clients, Dow has expanded the relationship over the years, placing increasing levels of trust in JVIC. When they started working together, JVIC performed one particular turnaround twice a year. By collaborating with Dow, JVIC reduced the frequency of that turnaround to once annually, which saved Dow money by reducing the amount of downtime for plant operations. That combination of performance and trust has led to more work for JVIC over the years.

"They try to hold JVIC for the more difficult outages that require a higher skill level," Bowers said. "That shows a lot of confidence in us that they want to put us on the harder outages."

FABRICATION SHOPS: PIPING, RELATED PRODUCTS

A core staff of 50 employees at the two JVIC Freeport fabrication shops produces piping for chemical plants and refineries. The shops serve JVIC's local client base and different engineering firms and industrial sites along the Gulf Coast. They make large bore and small bore pipes in virtually any sort of carbon steel or alloy, producing roughly 400 pipe spools a month out of 47,860 square feet of work space.

The shops have set themselves apart through their regimented process of working with suppliers, receiving and storing materials, utilizing them in production, and then sending the finished products to the end users. Using ACORN piping software, the shops complete and ship fabricated material, then provide spool drawings, inspection reports, hydro-test reports and other documentation to clients as confirmation that their products meet their specifications.

The use of ACORN software by a fabrication shop is not unusual, but the way that Freeport uses it is out of the ordinary. Following a strict procedure, JVIC provides detailed documentation of each step throughout the process to ensure utmost quality and create a more streamlined, efficient operation for both JVIC and its customers.



Pipe Welder Jaime Coronado rigs a pipe into position for welding in one of the Freeport fabrication shops. Photos/Alissa Rosebrough



The two JVIC Freeport fabrication shops encompass 47,860 square feet of space and produce approximately 400 pipe spools each month.

"We go above and beyond what a lot of fabricators do in the way we use our system. You eliminate a multitude of rework when you follow the process," Reynolds said. "Our quality is what wows clients. That's why we get our return business."

INTERNAL SYNERGIES

JVIC retained its independent structure and brand, with its own employees, following its acquisition by Zachry three years ago, so each company has its own niche. Zachry specializes in construction, engineering and maintenance, while JVIC primarily focuses on turnarounds and fabrication. JVIC's specialty services, including pipe fabrication, machining and torquing, offer customers additional options.

Being a Zachry Group company has expanded JVIC's customer list from the inside. Some of JVIC Freeport's biggest demand is coming from within Zachry Group through its projects in the area.

"We're seeing the synergies with the large Zachry Construction arm really being a major client of ours," Reynolds said. "Those synergies continue to be discovered."

JVIC Freeport's overall abundance of work is creating the possibility of offering additional product lines to fuel future growth. The site is exploring the potential for expanded pipe welding and fittings, more turnaround work, and more extensive use of JVIC's mechanical and civil capabilities.

"We're still looking for growth. We're not going to be complacent with where we are now," Reynolds said. "We see, without a doubt, that there's a possibility of a large amount of growth in the area." ■



Fabricator Sergio Banda checks the fit on a flanged pipe spool.

HOLLAND ENERGY PARK TO SHOWCASE ZACHRY DESIGN

ONE OF THE FIRST POWER PLANTS WITH ENVISION™ SUSTAINABLE INFRASTRUCTURE RATING



On the shores of Lake Michigan lies a quaint Dutch-like village that bustles with residents and visitors alike. The city of Holland, known for its annual tulip festival and as one of Michigan's top tourist destinations, is going to become one of the few cities with an Envision™ Sustainable Infrastructure-rated power plant through the development of the Holland Energy Park.

The new 145-MW combined cycle natural gas plant is scheduled to be fully operational in early 2017, replacing the city's existing coal-fired plant. Zachry is performing the engineering work on the project to build the plant, which will showcase a variety of environmental and aesthetic features:

- **A modern building design** that creates an attractive eastern gateway to the city
- **A 50 percent reduction** in carbon emissions and the virtual elimination of solid particle pollutants
- **Double the fuel efficiency** of Holland's present power generating station
- **The development of open, public space** that will integrate with the Macatawa Greenway trail system
- **An expansion** of Holland's innovative snowmelt system

HOLLAND ENERGY PARK



Above: A rendering of the Envision™ Sustainable Infrastructure-rated power plant.



SNOWMELT SYSTEM
Heated water from the power plant circulates under streets and sidewalks.

TIMING IS EVERYTHING

In 2013, the city of Holland assembled a blue ribbon panel with a cross-section of community stakeholders to collaborate on architectural designs for the future Holland Energy Park.

Mike Morris, Zachry vice president and manager of engineering business development, positioned Zachry for the project by actively nurturing an existing relationship with Michigan-based contractor Barton Malow Company.

"The timing was perfect. We had bid with Barton Malow a year earlier and were looking for our next opportunity. Our team came together early and engaged in conversations Barton Malow was having with the city leading up to the request for proposals," Morris said.

Zachry began working with Barton Malow in the spring of 2014 to secure the power plant engineering project, playing a significant role in helping the team gain an understanding of the city's design criteria and its need for a clean, sustainable power source. A local architect, Progressive AE, was a key selection to address the special requirements of the power plant building.

"Pulling our team together early helped us build confidence with the city. They knew we knew the significance of the project," Morris said.

"I believe we were the only team that worked to include and understand the community's wants and needs, seriously giving consideration to the unique nature of the project," said **Peter Quist**, Zachry senior project manager.

BRING ON THE HEAT

Zachry's plant design includes a means of transferring waste heat conducted from the plant's heat rejection system to expand Holland's underground piping system that melts snow in the downtown area.

"A portion of the flow from the hot side of the circulating water system, flowing from the condenser to the cooling tower, is pumped through the city's snowmelt system," Quist said.

Downtown Holland has the largest municipally-owned snowmelt system in the United States. It includes more than 60 miles of one-inch plastic pipe arranged under street surfaces and sidewalk brick pavers. The system can melt one inch of snow per hour when temperatures are between 15 and 20 degrees Fahrenheit.

"There's roughly 7,000 gallons of water per minute running through the snowmelt system," said Quist. "With an annual average snowfall of 75 inches, and a peak of 154 inches in 2013, the snowmelt system is a big benefit to the city."

The practical and environmental advantages of not having to salt or plow streets help further set the Holland Energy Park apart from the majority of Zachry's many other power plant projects.

"Most combined cycle, natural gas power plants that offer cogeneration are in the industrial sector and not as large or as visible to the general public," Morris said. "Our engineering team was a perfect fit for this project, given our extensive experience and history with combined cycles and heat transfer projects," Morris said. "Plus, we bring an EPC mindset to the team, which is considered a big strength when working with general contractors like Barton Malow."

SUSTAINABILITY INCLUDED

The level of thought involved in aligning the plant's design with environmental standards is another unusual aspect of the project. The Envision™ Sustainable Infrastructure Rating System is the product of a joint collaboration between the Zofnass Program for Sustainable Infrastructure at the Harvard University Graduate School of Design and the Institute for Sustainable Infrastructure.

"I don't know of any other companies that are doing a project like this," Quist said. "It puts us at the forefront of integrating our design and procurement efforts with the Envision™ rating requirements."

Envision™ provides a holistic framework for evaluating and rating the community, environmental and economic benefits of all types and sizes of infrastructure projects. It evaluates, grades, and gives recognition to infrastructure projects that use transformational, collaborative approaches to assess sustainability over the course of a project's life cycle. When completed, the Holland Energy Park will be one of the first power plants with an Envision™ Platinum certification.

The project broke ground in April of this year, and the Zachry engineering team had its first field engineer on the site in May. More than 40 Zachry employees will be working on the project.

For Zachry, Holland Energy Park is a highly visible project that showcases its engineering expertise and creativity.

"Pete Quist and his team did a terrific job on the proposal and in the follow-through with the city in design development," Morris said. "We are just getting started, but there is strong team chemistry between the city of Holland, Barton Malow, Progressive AE and Zachry. As we move forward, I'm confident that the strength and chemistry of the team will pay off with huge dividends." ■

ZACHRY AND JVIC CREATING A FAST BREAK IN BRAZORIA COUNTY

SITE EXEMPLIFIES ZACHRY GROUP'S COMPREHENSIVE CAPABILITIES



If Zachry and JVIC were basketball players, they'd be point guards. They know how to score, but they also know how to assist their teammates. They've proven that with the team approach they've taken at the Chevron Phillips Chemical Company (CPCChem) complex in Old Ocean, Texas.

"Our goal is to have our customers see us as one Zachry group," said **Kevin Wauters**, vice president of field operations for JVIC. "Because we're providing maintenance and turnaround services, as well as providing both small- and large-scale construction services, we have an opportunity to support each other across the board."

The complementary skills of the Zachry and JVIC teams at the CPCChem complex allow them to seamlessly provide a full range of services to the customer.

"The Industrial Services Group (ISG) is here to provide day-to-day maintenance support," explained **Don Empfield**, general manager of ISG's petrochemical/process business unit. "But, we also support JVIC by doing some of the site prep that goes on before a turnaround. Then, once the turnaround is completed, they hand the site back over to us and we put it back into production. So, we're not only working side-by-side, we're passing projects from one team to another. That's a unique situation."

Providing that handoff so easily is like a point guard serving up the ball to one of his teammates on a fast break. A smooth transition leads to an easy score.

BLENDING TWO INTO ONE

The multi-functional approach at CPCChem is indicative of the comprehensive capabilities that Zachry has

OLD OCEAN CHEVRON PHILLIPS CHEMICAL COMPLEX



- One of the world's largest single-site ethylene facilities, capable of producing roughly 12 million pounds of ethylene per day. — Chevron Phillips Chemical Company

developed since JVIC became a Zachry Group company in 2012. Their collective resources and expertise differentiate Zachry Group from competitors.

One way the two organizations are creating seamless performance is by sharing training and best practices. JVIC supervisors have been joining their Zachry counterparts at Supervisory Safety Skill Training (SST).

"We also went to Zachry's West Columbia, Texas, location, which is basically their training facility, and looked at their hands-on power tool training," Wauters said.

"But it goes beyond just the training," Empfield added. "It's being in the same room together, having the same experience, the same foundation. That creates a shared understanding. Everyone starts out on the same page, so we're able to swap stories about what we've experienced in the field and we've progressed from there. We don't have to reinvent the same wheel over and over again. We can learn from each other."

In addition to cross-training, the two companies are exploring how each uses Personal Protective Equipment (PPE).

A TEAM APPROACH SUPPORT EACH OTHER ACROSS THE BOARD

Keys to success:

- Sharing training and best practices
- Collaborative learning
- Self-assessment
- Focusing on safety and quality



"Everyone on the job site wears protective gear," Empfield explained. "If JVIC has some equipment that's superior to what we're using, we want to hear about it. And if Zachry has a better way, we want to share it. It's best for both of us."

That willingness to share information and learn from each other requires a certain amount of courage, according to Empfield.

"It's not always easy to say someone else has a better way of doing something, maybe more efficiently, or more safely. You have to be willing to learn. That's how you build a team. It's not about whether one organization or the other is right or wrong. It's about sharing experiences and deciding together the best way to perform a task or complete a mission," he noted.

HITTING THE AFTERBURNERS

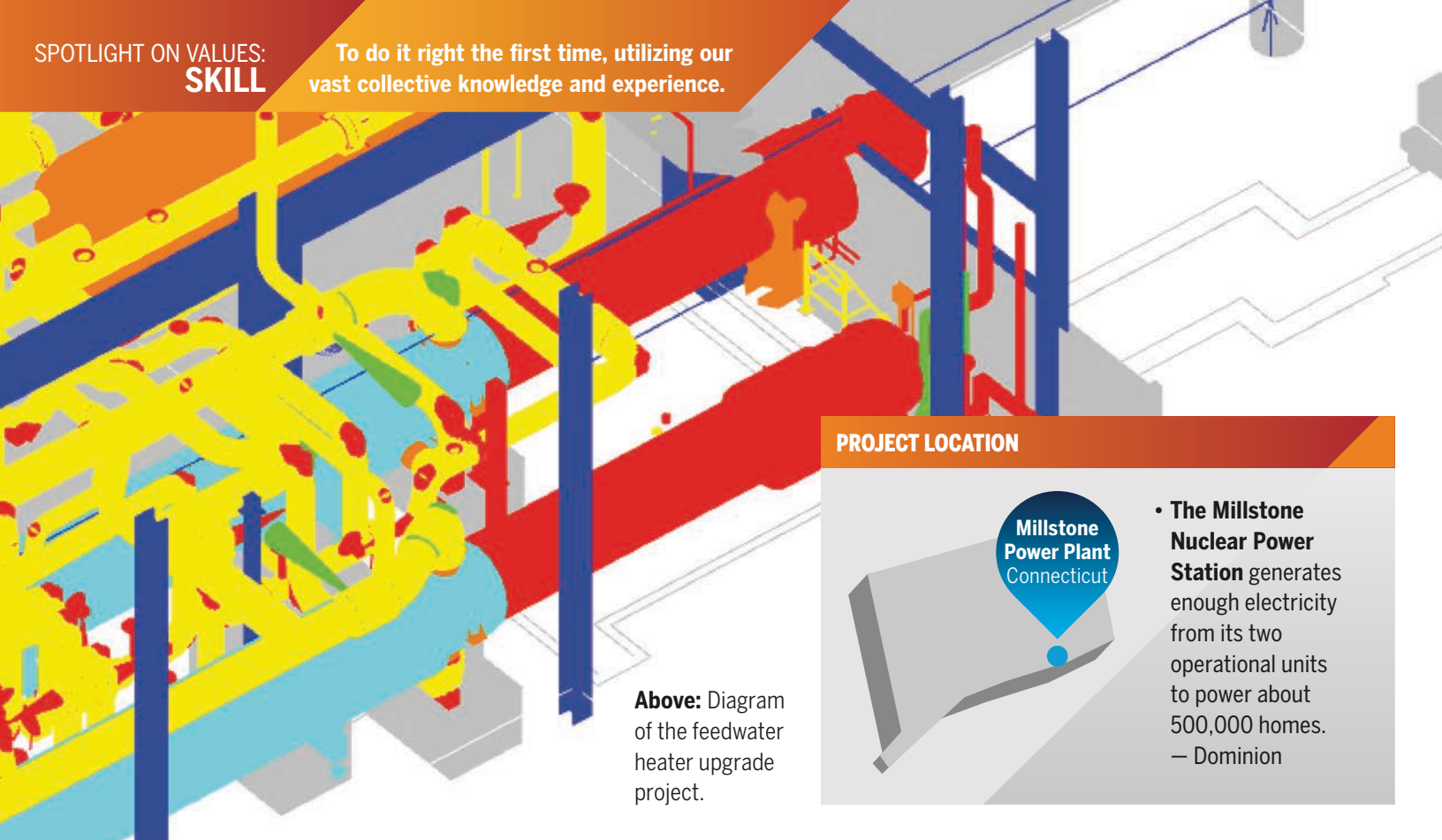
Other ways that the two organizations are creating one team at the CPCChem complex include using JVIC's Hazard ELimination Process (HELP) and implementing the Afterburner program, which is a third-party safety and project management initiative. While this program

is still in its infancy, client feedback has been positive so far.

"There aren't a lot of metrics we can cite just yet, but CPCChem has said they like the direction we're headed," said Empfield. "They see us as more of a seamless unit and feel confident that, in time, it will only pay more dividends. And that's encouraging. It's very gratifying to see the way everyone involved at both Zachry and JVIC has embraced this initiative. If we hadn't been willing to examine how we were operating and take the steps necessary to improve our performance, this entire effort could have gone for nothing."

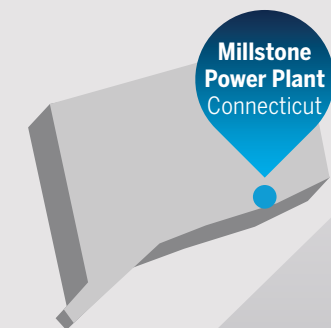
Empfield added that the Afterburner program has the potential to expand beyond the complex in Old Ocean to other Zachry Group sites at some point.

"CPCChem is our largest ISG client, so what we develop here could easily spread to other CPCChem sites," he explained. "If we're successful at this location, and there's no reason to think we won't be, then why wouldn't CPCChem want to see the same kind of cooperation at all its sites? And if that's the case, why wouldn't Zachry and JVIC want to implement it companywide?" ■



Above: Diagram of the feedwater heater upgrade project.

PROJECT LOCATION



• **The Millstone Nuclear Power Station** generates enough electricity from its two operational units to power about 500,000 homes.
— Dominion

ZNE DELIVERS ON FEEDWATER HEATER UPGRADE PROJECT FOR DOMINION



As any power company will tell you, megawatts are money, and when feedwater heaters in nuclear power plants start degrading, the result is a decrease in thermodynamic efficiency that impacts the bottom line. So, when the feedwater heaters for Unit 2 of Dominion’s Millstone Nuclear Power Station started nearing the end of their 30-year lifespan, the company began weighing its options for their replacement.

THE JOURNEY BEGINS

Zachry Nuclear Engineering (ZNE) has been involved in every phase of this replacement process after Dominion awarded it the project to write the procurement specification in May 2012. After that specification was successfully delivered the following year, the client looked to Zachry for further assistance. ZNE provided help in evaluating the manufacturing vendor bids before ultimately being selected to write the design change for installing the new feedwater heaters.

“We won the bid for the design change work and commenced work on that in July 2013. That process kept us occupied for about a year and a half,” Project Engineer **Brett Durie** said. “There were some scope changes in this process; the most significant of which was the client’s decision to replace only the tube bundles and retain the original feedwater heater shells, rather than replace the complete units as originally intended.”

Durie explained that while tube bundles have a limited lifespan of between 30 and 40 years, the shells have far greater longevity. Indeed, ultrasonic testing of Unit 2’s feedwater heater shells proved these were sound and would, at minimum, last for another 40 years.

ZNE’s design change package was approved in March of this year, clearing the path for the customer’s construction team to begin its work-planning phase. ZNE engineers remain on standby during this phase to answer pertinent questions and provide clarity where needed.

Construction is scheduled to take place during the plant outage in October and be completed by early November. At this point, the ZNE team will again shift into high gear, providing 24-hour, on-site engineering and design support to the construction team.

ZACHRY BRINGS MULTIPLE ADVANTAGES

Throughout this project, ZNE has enjoyed several substantial advantages that continue to facilitate its ability to meet the client’s expectations and deliver under the rigorous schedule imposed.

“Our biggest advantage is our relationship with the customer, which is also the longest standing of all our customer relationships,” Project Manager **Mike Kerst** explained. “We signed our first contract with Millstone (Dominion) on November 1, 1977, and I’ve personally worked with them since joining ZNE in 1995. Whatever the project, they trust us to get the job done and to understand what their goals are for that project.”

“Then, there’s the fact that our office is a 30-minute drive from Millstone, which is located in southeast Connecticut,” Kerst added. “This proximity allows us to make frequent visits to walk the site during the design process and also have face-to-face client meetings on a regular basis.”

ZNE’s skill set is another major advantage on projects such as this one, which involves all of the division’s engineering disciplines, including civil/structural, instrumentation & controls, electrical, and mechanical, as well as design services.

This project has also required ZNE to interface with Dominion’s manufacturing vendors, rigging vendors and its construction team. At Dominion’s request, Durie even paid a visit to the manufacturing vendor’s plant in Tulsa, Okla., to see the six-foot-wide, 40-foot-long tube bundles being built.

“Our biggest advantage is our relationship with the customer, which is also the longest standing of all our customer relationships.”

— **Mike Kerst, Project Manager**

Other advantages of ZNE’s entrenched relationship with Dominion became evident when the client requested the scope change.

“When the specification changed, so that the original shells would remain, it became necessary for us to approach the removal of the tube bundles from a completely different perspective,” Kerst explained. “Because we were already on site working on a separate flooding analysis project for Dominion, we were able to determine that we could temporarily remove a wall in the adjacent turbine building and pull the bundles out through that wall and provide sufficient flood protection via a temporary barrier.”

SUCCESS BREEDS MORE SUCCESS

The adage that “you’re only as good as your last job” rings as true in nuclear engineering as elsewhere. Being really good at your last job inevitably leads to more work, as it did in this instance.

“My client counterpart on the feedwater heater project is a former ZNE colleague, though he has been with Dominion for about 15 years. If anything, having a personal relationship with us means he has higher expectations and makes more exacting demands of us, and we take pride in meeting those expectations, again and again,” Kerst said. “It was our successful delivery of the design change package on this project that led directly to him awarding us the design for another large, heat exchanger project that we’ve already commenced work on.” ■





NASCAR driver David Starr travels to Zachry job sites to meet and interact with employees when he is not racing. As an official Zachry employee, Starr is able to draw parallels between racing and Zachry's lines of business. Photo/Zachry Group

ZACHRY RETURNS TO NASCAR



With the company's NASCAR XFINITY series sponsorship in high gear, Zachry is taking a full-speed approach to getting the company's brand and strategic messaging across the finish line and reaching its broad range of stakeholders.

Zachry's three-year agreement with TriStar Motorsports to be the lead sponsor for the team's number 44 car is a unique and highly visible branding opportunity. The car, driven by **David Starr**, will prominently feature the Zachry and JVIC logos in all 33 races of the 2015, 2016 and 2017 seasons.

While Zachry previously sponsored Starr when he drove in NASCAR's third-tier Camping World Truck Series, competing in the second-tier XFINITY Series is expected to garner significantly greater awareness of the company than the prior sponsorship.

"We have taken a different approach this time around regarding the manner in which we support the NASCAR program and how we manage our relationship with the TriStar team," explained Senior Vice President of Employee Relations **Randy Park**. "We are organized with a group of internal stakeholders leading our efforts to create value in three main areas of focus: employee engagement across the Enterprise, exposing the brand to potential new employees and creating special on-track experiences for our customers and partners."

"NASCAR has such a large following within our industry, including our employee base," Park said. "There is also a strong correlation of the elements important to high-performing teams that exist in both the racing world and the work we perform."

MAKING CONNECTIONS: EMPLOYEE ENGAGEMENT

Zachry strengthened the impact of its relationship with Starr by hiring him as a full-time employee of Zachry Group. Starr took part in the complete new employee orientation and onboarding process that all new Zachry employees experience.

"Becoming an employee allows David to come into the organization and really understand who Zachry is," Director of Employee Connections **John Hornsby** said. "It helps him to engage, connect and sincerely become a part of us."

Between races, Starr and his Zachry team travel around the Enterprise to visit job sites. Starr brings a demonstration racecar to the sites for employees to experience up close, and gives presentations specific to each location.

During Starr's dialogue with employees, he speaks to the many parallels between racing and what Zachry does as a business. He discusses the ins and outs of being part of a race team and shares analogies that relate every aspect of the Zachry business to NASCAR racing. Some of the topics include: how to work safely, teamwork, productivity,

high performance engineering, fabrication, turnaround time, quality of work and how every team member matters.

"David being one of us opens up the hearts and minds of our employee audiences," Hornsby said. "They're especially receptive to his message because they can relate to his background growing up; he's not just some celebrity spokesperson."

Hornsby noted that Starr represents a large percentage of Zachry employees in terms of the qualities and values they share.

"Not only does David wholeheartedly embrace the core values of Zachry, but, like so many of his fellow Zachry employees, he's very dedicated to family and he's worked his way up to the position he holds today. He certainly had to earn it," he said.

REACHING POTENTIAL CRAFT EMPLOYEES AND CUSTOMERS

"Because we are keenly aware of how much NASCAR resonates with our employees and the industry overall, we realize the opportunities that come with such a high level of exposure to our brand," Park said. "This sponsorship can lead not only to potential recruiting advantages, but also to potential customers and new business."

With televised races for 33 weeks per season, the Zachry-branded number 44 car and David Starr's performances will be seen by millions of spectators.

This elevated level of visibility serves as a starting point for discussions with outside audiences about who Zachry is and what the company does. It provides opportunities to shape perceptions and encourage favorable opinions about the company among target audiences of potential employees and customers.

"We took great care in selecting representation for Zachry that we felt would create a connection to our organization and appeal to both current and potential employees," explained Vice President of Employment and Labor Relations **Tammy Mallaisé**. "We were looking for a commonality that all of our employees across the entire organization could



NASCAR driver and Zachry employee **David Starr** signs autographs for employees at Zachry's Moss Point, Miss., fabrication shop. Photo/Zachry Group

rally behind, bridging any gaps between industry disciplines and positions. We found this in NASCAR."

"It was important to us to work with David because he shares the same values we do and he truly embodies them," Mallaisé added. "We want people to see this and learn about Zachry, who we are and what we expect of our employees."

Beyond strengthening and promoting the brand among prospective employees, the NASCAR program provides additional ways to interact with customers and develop new relationships or reinforce existing ones.

"We know the benefits of building and maintaining deep personal relationships. It's a part of our culture," Park noted. "That's why we created a customer-focused component to the sponsorship that allows us to share a unique experience with them."

Park emphasized that this unique sponsorship is a "win" for Zachry because it allows the company to connect on a deeper level with all of its key stakeholders.

"Our involvement with NASCAR, TriStar Motorsports and David Starr is yet one more vehicle that we use to make a difference, and create a special business experience for our partners, employees and customers," he said. "We get the checkered flag week after week, in more ways than you can imagine!" ■



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I AM ZACHRY

MY NAME IS CLAYTON NORTON AND I AM ZACHRY.

I AM ZACHRY

I started working for Zachry at Phillips Petroleum Company (now Chevron Phillips Chemical) in Borger, Texas, in 1990. I worked as a surveyor for about six years before moving into quality control (QC), where I am now quality control supervisor. I also still do surveying when it's required, and I am the site's lead abatement coordinator and Smart Focus champion.

Although I'm the only one in QC, it's great to know if I'm in a bind, I can ask for help and someone will jump in. Our numbers fluctuate, but we maintain a core group of about 70 close-knit Zachry employees who laugh together, cry together and work together.

Apart from performing my duties, I enjoy helping others grow. I had good mentors and so I try to do the best I can for others. Sometimes, just making it known that you're available to answer questions can mean a lot to others who are new or cross-training in fields in which you have knowledge.

One of the things I like best about working for Zachry is that it's family-owned, and I'm proud and honored to work for a company that takes care of all its employees the way they take care of me and my family. A lot of companies talk a good game, but Zachry doesn't just talk about putting its employees first. It walks the walk.

I also admire that Zachry is community-oriented and supportive of the fact that I am, too. For 23 years, I've been a member of the Borger Elks Lodge #1581. Our organization conducts charity work for needy families, underprivileged and handicapped children, and our nation's veterans. Our lodge has the only honor guard in Texas and I'm privileged to serve on that. I'm also the Texas Elks State Lodge activities chairman for the state's 58 lodges. In 2012, I was chosen as Texas State Elk of the Year—a very high honor, considering the statewide membership of 17,000.

The Hutchinson County Crisis Center, which serves abused women and children, is another cause that's very close to my heart. I'm privileged to have served



Photos/Alissa Rosebrough

“I've known Clayton for 25 years and the thing that stands out about him is that he lives and breathes his work and his community equally. He does an excellent job at both. He is willing to do whatever anybody needs that he is able to do. Yet being around him, you never get the impression that he's stretched thin—he really does manage it all very well. The core values that he best represents are integrity and trust.”

— Danny Kirkwood, ISG Site Manager

as a board member and was recently named board president.

I've been married to my wife Lenna for 19 years and we have three grown sons and one daughter. We also have seven grandchildren. I couldn't do what I do without Lenna's love and support or without God in my life.

I love my job and I try daily to treat people with the respect and dignity that I want to be treated with, and that is why I AM ZACHRY. ■

MY NAME IS AMANDA HULTS, AND I AM ZACHRY.

I AM ZACHRY

I'm a field employment manager at the Mill Creek job site, which is a coal-burning power plant in Louisville, Ky., where Zachry is installing air quality control system equipment.

I've been in Kentucky for three years. This is the largest project I've ever been assigned to, and the longest. After about six months, I was promoted from senior recruiter to field employment manager. This position presented me with the opportunity to train and develop others in positions I was very familiar with, a responsibility I truly enjoy.

I started working for Zachry close to my hometown in Florida nine years ago as an employment representative. Zachry was my first “real” job. My duties included assisting applicants, hosting new hire orientations and completing various pre-employment requirements. My supervisor, **Oscar Martinez**, explained my position as “the face of Zachry,” a description that has never left my mind. I had to make sure I was professional and dedicated to my position, as I would provide the first impression many people would have of our project and company. I have carried that vision with me from job to job, representing both myself and Zachry as well as I possibly could.

My parents raised me to have a strong work ethic, also reminding me that first impressions last a lifetime. I'm thankful to have a supportive family and a significant other who push me to my full potential and encourage me to take advantage of ALL opportunities—even moving far away from home. The support I receive from my family and coworkers has allowed me to quickly adapt and overcome the challenges put in front of me.

Mill Creek is my fifth project with Zachry and my first in a management position. I'm always eager to take my career to the next level. I felt as if I had already mastered the fundamentals of recruiting and the employment process, so it was time to share that same knowledge and experience with my direct reports. Being a manager is a rewarding position filled with lessons learned. My duties include managing day-to-day office operations, planning, tracking/reporting our progress and ensuring my team prioritizes hiring needs so that the project can be successfully staffed.

I've invested a lot in Zachry and they've done the same in return. I feel they take a personal interest in my career and in my personal



“When new employees come in, Amanda and her group are the first people they see. Applicants see her and think, 'OK, if Mill Creek is like her, then this is a good place to work.' She does a good job with organization, and bringing people in and managing her offices. She's organized, efficient and always has a pleasant attitude.”

— Doug Traphagan, Project Manager

development. I've learned so much—from the craft workers to corporate managers, everyone has taught me something. Although there may be future opportunities for me within the organization, I don't see myself anywhere but Employee Relations.

I value the positive relationships and trust I build with the craft workers and my co-workers. They say if you love what you do, you'll never work a day in your life and that is why I AM ZACHRY. ■

NOMINATE A PEER

Do you have a co-worker who lives the Zachry values?

We want to hear from you—especially craft employees!

Send your nominations to **Brian Dwyer**, Zachry Force Report editor, at dwyerw@zachrygroup.com or call (210) 588-5813.

ZACHRY HOLDINGS, INC., ITS SUBSIDIARIES AND AFFILIATES OBSERVE EEO, HARASSMENT POLICIES

EQUAL EMPLOYMENT OPPORTUNITY POLICY (EEO)

It is the policy of Zachry to assure that employees and applicants for employment are to be treated without regard to their race, religion, sex, color, national origin or age. The company will not discriminate against individuals because of a physical or mental disability, or status as a disabled veteran or veteran of the Vietnam Era. Zachry's policy of nondiscrimination applies to all work-related actions; including but not limited to employment, upgrading or promotion, demotion, transfer, layoff or termination; rates of pay or other forms of compensation; recruitment or recruitment advertising; selection for training; and apprenticeship and pre-apprenticeship programs.

Reasonable accommodations will be made for qualified disabled persons according to existing state and federal law. Requests by qualified disabled persons for reasonable accommodation are encouraged by the company.

All employees are requested to encourage women, persons of minority races and disabled persons to apply for employment with the company or to apply for training under available programs.

POLICY AGAINST HARASSMENT

Zachry is firmly committed to a work environment free from all forms of harassment of any employee or applicant for employment by anyone, including supervisors, co-workers, clients/customers, other contractors or visitors. Such harassment may be in violation of the harassment policy as well as state and federal discrimination laws.

This policy prohibits any conduct (verbal, physical or visual) by an employee or within the work environment that belittles or demeans an individual on the basis of race, religion, national origin, sex, age, color and disability. This policy specifically prohibits sexual harassment as well as all other forms of harassment. Sexual harassment includes any unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is an explicit or implicit condition of employment;
- Employment decisions are based on an employee's submission to or rejection of such conduct; or
- Such conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

RESPONSIBILITY

All employees are responsible for complying with the company's Equal Employment Opportunity Policy and its Policy Against Harassment and for reporting possible violations of these policies.

WHO TO CALL:

Dispute Resolution Program
P.O. Box 240130
San Antonio, Texas 78224-0130
1-877-350-0129

COMPLAINTS

Any employee or applicant for employment who feels that they have encountered a situation that may be in violation of these policies is encouraged to make known their concern as soon as possible. Applicants for employment are encouraged to utilize the Dispute Resolution Process by contacting a Dispute Resolution Manager. Employees are encouraged to discuss their concern or complaint of alleged discrimination with their immediate supervisor. The supervisor's obligation is to try to resolve the concern or complaint. If it is not resolved at the supervisory level, or if the employee is uncomfortable discussing the issue with their supervisor, the employee should either contact the project/department manager or utilize the company's Dispute Resolution Process. Supervisors who fail to act on employee questions or complaints brought to them under these policies are subject to disciplinary action, up to and including discharge.

The Dispute Resolution Process is coordinated by the company's Corporate Responsibility Department at the Home Office. Employees must comply fully with any lawful investigation under these policies. In the event of questions about, or an investigation of, alleged discrimination by any governmental agency, the Corporate Responsibility Department must be promptly notified.

CONFIDENTIALITY

In handling complaints, every effort will be made to maintain confidentiality. However, certain laws require the company act on information brought to its attention, and it will sometimes be necessary to do a full investigation in order to comply with the law. Investigations are intended to be a confidential process and every effort will be made to maintain confidentiality to the extent possible.

RETALIATION

Retaliation against individuals who report violations of these policies is strictly prohibited. Employees who violate these policies or who attempt to retaliate against individuals acting under these policies will be subject to immediate disciplinary action up to and including discharge.

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