

Creating Distinctive Business Outcomes Through Leading Capital Project Delivery

The Value of CII Membership



Did You Know?

Your industry peers are collaborating with faculty from top Engineering and Business schools to generate game-changing, industry sector-focused research.

The **Construction Industry Institute (CII)**, based at the University of Texas at Austin, is the research and development center for the capital projects industry. CII exists to leverage capital projects to produce distinctive business results for CII's members.

CII is working closely with companies like **General Motors, Chevron** and **DTE Energy** to understand the Owner-Operator's needs and with service providers like **Jacobs, Fluor** and **Bechtel** to accelerate a project's financial returns to the owner. This unique collaboration between service providers, academics and owner-operators is what makes CII's products and services so applicable and valuable.

Using CII Best Practices, owners & service providers reported **SIGNIFICANT IMPROVEMENTS** in:

\$ costs



schedules



safety



CII Best Practices increase the **PREDICTABILITY & CONSISTENCY** of project performance. Gains in **PROJECT QUALITY & PRODUCTIVITY** are also realized. The CII approach creates improved business outcomes.

CII Knows:

Your Time Matters



- The benefits of a *Materials Management Program* result in **16% schedule improvement**.
- The use of *Planning for Start-Up* results in a **7.9% schedule improvement**.
- Implementation of *Constructability* **reduces the project schedule by 7.5%**.

Your Budget Matters

Using CII tools and Best Practices dramatically improves the safety, schedule and cost of a capital project. For every \$1 spent of CII Front End Planning (FEP), members report a \$3-7 ROI.

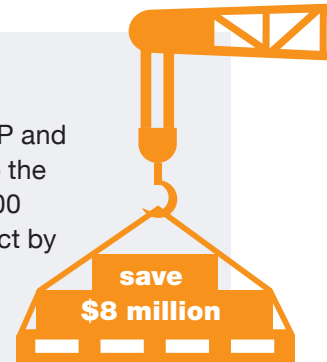
Members report saving nearly \$5 for every dollar spend on CII's Advanced Work Packaging (AWP). It's tried and true: Implementing CII's Best Practices eliminates waste and improves productivity.

“It's more cost effective to assess 'Project Readiness' with an industry-wide tool.”

“For more than a decade, we used a home-grown tool to assess project readiness. It aligned with our stage gate approval process and took approximately 1½ FTE's just to maintain and keep it relevant. Once we realized how much effort it was taking, we decided to take a look at CII's Project Definition Rating Index (PDRI). The PDRI tools have been validated to predict outcomes and modified to fit different industry sectors. In 2015, we shifted to CII's PDRI for all of Lilly's major capital projects. Using the PDRI checklist, we are able to compare our results to the rest of the industry, and this tool allows us to create our own 'internal' norm, as well.”

Rex Phillips, Eli Lilly and Company

When used together, FEP and AWP reduce the cost of a \$100 million project by \$8 million.



CII's **Project Definition Rating Index** tools have a benefit/cost ratio of:

\$24/1

CII has a suite of **PDRI Tools:**

- Industrial
- Building
- Infrastructure
- Small Industrial
- Small Infrastructure



Your People Matter

Use of **ZERO ACCIDENT TECHNIQUES** reduces the **Total Recordable Incident Rate** for:

Contractors
↓ by **54%**



Owners
↓ by **64%**

CII Member Companies lead the industry in Safety Performance.

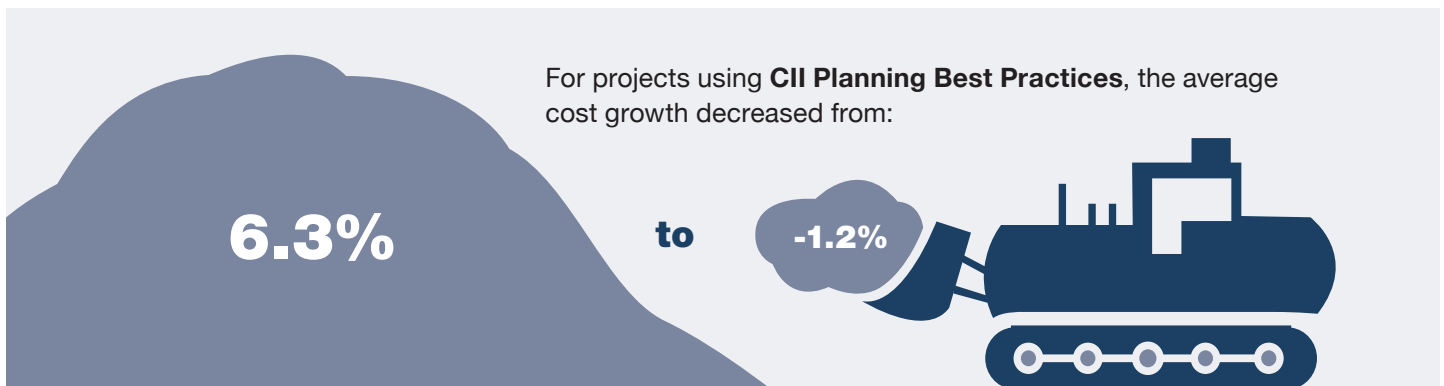
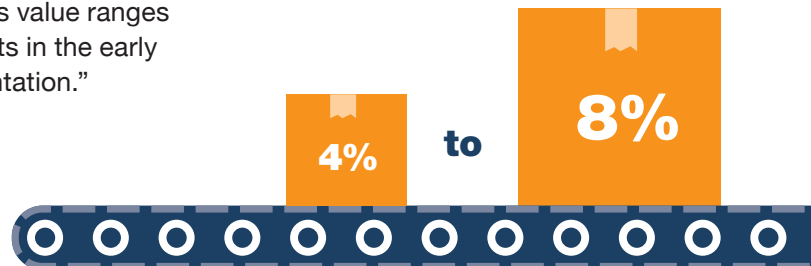


“ CII’s Advanced Work Packaging is delivering immediate value to our clients. ”

“We’re working with a client who has been tracking their return on investment with the use of CII’s Advanced Work Packaging (AWP) best practice. They’ve reported seeing a 4.6 to 1 return, and they’re just getting started. They anticipate that will increase significantly over the lifecycle of the project. By implementing AWP using our Work Package Server and ConstructSim solution, our clients see immediate value. This value ranges from completed projects realizing 36 to 1 savings, to projects in the early stages realizing 4.5 to 1 returns on the cost of the implementation.”

Tannis Liviniuk, Bentley Systems

Supply Chain Management can provide savings of:



The Value of CII Membership



Collaborative forum for company-to-company & company-to-academia relationships

Smarter, more confident, better prepared, employees



Transparent methodology to measure progress

Improved capital delivery



Proven implementation toolkit

Cutting-edge industry intelligence & knowledge



For information about CII Membership:

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CII INDUSTRY SECTORS



DRIVING BUSINESS VALUE FOR YOUR CAPITAL PROJECTS

DID YOU KNOW **YOUR INDUSTRY PEERS** ARE COLLABORATING WITH **LEADING ACADEMICS** TO GENERATE **GAME CHANGING, INDUSTRY SECTOR FOCUSED RESEARCH?**

- DOWNSTREAM AND CHEMICAL**
- FACILITIES AND HEALTHCARE**
- MANUFACTURING AND LIFE SCIENCES**
- POWER, UTILITIES, AND INFRASTRUCTURE**
- UPSTREAM, MIDSTREAM, AND MINING**

Pub date 9/25/17

CII SECTOR BUSINESS IMPERATIVES

- Health and Safety Environment
- Predictability
- Transparency
- Competitiveness
- Improved Delivery / Process Flexibility

BENEFITS OF CII MEMBERSHIP

- Collaboration with leading industry, government, and academic institutions on key industry issues
- Leadership development
- Networking leading to partnerships and long-term relationships
- Free, unlimited organizational access to the CII Knowledge Base, a 24/7 web-based resource of CII practices, products, and tools
- Education and training resources, including online courses, modules for self-instruction, workshops, and customized clinics
- Free access to all standard CII Benchmarking & Metrics reports
- Access to CII Performance Assessment System (PAS), a secure project database managed by CII, where self-analysis tools give members the ability to benchmark their projects against the best in the industry
- Implementation support to integrate CII practices into planning and execution phases of member companies' capital facility life cycle needs.
- Member pricing on CII products, online training, clinics/workshops, and education modules
- Access to member-only products and events

CAPTURING OPPORTUNITIES WITH YOUR PEERS

JOIN US

“ [Fluor] views its membership as a valuable long-term investment over the years. Our involvement in the development and implementation of CII practices has significantly enhanced our ability to deliver value to our customers. ”
 - Glenn Gilkey (Ret.)
 Fluor Corporation



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CONNECT WITH US
 in Construction Industry Institute
 f Construction Industry Institute
 @CIIProjSuccess



2016 Annual Report

Building Business Value.



OUR VISION

CII envisions a construction industry that builds predictable value for society and stakeholders.

OUR MISSION

The mission of CII is to inspire owners, contractors/suppliers, and academia to collaborate through research to produce best practices and implementation resources, creating innovative solutions that tangibly improve safety and capital efficiency.

FROM OUR DIRECTOR

Introducing the New CII.

Dear Valued CII Members:

Our 2016 was a busy year. As you know, the world looks to CII to advance the capital projects business. Since its founding in 1983, the Institute has developed a global reputation for making the industry's projects safer, more productive, and increasingly predictable. But a great reputation comes with the responsibility and obligation to continually do more. CII made a number of significant changes in 2016 to accelerate the pace of industry advancement and dramatically increase the scale of business results possible from capital projects.

This year's Annual Report outlines these changes and the impact that they're already having on CII's members and the industry at large.

34
YEARS

7

COUNTRIES

130+
MEMBERS

Turning ideas into action.

To support the work of the **Sector Committees** and promote collaboration, CII created four repurposed functional committees, known as **Standing Committees**, along with **Membership and Communications**. At their core, these committees are designed to work across all sectors with a focus on the following areas:

Funded Studies

to help choose research topics

Implementation

to help members use this research, which includes overseeing a new Registered Advisor Program (RAP) of select independent consultants who can become certified to implement CII tools, methods, and change programs

Performance Assessment

to determine how to measure success

Professional Development

to train people to implement the research successfully

Membership and Communications

to promote growth and share knowledge and successes across all sectors

CII'S BOLD TRANSFORMATION

In April, CII's Board of Advisors approved a new governance structure featuring **five new sector-specific committees, four repurposed functional committees, and three leadership committees**. Although the total number of committees has remained the same, CII is now able to create research and products tailored to the business needs of each industry sector while positioning the industry for the future. The Institute's forward-looking, "overarching" research and development program is now designed to investigate major areas with breakthrough potential as identified by the Board of Advisors and the leadership committees. This helps move CII beyond incremental gains to achieve results that were previously unthinkable.

RENEWED FOCUS ON IMPLEMENTATION



After several years of development, CII launched the new Knowledge Base

at the Annual Conference in August. **The Knowledge Base is the foundation for the industry's future — it leverages three decades of CII research in a user-friendly, online format complete with the key findings and resources members need to quickly understand and assimilate learning.** However, unless the findings are put into action, CII's research risks becoming just another report on a website. This is the Institute's largest challenge – to leverage our research and development (R&D) activities to actually deliver measurable business results (as opposed to driving awareness and understanding). To meet this challenge, CII is rethinking how our members should use the human, financial, and technological resources at their disposal. Our Implementation, Professional Development, and Performance Assessment Committees now work in parallel with Research Teams so that members have all the resources they need to deliver improved business results through the capital projects they plan and execute.

INTERESTING TRENDS

The realms of corporate finance and capital projects are on a collision course that is spawning new organizations and different forms of value creation. Developers, commonly found only in commercial construction, have migrated to all sectors of the capital projects business. Project completion is no longer a technical definition, but often a balance sheet algorithm as well. CII's members are not immune to these changes.

Fortunately, CII is able to stay ahead of these and other trends by conducting the research and development that positions capital projects for the future. In 2016, the Institute began casting a wider net to gather the best minds from all facets of academia and business to ensure that all issues and aspects are fully considered in the creation of solutions. Our committees were challenged to do the extraordinary and move beyond ordinary topics to seize on bold initiatives that will provide enhanced business value at both sector and industry levels. CII's committees are rising to the challenge. The overall number of volunteers involved in CII activities is up. The energy level of our members is up. It's apparent: CII's leadership is creating what's next in capital projects.

YOUR INSTITUTE

2016 marked the first 12 months of our 18-month evolution to create a revolution in the capital projects business. The transition is going well. **Besides changes to CII's committee structure and a laser-focus on business results, the Institute has also strengthened and expanded our partnerships around the world.** Currently, CII has affiliates for its R&D efforts in Canada, Norway, Saudi Arabia, South Africa, Singapore and South Korea, and we continue to look for opportunities in new regions as well. Our global reach affords CII the benefits of expanded collaboration with additional universities and organizations that offer different and new perspectives. Ultimately, though, the future of our industry is dependent on you. CII needs you to invite colleagues from other departments in your company and colleagues from different organizations to participate in CII activities. Doing so gives the Institute the intellectual merit it needs to create the broad impact that you desire. It also allows us to honor the legacy of our 2016 Chairman Mike Elliott, who recently passed, by advancing the work of the Institute that he so ardently supported.

CURRENT CHALLENGES

98%
OF PROJECTS
OVER \$1B EXHIBIT
AVERAGE COST
OVERRUNS OF

80%

BRENDAN BECHTEL
CII, AC 2016

A BRIGHT
OUTLOOK

CII was fortunate to have Brendan Bechtel keynote our Annual Conference in August. While he shared his optimism for our industry's future, he also highlighted symptoms of its current state: 98% of megaprojects (over \$1 billion) are considered failures, exhibiting average cost overruns of 80% and average schedule losses of 20 months. We can do better. While I'm confident that CII can create the path forward, I'm also committed to the idea that most of the solutions for our industry's future won't resemble the strategies of the past. Precisely because the world looks to CII to advance the capital projects business, our collective work continues to be incredibly important. Important to the people who (knowingly or not) depend on our industry every moment of every day. We build the hospitals that care for people, facilities that manufacture medicines and products, projects that create energy, and infrastructure to transport everything to where it's needed. Capital projects are the vehicle that improves people's standard of living. CII is the engine that makes capital projects better!

CII ADVANTAGE

10%

THE COMBINED
COST ADVANTAGE
FOR OWNER/
CONTRACTOR
CONSTRUCTION
TEAMS THAT USE
CII RESEARCH



Stephen Mulva
Director



Capital projects are the vehicle that improves people's standard of living. CII is the engine that makes capital projects better.



Breaking New Ground with Bold Ideas.

Sector Research Initiatives



Facilities and Healthcare

Beyond capital cost, how does the built environment impact the business case for a project?

BUSINESS IMPERATIVES

Renovation/Revamping of Existing Facilities

Portfolio Management

Technology Impacts to Construction Management (ex. BIM)

Life Cycle Costs



Power, Utilities and Infrastructure

What is the regulatory impact on projects for their full life cycle?

How can we improve the materials flow and visibility of the supply chain?

BUSINESS IMPERATIVES

System Reliability

Capital Efficiency

Customer Affordability

Government Regulations

Siting and Location of Projects Environmentally Controlled

Cannot Set Own Prices

CII's next-generation strategy includes expanding membership into more diverse areas within the capital projects industry. In 2016, we identified five industry sectors and created committees to represent each sector. Each committee develops policy and programs, and oversees research initiatives driven by the key business imperatives for their sectors.

Our goal is to enable more and different kinds of companies to have a voice – to ask the kinds of questions that are most relevant to their businesses – and produce research that can be applied directly to their capital projects. We see opportunities for more diverse thinking and even greater innovation that will increase the value CII delivers to its members.

We also see opportunities deliver more robust research results more quickly. To keep work focused and productive, each sector committee will conduct no more than two research initiatives at a time.

Every initiative will be fully formed, which means the results will include educational products and services, such as videos or events, and key performance indicators. CII members also will have access to Registered Advisors who are select independent consultants certified to implement CII tools, methods, and change programs. In other words, members will gain the tools and resources they need to apply the research successfully.



Manufacturing and Life Sciences

How can the Manufacturing and Life Sciences sector develop a methodology for generalizing a long lead facility with an undefined manufacturing process?

How can we create a more applicable Project Definition Rating Index for the Manufacturing and Life Sciences sector?

BUSINESS IMPERATIVES

- Improve Speed to Market
- Labor Availability
- Reduce Costs
- Improve Capital Productivity



Downstream and Chemicals

How do we double productivity?

How can we create a construction readiness assessment?

BUSINESS IMPERATIVES

- Health and Safety Environment
- Predictability
- Transparency
- Competitiveness
- Improved Delivery Process
- Flexibility (Agility, Speed)



Upstream, Midstream and Mining

How can we achieve a higher level of facility design standardization in the Upstream, Midstream and Mining sector?

How can we best use CII's 17 best practices?

BUSINESS IMPERATIVES

- Capital Effectiveness
- Performance Predictability
- Performance Agility

Driving Change.

Honoring Outstanding Leadership and Commitment

**CARROLL H. DUNN
AWARD OF EXCELLENCE**

Bernard Amadei



This year's honoree, Dr. Bernard Amadei, Professor of Civil Engineering at the University of Colorado Boulder, is changing the world through engineering. His highly distinguished career of teaching and global industry

leadership continues to reflect innovative thinking, creative collaboration and a call to the engineering community to contribute to the building of a more sustainable, stable and equitable world. As the founder of Engineers Without Borders – USA and co-founder of Engineers Without Borders – International, Amadei believes that global citizen engineers are called to operate in a multi-cultural world in which they deliver solutions that are done right from a technical point of view, are the right solutions for the planet and its people, and are developed for the right reasons. The Engineers Without Borders (EWB) network transforms lives and communities through engineering projects designed to empower communities to meet their basic human needs and equip leaders to solve the world's most pressing challenges. His ongoing work continues to challenge the engineering and construction industry and push boundaries to improve our world.

ABOUT THE AWARD

As one of our industry's most prestigious recognitions, this award was named in honor of Carroll H. Dunn, Project Director of the Construction Industry Cost Effectiveness Project, which formed the foundation of CII, to honor an individual for significant achievements in improving the engineering and construction industry.

**RICHARD L. TUCKER
LEADERSHIP AND SERVICE AWARD**

Jerry Eyink



For more than 30 years, Jerry Eyink has been a devoted and active member of CII whose outstanding involvement and volunteer efforts include a number of leadership roles. Eyink served on CII's Executive Committee from

2005-2007 and the Executive Advisory Council in 2009. In 2008, he received CII's Distinguished Service Award for his leadership and demonstrated commitment to improving the cost effectiveness of the capital project life cycle. Throughout his decades of service, he has also served on CII's Board of Advisors, Strategic Planning Committee, Implementation Strategy Committee, Education Committees, Annual Conference Committee, Knowledge Management Committee and Research Teams. Eyink is an instructor for CII's Executive Leadership Program, and he most recently helped manage a team of more than 200 volunteers to launch CII's new Knowledge Base, which has transformed access to three decades of industry knowledge. For Eyink, this prestigious "Tucker Award" holds particular meaning, as Richard Tucker was the person who inspired Eyink in 1985 to participate in CII.

ABOUT THE AWARD

Named for Dr. Richard L. Tucker, who led the founding of CII in 1983, this award recognizes individuals who have made a significant contribution to CII's mission and success.

CII Members

OWNERS

Abbott	ExxonMobil Corporation	Pioneer Natural Resources
Ameren Corporation	General Electric Company	Potash Corporation of Saskatchewan
American Transmission Company, LLC	General Motors Company	The Procter & Gamble Company
Anadarko Petroleum Corporation	GlaxoSmithKline	Public Service Electric & Gas Company
Anheuser-Busch InBev	Global Infrastructure Partners	Reliance Industries Limited (RIL)
Aramco Services Company	Greater Toronto Airports Authority	SABIC - Saudi Basic Industries Corporation
ArcelorMittal	Honeywell International, Inc.	Shell Global Solutions US, Inc.
Architect of the Capitol	Huntsman Corporation	Smithsonian Institution
Ascend Performance Materials	Irving Oil Limited	Southern Company
AstraZeneca	Kaiser Permanente	Tennessee Valley Authority
BP America, Inc.	Koch Industries, Inc.	Tesoro Corporation
Cargill, Inc.	LyondellBasell	TransCanada Corporation
Chevron	Marathon Petroleum Corporation	U.S. Army Corps of Engineers
ConocoPhillips	National Aeronautics & Space Administration	U.S. Department of Commerce/ NIST/EL
Consolidated Edison Company of New York	NOVA Chemicals Corporation	U.S. Department of Defense/Tricare Management Activity
The Dow Chemical Company	Occidental Petroleum Corporation	U.S. Department of Energy
DTE Energy	ONEOK, Inc.	U.S. Department of State
Eastman Chemical Company	Ontario Power Generation	U.S. Department of Veterans Affairs
Eli Lilly and Company	Petroleo Brasileiro S/A - Petrobras	U.S. General Services Administration
Enbridge, Inc.	Petronas	The Williams Companies, Inc.
EnLink Midstream	Phillips 66	

CONTRACTORS

AECOM	Day & Zimmermann	Pathfinder, LLC
Affiliated Construction Services, Inc.	Eichleay, Inc.	PCL Constructors, Inc.
AMEC Foster Wheeler	Emerson	PricewaterhouseCoopers Advisory Services, LLC
Atlas RFID Solutions	Enstoa, Inc.	PTAG, Inc.
Autodesk, Inc.	ePM	Quality Execution, Inc.
AZCO, Inc.	Faithful+Gould	Richard Industrial Group
Baker Concrete Construction, Inc.	Fluor Corporation	S & B Engineers and Constructors, Ltd.
Barton Malow Company	Hargrove Engineers + Constructors	SBM Offshore
Bechtel Group, Inc.	Hilti Corporation	Skanska USA
Benham, A Haskell Company	I.M.P.A.C.T.	SNC-Lavalin Constructors, Inc.
Bentley Systems, Inc.	IHI E&C International Corporation	Supreme Group
Bilfinger Industrial Services, Inc.	IHS	Technip
Black & Veatch	Jacobs	UniversalPegasus International
Burns & McDonnell	JMJ Associates, LLC	Victaulic
CB&I	JV Driver Projects, Inc.	Wanzek Construction, Inc.
CCC Group	KBR	The Weitz Company, Inc.
CDI Corporation	Kiewit Corporation	Wilhelm Construction, Inc.
CH2M	Lauren Engineers & Constructors, Inc.	Wood Group
Construtora Norberto Odebrecht S.A.	Matrix Service Company	WorleyParsons
Continuum Advisory Group	McCarthy Building Companies, Inc.	Zachry Group
Coreworx, Inc.	McKinsey & Company, Inc.	Zurich
CRB Builders, LLC	Midwest Steel, Inc.	
CSA Central, Inc.	Parsons	

For more information about joining CII, please visit www.construction-institute.org

Collaboration That Delivers Business Results.

CII has long understood the benefit of teamwork. As part of CII's transformation, its work with Process Industry Practices (PIP) and Fiatech to deliver business results from capital projects has become more important than ever.



For more than two decades, Process Industry Practices (PIP) has been developing and implementing common industry practices for facility design, procurement, construction, operations and maintenance that help reduce a facility's total cost of ownership. It is a self-funded consortium of process industry owners and engineering construction contractors organized under the Institute inside the Cockrell School of Engineering at The University of Texas at Austin. More than 300 members and volunteers worldwide collaborate to harmonize internal company standards and best practices into industry-wide PIP Practices for members to use. Today, there are more than 600 PIP Practices in 12 engineering disciplines.



CII established Fiatech more than 15 years ago to identify and develop new technologies to enable capital project efficiencies. Because technology today has become so integral to all areas of business, Fiatech and CII decided in 2016 to more closely integrate their operations. Fiatech will continue to advance technology research and adoption as part of the larger CII strategic effort to drive business results.



PIP Member List

OWNERS

3M Company	ConocoPhillips	Honeywell	PESRM (Philadelphia Energy Solutions R&M)
Aera Energy	Devon Energy	Honeywell UOP	Phillips 66
Agrium	DuPont	Huntsman	Pioneer Natural Resources
Aramco	Eastman	INEOS Olefins & Polymers	PVS Chemicals
Archer Daniels Midland	Evonik	INEOS Styrolution	REC Silicon
Arkema	ExxonMobil	Invista	RES Kaidi
Ascend Performance Materials	Firestone Polymers	Koch Industries, Inc.	REXTac, LLC
Axiall Corporation	Flint Hills Resources	The Lubrizol Corp.	Saudi Basic Industries Corporation – SABIC
BASF Corp.	FMC	LyondellBasell	Sekisui Specialty Chemicals
BP	FutureFuel Chemical Co.	Mallinckrodt	Tesoro Corporation
Celanese	GIS/A NANA Co.	Monsanto	WestRock
Centrica	Grupo Petromex – GPT	Mosaic Fertilizer	Zeon Chemicals L.P.
Chemours Co.	Hargrove & Assoc.	NORAM E&C	
Chemtura	Hempel	Nuclear Fuel Services	
Chevron	Hess Corporation	Occidental Oil & Gas	
CITGO	Hexion	OLIN Corp.	
Compass Minerals	HollyFrontier	Pasadena Refining	

CONTRACTORS

AECOM	CDI Corporation	Jacobs	S & B Engineers and Constructors
Ambitech	CH2M HILL	JGC America	Samsung
Audubon	Chart Energy	KBR	SK E&C USA
Babcock & Wilcox	Chiyoda Corporation	Kiewit Engineering & Design	SNC-Lavalin
Bechtel	ENGlobal Engineering	Merrick & Company	Technip
Benham	Fluor	Middough	WorleyParsons
Burns & McDonnell	HQC	OnQuest	Zachry
Burrow Global	IHI E&C International Corporation	Preferred Engineering	
CB&I		Ref-Chem	

Fiatech Members & Partners

MEMBERS & PARTNERS

4SPECS, Inc.	Construct-X	JKB Architectural Specifications	Target
Arizona State University	ConXTech, Inc	KAIST, Korea Advanced Institute of Science and Technology	TEAM Integrated Engineering, Inc.
Atlas RFID	Dassault Systèmes SE	Myongji University	Tecgraf / PUC-Rio University
Autodesk	DMS Corporation (Formerly Beijing)	OnTrack Engineering, Ltd.	Texas A&M University
AVEVA	Douglas Day Associates	PerfectProjects, Inc.	Thalden - Boyd Architects
Bechtel	Eastman Chemical Company	Petronas	The Dow Chemical Company
Bentley Systems, Inc.	Enable My Team	Phusion IM	University College of London
BergerAVART, Inc.	ExxonMobil Research and Engineering	PowerGenEgr&ServCo (PGESCO)	University of Alberta
Black & Veatch	Faithful & Gould (division of Atkins)	QPS Engineering	University of Cambridge
buildingSMART alliance™	Fluor	Ruby + Associates, Inc.	University of Illinois at Urbana-Champaign
Burnham Nationwide	Goodman, Allen & Filetti	Shell	University of Kansas
Cardno TEC	Hatch, Ltd.	Siemens	University of Liverpool
Carnegie Mellon University	Hitachi Document Solutions	Skanska USA Building, Inc.	University of Michigan
CCC - Consolidated Contractors Company	iConstruct	Solibri	University of San Antonio
CCT - Computer & Communication Technology	Index AR Solutions	Southern Company Services, Inc.	University of South California
CH2M	InEight (Hard Dollar)	Synchro Software, Ltd.	WorleyParsons, Ltd.
Chevron	Intelliwave Technologies		WRENCH Solutions
Conspectus, Inc.	Intergraph Corporation		Zachry

Financials

Construction Industry Institute, The University of Texas at Austin
 2016 Financial Report
 December 31, 2016

YTD (12/31/2016)

REVENUES

Membership Dues	\$ 4,698,520
Assessment	1,069,898
Membership & Branding	868,493
Dissemination	558,567
General & Administrative	192,032
Knowledge Creation	169,016
Product Subscriber Program	19,820
TOTAL REVENUES	\$ 7,576,346

EXPENSES

Salary & Fringe	2,707,935
Knowledge Creation	2,030,927
Membership & Branding	1,049,875
Assessment	996,061
General & Administrative	544,995
Knowledge Management	460,158
Dissemination	364,008
TOTAL EXPENSES	\$ 8,153,959

CHANGE IN AVAILABLE FUNDS BALANCE	\$ (577,613)
BEGINNING AVAILABLE FUNDS BALANCE	2,559,503
ENDING AVAILABLE FUNDS BALANCE	\$ 1,981,890

COMPOSITION OF AVAILABLE FUNDS

Required reserves	\$ 1,000,000
Director's discretionary	12,973
Other available funds	968,917
ENDING AVAILABLE FUNDS BALANCE	\$ 1,981,890

Dunagan ★ Jack LLP
 Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT
 ON APPLYING AGREED-UPON PROCEDURES**

To the Management and Board of Advisors
 Construction Industry Institute
 Cockrell School of Engineering
 The University of Texas at Austin

We have performed the procedures enumerated below, which were agreed to by Construction Industry Institute (Institute) management, on Membership Dues and Available Funds reported in the Institute's 2016 financial statement to be included in its annual report. The Institute's management is responsible for Membership Dues and Available Funds reported in the 2016 financial statement. The sufficiency of these procedures is solely the responsibility of the Institute's management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

- We obtained from management the 2016 financial statement to be included in the annual report.
- We obtained from management financial reports from *DEFINE, The University of Texas at Austin's software that accounts for the Institute's financial transactions.
- We have provided below a reconciliation of the Institute's "membership dues" revenues from balances reported in *DEFINE to the 2016 financial statement.
- We have provided below a reconciliation of the Institute's ending "available funds" balance from *DEFINE to the 2016 financial statement.

Reconciliation of Membership Dues per *DEFINE to the 2016 financial statement:

Membership payments received per *DEFINE:	
2016 member dues payments received in 2016	\$ 3,450,218
2016 member dues payments received in 2015	514,805
Total 2016 membership payments received per *DEFINE	<u>3,965,023</u>
Reconciling items:	
Add: 2016 member dues accrued (receivable)	752,400
Add: 2016 member dues recognized for in-kind contributions	39,600
Add: Miscellaneous reconciling items	897
Less: Reversal of 2015 accruals for dropped memberships	<u>(59,400)</u>
Membership dues reported in Annual Report	<u><u>\$ 4,698,520</u></u>

Reconciliation of Available Funds per *DEFINE to the 2016 financial statement:

Free Balances per *DEFINE:	\$ 1,244,362
Adjustments to *DEFINE balances:	
Add: Encumbered funds (not yet spent)	1,907,211
Add: UT overhead charged, but not yet incurred	72,518
Add: Contract balances in excess of payments received	126,516
Add: Posting error	33,573
Less: UT's overhead portion included in Free Balance	(216,207)
Less: PIP funds held in CII account	(1,067,907)
Adjusted Free Balances per *DEFINE:	<u>2,100,066</u>
Reconciling items:	
Add: 2016 membership dues revenues accrued (unpaid)	752,400
Add: 2015 membership dues revenues accrued (unpaid)	9,920
Add: 2017 prepaid rent (Jan, Feb)	36,990
Add: 2017 prepaid Executive Leadership Program expenses	27,356
Add: 2017 prepaid Association Tech Solution expense	30,636
Add: Additional CII funds available in PIP account	26,877
Add: Annual report overstated by in-kind membership entry	39,600
Less: 2017 membership dues revenues deferred	(435,600)
Less: 2017 Executive Leadership Program revenues deferred	(296,600)
Less: 2016 travel stipends accrued (unpaid)	(107,250)
Less: 2016 deposits not reflected in annual report	(77,905)
Less: Miscellaneous other identified reconciling items	(28,122)
Unreconciled difference	(96,478)
Ending Available Funds Balance per Annual Report	<u>\$ 1,981,890</u>

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Membership Dues and Available Funds reported in the Institute's 2016 financial statement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Management and the Board of Advisors of the Institute and is not intended to be and should not be used by anyone other than these specified parties.



Austin, Texas; March 15, 2017

Sharing Knowledge to Create 'What's Next'

CII is a learning organization with a wealth of knowledge and information. We offer opportunities throughout the year for meaningful collaboration – from conferences to technology showcases to our Annual Conference – that ultimately improve safety and capital efficiency.



CII's Annual Conference 2016 in National Harbor, Md., attracted about 600 industry leaders and featured key research presentations, breakout sessions, awards presentations and dynamic keynote speakers. From the top: Yangmin Shi, Texas A&M, explains his poster project to a conference attendee; 2016 CII Chair Mike Elliott, Phillips 66, and 2015 CII Chair Jim Backes, Hargrove EPC; keynote speaker Brenden Bechtel, CEO of Bechtel Company; CII 2016 Annual Conference Chair Ann Marie Sweet-Abshire, US Veterans Affairs, presenting Georgia Tech's Pardis Pishdad-Bozorgi with CII's Outstanding Researcher Award.

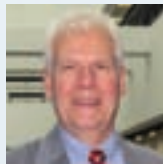
CII Directory

DIRECTOR



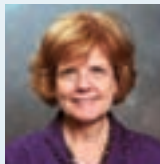
Stephen Mulva
Director

SENIOR STAFF



Kim Allen
Associate Director, Industry
Sector Leadership

Sector Leadership
Committee and Communities
of Practice



Cynthia King
Associate Director,
Professional Development

Upstream, Midstream, and
Mining Sector Committee

Terri Buvia
Manager of Shared Services

Deborah DeGezelle
Manager of Information Services

Daniel Oliveira
Manager of Research Services

Hong Zhao
Manager of Financial Services



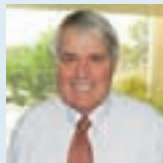
Jennifer Bien
Associate Director
for Membership &
Communications

Healthcare and Facilities
Sector Committee



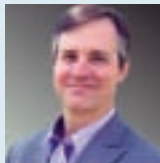
Robert Ritter
Associate Director,
Performance Assessment

Manufacturing and Life
Sciences Sector Committee



John Borcharding
Interim Associate Director,
Funded Studies

Power, Utilities, and
Infrastructure Sector
Committee



Chris Tisdell
Associate Director,
Implementation &
Globalization

Downstream and Chemicals
Sector Committee

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ABOUT US

The Construction Industry Institute, based at The University of Texas at Austin, is a consortium of more than 130 leading owner, engineering-contractor, and supplier firms from both the public and private arenas.

These organizations have joined together to enhance the business effectiveness and sustainability of the capital facility life cycle through CII research, related initiatives, and industry alliances. A learning organization with a wealth of knowledge and information, CII is unique in the engineering and construction industry.



IN MEMORIAM

Mike Elliott

CII Board of Advisors - Chair, 2016
CII Executive Committee,
Strategic Planning Committee,
Annual Conference Committee, and
Implementation Strategy Committee
Co-author of a design and
construction manual

Robert F. Jortberg

CII Associate Director, 1988 – 1998
National Academy of
Construction – Founding Member
Honored in 1992 with The
Robert F. Jortberg Endowed
Graduate Fellowship in Engineering
at The University of Texas at Austin

C. Hilton “Stretch” Dunn, Jr.

Active CII supporter and member,
1995 – 2004
Instructor, CII’s Executive
Leader Program
Son of Letha and Carroll Dunn,
after whom the Carroll H. Dunn
Award of Excellence was named

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