PARTNERSHIPS AND JOINT VENTURES –
A Business Strategy for Success

Darrell Gossett, Chairman
ERMCO, Inc., Indianapolis, IN
## JOINT VENTURE PROJECTS

<table>
<thead>
<tr>
<th>Years</th>
<th>Project</th>
<th>Location</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>Baptist Hospital</td>
<td>Memphis, TN</td>
<td>T-A-M Electric</td>
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<tr>
<td>1980's</td>
<td>Disney World (Multiple Jobs)</td>
<td>Lake Buena Vista, FL</td>
<td>Sanborn Electric</td>
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<tr>
<td>1994</td>
<td>The AlamoDome</td>
<td>San Antonio, TX</td>
<td>Martin-Wright</td>
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<tr>
<td>2000</td>
<td>Paul Brown Stadium</td>
<td>Cincinnati, OH</td>
<td>United Electric</td>
</tr>
<tr>
<td>2001</td>
<td>Heinz Field</td>
<td>Pittsburgh, PA</td>
<td>Sargent Electric</td>
</tr>
<tr>
<td>2003</td>
<td>Toyota Center</td>
<td>Houston, TX</td>
<td>Melton Electric</td>
</tr>
<tr>
<td>2006</td>
<td>Harrah's Hotel</td>
<td>Metropolis, IL</td>
<td>J. M. Walters</td>
</tr>
<tr>
<td>2008</td>
<td>Reid Hospital</td>
<td>Richmond, IN</td>
<td>Cummins Electric</td>
</tr>
<tr>
<td>2008</td>
<td>Lucas Oil Stadium</td>
<td>Indianapolis, IN</td>
<td>Sachs Electric</td>
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<tr>
<td>2010</td>
<td>YUM Center</td>
<td>Louisville, KY</td>
<td>Henderson Services</td>
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<tr>
<td>2010</td>
<td>Union Hospital</td>
<td>Terre Haute, IN</td>
<td>Sycamore Engineering</td>
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<th>Years</th>
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<tr>
<td>2000-Present</td>
<td>Indiana University (Multiple Jobs)</td>
<td>Bloomington, IN</td>
<td>Cassady Electric</td>
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<tr>
<td>2012</td>
<td>Barclay Center</td>
<td>Brooklyn, NY</td>
<td>E-J Electric</td>
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<tr>
<td>2013</td>
<td>Miami Valley Racino</td>
<td>Lebanon, OH</td>
<td>ESI, Inc.</td>
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<tr>
<td>2014</td>
<td>URENCO USA Uranium Enrichment Facility</td>
<td>Eunice, NM</td>
<td>B&amp;D Industries</td>
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<tr>
<td>2015</td>
<td>AVAYA Stadium</td>
<td>San Jose, CA</td>
<td>Sprig Electric</td>
</tr>
<tr>
<td>2016</td>
<td>IPL Coal/Gas Conversion</td>
<td>Indianapolis, IN</td>
<td>Sachs Electric</td>
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<tr>
<td>2016</td>
<td>FISSERV Generator</td>
<td>Austin, TX</td>
<td>Alterman Electric</td>
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<tr>
<td>Current</td>
<td>NOLA Airport Expansion</td>
<td>New Orleans, LA</td>
<td>Fritschertz</td>
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<tr>
<td>Current</td>
<td>Mt. Carmel Hospital</td>
<td>Columbus, OH</td>
<td>Superior Group</td>
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<tr>
<td>Current</td>
<td>Kentucky Cvtn. Center</td>
<td>Louisville, KY</td>
<td>Henderson Services</td>
</tr>
<tr>
<td>Current</td>
<td>Notre Dame (Multiple Jobs)</td>
<td>South Bend, IN</td>
<td>Koontz-Wagner</td>
</tr>
<tr>
<td>Current</td>
<td>S. Bend Children's Hosp.</td>
<td>South Bend, IN</td>
<td>Koontz-Wagner</td>
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HOW DO WE BECOME INVOLVED IN J.V.‘s?

• Invited by an owner, GC, CM, or another electrical contractor

• We pursue projects where we can add value

• Relationships built through NECA, ELECTRI, the Academy and the Electric Roundtable
EACH PARTNER MUST ADD VALUE

• Specific expertise
• Relationship with customer
• Bonding
• Key personnel
• Purchasing power
• Safety record
• Other value-added components
Reid Hospital, Richmond, IN - Completed 2010

$32 Million – Electrical and Systems
LOCAL PARTNER – CUMMINS ELECTRIC

- Central Indiana Chapter NECA
- Smaller electrical contractor
- Hospital’s maintenance provider
- IBEW Local 855 relationship
- Core group of field talent
ERMCO’S VALUE TO THE PROJECT

• Relationship with Turner
• Hospital expertise
• Financial stability
• Bonding capacity
• Joint Venture experience
MODEL PARTNERSHIP – WINNING COMBINATION
ERMCO
• Local workforce
• Customer relationships
• Relationship with IBEW Local 481

SACHS
• Airport expertise
• Engineering capabilities
• Peer Group partner

Midfield Terminal, Indianapolis, IN - 2008
$75.5 Million – Electrical and Systems
BOTH PARTNERS WITH:

• Extensive Sports Facilities experience
• Excellent relationships with Hunt Construction
• J.V. experience together

= HUGE SUCCESS!

Lucas Oil Stadium, Indianapolis, IN - 2008

$31.2 Million – Electrical and Systems
BENEFITS OF PARTNERING

• Stretch our field and management talent
• Stretch bonding, tools, cash flow, etc.
• Continue to serve our core customers
• Utilize the most talented individuals
• Compare dual estimates
• Share the risks
• Learn best practices from each other
KEYS TO A SUCCESSFUL PARTNERSHIP:

Build a network of respected potential partners
KEYS TO A SUCCESSFUL PARTNERSHIP:

A successful partnership is much like a successful marriage

• Treat each other with respect and care
• Understand each partner’s expectations
• Open communication
• Share goals
KEYS TO A SUCCESSFUL PARTNERSHIP:

*Develop a clear and concise contract*

- Start with a basic model
- Checklist of issues to be addressed
- Select Managing Partner and Keeper of Books
- Fair contract, acceptable to both parties
- Fairness in addressing unforeseen issues
KEYS TO A SUCCESSFUL PARTNERSHIP:

*Establish a Cash Flow Plan*

- Seed money
- Plans on how costs will be handled
- Timing of distribution of profits
KEYS TO A SUCCESSFUL PARTNERSHIP:

One partner should never profit at the expense of the other partner
KEYS TO A SUCCESSFUL PARTNERSHIP:

Determine the appropriate share of Risk and Reward

• 50/50% Split is ideal
• All decisions based on what is best for project
KEYS TO A SUCCESSFUL PARTNERSHIP:

*Hold regularly scheduled Coordination Meetings*

- Set Agenda
- Project management and corporate leaders in attendance
- Keep and distribute formal Minutes
- Open, candid and productive discussion
KEYS TO A SUCCESSFUL PARTNERSHIP:

Clear understanding of where the Partnership starts and where it ends
KEYS TO A SUCCESSFUL PARTNERSHIP:

Mutual trust between the companies and between all individuals involved with the project
OVERALL GOALS FOR A SUCCESSFUL PARTNERSHIP:

• Each partner finishes as a better company
• Each partner makes a fair profit
• Customer gets best possible project
• Local partner creates a lifetime client