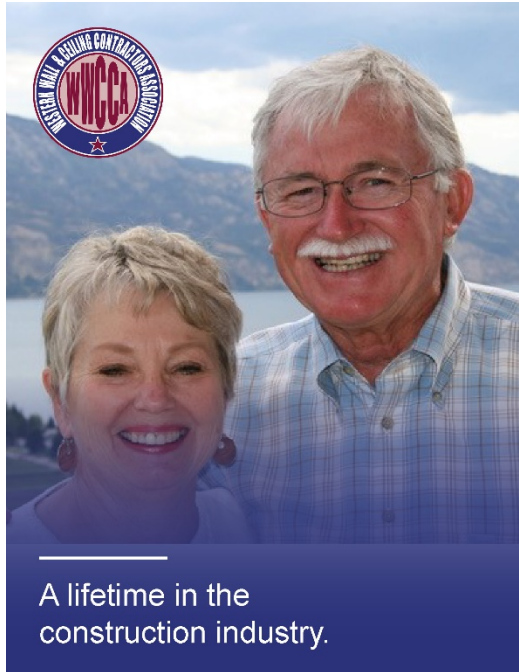


Gary Jaacks

Formerly with The Raymond Group



LEGENDS

My life began in the heartland of America. I was born February 22, 1939 in Battle Creek, Iowa and grew up in Correctionville, Iowa*. Correctionville is a small farm town in northwestern Iowa, population 1,000 at the time I was growing up there.

Most of the surrounding towns were of similar size, established primarily to support the farmers within a reasonable radius of the town. Sioux City was the nearest city. I am the oldest of ten children. My Dad had a trucking business when I was very young, and then worked as a mechanic.

My Mom was a stay-at-home housewife.

To this day I do not know how they fed and clothed 10 children, but they did, and we seldom wanted for anything!! They stressed our education through high school, then get a job.

I never dreamed of having a career in construction, so in some ways I was unprepared; didn't know how to do estimating, project management, etc. Still don't, but I understand the concept and importance. Unlike some of the other "Legends" stories whereas the family has been in construction for multiple generations, my construction experience was almost nil until I arrived at Raymond. When my Dad was doing trucking, as a young boy I would ride with him to deliver construction materials to a construction site, which was usually a home or farm building being built. The summer after I graduated from high school I worked as a laborer on a paving crew doing concrete and asphalt paving.

That activity ceases when the temperature drops, and the snow begins to fly, and it was difficult to find any winter employment in an area dependent on agriculture.

Being idle did not set well with me so I went to see the naval recruiter. He administered some aptitude tests and said, "If you sign up, the Navy will send you to electronics school after your completion of boot camp." I signed on the dotted line. Several days later I was boarding a milk train in Omaha, Nebraska headed for San Diego. It was called a milk train because it stopped at

every small town it went through on the way west. It took 6-7 days to get to San Diego. Now I am in boot camp and this is where my life began to change. I was put into a group of guys from all over the country; guys from small towns like me, and guys from the big city. What the farm boy had experienced to date and what the city boy had experienced to date were miles apart. It was time to start sorting things out because I knew things were not going to be like they were in the small rural farm town. I started watching what the other guys did, what got them in trouble, what got them kudos from the commander, and so on; keep your bunk made up neat and tight, keep your locker neat, keep a spit shine on your shoes, shower every day so you do not have BO, etc. So many rules to teach military discipline!! Didn't pay to fight them though.

Then I discovered the most important thing to know in boot camp. Almost every day we were marched around to different buildings to take tests. The next day the test results were posted on the bulletin board ranked best score to worst score. I noticed the 3 to 4 persons with the highest scores got easier work assignments than the lower scorers did. My scores were not that far below the leaders, so I told myself, "Gary, you are going to be #1 on every test posting the remainder of time you are in boot camp." I did it! That was the beginning of my appreciation for education because I experienced how it paid off. I too, got excused from onerous tasks. After a few consecutive #1 scores, the commander came to me and said, "Jaacks, you are doing well on testing, and we think you can keep it up if we involve you in boot camp graduation ceremonies. You will need to do all of your regular duties as a recruit plus go to rehearsal drills to perfect the parade skills for presentation to the base command and the families who attend the graduation ceremonies. For this, you will get some perks such as Chief Petty Officer patches for your uniform so you can walk around base unaccompanied, etc." As such, I got to lead the graduating classes (several hundred recruits) onto the parade ground, wearing a fancy uniform, carrying a saber and giving the orders to the assembled recruits per the graduation ceremony dictates.

From boot camp I went to the naval electronics school at Treasure Island where I was taught basic electronics and naval communication equipment. (About 6 months)

When I graduated from electronics school, I was assigned to the USS Duncan DDR 874, a radar picket ship that is usually positioned far ahead of the main fleet to detect any enemy threats as early as possible. This is when I learned why I should not have joined the Navy. On my first, and only, cruise I was puking my insides out before we were out of San Diego Harbor. It seldom got better after that, but the Navy did not have any sympathy. But fate is always around the corner! You just need to be ready to grab hold.

The USS Duncan was in a fleet exercise near Hawaii and the Duncan had certain assignments it was to perform. As it would be, the key radar required to perform our assignment went on the blink. In electronics school, I had been assigned to communication equipment, so did not have much knowledge of radar equipment at that time. However, electronics is electronics. I came out of the communication room and the Chief and the 1st class petty officer were trying to fix the radar. The Capitan of the Duncan was screaming mad. It was a small s pace and I could

not get past, so I observed the shapes on the oscilloscope, looked at the schematic drawing (akin to a set of plans for a building, except for an electronic device), and noticed there was a voltage regulator circuit involved. I thought the shapes on the oscilloscope were the same as a voltage regulator that had gotten out of its range and was trying to find it again. I told the Chief to adjust the regulator. He did and, BAM, problem gone, radar working, Captain happy and Chief could go change his underwear.

A few days later when the fleet exercise was completed, the Chief came to me and said, "Jaacks, I know I have been leaning on you hard to make the Navy your career, but now I owe you one and am telling you to get out when your enlistment is over. I know you are seasick a lot and when we get back to San Diego, if there is any chance to get you to shore duty, I will do it." When we returned to San Diego there was an order for the Duncan to send two ETs (electronic technicians) to the Fleet Anti Warfare Training Center out near the end of Point Loma. The Chief said he did not want to lose me from the USS Duncan, but if I wanted to leave, he would allow me to do so. I took the new assignment and spent the rest of my enlistment at that facility, plus 4 extra months because the Russians were putting missiles in Cuba. During my tour of shore duty, I was able to explore California and learn the joys of living here. I met some jazz musicians and discovered I really liked jazz music which I still follow and listen to today. The second good thing about my extension was still being in the Navy when the 1st class petty officer exam results were released, and I had passed the exam and was promoted a 1st class P.O. Electronic Technician (E6). This proved beneficial acquiring future positions requiring electronics experience.

I was finally discharged in June '62 and I returned to Iowa to figure out what to do with my life after the Navy. My Dad and a brother worked for Iowa DOT, and one day a new person walked into the shop and started looking around and asking questions. Turned out he was an electrical engineer hired to set up a statewide two-way radio system for Iowa DOT. My Dad told him about me and that I had a 1st class FCC radio license. The man immediately hired me to install, and do maintenance, for beta test sites before committing to installations in all 99 counties. I did that the summer of '62. I lived in Ames, Iowa where Iowa State University is located, and apartments were difficult to find. I lived in a basement apartment, so did not know much about what was going on outside until I went outside. I went out to go to work on a November morning and it was snowing. While standing at my door looking at the snow, my telephone rang. It was a recruiter from Philco Corp. offering me a position in a class to learn about a new computer system they were getting ready to ship to customers. "Sounds good; but give me a day to think about it." Without going into detail, that day working in the snow and slush made my decision to move on to a new adventure.

I went to Philadelphia and attended the class and was assigned to Ford Aeronutronic in Newport Beach. There was already a larger Philco computer at this site. Later I went back to Philadelphia for a class on this larger computer. These were the days of punch cards, magnetic tape drives, raised floors in the computer rooms for the miles of cables to connect all of the devices to the CPU.

There were no microchips in those days and the electrical components generated so much heat it took tons of AC being forced through the cabinets of the machines to keep them cool. It was my job, as well as others to keep all of this equipment running. These computers were used for various administrative purposes such as payroll, etc. but were heavily used for scientific purposes such as missile design, etc. One of these larger computers was used by NORAD to track missiles, objects in space, etc. A very powerful large scale scientific digital computer at the time. Eventually I was promoted and put in charge of a similar computer site at Chrysler Missile in Warren, Michigan.

I later moved back to California to work at a new company trying to use small computers that had become obsolete for their original design, for use as a payroll system for small manufacturing shops. The computers were old design and needed lots of AC to stay cool. The customers would not spend the money for the required AC so the machines would overheat and fail. The CEO asked me to pad the amount of time I spent at a customer's site so he could bill the customer for more time than I spent there. I said no and began my plan to exit the company.

Remember fate being right around the corner? Around that same time, I received a call from a V.P. from Philco asking if I would consider returning to Philco. When I asked why, he related Philco had serious problems at the Aeronutronic site. The person in charge was unable to get the situation under control. He wanted me to come back to fix the problems, but I would need to report to the person who was unable to fix the problems. A rather awkward position. In that day computers required 24-hour coverage, so the technicians were rotated through three 3 shifts: 8 am to 4 pm, 4 pm to midnight, and midnight to 8 am. By this time, I had decided to go to college full time, but I would still need to have a part time job. I saw an opportunity, so I told the V.P. I would get them out of trouble if they met my conditions. I would only work the 4 pm to midnight shift, not rotating shifts. The person in charge did not rotate, but always worked 8 am to 4 pm. We could pretend the other person was in charge, and I could pretend I did not report to him if he left work before 4 pm and I came in at 4 pm. Something like two ships passing in the dark. The response was, "WE CANNOT DO THAT!" My response was "OK, GOOD LUCK. THANKS FOR CONSIDERING ME." Two days later, "OK! How soon can you report?" I ended up with a full-time job with benefits while I would be going to college.

In about two weeks I had all of the problems resolved. I knew at that point, from my past experience, I could keep everything purring along, barring any major equipment failure, by doing two hours of preventative maintenance each shift. That left me 6 hours to study and do my homework assignments. Greatest job ever for going to school!! Just as I was to begin my final year at Long Beach State, Aeronutronic decided to discontinue using the larger computer. They were going to continue using the smaller computer I had installed when I first came to that site years ago. Philco told me I would be terminated, and the in-charge person would remain until the smaller computer was to be discontinued. Most of the problems I had been brought back to resolve were associated with the smaller computer system. DAH!

I was getting my degree in accounting and management, so I decided to see if I had learned anything. I determined how much the spare parts were worth and made a proposal to Aeronutronic that they purchase the spare parts (by this time Ford Motor Co. had purchased Philco Corp., so Aeronutronic and Philco were both part of Ford Motor Co.) and hire me part-time to tend to the repair needs of the small computer system. It was a slam dunk when they saw how much they would save with little to no risk. In that position, I came in about 7 am, went to the cafeteria next door to the computer facility for breakfast, then checked out the equipment and retired to my technical space to study and do my homework. About 11:30 am I went back to the cafeteria and had lunch, made one more inspection of the equipment and then went to Long Beach State for classes. Another great set-up because I was single at the time. I completed my bachelor's degree at the same time the use of the small computer was discontinued.

Now to get a job with a Certified Public Accounting (CPA) firm. Long Beach State held a career day near graduation whereas students could interview with prospective employers. This was the early '70s before age discrimination laws. I was 33 at the time. I interviewed with all of the "Big Eight Accounting Firms" as they were known then. They were very forthright in telling me I was too old! We want a person less than 25, with a wife and kids, a mortgage and car payments and a picture of his wife and kids on his desk so he will say "YES" to the long hours we will ask him to work for little pay. (You had to work two years for a CPA firm to qualify for a CPA license, so they had the leverage.) A guy your age will balk at that, so we will not hire you.

Shortly after my last scheduled interview, I ran into the man that organized the career fair and he asked how my interviews were going. I told what I had experienced. He thought he could get me an interview with a CPA firm in the next lower tier of larger CPA firms during their lunch break. He made the arrangements and I went to the interview with two representatives of the firm. I decided I would take the lead in this interview. I walked in and said, "I am 33 years old and if that is a problem for you, let's go have lunch and I will buy!" Almost shocked them out of their chairs, but they said, "Let's chat about you here now." I got hired.

I worked for this firm almost 4 years doing audits and other accounting work for various clients in many different industries. Toward the end of my third year, a partner came to me on a Friday and said, "Gary do you have any experience doing percentage of completion accounting? I have a construction client that wants to begin having an annual audit. I want you to work with this client. Come to the office tomorrow and I will teach you percentage of completion accounting." I think you may be able to guess who the client was, Raymond. I did work at Raymond and other clients for the CPA firm until August 1976. In August 1976 I became controller at Raymond. I had to convince Carl I would not run off after a short time. I was divorced, since 1968, and Carl said he had been burned when he had hired previous divorced men who later ran off chasing a woman. I convinced Carl I would not do that to him, and he hired me. I married Kay in October 1981 without running off. I am writing this in October 2020, and we are beginning our 40th year together.

I never dreamed of running Raymond. In a family-owned company, if there is a family member

available, there will be a family member in charge. I knew I would probably be the financial guy as long as I worked there. Carl and I were the same age, and I worked closely with him from the beginning. He taught me about the industry, the players in the industry, the key players in the company, etc. It was a very productive situation. I thought I was doing a good job! Then Carl came to me one day and said, 'Gary, I want you to get a master's degree in Business Administration (MBA). I said, "Carl, I am already a CPA, and I am tired of going to school." He said, "Your position requires an MBA, so if you want to remain in the position, you need to get an MBA." So, off to Claremont Graduate School (CGU) where I was able to have a couple of classes taught by Peter Drucker, known as the "Father" of modern management theory. More work all day, drive to Claremont for classes twice a week and some Saturdays. Homework the nights I had no classes and weekends. Carl did not give me 6 hours each day to study like Philco had done!!!!

The experience was not pleasant in some ways for Kay and me at the time, but when Carl got ill and I had to run the company, I was glad I had done it. As an aside, because I was working, in class, or studying, Kay said she might as well join me, so she went to CGU and got her MBA at the same time.

When I arrived at Raymond, I already knew a lot about their accounting and administrative procedures, so I did not need time to learn how things worked. My knowledge about wall and ceiling construction was very limited. Basically, I knew they screwed gypsum board to metal studs and used big machines to spray plaster onto walls covered with paper backed chicken wire. These were specific processes of the wall and ceiling industry, like every industry has its processes to produce the goods and or services to offer to their customers. Because Raymond had been doing this since 1936, I figured they knew how to do it well. I thought my contribution could be improving the management of the processes, managing risk, and improving profitability, etc. At this time George M. Raymond Co. was the primary company doing lath and plaster, much of it residential. Raymond Interior Systems was the newer drywall company. Relative to today, things were simpler, and the projects were smaller. I assumed the company would grow and better controls would be required. Sure enough, over the ensuing years the commercial projects got larger and the residential work went non-union so Raymond dropped that segment of business.

I could see all kinds of uses for a computer, so I decided my first task was to find a computer system and software that would work for a construction company. In 1976 there were not a lot of choices for either computers or computer programs for construction. I finally came across an IBM salesperson who told me IBM had a new offering for contractors. The package consisted of an IBM System 32, a small, but relatively powerful computer with a keyboard and printer attached to one end; i.e., one input and output source, but no remote terminals. IBM assured me the next model in this line, System 34, was in development and would be expandable and support remote terminals for added input capability.

I asked IBM to give me the documentation for the CMAS software (Construction Management Accounting System) so I could review its capability. CMAS was primarily designed for general

contractors and did not have all of the capabilities a specialty contractor that manages high-cost labor would need, but the basic framework was there to build around. I told the IBM salesperson we would buy the system **IF** IBM would let us have a copy of the source code for CMAS. That is normally a big NO! NO! I never knew if IBM said OK, or if the salesperson snuck the source code out the back door, but he delivered the source code and we purchased the system. At the time, I think Carl was wondering if this new guy he had hired knew what the hell he was doing.

Now to make the system work for Raymond! I knew a programmer from one of the other accounting clients I had done work for and knew he needed to make extra money. He kept his job, but I hired him as a consultant to make the changes to CMAS I wanted done. We modified payroll so it would work for a union contractor. We made the job cost more sophisticated. We took an accounts payable module that came with CMAS and changed the credits to debits and vice versa to create an accounts receivable module, etc. We did this from 5pm until 1am weekdays, went home and got some sleep, and then back to our day jobs. We would usually put in 8 -10 hours on Saturday. Once we had a specific module complete, payroll for instance, an accounting person could begin entering the employee info, pay rates, union fringes, payroll tax tables, etc. We did this for 3-4 months until we had a basic system we could rely on and go live with. From that point we could concentrate on enhancements to reports management required.

Sometime later the System 34 came, and we were able to do more to enhance the management systems and reports. As Raymond added other offices, we went to a PC based system with LANs and WANs and new software that had become available. It also allowed Raymond to do projects all over the U.S. It allowed Raymond to segue into computer estimating quickly. As a matter of fact, one of Raymond's estimators grasped, and adopted, one of the first computer estimating systems with such fervor she eventually became the CEO of that company. Today Raymond runs digital systems, using digital plans, directing machines to roll coils of steel into metal studs cut to the exact size required for a specific wall, etc. on the project while the gypsum board required for the assembly is being cut by a different machine. The components are assembled in a factory/warehouse, palletized, shipped to the job site and put in place. No job site debris and a safer workplace. I am extremely proud of my efforts to bring Raymond into the computer age early, and they have continued to adopt the new technologies and capabilities afforded by computer technology. When Carl became ill and I began running the company, it was comforting to have the management reports we had created, and I was thankful of all I had learned about the business to create the reporting system. When I opened a Raymond office in Las Vegas**, I knew I could monitor the activity there without physically being there. Same when I opened a Raymond office in San Diego. It helped that I had set up systems in Northern California when Carl bought a company there to create a Raymond presence.

The other thing that gave me comfort was I knew the people I would have to work with and trust. One of the things that attracted me to Raymond in the first place was the culture I experienced when I was doing work there for the CPA firm. I wanted to protect that culture so

at some point in time I made it a policy to interview every person hired that was not a tradesperson. If they did not meet my culture test, they were not hired. By the time I was running the company I had been involved hiring most of the non-field personnel.

One other thing I am proud of doing at Raymond, for numerous reasons, was a safety program. I did not know much about insurance other than it was something a company had to have. One day shortly after I started working at Raymond the insurance agent came to meet with Carl and Jim Pecora and they asked me to come meet the agent. The agent said he had renewed the insurance and needed a check for \$xxx,xxx. My jaw dropped, but I kept quiet. After the agent left, I asked how the process worked. For the dollars involved I thought we should have gotten competitive bids. From that day on I used a risk management consultant to renew insurance every year. Three brokers were chosen to give quotes. We chose the broker we thought would give us the most for our dollar throughout the policy period. That was not always the lowest quote at renewal time. Result: Better coverage, better service and lower cost.

I did some research and found the workmen's compensation (WC) was the big dollar insurance. I found out WC premium was \$x per \$100 of payroll modified by an experience modification (Xmod) based on accident losses. Wow, this can be a forever growing cost as union wages went up, the company grew, and especially if you did not control accident losses. I told Carl and Jim I was going to start a safety program. They chuckled and said, "Go ahead but it won't work." I started holding safety meetings in Montebello in 1978 and led almost every safety meeting, even though I had to drive or fly to the remote offices to do so, until I retired in 2004. I ran the foreman safety meetings, then the foremen held a safety meeting at their job site. Because Raymond's projects were all over the greater LA basin, I had a young woman that kept track of insurance, safety, etc. set up foremen meeting places in different areas so the foremen did not have to always drive to our office. We had food and soft drinks, we always had a safety topic to talk about, and we acknowledged safety achievements with personal recognition and a small non-monetary gift, usually a personalized coffee cup. The greatest reward for me in this process was getting to know the foremen. Everyone in the company is important, but if you don't have foremen who can organize a crew to execute that set of plans within the "estimate" the office turned out, you are in trouble. These guys (not enough gals) were smart, creative, talented, great supervisors and managers. I have the greatest respect for them, and I really enjoyed being among them at these meetings and on the job sites. It was, and is, amazing what they can achieve.

When I began the safety program Raymond's Xmod was say 1.15 for an example. That means if the WC rate was \$10 per \$100 of payroll, Raymond would have to pay \$11.50 because of accident losses. In a couple of years, I had Raymond's Xmod down to 0.39, or \$3.90 per \$100 of payroll. It was impossible to hold the Xmod that low, but the safety program made it possible to keep Raymond's Xmod below 1.00 most of the time after that. It was good for the men because there were fewer injuries. It was good for the company because it made Raymond more competitive, or more profitable, however you played the cost advantage. During my time at Raymond, the safety program saved several million dollars of insurance premiums. I suspect that is still the case.

Now, 40+ years later, I hear and read, a safety program and good safety record is almost mandatory to qualify to work on some projects.

I spent 28 years at Raymond and got to see and participate in the company's growth and development, and for that matter, my own development. I have concentrated on how I got to Raymond, the systems I created to manage risk. I developed great relationships with the bank and bonding company by having these risk management systems, so much so that all personal guarantees were removed, and Raymond had essentially unlimited borrowing and bonding capacity. I got to know and respect the other wall and ceiling contractors in WWCCA. I saw Raymond do some fantastic projects in California and Nevada, other states throughout the U.S., and even Hong Kong. Raymond did great projects with Martin Bros. as joint venture partners. I even enjoyed WWCCA meetings with Doug McCarron at The Pacific Dining Car, a Los Angeles landmark. Sadly, it just closed, a casualty of the pandemic.

In short, I really enjoyed my career at Raymond, and being part of the wall and ceiling industry. I have no regrets, and no regrets about my so far 16 years of retirement. Before I retired, we bought a townhome in Kelowna, British Columbia and we spent our summers there for about 11 years. I could jump in my Jeep any time and go flyfishing in the local mountains. Also, fate smiled on me once again. When we sold the townhouse, I was looking at the tax ramifications and exchange rates. It turned out at the time we purchased the townhome and transferred U.S. dollars to Canada, it happened to be the lowest Canadian dollar against the U.S. dollar ever.

Being in the wall and ceiling industry was the reason for this little aside. I had had a couple of meetings about buying a wall and ceiling company in Seattle. Northwest Wall and Ceiling Association (NWCA) was holding their convention in Kelowna, so I wanted to attend to meet some of the other NWCA contractors. Kay went with me and checked out Kelowna while I was attending the convention. A deal in Seattle never occurred because the person I was talking to passed away on the golf course sometime later and the family decided not to sell.

Kelowna is the fruit basket of western Canada and was becoming the Napa Valley of British Columbia. Kay fell in love with Kelowna. NWCA had events planned for the wives during the day and one event was a trip to the Kettle Valley Trestles in the mountains above Kelowna. This is an old railroad bed that has been converted to a several mile-long bike path. Because of the mountain terrain, this bike path had 10-12 trestles spanning the ravines. Spectacular place! On this outing Kay saw the entrance to a residential development along the road going there.

When it was time to leave, we were driving farther north to a huge ranch that had a great flyfishing lake, Kay would not leave Kelowna until we went to the development behind the gates she had seen. It was a beautiful development with fabulous views, two golf courses and lots of amenities. They were just beginning the third phase of some townhomes on a ridge at the edge of the development. We saw a lot with only the basement and foundation completed that had a great view into the canyon where Mission Creek ran on its way to Okanogan Lake. When we moved in, and were living there, we discovered there was a wild animal pathway

along Mission Creek. This gave us a chance to watch the bear, deer coyotes, etc. moved around seeking food safety. It also had a view of huge cliff structure carved by Mission Creek over the eons. It was called Layercake Mountain, because in the winter, snow on the ledges in the face of the cliff made it look like a chocolate cake with white frosting. We decided since I was retiring in a few months, and the Canadian dollar was low against the U.S. dollar we would not lose much if it did not work out. We talked the sales office into taking a credit card deposit to hold that lot for us until we got home to send a check deposit.

This turned out to be a really great decision. We made great Canadian friends that we traveled with to other countries. We had many American friends visit us there. Dick and Geri Peckham visited us there and we rode bikes on the Kettle Valley Trestles trail. I even have pictures of Dick chasing a black bear off the trail. This side venture to B.C. was a great way to make my segue into retirement, all made possible by being part of Raymond and the Southern California wall and ceiling industry.

After 2008, some of the contractors said they envied me because I was not having to deal with the difficult times created by the recession. But construction has always had good times and bad times, and that will not change. Unfortunately, I have the feeling the Covid-19 pandemic may create the most major dislocating changes in commercial real estate in a long time, if not ever. Covid-19 was so unexpected companies had to switch to digital processes and allow employees to work at home so quickly they did not have time to make a planned decision about the change. The pandemic has dragged on long enough that some of the same companies are finding it is actually working for them. If these changes last, and some will, the need for office space is going to collapse, and most wall and ceiling work is about creating space! With excess space in existing buildings, new towers won't be needed. Without people traveling, huge air terminals will not need to be refurbished. If people are afraid to be in large crowds, new casinos will not be needed. In other words, where will the huge projects come from to provide work for the increased capacity the wall and ceiling industry has built up since recovering from the 2008 recession? Hospitals maybe? Will the Chinese build see thru towers like the Japanese did? Will the use of the office towers return after the HVAC contractors' equipment them with high-tech air filtering systems? Lots of questions and uncertainty, and few answers until the pandemic plays out, which may take a long time.

*

"Correctionville, Iowa boasts the longest single-word name of any Iowa city. The city gets its name from a surveying practice of making correction lines. ... Since the city's central East/West street, Fifth St., was laid along such a correction line, the city was named after the practice."