

Life & Livelihood

Message from the CEO



2017 has been and continues to be a challenge for all of us in the construction industry. While our order backlogs are strong, getting the orders to the jobsite has been a real problem. In the first quarter of the year we were pounded by rain on the West Coast and that slowed construction a great deal. The second quarter has picked up for sure but not as any of us had

anticipated. This is due in large part to the construction labor shortage that everyone continues to be effected by. CTF took a very aggressive approach to our recruiting efforts early in the year, while also moving wages up in our shops significantly to help ensure we covered our labor needs for our customers. This has allowed our company to position ourselves very well for the summer push and has put CTF well out in front of our competition as we are running 4 weeks out with the ability to push in quick work as our customers require from time to time. While CTF continues to operate at this optimum level our competition is running 8 to 12 weeks out and more, with little opportunity to correct their shortfalls. This is a great thing for OUR customers and will likely help us build even more market share for our company going into the winter months and 2018.

Another challenge for the construction market this year has been our ever rising raw material cost. This started with steel cost taking a sharp 25% increase causing our metal connector cost to jump up and that was followed closely by the lumber market running from \$404 per thousand in January to the current \$545 per thousand in July for a strong 26% increase. Fortunately our pricing managers have been able to at least keep up with these rising prices to the point that we are only about 30 days behind the market which is very good given the sharp increases we have experienced. Steel seems to have leveled off now and

it seems (WE HOPE) the lumber market may be showing signs of doing the same in the coming weeks.

With all of these challenges in front of us one can't help but wonder how this will affect our customers and our industry. I have no crystal ball, nor am I a top notch economist, but I do talk to a lot of sharp folks in our industry like our customers, vendors, lenders, competitors and the occasional top notch economist. With that said, my take on that question is as follows.

We have a significant housing shortage in California and all over the country for that matter. The stock market is strong, unemployment is at record lows, consumer confidence is high that our economy is strong and moving in the right direction, and there is a significant labor shortage in construction. I can't imagine a better time to be in the structural building component business. With our prefabricated Wall Panels, Smart Components, Roof & Floor Trusses coupled with our unprecedented design capabilities, CTF is the clear leader in the California market when it comes to structural building components. We have never been better positioned to service and grow our customer base and our product lines as we are today. We have an excellent team and we will work through these challenging issues and emerge stronger than ever for our customers. Providing the answers they need to solve their labor shortfalls and speed these construction projects along with much less labor in the field than ever before.

“STRUCTURAL BUILDING COMPONENTS ARE THE ANSWER TO THIS EVER GROWING PROBLEM”

Hang on folks, it's about to get interesting!

Steven L. Stroder
Chief Executive Officer
California TrusFrame

Environmental Health Safety & Security



It is that time of year again. I have lived in California for almost 20 years now and every summer I am caught by surprise at how hot it gets. It is not uncommon to see a 40-50 degree swing in temperature on any given summer day. Coping with the heat is a daily activity for those in this industry that comes with its own set of risks. While uncomfortable there are steps we can all take to mitigate these risks.

The most important step one can take is to stay fully hydrated. Believe it or not this has to start at home. Think of it like any performance activity (football, soccer, the military, etc.) where those who are expected to perform when needed. Take the recent Liga MX Champions, Chivas. They did not win the championship by just showing up for the matches and then deciding to practice, they put in the effort before the games in part by taking care of themselves. During the summer months we should all come to work fully hydrated. If we wait to drink water before we come to work we are putting ourselves at a much higher risk of a heat injury. If you didn't know, heat stroke can kill.

Something else we can do is to abstain from energy drinks while at work. Energy drinks pose several health risks to humans, especially during the heat of summer. First of all energy drinks contain high levels of sugar inside each can. One can contains up to 50 grams of sugar, promoting weight gain, tooth decay, and high blood glucose. This level exceeds the maximum amount of sugar intake in a day and could promote an unhealthy risk for diabetes. Secondly, many people who choose energy drinks will often use them in place of water or electrolyte-rich drinks. Because energy drinks contain high amount of caffeine, a diuretic, people risk dehydrating more quickly in the heat. To further complicate this problem, energy drinks cause the heart to pump faster, it raises blood pressure, increasing a person's risk for heat stress. It's also stated in our Injury and Illness Prevention Program to avoid drinking these beverages during extreme temperatures. Bottom line – Stay hydrated and stay away from energy drinks.



As some of you already know I have recently stepped into an additional role as the Vice President of Human Resources (HR). From the Environmental Health Safety & Security (EHS&S) perspective, nothing for you will change. You still have great representation (Patty, Oscar, Roberto) at each site to help you with any issues in the above mentioned areas. The next step in so far as HR is concerned is to give you at least coordinator level support at each site. Once trained, these coordinators will have the ability to do for you what is now almost exclusively a Perris only function regarding the processing of paperwork and other administrative duties. In Hughson, Edith Pelayo has agreed to fill in for this role and in Sanger, Oscar Espinoza will do the same. Thankfully we have Letty in Perris to help guide us through the training process and with your support we'll make it happen. In having the right pieces in key places, HR & Safety will be able to provide you, our PEOPLE, the best customer service possible. With any change there is a period of time that can be slower or more uncomfortable than we would like and I anticipate the HR changes to follow the same path. If you would bear with us in the interim we will ensure your needs are met. I want to thank you all in advance for your patience and understanding, and for being an integral part of Team CTF! Oh yeah...Viva Los Pumas



Jason Ward
V.P. Human Resources & Safety

New Employee



Bryan Sylvester

Vice President of Information Technology

Bryan graduated in 2005 with a Bachelors in Information Systems Management and in 2008 with a Master of Business Administration from California Baptist University. He has worked in a variety of different industries and has held

a variety of different leadership positions. Bryan has a broad business and technology background having worked in retail, operations management, software development, IT consulting and general Information Technology support services roles. Bryan is customer service focused leader and strives to cultivate a culture of service and accountability with our organization. Bryan balances his work-life with his love for sports and spending time with his wife and children.

VP Sales

Well, halfway through the year and still feeling effects of rain early on. It just seems that everyone is playing catch up. The back log is strong with work. Our design staff is working tirelessly to get calcs out and release cutting and with that we have not seen the bubble of work pop. It looks like it will be a steady second half of the year. Not a drastic peak and then downfall in winter months like past years. Instead it has been a gradual climb that we have been encountering and looks to stay steady into the typically slower months tailing off slower in pace.

In relation to the sales side of things we are also working on a number of items in regards to Change/Work Orders. With new metric systems in place and being utilized we are able to see how many issues we have been having in the past with Change/Work Orders and set up processes to not only service these Change/Work Orders but also track, assign accountability and use as a training tool. With this we will fix it before it is a repeated issue, equally a happy customer as well as keeping CTF profit rather than spending it on after the fact issues. "If you have enough time to do something twice, then take the time to do it right the first time"

Jason Walsh
Vice President of Sales



Lunch and Learn



On the 6th of June 2017, California Trus Frame, Perris hosted its first "Lunch and Learn" event which was attended by about 40 of our colleagues in the industry representing the City of Elsinore, The City of Beaumont, Pardee Construction, Gouvis Engineering and TWR Framing.

After a brief welcome by our CEO, Steve Stroder, our guests were split up into two groups and were given a tour

of the Plant, where they had the opportunity to see our facilities, meet our employees and witness firsthand the manufacturing process of the structural components that they are so familiar with.

We spent the better part of the Luncheon break discussing and answering questions, where the topics ranged from design to manufacturing to building codes. The experience gained from this event, as everyone present agreed, left them feeling confident in their understanding of trusses and the



component manufacturing system as a whole. Our guests were presented with a souvenir CTF coffee mug after the conclusion of the event.

Thanks go out to all those who made this event a success and to our valued guests for their participation. We look forward to our next "Lunch & Learn" with much anticipation!!!



Phillip David
Director of Builder Development

Cinco De Mayo Celebration

CTF is a multicultural work place and we all joined in celebration of "The Battle of Puebla". Everyone had a great time!



Perris Employees of the Month



Antonio Romero

Antonio has been with CTF for over Ten years. He worked at Perris 2 as a forklift operator and then became the packager loader for P2.

He performed so well that Perris 1 required his services as a Loader. He has very good attendance and always excels on loading CTF trucks. He is also a team player and always works well with his fellow co-workers. CTF Perris is glad to have Antonio part of the Shipping Team.

Julian Torres

Julian Torres has worked for CTF as a sawyer since August 2012. He consistently exceeds expectations by setting a standard for his coworkers. Motivating them through his dependable attendance and high cutting volume and breaking records.

Thank you Julian aka "Turbos"

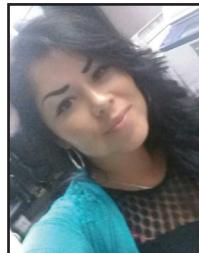


EHS&S Perris

CTF believes that no job or task is more important than the workers health and safety. If a job represents a potential safety or health threat, every effort will be made to correct it. We are currently working towards getting shade for all the work stations especially through these times of extreme weather. Every employee is entitled to a safe and healthful workplace.

***Safety is as simple as ABC,
Always Be Careful.***

Patricia Brenes



Sanger

We are more than half way through the year and we continue to work towards our goal this year to grow our business relationships around making every customer experience a great one.

HONOR – Is one of our Core Values. –

We Believe (in):

- INTEGRITY “Doing What We Say We Are Going To Do”

We are committed to:

- A culture of accountability at all levels of our organization

When I think of the word Integrity Warren Buffet comes to mind. He is one of the most successful businessmen known and integrity is his #1 Core value. Here are two quotes that have helped build Warren Buffet's Empire and it stems from Integrity

“Do nothing that you would not be happy to have an unfriendly but intelligent reporter write about on the front page of a newspaper. Reputation matters above all else. Integrity is not just a moral value, it is a Business value”

—Warren Buffet

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things different”

—Warren Buffet

Thank you CTF Family, Hope you enjoy...

Jimmy D Frausto
GM Fresno



Employee Spotlight



Jeff Schmidt

Please welcome Jeff to our Sanger Family. He has taken over the production of any EWP orders being processed through our plant, along with the inventory control of all of our hardware. He comes to us with years of experience and prides himself in being able to optimize the cutting of EWP packs along with eliminating waste. He has excelled in all tasks assigned. Considered to be a hard worker and he will never say “No I can’t do it....” We are excited about his future with the CTF Family.

Employees of the Month



Emilio Aguirre

Production Employee of the Month

Emilio started his career with California Trusframe in 2014, working on the tables as a peak assembler. As the years passed, he's shown his leadership potential and has worked his way up to the Wizard lead.

Since he took the position our production numbers and quality has improved significantly. He is a team player and is always willing to help in any way he can.

Congratulations and job well done.

Fernando Chavez

Shipping Employee of the Month

Fernando has worked at CTF since 2015, his current position is as a Truck Driver in the shipping Department. He is always willing to do whatever it takes to get the job done. He is a valuable asset to the Sanger shipping department. He has maintained an excellent safety record and attendance. Congratulations and job well done.



Sanger Spotlight

This quarter we bring to you two projects.

Juniper Lofts in Oakland, CA.

Project consists of 3 levels of I-Joist floors along with an I-joist Roof system. We also supplied Wall Panels.



The second project we are supplying Trusses and Full Loose Lumber packages.

San Joaquin Valley Homes. The name of the Tract is Chandler Park and consists of 113 homes being built in Hanford.



Employee Appreciation Tri-Tip Extravaganza

More than 100 Fresno CTF Employees attended a summer company picnic in Sanger Ca, June 2nd.

After more than 10 months of hard work and a break in the rain period, CTF took a break from work to soak up a day of summer fun. Everyone was excited about the event since it was the first CTF picnic in some time. "We wanted to show our gratitude and appreciation for all the hard work," Frausto said.

The BBQ provided employees with food, shirts and a salsa competition. The menu included 125 pounds of Prime Tri-tip and another 50 pounds of chicken, all smoked to perfection by CTF's own Shipping Manager JD Evangelo.

Maintenance Mechanic Alfredo Amador was the overall winner with his "51 Diablo salsa" which is 50 chilies and one tomato. - *The CTF Crew enjoyed*

"I thought the event would bring everyone closer together and boost the morale of the plant," said EH&S Specialist Oscar Espinoza.



New Equipment

Rafter tails (Over Hangs) are manufactured from timbers, and will make a great architectural addition to any home or commercial project. With the romance of natural timber not only will the project look good, but it will also add value, while adding a 3D feel to any project. Rafter Tails are the perfect use for any exterior or interior project. With many different architectural designs of our Rafter Tails to choose from, we are sure that these will compliment any particular application.

Knife Plate Timber Trusses - Electric Miter Kerf Saw (Chain Saw)



Plunge Router



Sage processing of Lumber Orders

The progress of the Sage implantation has been steady. SOP's are currently being written along with updating and finalizing the reports to be used. Currently we are testing Sage and addressing any issues prior to going live. As of July, Sage will be responsible for the lumber yard inventory, providing us with real time inventory numbers. Sage will be capable of estimating, processing lumber work orders and invoicing lumber packs shipped. This has truly been a TEAM effort involving multiple people from multiple plants, we appreciate all the hard work!!!

Design & Estimating Spotlight

Over the last few months, the Sanger design department has over gone some changes to the department's responsibility. We are now currently performing all estimating for roof & floor truss bids along with wall panels, EWP packages, lumber packages and any timber truss bids as well. The greatest benefit I have seen from having a Designer involved at the front end is they know exactly what is bid into a project and they are familiar with customer preferences, along with identifying any problem areas at the bid stage. This adds to their efficiency when the project becomes an order and is to be designed. We look to continue with our current model and become more efficient going forward.



Safety Corner

Here at CTF we are being proactive in combating heat illness. One way we have started this process is by installing designated water stations near all employees to ensure proper hydration. Sanger has also rescheduled the second shift from 2:30pm to 8pm during the hot summer months so that employees are not working at the peak heat times.

Another way CTF is keeping things chill, we are currently wear testing a new chill vest. The new chill vest by Ergodyne claims temps of 58 degrees for up to 3 days!



Working in the sun and not drinking enough water both lead to fatigue, which causes accidents on the job. If you feel extremely fatigued after working in hot conditions, you may have heat exhaustion. Rest in a cool area and drink cool water if you feel weak. Stay safe, take a break!



Oscar Espinoza

Sales Perspective From Hughson Sales Manager

Working with customers to offer value engineering for their projects

Now that northern California is done with the flooding and the heat is on, Hughson is picking up fast. Fortunate for heavy spring sales we are able to ramp production up again and we look forward to a busy remainder of the year. With several new competitors in northern California, Hughson sales has had to get creative. We are taking new tactics such as working more with developers/GC's/framers/engineers/architects to have more of our products implemented on their projects. Floor trusses have been a big contribution to our success. Over the last several years we have worked with project teams to convey the true benefit of the open web floor truss versus the conventional or I-joist floor system. The real benefit is time savings not material cost savings and the savings comes from the MEP contractors more than the framing contractors. By no means was this an easy task however it has significantly increased our volume over the last several years. Hughson with the help of Perris design departments has just completed 2 shell type buildings, "Guitar Center & Pet Smart" located in the Fallon Gateway shopping center in Dublin CA with the help of framing contractor Clavalo Construction. Originally both buildings were intended to be designed as block walls with panelized roof systems. With the collaboration of Perris design departments, Hughson design departments and Clavalo Construction, we were able to convert the buildings to our system using Smart Components, wood wall panels and roof trusses. This also was no easy task, a biggest challenge was getting the Smart Component shear walls to replace the block walls however our Smart Component design team did a great job working with the engineer, architect and Clavalo Construction to make the conversion work. The 2nd troublesome task was converting the panelized roof system to open web roof trusses at 24" on center. The developers fear was roof trusses do not offer as much flexibility as far as future modification for new tenants. Our design department came up with the idea of applying a 1,000 lb moving live load to all trusses so future tenants can move mechanical units without having major roof system modifications required.

Nick Voorhies
Hughson Sales Manager



Production View

Ramping up for the summer Rush

CTF Hughson has worked together with employees and supervisors to be able to reach the desired goals. We have brought in new employees and partnered them with experienced employees to improve their work quality and performance, that way we can create a safe and productive area.

Nino Chavez
Plant Manager



EH&S Perspective

Heat and how to be safe

It's hot & it is going to get hotter. It's very important to take preventative action when it comes to heat stress. Make sure you are drinking plenty of water throughout the day as well as utilizing a cooling towel or hat. If you are experiencing symptoms such as dizziness, headaches & sweating profusely please notify your supervisor immediately. Stay safe everyone & remember heat stress is no joke.

Roberto Juarez
EH&S Specialist



4th of July BBQ

Hughson celebrated Independence Day with a 4th of July BBQ. This is our way of showing our employees how much we appreciate their hard work and dedication to helping our location with being the best component manufacturer in Northern California. Our all volunteer staff cooked over 200 burgers and hotdogs for both shifts.

A special thanks goes out to Jensen Fasteners and Inland Industrial Tires for providing some Sweet Swag for the guys. Everyone really appreciated the shirts and hats.



Hughson Customer Profile

Boulay Construction

The Hughson office is proud to feature Boulay Construction for this CTF Newsletter. Boulay Construction was the first large customer that joined the California Trusframe team upon its arrival in Northern California. Boulay Construction is owned and operated by Don Boulay a longtime framing contractor in Northern California that despite the large recession we all faced persevered through those tough times by adjusting his business model as necessary and staying hands-on with all of their work. Don is accompanied by his longtime operations man, Mike Corrie, and Robbie Glynn and Heidi Marin running the office.

In leading Boulay Construction, Don has been very "in tune" to the market. He was the first production framer to see the fact that large scale housing projects were dwindling and react by moving a good portion of his business in to high end custom homes in the San Francisco bay area. Even more

impressive is that Boulay Construction, while maintaining a solid base of custom home projects, was one of the first to take advantage of the production type product's comeback in 2012. Don was there and ready when William Lyon Homes began building multi-family projects, and Toll Brothers and Signature Homes expanded their single family home offerings.

While always involved in the day to day operations, Don has been able to count on Mike Corrie who has been with Boulay Construction for over 15 years to recruit and supervise manpower as well as to schedule and monitor material. Mike has always found a way to figure out what the company needs from him to survive. This has included everything from "putting his bags on" get the work done to meeting with new clients to acquire jobs.

Robbie Glynn has managed the office efficiently for Boulay Construction for many years, processing everything from quotes to payroll to the never ending list of regulations. With the workload continuing to increase, Heidi Mari has stepped in to assist Robbie in the vast number of things that need to be done to keep a construction business running and profitable.

We want to especially thank Boulay Construction for sticking with CTF through the growing pains we experienced in building our service levels to where they are today. Boulay has continued to view its relationship with CTF as a team and we look forward to working together with them in that way for years to come!



Hughson Employees of the Month

Edith Pelayo

March brings blue skies and warmer weather, and along with those good things we have Edith Pelayo as our employee of the month. As an administrative assistant her duties require her to interact with lots of employees. Her smiling face and pleasant demeanor are appreciated from employees looking for help.



Brian Weatherford

Here comes May with some hot weather and Brian Weatherford for our employee of the month. Brian has done many jobs here at CTF. He is always willing to jump in and help wherever needed. Currently he works as a component tech. He has great work ethic and lots of insights into truss production, design and customer service. Great Job Brian!



Rene Parra

April's employee of the month. Rene started out as a component tech, and this year has transitioned to our Customer Service Representative. He has a long history of framer relations having been a foreman at the jobsite.



Josue Piza

June brings Josue Piza. Josue does many jobs in production. He jumps in to help our supervisors bunk the tables and get production jumping in the morning. Always on time and available to work when jobs need to get done. Thanks Josue



Newest Hughson Member

We would like to welcome our newest member to the CTF family. **Leo Mateo Juarez** was born 4-27-17 to Roberto and Liliana. Mom and baby are doing well. Roberto is Hughson's EH&S specialist.

Congratulations to the new family!



Photo Contest Winners

Photo contest for all of our CTF family each month!

We will pick one winner for every month and print it in our Life and Livelihood Newsletter quarterly. We live in such a beautiful area and there are so many great photographers out there we thought it would be fun to see some of your work. Submit photos to picturecontest@caltrusframe.com



April Photo Contest Winner

Cleiry Bonilla, Perris



May Photo Contest Winner

Bill Patterson, Hughson
Future Engineer



June Photo Contest Winner

Joe Juniel, Perris
Hot Air Balloon