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THE SEMI-ANNUAL NEWSLETTER FROM DRYCO CONSTRUCTION
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DRYCO GOES GREEN



DRYCO: The Industry Leader in Recycling

DRYCO Construction, Inc. is big on recycling jobs. Whether for a patch repair or a total reconstruction job, we have taken the challenge to help our environment in every way possible. By becoming one of the leading recyclers of asphalt and concrete in the Bay Area, we've extended our commitment to **earth-friendly practices** to each of our customers.

Our recycling process begins with high-powered crushers, screens, and conveyors that turn would-be landfill into usable building materials. The end product is a strong, long-lasting, coarse material that is tested and rated as class #2 base rock. We grind up all of the asphalt and concrete that comes off our jobs and reuse it for future projects.

We also use other by-products, resulting in less haul-off and landfill refuse. Crews separate wood and metal from job site debris and place it in specified dumpsters for recycling at our facility. Many times, excess material like

grindings can be reused on-site or moved to other sites to be used as sub-base material on DRYCO jobs.

Soil is another material that we reuse as part of our **Go Green** approach. When a project has earthwork that requires us to haul off soil, we take it to our recycle yard and screen it into a usable sub-base material. We stockpile any soil with integrated organic material, allow it to decompose, and then use it as topsoil for landscaping purposes.

DRYCO is always thinking of our environment when bidding asphalt paving and concrete repair jobs. We are the industry leaders in recycling and the only pavement maintenance company in the Bay Area that has its own in-house recycle facility.

Bottom line: when you contract with DRYCO you are not only choosing the best, you're choosing the **greenest!**



DIRECT FROM DAREN

Let me give you
my best impression
of Andy Rooney...
DRYCO style!

Ever notice how economists will spend all this time explaining how things are going to be and then right at the end they'll say "On the other hand..." Why can't we have one-handed economists?

Is this country ready for Bush – Clinton – Bush – Clinton? What's wrong with change anyway? Are there any more Bushes out there that we haven't beaten, other than the bushes I've been beating to find more work?

What's all this talk about green? Green this and green that—we've been recycling asphalt and concrete since the beginning. Not because it was fashionable or eco-friendly but because it made sense and was cost-effective. What's all the fuss about anyway?

Oh, I know. It must be about greenbacks, as in federal tax credits. I guess that's about as green as it gets.

I don't actually watch Andy Rooney—he's on some news show and the news always depresses me. If I watched that stuff I might actually believe that we were in the middle of a big recession and then I might not even want to get out of bed. And then I wouldn't want to come to work and scratch and claw to get jobs in here which might stimulate the economy and create profits (sorry, bad word) and then pay taxes (another bad word) that in turn would pay the salaries of the people who keep putting us in these messes in the first place...

Does this mortgage crisis we're in remind you of a savings and loan crisis we had a few years back, or is it just me? Why can't we just fire those people anyway? Is it tenure?

And what's tenure all about, anyway? As I understand it, it allows bad teachers to keep their jobs and make their students' and parents' lives miserable—at least that's been my experience. I'd like to fire those people and replace them with new folks without baggage and hidden agendas. (Wow, I'm really in the firing mood. I guess I'm all fired up...)

I better stop here before I get myself in trouble—I want Andy's job! They should fire him and give it to me... Oops, there I go again. Hey, this was fun you should try it sometime, it's almost therapeutic!

See ya around,
DRY

LINES

FROM STRIPING & SEAL COATING

The weather seems to be cooperating with us and we are ready to serve our customers with our new **green** theme. DRYCO has been employing **green** practices for years, but we are now looking forward to continuing more of this effort on an even greater scale. We are constantly improving our processes and finding better ways to be eco-friendly. Currently we use recycled materials for seal coating and water-based paints for striping. This is not only cost-effective, but also less harmful to both our customers and the environment.



Last year was one of our best years ever and we continue to look for new opportunities to serve our customers. We're looking forward to a great start this year with our new seal coat and striping equipment!

Some of the clients we have done recent work for include S.D. Deacon, McLarney Construction, RREEF, Colliers, and CB Richard Ellis.

DRYCO is proud to be a member of The Pavement Network, and we are confident that this year will be even better in terms of national accounts and best practices with the help of the network.

We encourage our customers to jump-start their projects early in the season to get the job done in a timely manner and avoid risking higher prices. We are thankful for your loyalty and appreciate your business—and we will continue to strive to meet your needs by serving any emergencies that may come up. No job is too small or too big, we'll take 'em all!



Striping and Seal Coat Division Manager **Rick Flores** joined DRYCO as a driver and laborer in 1987. Since that time, he has developed process knowledge, leadership, and management skills. His crews complete jobs of all sizes, from simple parking lot striping to complex shopping center and outdoor athletic court seal coating.

ON SOLID GROUND WITH CONCRETE

We've retained 95% of our men from last year—all good-quality people who know the DRYCO system. We are all looking forward to upcoming projects and plan to start running at 100% capacity within the coming weeks.

We are extremely excited with the addition of our new Saw-Cutting Division. We have been planning this expansion since last year and will continue to grow our saw-cutting services in late 2008 early 2009.

Along the lines of going **green**, some suppliers are providing environmentally-friendly products which are beneficial to our clients and the planet. One such material we are regularly working with is fly ash. Because fly ash use displaces cement use, it also reduces the need for cement production—a major energy user and source of greenhouse gas emissions. We also use recycled plywood for the form work of our concrete walls. Use of products such as these help to reduce the

impact of the concrete process on the environment.

We are working on another loading dock ramp with C&J Construction—it seems to be our niche. We are getting ready to break ground on two new projects: one with Zamora Builders in Antioch and another with M.R. Christensen in Hercules. DRYCO is still continuing all ADA upgrades from S.D. Deacon and J.M. Maita Construction as well. The project line-up seems to be falling in place and we're anticipating a busy summer.



Concrete Division Manager **Kent Hudson** joined DRYCO in 2003 as concrete division foreman. With 25 years of experience in the construction industry, he previously worked for a union shop in San Jose and for 10 years with a shop in Colorado.

PAVING THE WAY

Let's start off with the **green** theme since DRYCO is going **green**! Here at DRYCO, loads of asphalt and concrete are dumped in our recycle yard where we carefully separate the asphalt from dirt, wood, vegetation, or any other organics that it may contain. This recycled soil is processed, screened, decomposed, and turned into clean topsoil for landscaping. We even recycle the grindings and reuse it as sub-base for other construction projects—not many companies are as proactive and involved in recycling as we are. At our job sites, we bring in recycle bins and employ crews to separate the metal and wood from waste material for recycling.



In addition to our commitment to environmental responsibility, we also serve our community by donating our time, money, and expertise. Recently, Owens Signature Homes built a miniature playhouse and DRYCO volunteered our ten-wheeler and big trailer to move the playhouse to the Stanford Center for auctioning, where it sold for approximately \$20,000.

One of our current projects includes American Disability Act upgrades to various Longs Drugs facilities, where we are working on sections of concrete and asphalt so that the facilities are in compliance with ADA guidelines.

We have our full workforce available, we have the equipment ready and the men geared up to take on any challenge. Over the winter, our three mechanics even took the opportunity to upgrade our trucks and equipment with a new coat of paint.

As always, we encourage our customers to get started early with their projects because the best prices come before summer—as the temperature rises so do the prices!

We are fresh from vacation and ready to go to work. Bring on the jobs!



Rafael Torres, DRYCO Vice President and Manager of the Asphalt Division, has 25 years of experience in the construction industry. He cofounded DRYCO with Daren Young in 1982 and is co-owner of the company.



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Anyone for golf?

The annual DRYCO golf tournament will be held on Friday, September 12. Be sure to mark your calendars and stay tuned for more details on this favorite event!



OPERATING SYSTEMS

You may have noticed a certain theme with this edition of our newsletter, but in case you missed it, DRYCO has gone **green**! Well, actually, we've always been **green**, but now we have the Leadership in Energy and Environmental Design (LEED) certification to validate our efforts. In our Willow yard, we just crushed 25,000 tons of recycled class #2 base rock. All of this came from our own jobs, representing approximately one year's worth of spoils. We also recycle wood, metal, and dirt—both fill dirt and topsoil for landscape purposes. It's quite an operation and none of our competitors do it. We know this makes us more competitive in the bidding process.

I attended The Pavement Network annual Operations Management meeting in Phoenix, Arizona at the beginning of this year. There we discussed standardizing operation procedures (SOPs) for Pavement Network contractors. DRYCO has been the leader in implementing these standards, which include requiring all employees to wear clean/neat uniforms and keeping the most up-to-date equipment

Looking ahead at the operations side of DRYCO, we've added a new dispatcher and are looking to hire additional crew members so that we can recommence working at full capacity. In addition to a new dispatcher, we have also started a complete Saw-Cutting Division. This means that not only can we do flat cutting, but we can also do wall cutting and interior (electric saw) cutting as well as core drilling. We're very excited about this expansion of services and know it will be a great benefit to our customers.

We have also started an Iron Division that will allow us to manufacture and install our own ADA-compliant handrails.

As always, we live by the DRYCO code: we are always there when we say we will be, build it the way the customer wants it, and complete the projects on time!



Operations Manager **Dave McLeod** joined DRYCO in 1997 as a supervisor of equipment and maintenance. He brought strong leadership and management skills, which he had perfected as district manager for Grand Auto and Circuit City. Previously, he headed up DRYCO's Concrete Division.

DOLLAR\$ & \$ENSE

One of the hottest trends in today's corporate America is the trend toward going **green**. DRYCO understands and recognizes the importance of sustainable products and services that are friendly to the environment—our company procedures have been at the forefront of this effort for many years. Not only do we promote earth-friendly recycling and manage our own operations, DRYCO is now also LEED certified. Leadership in Energy and Environmental Design (LEED) promotes our approach of recycling as being the best practice for pavement maintenance and site construction. Our dedication to this best practice sets us apart from our competition.

Along with our LEED certification, we are very excited about The Pavement Network, an exclusive association comprised of select paving contractors from across the country—DRYCO has been selected to represent Northern California in this national group. We recently hired a new national sales representative to represent the entire network and contribute to the overall growth of The Pavement Network at a national level. DRYCO Construction has a strong commitment to The Pavement Network and is proud to represent the group here in Northern California.

Last year, we exceeded \$24 million in sales—our best year ever—even though we carried a record low backlog for most of the year. We look forward to the challenge of our 2008 sales goal of \$26 million and are excited about working with The Pavement Network to help us achieve this goal.

Looking ahead, everything is in place, sales goals are set, proposal activity plans have been implemented, backlog forecasts are set, and we're ready to go for the season. With the current market, we anticipate rough seas but we're confident that we'll reach our goal!



Chief Estimator/Project Manager **Ron Saisi** joined DRYCO in 1992, bringing with him broad experience in the construction industry. He has built an estimating and project management team that can bid and manage projects ranging from simple repair jobs to very complex grading, paving and concrete work.