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HARRIS HORIZONS

Fall 2015

PLUMBING | PROCESS PIPING | HVAC | REFRIGERATION | CONTROLS | SERVICE | CONVEYORS | ENERGY SOLUTIONS

Prefabrication at Harris Companies



How Prefabrication Makes a Difference

Harris Companies' 78,000 square foot prefabrication facility in Zumbrota, MN plays a critical role in delivering creative, sustainable solutions to our customers. Our prefab capabilities help us meet rigorous construction schedules safely and more efficiently than ever before. As our business grows, our prefabrication shop is an increasingly important differentiator between Harris Companies and our competitors in these four ways.

Safety

At Harris, safety is our number one priority. Prefabrication makes jobsites safer by moving work-hours to the fabrication facility. Skilled workers are able to do their jobs in a distraction-free, well-lit and ventilated environment and produce prefabricated items without the dangers and distractions inherent to a jobsite. The work done in the fabrication shop reduces trade stacking and clutter at the project site and limits the hot work activities required in the field.

FACTS ABOUT PREFABRICATION

- Harris is on track to produce 3.5 million pounds of sheet metal this year
- 70 tradespeople work at the Zumbrota facility
- Harris will add a state-of-the-art laser cutter to the production line in 2016

Quality

Our fabrication facility helps us offer the high-quality work our customers expect. In the regulated fabrication shop environment, products are built to exact specifications and can be carefully stored to prevent damage. Automated cutting and beveling processes ensure perfect cuts and bevels for fit up. We meet the demands of special quality control programs such as the NQA1 nuclear certification. Our employees maintain the most vigorous weld certifications and our welds are routinely x-rayed.

Schedule

Today's project schedules rely on prefabrication to complete on-site work in shorter time frames than before. Prefabrication increases productivity at the jobsite. The ability to build multi-trade construction modules that include plumbing, HVAC, piping, and electrical systems all in one unit make installation faster and easier. On-site mechanical work is reduced, resulting in smaller crews and shorter durations. Just-in-time delivery capabilities help manage site constraints on jobs with limited storage.

Budget

Prefabrication significantly reduces labor costs versus traditional field fabrication and installation. As a result, we are able to pass labor savings directly on to the customer. §

A MESSAGE FROM THE CEO



In 2007, we established a strategic plan that has guided the company for the past eight years. Quite frankly, it lasted longer than we thought it would as we did not anticipate the economic turmoil of the “Great Recession.”

In 2015, we’ve achieved many of the plan’s objectives and our business looks much different than it did eight years ago. We ended 2006 with revenues of just under \$160 million and a backlog of around \$80 million. During 2015 our backlog peaked at over half a billion and revenues will be more than two and a half times what they were in 2006.

Growth was certainly a part of the plan, as was specifically growing our service and controls businesses. This led us to our structure today with service and controls branches in Minnesota, Arizona, Utah, and Maryland.

We also decided to renew our focus on safety and invest in BIM and prefabrication. The increased attention to safety lead to a 35% reduction in our recordable incident rate (RIR) over a five year period. Investments in BIM and prefabrication give us one of the most skilled BIM teams in the industry along with a new fabrication facility. Developing

better connections with our key customers and focusing on developing leaders rounded out our initiatives from 2007.

Some of our success is luck, but I can’t imagine us looking the way we do today without the guidance of our strategic initiatives.

While we’ve revisited our strategic plan regularly and occasionally made changes, it relies on an eight year old foundation. Much has changed since 2007 and it’s time to create a new strategic plan. In 2016 we will be creating the vision for the next five years and trying to imagine what we will look like in 2020.

This time, we plan to use outside help to bring greater consistency and structure to the process. We will also go deeper within our organization and start with richer market data than ever before.

I look forward to sharing this vision with you over the course of the next year. Thank you in advance to those of you who will have an opportunity to help shape our future! §

Greg Hosch, CEO

DIVISION SPOTLIGHT

Each quarter, a different Harris division will get a chance to highlight a unique story.

HiMEC’s United Way Campaign



HiMEC President Greg Donley at HiMEC’s Summer Social with Sam, the United Way mascot.

HiMEC employees spent the week of October 12th enjoying a “fun-raiser” to benefit the United Way. A putting contest, a raffle drawing and a homemade food sale helped them raise \$1,300 for charity. §

ZEROING IN ON SAFETY

Dan Kent
Corporate Safety Director

Importance of First Aid/CPR/AED

Recently we’ve had several employees around the country in difficult situations jump in to help save the lives of employees from other businesses and contractors. In each of these heroic situations, our employees had First Aid/CPR/AED training.

The importance of this training cannot be overstated because you never know when you’ll encounter people in life-saving situations. As anyone who has taken a class can attest, First Aid/CPR/AED training is ever-evolving; it’s important to take the class regularly, even if you’ve been certified before.

It doesn’t matter if the training is through our company, a community program, military training or the fire department. Please take the time out of your busy schedule to attend a First Aid/CPR/AED class. The life you save could be someone you love dearly, a coworker or even a stranger.

Thank you and have a safe holiday season! §

Harris Mechanical Southwest

Harris Mechanical Southwest has recently been awarded four jobs: Linda Abril Education Academy with CORE Construction, the LDS Temple Tucson with Big-D Construction, Luke Air Force Base AMH 2 with the Korte Company and Solana Preheater Replacement with Teyma USA & Abener Engineering & Construction Services General Partnership.

Wasatch Controls

State of Utah Youth Detention Centers Security Upgrade Utah

Last May, Wasatch Controls was awarded the security upgrades on three State of Utah Youth Detention Centers and is completing the project this month. The project manager and customer were pleased with the project's outcome and Wasatch Controls' success in meeting the customer's needs. Wasatch's work on this project will help grow the division's security department and lead to more projects with the State of Utah.

Harris Service Intermountain

The Boyer Company Medical Office Building Service Contracts Utah

LV Hayes signed her ninth medical office building (MOB) contract with The Boyer Company. The Life Center MOB is on a three-year, Silver Maintenance Contract. The Boyer Company has been so pleased with Harris Service Intermountain that they re-signed their Jordan Valley MOB, Lone Peak MOB, and Salt Lake Regional MOB for three more years instead of their standard one-year contract.

HiMEC Mechanical

Cambrex Charles City Plant Charles City, IA

HiMEC Mechanical was recently awarded a multi-million dollar project at Cambrex's Charles City, IA plant. The pharmaceutical giant is expanding with a new building, eight new reactors and an outside tank farm. HiMEC will be prefabricating and installing a wide variety of process piping systems to serve the new facility. Due to the aggressive schedule, prefabrication will be key to HiMEC's success. By using the detailed BIM model, we are able to accurately prefabricate nearly all piping assemblies in our fabrication facility in Zumbrota, reducing the labor, time and tools needed at the jobsite.

HiMEC Conveyors

HiMEC Conveyors Creates New National Accounts Sales Manager Position

HiMEC Conveyors recently hired Kerrie Thompson as the new National Accounts Sales Manager. She brings with her twenty years of sales, marketing and account management experience in manufacturing. "There's so much potential for growth in the process and packaging markets right now," says Thompson. "HiMEC Conveyors' innovative designs, quality equipment and customer-oriented project management staff has positioned us as a key partner for our customers." Thompson will maintain close relationships with customers as well as increase sales and marketing efforts to perpetuate the growth of the conveyor business. §

DID YOU KNOW

Superior Air Handling Receives SMOHIT Award for Safety at MOX Project

The Sheet Metal Occupational Health Institute (SMOHIT) awarded Superior Air Handling a 2015 SMOHIT Safety Award for work at the MOX Fuel Fabrication Facility in South Carolina. The 190 Superior employees working on the project have had 1.5 million safe working hours. Superior and other award recipients were honored at the SMOHIT Safety Champions Conference this past September. Congratulations!

Harris Service Intermountain Volunteers at Utah Food Bank

Employees from Harris Service Intermountain and members of the International Facility Management Association volunteered at the Utah Food Bank. Over the course of three hours, the team packed more than 300 boxes of food for senior citizens unable to leave their homes.

Harris Controls Selected for Two Prestigious Industry Awards

Once again, Harris Controls Saint Paul has achieved Honeywell ACI Elite status. Harris is listed in the top five out of 400 Honeywell Partner Contractors in both growth and business volume for 2015. In honor of this success, General Manager Ross Nelson was invited to present at the 2015 Honeywell Momentum Conference this past September.

Harris Controls was also selected for the KMC Controls Commitment to Excellence Award for its involvement in industry-leading projects and KMC's Internet of Things Initiative.

Ronald McDonald House Cooks for Kids Program

On November 5th, volunteers from Harris St. Paul partnered with members of Kraus-Anderson Construction to cook and serve dinner to families with seriously ill children as part of the Cooks for Kids Program. §



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To submit comments and suggestions, email marketing@hmcc.com.

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EMPLOYEE SPOTLIGHT

Michel Michno, President of Construction, Harris Companies



This past August, Michel Michno joined Harris Companies as President of Construction. This newly created position will oversee all construction-related aspects of the business nationwide. The management transition is already underway and will be complete mid-2016.

Michel has more than 30 years of construction industry experience. Prior to joining Harris, he held leadership positions at

a variety of national and international specialty contracting firms. His diverse experience includes strategic planning as well as the development, implementation and automation of advanced design and engineering systems.

Michel and the Harris executive team are looking forward to focusing on several initiatives over the coming year. Here are four priorities:

Articulating new strategic goals for a successful, growing company. Harris Companies has been enjoying a period of growth based off strategic plans implemented in 2007. In 2016, we'll be reassessing goals, articulating new priorities and preparing a strategy that will take us through 2020.

Defining, implementing and sharing best practices across all divisions. As the company grows, we'll work on strategies that will improve work flow, increase communication, aid profitability and help us achieve our goals together.

Continuing employee training and development. Fostering professional development will help Harris Companies in many ways. Employees who feel valued and are encouraged to grow will use their enthusiasm and expertise to better the company.

Focusing on the ways technology can help run the business more efficiently. By investigating ways technological solutions can help the business, we'll be able to increase efficiency and improve processes in each office location.

Michel holds a master's degree in Mechanical Engineering from Arts et Métiers ParisTech and has participated in the Minnesota Management Institute at the University of Minnesota's Carlson School of Management. When he's not envisioning the future of Harris Companies, Michel enjoys running, soccer, skiing and time with his family. He and his wife Françoise live in Minneapolis and have two sons and two young grandchildren. §