



# November 2009

## News Update

The Newsletter of the UpCountry South Carolina Section,  
AACE International

### President's Message

Members,

Well, here we are again. Another year flying by. I am still trying to get used to the fact that Summer came and now it is gone and Christmas is right around the corner. That can be frustrating for those of us who had such lofty goals that we wanted to accomplish this year. All in all, I think we are on track if we stay focused on what we wanted to do and don't give in to the temptation of just "riding the wave" we are presently on. In our recent board meeting we spoke of many things we wanted to do. At times I look at all of it and it is overwhelming. A good friend recently asked me, "How do you kill all the dragons up against you". My answer was "one at a time". That is the key! As in AA they tell them, "One Day at a Time". We are in the process of killing the dragons, one at a time. As soon as one goes down, we start on the other. We have a couple of "dragons" we are working on now that I think the Greenville AACE bunch will be happy about. One is the Christmas appreciation "party" planned for December 12th. All of you and your spouses or significant others are invited. Details and a flyer will be coming out in the next few days. Also, a drawing for a weeks vacation pretty much wherever you want since it is a timeshare. \$20 will give you a chance to win and we will also put money in the Upcountry SC account for worthy causes such as scholarships for some very worthy and hard working students struggling to stay in college. These are just a few of the things we have in store for you and there is more coming but then, those dragons have to wait. We have to bury these first. I wish all of you a very happy and safe Thanksgiving as you enjoy your families and friends. I wish all of you a very merry Christmas and we all have hopes and plans that next year will be even better than this year as we continue to focus on the dragons.....one at a time.

Sincerely, Chris Swanson

President  
Chris Swanson, CCC  
(chris.swanson@fluor.com)

Past President  
Walter Manning, CEP

Vice President  
Becky Spencer, CCE  
(beckyspencer@aol.com)

Secretary  
Debra Powell

Treasurer  
Ken Keith

Certification Chair  
Chris Swanson, CCC

Website Editor  
Becky Spencer, CCE

Membership Chair  
Becky Spencer, CCE

2007 – 2009 Directors  
Jeff Bannister, CEP  
Janna Frasher

2008 – 2010 Directors  
Donald McDonald, CCE, PSP  
Bob Boyd, CCE, PSP, CEP

Newsletter Editor  
Bob Boyd, CCE, PSP, CEP

Scholarship & Student Outreach  
Chair  
Bob Boyd, CCE, PSP, CEP

Awards and Elections Chair  
Becky Spencer, CCT

### Inside This Issue

President's Message - 1  
Section Announcements - 2  
November Dinner Mtg Recap - 3  
2008/9 Meeting Schedules - 5



## Section Announcements

### Certification!!

AACEI offers 7 certifications.

1. Certified Cost Technician (CCT)
2. Certified Cost Consultant (CCC) / Certified Cost Engineer (CCE)
3. Planning and Scheduling Professional Certification (PSP)
4. Earned Value Professional Certification (EVP)
5. Certified Portfolio, Program & Project Management (C3PM)
6. Certified Forensic Claims Consultant (CFCC)
7. Certified Estimating Professional (CEP)

For descriptions and requirements regarding each of these certifications go to the AACEI web page (<http://www.aacei.org/certification/certExplained.shtml>).

In recognition for those Section members that have AACEI certifications, we will know have an Honors Roll. The following Section members hold certifications and can be considered Subject Matter Experts, available to help you if you have any questions.

### HONORS ROLL

| CCE / CCE       | PSP             | CEP            | EVP          |
|-----------------|-----------------|----------------|--------------|
| Chris Swanson   | Donald McDonald | Robert Boyd    | Doug Findley |
| Donald McDonald | Robert Boyd     | Jeff Bannister |              |
| Robert Boyd     | Doug Findley    | Walter Manning |              |
| Doug Findley    |                 | Stan Ellzey    |              |
| Becky Spencer   |                 |                |              |

Please contact Chris Swanson (chris.swanson@fluor.com) if you have any questions or need assistance regarding any of the certifications or workshops mentioned above.

The next certification exams are currently scheduled for:

March 06, 2010 – Location of test in Greenville will be announced later

July 10, 2010 – Location of test in Greenville will be announced later

November 06, 2010 – Location of test in Greenville will be announced later

Deadline to sign up for a certification exam is 60 days prior to the above test dates



## **Continuing Education!!**

Visit the AAACE Online Bookstore (<http://www.aacei.org/technical/ppg.shtml>) where you can order Professional Practice Guides, Recommended Practices and other AAACEI merchandise.

Note that the PSP Certification Study Guide (1<sup>st</sup> Edition) and the EVP Certification Study Guide (1<sup>st</sup> Edition) are now available. The Skills and Knowledge of Cost Engineering is now available "On-Line" at AAACEI's website.

## **AAACE International's 54<sup>th</sup> Annual Meeting!!**

Make plans to attend the next AAACEI annual meeting in Atlanta, Georgia. It will be held from June 27<sup>th</sup> thru June 30<sup>th</sup>.

## **UpCountry South Carolina Section's Website!!**

Please visit our web site that is being maintained by Becky Spencer. Becky continues to improve the website, including job postings. Feel free to provide feedback to Becky or Chris on comments/ideas that you believe would enhance the website.

<http://upcountry-aacei.org/welcome.html>

## **Section News!!**

November's Section meeting was attended by 21 attendees, at Jacobs Engineering office.

Chris Swanson, President, opened the meeting by stating that the December meeting will be a social event. Announcement with details will be issue shortly. Chris also mentioned that the section would like to host an all-day seminar as a fund raising event. In order for this to be success, he solicited ideas on topics of interest so that suitable presenters could be identified.

Ken Keith, Treasurer, provided an update to our Section's financial health and also stated that the section has changed banks from BofA to Carolina First.

## **November 2009 UpCountry SC Section Dinner Meeting Recap**

The Upcountry SC Section meeting was held on November 10, 2009 at the offices of Jacobs Engineering. Our guest speaker was Bob Boyd. Bob is the Director of Estimating for Fluor's Power Group and has over 35 years of experience in project controls, estimating and construction claims. The title of his presentation was "Escalation, Deflation and Reflation".



Escalation is defined as upward changes in price levels driven by economic conditions and varies for different regions. All that follows has an influence on escalation to some degree. Understanding these influences helps guide economists into setting policy and also drives commodity indices up or down over time.

Reflation and inflation are results of the economic volatility caused by debasement of a currency. The government's goal (Reflationary Fiscal Policy) of printing and injecting money into the economy is to reflate the economy back up to where it was. If the government does not control the economy properly, then the economy will overheat and inflation typically occurs several years after the reflationary policy is put into play.

Hyperinflation occurs when the monetary base is expanded too much, inflation gets out of control and people become uncertain of the currency's value. Zimbabwe is a good example of an economy with Hyper-Inflation. Their money is worthless and inflation is over 1000%.

Whiskey and Gunpowder (a promoter of buying gold as a hedge) lists seven deadly ingredients for Hyperinflation. They state that the U.S. is close to entering into a period of Hyperinflation because 6 of the 7 ingredients have already occurred. The seven ingredients are:

1. Creation of money vs. use of precious metals
2. Easy availability of credit
3. Bursting of the credit bubble
4. Sharp contraction of available credit
5. Deflation of asset prices (e.g. Homes)
6. Rapid printing of money
7. Acceleration of money into the market

Gold historically is used as a hedge against inflation. So who owns the gold? The European Union is the #1 holder of gold with approximately 11,000 tons. The US is #2 with approximately 9,000 tons of gold, followed by the IMF with approximately 3,540 tons, then China at #6 with 1,160 tons and then India at #14 with 400 tons. India recently bought 200 tons of gold from the IMF. They are betting that the US economy will collapse.

The RIC report (Merrill Lynch's Research Investment Committee) recently predicted a 3.3% GDP growth for the next 6 quarters and global growth of 4% in 2010—assuming China does not tighten its spending policy. This is a higher projection than other economists which are predicting a GDP growth of around 2.5%.

The U.S. Dollar Index compares the U.S. Dollar against the Euro, the Japanese yen, the Swiss franc and others. The U.S. Dollar does better when the other currencies are not performing as well. Currently the Euro is becoming stronger and the US prefers this because our exports are then more desirable.

Mr. Boyd continued to discuss indicators of escalation by showing several different cost indices. For example, the Consumer Price Index measures where we are going and it took a nosedive in 2008. Another is the Future Source Indices for Copper Futures. It was noted that China is hoarding copper and China plays a key role in the world economy-- as they have lots of money to spend.

In conclusion, predicting escalation is not simple. One must be aware of all that influences escalation when trying to assess the escalation factor(s) that needs to be applied to an estimate.

This concluded Mr. Boyd's presentation. Chris Swanson then presented a plaque to Mr. Boyd, thanking him for his time and interesting presentation. A copy of Bob's presentation is available upon request to Chris Swanson.

A hat with an AACCEI logo was raffled off at \$2 per ticket. Chris Swanson won. The door prize was won by David Powell.



**2009/10 Meeting Schedule for AAACE UpCountry SC Section**

| Description         | Day of Week             | Date(s)     | Presenter & Topic  |
|---------------------|-------------------------|-------------|--|
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 08 Sep 2009 | Norm Powell, SRNS,<br>Project Controls in the DOE, SRNS Site |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 13 Oct 2009 | Eric Marcantoni, Fluor,<br>Nuclear Power – Past & Future     |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 10 Nov 2009 | Robert Boyd, Fluor,<br>Escalation; De-escalation; Inflation  |
| UCSC Dinner Meeting | Saturday                | 12 Dec 2009 | Social Dinner at Donald McDonald's<br>house                  |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 12 Jan 2010 | John Dillewyn,<br>Topic – Habitat for Humanity               |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 09 Feb 2010 | TBD,<br>Topic - TBD  |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 09 Mar 2010 | TBD,<br>Topic - TBD  |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 13 Apr 2010 | TBD,<br>Topic - TBD  |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday | 11 May 2010 | TBD,<br>Topic - TBD  |
|                     |                         |             |  |