



20th ANNUAL MULTI-STATE ESOP CONFERENCE

September 16-17, 2015

Mohegan Sun Resort
Wilkes-Barre, PA

Note: This conference has not been pre-certified for CPE/CLE Credit. Certificates of attendance are available at the conference registration table so you can apply for CPE/CLE credits where applicable.

Pre-Conference - Tuesday, September 15, 2015

- 1:30 – 4:30 p.m.** **C-Suite Roundtable – *Facilitated by Alex Moss, Praxis Consulting Group***
This is a roundtable session for CEOs, CFOs, COOs and other C-suite leaders of ESOP companies. Please come to this session for networking and discussion on topics related to leading an ESOP company.
- 5:00 – 7:00 p.m.** **Registration and Opening Reception**

Wednesday, September 16, 2015

- 7:30 - 4:00 p.m.** **Registration**
- All Day** **Silent Auction bidding**
- 7:30 - 8:30 a.m.** **Continental Breakfast**
- 8:00 – 9:00 a.m.** **Breakfast with the Experts**
Attend breakfast with the opportunity to participate in expert roundtable sessions on a variety of topics.
- Valuation & Repurchase Obligation
 - Plan Design & Other Administration Topics

- ESOP Transactions & General Financing Issues
- Governance Issues
- Leadership, HR, & Talent Management
- ESOP Communications & Committees

8:15 – 9:15 a.m. ESOPs for Beginners – facilitated by Mary Beth Gray, Kleinbard Bell & Brecker LLP
 This session will introduce basic ESOP terminology and players (including the “tion” words – Administration, distribution, diversification, valuation.) The session will include definitions, examples and a brief summary of the ESOP calendar and who is responsible for the tasks facing a Plan Sponsor of a new Plan.

9:30 – 10:00 a.m. Welcome/Announcements/Recognition of Sponsors/Overview of Conference

10:00 – 10:30 a.m. KEYNOTE SPEAKER - Using an ESOP as tool for cultural change.

The time is 2008, H.B. McClure was a successful almost 100 year old mechanical contractor that had a third generation owner that was looking for a succession plan. He found that successor in Bob Whalen. All seemed well until “The Great Recession” hits. Find out how H.B. McClure used an ESOP to fund the succession and more importantly use the ESOP to facilitate a cultural change necessary to fulfill its vision for the future.

Bob Whalen will discuss how H.B. McClure has used its ESOP plan to facilitate a succession plan, change a culture, and hopefully provides a retirement for the employees, that matches the financial life that had while they worked.



Bob Whalen, MBA

Bob is the President and CEO of H.B. McClure Company, a 100% ESOP owned residential and commercial mechanical contractor. He is passionate about the role that culture plays in the success of a business and the role an ESOP can play facilitating that culture. H.B. McClure has been a 100% ESOP owned company for 5 years. In that time the company has completed 9 acquisitions. Bob also has a passion to understand retirement security and how

to achieve that security as efficiently as possible.

10:30 – 10:40 a.m. Presentation of 2015 Chapter Awards for ESOP Company and Employee Owner of the Year

10:40 – 11:00 a.m. Break

Conference education sessions are followed by 15 minute breaks to allow time to visit (and thank) the conference sponsors and participate in the EOF fundraiser silent auction.

11:00 – 12:15 p.m. Concurrent Sessions

Technical – Re-Evaluating Your ESOP

Level: Intermediate

Joe Marx, Principal Financial Group; Mary Beth Gray, Kleinbard Bell & Brecker LLP

This session will discuss the process of evaluating your ESOP, whether it is still meeting your goals and objectives and how it fits into your overall retirement package. Are overall benefit levels too-high, choppy, low? Are you retaining/attracting rainmakers? Do your employees understand/appreciate the benefits? Is your repurchase liability overwhelming? Is the ESOP still right for the company?

Technical – How Do I Pay Out Distributions

Level: Beginner friendly

Lori Stuart, Crowe Horwath LLC; Larry Filipski, Once Again Nut Butter Collective, Inc.

Our session will cover the mechanics of how distributions are paid to participants from the ESOP, including an overview of how the ESOP gets cash, how distributions can be paid in stock, and what's important to know about tax withholding. You will get perspective from both a professional service provider and an experienced ESOP company.

Leadership – Building & Enhancing Your Board of Directors

Level: Intermediate

Alex Moss, Praxis Consulting Group; Roseline Marston, A.D. Marble & Company

The ESOP is a unique shareholder, and the Board of Directors of an ESOP company must not only fulfill its core legal obligations but also understand the unique nature of this particular shareholder. In this session, we explore the roles of the Board, and the practicalities of identifying and bringing outsiders onto your Board. We then consider how to respond as company needs evolve, members rotate onto and off of the Board, and the governance process as a whole matures.

Culture and Communication – Strategies to Start and Sustain a High Engagement ESOP Committee

Level: Beginner friendly

Matt Hancock, Praxis Consulting Group; Rita Tucker, Lewis Tree Service, Inc.

In this interactive session, participants will learn about best practices from a company with an existing ESOP committee. Through small-group break-out sessions, participants will learn from each other as they work together to develop strategies for launching their committees and achieving long-term engagement.

12:15 – 1:30 pm Lunch – Optional Regional Roundtables

We have heard from you that you would like to connect with other local companies. Our dining room is set with tables with signs indicating different regions. Please feel free to join a table with your region and meet other people from your area. This is informal so there is no facilitator for each table. Please feel free to start the conversation!

1:30 – 2:45 p.m. Concurrent Sessions

Technical – ESOP Financing and Market Update

Level: Intermediate

Greg Kniesel, Value Management, Inc.; Eric Zaiman, Chase

This session will present common financing tools utilized in ESOP transactions ranging from senior debt to subordinated debt to seller financing. We will also talk about common terms of various ESOP financing tools, including market and structural components and fiduciary implications. A current market update regarding costs of debt financing tools will be discussed.

Technical – Internal Fiduciary Daydreams and Nightmares

Level: Beginner friendly

James Steiker, SES Advisors, Inc.; Merri Ash, First Bankers Trust Services, Inc.; Jack Smith, Modern Group, Inc.

This discussion session will be an interactive conversation among the presenters and the audience looking at a variety of challenging fiduciary scenarios, such as dealing with offers, executive compensation, corporate acquisitions, strategic decisions, and more.

Leadership – Challenges & Solutions for Mature ESOPs

Level: Intermediate

Franco Silva, Prairie Capital Advisors, Inc.; Sonie Barger, Mathematica Policy Research, Inc.

This interactive session will explore challenges and solutions for sustaining a mature ESOP company. Emphasis will be placed on good governance, retirement benefit policy decisions, valuation trajectories, repurchase obligation and communication. Company participants will share their own experiences to add real life stories to the discussion.

Culture & Communication – An “Appreciative Inquiry” Approach to Building an Ownership Culture

Level: Beginner friendly

Jon M. Sweigart, Praxis Consulting Group; Mark Golden, Golden Artist Colors, Inc.

Appreciative Inquiry (AI) offers an alternative approach to traditional problem-solving that can engage employees to discover the "positive core" of their organization and build on what works. This interactive session explores how Golden Artist Colors used AI to connect employees and stakeholders to mission, values, and leadership during a transition to greater employee ownership.

3:00 – 4:15 p.m. Concurrent Sessions

Technical – Using ESOPs as an Acquisition Tool

Level: Advanced

Peter Aliferis, Pendo Advisors, LLC; Rob Schatz, ESOP Plus: Schatz Brown Glassman LLP; Richard Heeter, Capital Trustees, LLC; Bob Whalen, H.B. McClure Company

The session will discuss the benefits and challenges of acquisitions and provide an overview of a sample M&A transaction between two ESOP companies.

Technical – Strategic Alternatives for Partially Owned ESOP Companies

Level: Intermediate

Isaiah Aguilar, Stout Risius Ross, Inc.; Cecilia Loftus, Prairie Capital Advisors; Charles Lynch, Alliance Bernstein; Shari M. Solomon, Esq., General Counsel, Diamatrix, Inc.

The session will discuss why a company would consider an ESOP as a fractional ownership vehicle. Consideration will be given to rationale for initiating that strategy and combining it with other ownership structures while growing a business. Other challenges include living with these other ownership vehicles, planning for the sustainability of the company and what happens if that structure gets challenged over the long term. Finally, advantages to the seller of electing to pursue a fractional ESOP, including the impact on the seller's wealth of the 1042 election will be explored.

Leadership – Building an Ownership Culture: Developing Leaders at all Levels

Level: Intermediate

Linshuang Lu, Praxis Consulting Group; Debbie Kenderdine, SPHR, Spiegle Group, Inc.

Employees who can think, feel and act like leaders in your company are key to building an ownership culture. Attend this session to learn principles and practical ideas for how to structure leadership development for people at various levels of your company. This session will answer questions such as: "How can I do leadership development within our company to support and build our culture?" "How do new leadership behaviors become habits on the job?" "How do I integrate leadership development in my company for people at all levels?"

Culture and Communication – So we're an ESOP, now what?

Level: Beginner friendly

Lian Gravelle, ESOP Plus: Schatz Brown Glassman LLP; Jeff Gelburd, Murray Securus; Amanda DeVito, Butler/Till Media Services

Now that your company is an ESOP, what does this mean for your employees? For you, the owner? This session will cover the myths, common perceptions and facts of what it means to be an ESOP from what will change in the governance of your company, to what the employees will get to ask about the finances.

4:30 – 5:30 p.m. PA/DE Chapter Committee Meetings –

Membership –

Program –

Government Relations –

Fundraising -

If you are not yet on a committee, please feel free to attend, to learn what is planned for the chapter, give input and/or get involved.

NY/NJ Chapter Meeting –

Join us to learn about what is coming up for the chapter. We have upcoming events, officer elections, government relations initiatives and membership development.

6:15 – 7:15 p.m. **Reception - Hosted bar**

7:15 – 8:30 p.m. **Dinner with live auction to benefit the Employee Ownership Foundation**

Thursday, September 17, 2015

7:15 – 8:00 a.m. **Breakfast**

8:00 – 9:15 a.m. Concurrent Sessions

Technical – *Navigating Internal Trustee Waters in Rough Seas*

Level: Advanced

Edward C. Renenger, Stevens & Lee, P.C.; Bret Keisling, Capital Trustees, LLC

This highly interactive session will address real and current scenarios that internal trustees face in carrying out their responsibilities. The goal of this session is to provide real solutions and options to challenging issues with an eye towards solving problems. The speakers will present scenarios for discussion. Session attendees are strongly encouraged to raise issues that are relevant to their own companies. Attendees should have a good working knowledge of the requirements and responsibilities of being a trustee as this session presumes a baseline understanding of fiduciary responsibility.

Technical – *Deferring Taxes using the Section 1042 Rollover*

Level: Intermediate

Keith Apton, Nick Francia, UBS Financial Services; Steven Greenapple, Steiker, Greenapple & Croscut, P.C.

Recent Federal legislation resulted in increased long-term capital gains tax rates. As a result, more business owners are expressing their interest for tax-deferred sales to ESOPs. As the selling shareholder to an ESOP, you have the option to pay the capital gains tax created by the sale, or if you are eligible, you can elect section §1042 of the Internal Revenue Code. Electing §1042 allows the selling shareholder(s) to defer the capital gains tax in connection with the sale to an ESOP, and if structured properly would result in a permanent avoidance of paying the capital gains tax.

Culture and Communication – *Have an ESOP Your Employees can be Proud of*

Level: Intermediate

Ed Wilusz, Value Management, Inc.; Michael Gore, Penn United Technologies, Inc., Matt Hancock, Praxis Consulting Group

Companies with ESOPs have found the key to a successful ESOP is education, communication and involvement. While growth in the company's stock is always the end goal and has its own positive effect, the most successful ESOPs get the maximum impact by creating a culture of employee ownership and empowerment.

Human Resources – *The New Age of Healthcare and Employee Benefits*

Level: Beginner friendly

Matt Pfeifferberger, Murray Securus

This session focuses on how companies will provide and pay for benefits into the future, in light of the dramatic changes in the healthcare system, insurance funding and the commercial insurance markets. Special attention is given to self-insurance, consumerism and employee engagement with a quick update on the ACA.

9:30 – 10:45 a.m. Concurrent Sessions

Technical – *Managing Repurchase Obligation Before it Becomes Unmanageable*

Level: Intermediate

Tina DiCroce, ESOP Economics, Inc.; Barbara Clough, Blue Ridge ESOP Associates; Rob Hilton, Empire Valuation

Did you know doing a repurchase obligation forecast early on in the life of the ESOP can help you understand how aspects of the plan's design, amortization of the internal loan, or the repurchase method or funding strategy in place might impact the company's

ability to manage the ESOP down the road? In this session, we will discuss important decisions ESOP companies make with respect to these issues, and the implications of those decisions later on, e.g., the benefits of a long internal loan amortization schedule, the consequences of funding heavily with earnings distributions or handling all repurchases through redemptions, etc. Our goal is to help ESOP companies better understand how to manage the repurchase obligation early on, to ensure the obligation is more manageable and the company's long-term goals for the ESOP are met. This session will also benefit mature ESOP companies who may not have started planning early enough, as we will discuss available strategies for correcting the course of the ESOP, e.g., amendments to the plan, one-time in-service distributions, and re-leveraging.

Technical – *The Basic Flow of ESOP Administration*

Level: *Beginner friendly*

Janel Leymeister, Conrad Siegel Actuaries; Larry Filipski, Once Again Nut Butter Collective, Inc.

During this session we will review basic ESOP plan provisions and annual compliance testing that must be performed on ESOPs. We will highlight how ESOP administration may be different from your 401(k) plan. This will help you understand the basic mechanics of your ESOP and help you better explain this additional retirement benefit to your employees.

Culture and Communication – *Motivation, Behaviors & Employee Ownership*

Level: *Beginner friendly*

Dan Marcue, The ESOP Association; Mike Shuey, Restek Corporation

This motivating and participatory session will discuss how ownership is defined and what motivates you and others in the workplace. We will also discuss how your attitudes and actions impact how we react and change the ability to influence others.

Human Resources – *ACA Rules for Outcome Based Wellness Programs*

Level: *Intermediate*

Dan Elliott, Haylor, Freyer & Coon

This presentation will detail the various rules a health plan must follow to be compliant with Affordable Care Act (ACA) if they are offering employees an outcome based wellness program.

11:00 – 12:15 p.m. Concurrent Sessions

Technical – *Common Administrative Errors – how to avoid them and how to fix them*

Level: *Intermediate*

Renee Rettler, Principal Financial Group

ESOPs are complex and require special attention to detail. This session will cover a wide variety of common errors and provide tips on how to avoid them. Correction methods and governmental correction programs will also be discussed.

Technical – *Advanced ESOP Valuation Issues*

Level: *Intermediate*

Steve Whittington, FMV Opinions; Terry Griswold, Empire Valuation

A discussion of several ESOP valuation issues, including DOL hot button topics like examination of ESOP projections and control premiums.

Culture and Communication – *Giving Employees the Confidence to Excel: Financial wellness programs in the workplace*

Level: *Beginner friendly*

Joshua H. Anderson, Raymond James & Associates, Inc.

Employee ownership closely ties the financial security of a workforce to the results of a company—results that often depend upon the productivity of the employee-owners. Recent studies have shown that large numbers of workers—across income and age groups—are experiencing emotional or physical stress related to their personal finances. Survey data suggests that the lack of financial confidence at home is creeping into the workplace in the form of distractions and dampened productivity. Forward-looking employers are developing financial wellness programs to empower and educate employees so that they can make more informed financial decisions. This presentation will focus on recent research in this area and impart best practices related to financial wellness program design.

Leadership – Refresh Your ESOP

Level: Beginner friendly

Peter Infante, Brandon Smith, Butler/Till Media Services

Your ESOP is not a silver bullet. As a new ESOP, our expectation was that employees would quickly understand the value of ownership and how they could contribute to the success of our company. Not only were we wrong, but our priorities only made the problem worse. While our leadership team was passionately studying and communicating the technical aspects of being an ESOP, our largely Millennial workforce had trouble relating to the retirement benefit. Our employees wanted to know what ownership meant to them today. After four years as an ESOP, we decided it was time for a refresh. We set out to humanize our ESOP; defining it in simple terms and connecting it to our company purpose. Learn how we did this through tactics like an employee owner's Bill of Rights and Responsibilities, owner's manual, Finance 101 class and company annual report. The result was that employees embraced our ESOP in both their hearts and behaviors.

12:15 – 1:15 pm Lunch

Introduction by Mike Shuey, Restek, PA/DE Chapter Advocacy Committee Chair

Frank J. Mazza, Northeast PA Regional Manager to Senator Pat Toomey

Stay and hear directly from a Senator's office on how to better engage your senator in your ESOP advocacy. Frank Mazza will be providing guidance on how to build a better relationship with your Senator, including sharing about the role of the regional office and DC office, and how to invite a senator for a company visit. An ESOP company video visit from Senator Toomey will be shared.



Frank Mazza currently serves as the Northeast PA Regional Manager based in Scranton, PA. He served two years as Central PA Regional Manager in Harrisburg, PA. Mr. Mazza began working for Senator Roomey in 2011 as a Staff Assistant in Scranton. He is a graduate of Temple University with a BA in Political Science and Greek and Roman Classics.

1:15 pm – Close of Conference

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