



# 2017 Multi-State CONFERENCE

Pennsylvania/Delaware & New York/New Jersey Chapters

## HILTON HOTEL SCRANTON, PA

September 13-15, 2017

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*Please see page 14 for Silver and Bronze level sponsors*

# 22ND ANNUAL MULTI-STATE ESOP CONFERENCE

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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 – Wednesday, September 13, 2017

**11:00 - 5:00 p.m. .... EOF Fundraiser Golf Event – Buck Hill Golf Club  
(participation by golf event Sponsorship)**

**11:30 – 4:30 p.m. .... C-Suite Roundtable\* Mayfield**

This is a roundtable session for CEOs, CFOs, COOs and other C-suite leaders of ESOP companies. Bring your questions, concerns and ideas to share with your fellow C-Suite attendees. This will be an interactive session where your peers can share their experiences and give you valuable input. The session will be moderated to keep things dynamic.

*Facilitated by Ginny Vanderslice, Praxis Consulting Group*

**Ginny Vanderslice is a founding Principal and immediate past President of Praxis Consulting Group.** *Praxis works with ESOP companies to align leadership, strategy and culture so that employee owners gain the most benefit from their ESOP. Ginny is also the Academic Director of the ESOP CEO program cosponsored by the University of Pennsylvania and The Employee Ownership Foundation.*

**11:30 – 4:30 p.m. .... HR Executive Roundtable\* Old Forge Room**

This session offers a unique opportunity to participate in a peer-to-peer led roundtable discussion about relevant ESOP topics and how they relate to employee relations, talent acquisition and training. Also, enjoy networking with your ESOP HR peers from the region.

Due to the vast and ever changing world of Human Resources, Senior HR Professionals will have the opportunity to select topics prior to the event as well as add topics during the event. We will have introductions, confirm our topics and break for lunch to network. There will be different discussion groups for each topic and we will wrap up with a summary of actionable takeaways.

*Facilitated by Christy Magee, HR Director, DVL Group.*

**Christy Magee, HR Director for DVL Group, Inc.** *will facilitate a roundtable, ensuring this event is educational, valuable, and productive.* **Debra R. Franklin, Vice President of Human Resource Solutions with Murray Securus,** *is a practicing attorney and she will be there to answer questions.*

\*Note: There is an additional registration fee to attend the roundtable sessions. Lunch is included.

# CONFERENCE AGENDA

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**5:30 – 7:30 p.m. .... Registration and Opening Reception**  
**Steamtown/Casey Ballroom Pre-Function Area**

## **Thursday, September 14, 2017**

**7:30 a.m. - 4:00 p.m. .... Registration** **2nd Floor Conference Area**

**All Day ..... Silent Auction bidding** **2nd Floor Conference Area**

**7:45 – 9:00 a.m. .... Continental Breakfast** **Steamtown Ballroom**

**8:15 – 9:00 a.m. .... ESOPs for Beginners** **Electric City Ballroom**

This session is for both newcomers to the conference and returning participants who need a refresher. The session will include definitions, examples and an overview of the annual task list for the plan.

*Facilitated by Mary Beth Gray, Kleinbard*

**9:15 – 9:45 a.m. .... Welcome/Announcements/Recognition of Sponsors**  
**Steamtown Ballroom**

Overview of Conference/Chapter Awards

## **9:45 – 10:15 a.m. KEYNOTE SPEAKER**

*Mike Lehman, Flinchbaugh Engineering*

### **Empowering Employees to Create a Successful ESOP -The Flinchbaugh Engineering Story**

In the year 2000, Flinchbaugh Engineering, Inc. was a small privately held manufacturing company. The company was owned by two families and the management team. As with all groups of owners, each owner has a different time horizon for exiting the company. An ESOP allowed some owners to cash-out during the initial 60% ESOP in 2001, and the remaining owners cashed out in 2012 when the company went to a 100% ESOP.

This is the story of how Flinchbaugh Engineering proceeded through the first seventeen years of a very challenging, although successful ESOP with the help of Empowered Employee Owners. "True Owner" is the title we call employees who act like owners every day. This creates a dynamic organization that questions everything to achieve higher performance and operating results.

# CONFERENCE AGENDA

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Mike Lehman graduated from Bucknell University in 1977 with a BS in Mechanical Engineering and earned his Professional Engineering License in 1984. His 40-year career was always in manufacturing. In 1991, after working in Government Contracting and International Bearing manufacturing, he joined Flinchbaugh Engineering. Ten years later, on January 1, 2001, Mike was promoted from Vice President of Operations to President and CEO. The very next day the ESOP was formed. Mike had both the

honor and privilege of leading an ESOP organization from birth through the first 17 years. In May 2017, Mike retired and the Vice President of Operation, Steve Shank, (who joined the company in 2005) was promoted to President and CEO. Thus, starting the second generation of ESOP leadership at Flinchbaugh Engineering. Mike is currently a Director on the Flinchbaugh Engineering Board, and sits on four other Company Boards.

## **10:15 – 10:30 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 Employee Ownership Foundation fundraiser silent auction.

## **10:30 – 11:45 a.m. Concurrent Sessions**

### **TECHNICAL: Basic ESOP Distribution Rules**

*Level: Beginner*

**Casey C**

Are you preparing to make distribution payments before the end of the year? You may need a refresher course in the options and requirements for making distribution payments. We will discuss some of the basic rules you must follow when making distribution payments as well as some of the options that Plan Sponsors have in making payments. From timing, method of payment and form of distribution, we will offer a crash course in what you should know before you finalize your distribution payments

*Speakers: Jon Williams, Blue Ridge ESOP Associates; Jane Rogers, SES Advisors*

### **TECHNICAL: Anatomy of a LIVE ESOP Transaction**

*Level: Advanced*

**Casey B**

The presentation will cover many the of the key issues (financial and legal) as they are negotiated during a LIVE ESOP transaction.

*Speakers: Peter Aliferis, Pendo Advisors; Rich Heeter, Capital Trustees; Ed Renenger, Stevens & Lee/Griffin*

# CONFERENCE AGENDA

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## **LEADERSHIP: Developing Leadership at All Levels**

*Level: Beginner*

**Electric City Ballroom**

Developing leadership is important in any company, but even more so in an ESOP company. This session will discuss how leadership development programs, if properly designed and delivered, strengthen leadership at all levels to support both daily performance and long-term sustainability.

*Speakers: Jon Sweigert, Praxis Consulting Group; Mike Lozanoff, BL Companies*

## **CULTURE & COMMUNICATION: Metrics of Communication - Are they hearing you?**

*Level: Intermediate*

**Casey A**

We develop culture programs and activities but how do we measure their success? Are we reaching the employee owners? Join this session to hear about employee owner training/education and how companies are measuring their results.

*Speakers: Dan Marcue, The ESOP Association*

**11:45 – 12:00 p.m. .... Break**

**12:00 – 1:00 p.m. .... Lunch**

## **1:15 – 2:30 p.m. Concurrent Sessions**

### **TECHNICAL: The Auditor's Role in Your ESOP**

*Level: Intermediate*

**Casey B**

This session will touch on the role of the auditor as part of the corporate and plan audits and what the management team and plan sponsor would expect from their annual audit process. Topics to be covered include: evaluation of management specialist, review and testing of the stock valuation, understanding a complex equity structure and the mechanics of the ESOP trust and plan audit.

*Speakers: Fred Massanova, Baker Tilly; Nicole Cradic, Trout, Ebersole & Groff, LLP*

### **TECHNICAL: Fundamentals of Repurchase Obligation**

*Level: Beginner*

**Casey C**

This session will cover the basics of repurchase obligation - what is it, what drives it, and what can you do to manage it?

*Speaker: Ashleigh Newlin, ESOP Economics*

### **LEADERSHIP: Leadership Practices to Make us Better Employee Owners**

*Level: Beginner*

**Electric City Ballroom**

Leadership is the ability to influence, guide or direct others towards a common goal. Anyone can be a good leader in an employee-owned company. We can all do our part to make our companies succeed by positively influencing those around us. What are important practices for effective leaders that you can put into action today?

*Speaker: Linshuang Lu, Praxis Consulting Group*

# CONFERENCE AGENDA

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## **CULTURE & COMMUNICATION: Improving the Bottom Line: A Technical Look at Culture & Value**

*Level: Intermediate*

**Casey A**

This session is designed to draw a direct technical link between share value and culture and communication. Too often, companies think of business only culture in the context of employee morale and job satisfaction, etc. The session presenters will share data and lead discussion in support of the premise that a strong company culture, especially in an ESOP, has a direct and measurable effect on company performance, financials, and ultimately share price. Other sessions will share wonderful ideas about how to improve culture and communication. This session will make the case for why you should.

*Speakers: Bret Keisling, Capital Trustees; Matt Hancock, Praxis Consulting Group; Ed Wilusz, Value Management, Inc.*

**2:30 – 2:45 p.m. .... Break**

## **2:45 – 4:00 p.m.      Concurrent Sessions**

### **TECHNICAL: What Drives the Value of an ESOP Company?**

*Level: Beginner*

**Casey C**

This session will first discuss the basics of valuation, including the common approaches used by appraisers and their appropriateness. The presenters will discuss the factors considered when selecting pricing multiples as part of the Market Approach and discount rates as part of the Income Approach. The valuation impact of specific ESOP-related topics, such as repurchase obligation and S Corporation tax benefits, will also be discussed. The panel will finally address the primary drivers of a company's value.

*Speakers: Isaiah Aguilar, Stout; Joe Eckl, Empire Valuation*

### **TECHNICAL: How a Repurchase Obligation Study Can Help You Optimize Your ESOP**

*Level: Intermediate*

**Casey B**

You've forecasted your repurchase liability, but that is only the first step. During this session, we'll discuss how you can use the repurchase study as a tool to help you make educated decisions as you develop your strategy for managing the ESOP. Specifically, the panel will focus on the choices you have regarding how to handle distributions from the ESOP, such as distribution policy (timing and method of distribution) and how repurchased shares are handled (recycling vs. redeeming), including the pros and cons of each option, administrative concerns, and the impact on future cash flow requirements and benefit levels. The CFO of an ESOP company will share how his company altered its strategy to manage a "repurchase surprise", as well as how to effectively communicate these kinds of challenges and decisions to the Board and the employee-owners.

*Speakers: Tina DiCroce, ESOP Economics; Renee Stadtmueller, Blue Ridge ESOP Associates; Stephen Glinski, Omni Cable*

# CONFERENCE AGENDA

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## **LEADERSHIP: Building Leadership Capacity to Create a Succession System for Long Term Sustainability**

*Level: Intermediate*

**Electric City Ballroom**

Participants in this session will learn why Succession Systems are important and how they differ from a Succession Plan; essential elements of a strong Succession System; a deep look at what one company has done and how it's working for them; and ideas for how to get started.

*Speakers: Ginny Vanderslice, Praxis Consulting Group; Carolyn Stanworth, BL Companies*

## **CULTURE AND COMMUNICATION: Best Practices When the Board of Directors of an ESOP Company is in Conflict or Crisis**

*Level: Intermediate*

**Casey A**

Board members of ESOP companies face many challenges when serving as board members, especially when determining the Company's strategy and performing their corporate and ERISA responsibilities (when they are dealing with issues affecting the ESOP), including hiring and reviewing the Company's executive management performance and compensation, responding to acquisition offers or dealing with business adversity. This session will explore the responsibilities of Board members generally and, by using real-life examples, discuss how they should act when dealing with actual and potential conflicts of interest and when they are asked to address perplexing issues.

*Speakers: Merri Ash, First Bankers Trust Services; Larry Filipski, Once Again Nut Butter; Robert Brown, Schatz Brown Glassman LLP*

## **4:00– 5:30 p.m. .... Break**

(time to network with other attendees, visit Sponsor booths, bid on Silent Auction items or just plain rest!)

## **Support The Employee Ownership Foundation (EOF)**

### **Bid on valuable items at the EOF Silent Auction during the conference.**

Bidding closes at 9:30 am on Friday and winners will be posted at 10:45 am in the registration area.

*Thank you to Cecilia Loftus & the Fundraising Committee for organizing the Employee Ownership Foundation Auction items.*



*Employee ownership improves our competitiveness, our productivity and our free enterprise system. Employee ownership should be a key economic force in America. The Employee Ownership Foundation's primary purpose is to support programs that will increase the level of awareness and appreciation of the benefits of employee ownership and increase the number of employees who have access to this benefit.*



# CONFERENCE AGENDA

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5:30 – 6:30 pm ..... Hosted Reception

Steamtown Ballroom Pre-Function Area

6:45 – 8:00 pm ..... Dinner with Live Auction

Steamtown/Casey Ballroom

**Friday, September 15, 2017**

7:15 – 8:00 a.m. .... Breakfast and Registration

Steamtown Ballroom

## **8:00 – 9:15 a.m.      Concurrent Sessions**

### **TECHNICAL: Anatomy of Second Stage ESOP Transactions**

*Level: Advanced*

**Casey B**

Minority ESOP Companies at some point will consider the major step of transitioning to majority ESOP ownership. This session addresses the governance, financing, valuation, ERISA compliance and cultural issues this major transition entails.

*Speakers: Rob Hilton, Katz Sapper Miller; Andy O’Neill, Prairie Capital Advisors*

### **TECHNICAL: Common Administrative Errors**

*Level: Beginner*

**Casey C**

Focus on basic administration and problem areas specific to ESOPs. How to avoid issues and how to correct errors.

*Speakers: Timothy O’Connell, Danziger & Markoff; Barbara Clough, Newport Group*

### **CULTURE AND COMMUNICATION: WIIFM? Why your Customers should care you’re an ESOP and How to Communicate It Better**

*Level: Beginner*

**Electric City Ballroom**

We spend a lot of time talking about how ESOPs are good for our companies and our employees. But what about our clients (those we have and those we want)? What’s in it for them? This session is designed to answer that question – and give some marketing tips on how to incorporate your ESOP message into your brand.

*Speaker: Alison Taylor, Butler Till*

### **CULTURE AND COMMUNICATION: Maintaining an Ownership Culture through Mergers & Acquisitions**

*Level: Intermediate*

**Casey A**

ESOP organizations have a unique and collaborative culture. But what happens when you add three other private organizations to the original company over the course of three years, doubling company headcount? How do you communicate business changes to all employees involved? How do you merge company cultures in a way that preserves and expands an ownership culture? How do you ensure that ownership and being an ESOP holds meaning for a mass of new employee owners, all who are

# CONFERENCE AGENDA

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years away from building ESOP accounts and vesting? Join us as we walk through a case study on how Padilla managed this challenge and emerged with a stronger internal culture and external brand.

*Speakers: Kirsten Lesak Greenberg and Natalie Smith, Padilla*

## **9:15 – 9:30 a.m. .... Break**

Silent Auction Bidding Closes

## **9:30 – 10:45 a.m. Concurrent Sessions**

### **TECHNICAL: Fiduciary Responsibility for Value Determination**

*Level: Intermediate*

**Casey C**

This session will address considerations and issues involved in determining value, both for a transaction and for the annual update, including how ESOP company financial projections are developed and used. This session will include a discussion of the fiduciary duties involved in the selection of an ESOP appraiser and review of a valuation report.

*Speakers: Greg Kneisel, Value Management Inc.; Mike Shuey, Restek*

### **TECHNICAL: Utilizing Your ESOP to Fund Matching & Safe Harbor Contributions**

*Level: Intermediate*

**Casey B**

Many ESOP companies are facing a challenge of managing benefit costs while at the same time encouraging employees to save more through their 401(k) plans and providing a total retirement package that is attractive for recruiting and retaining employees. We'll explore various benefits, issues and potential pitfalls relating to funding matching and/or safe harbor contributions in an ESOP, and/or integrating the high benefit level in your ESOP to address a total retirement objective, discuss the intricacies of various plan designs, 401(k) safe harbor alternatives and how they can be satisfied through the ESOP.

*Speakers: Joseph Marx, Principal Financial Group; Mark Badger, Restek*

### **LEADERSHIP: Interviewing When You Have an ESOP**

*Level: Intermediate*

**Casey A**

Join this interactive session to learn about team interviewing, behavior based questions, and to hear how other ESOP companies are conducting their interviews. This is a workshop format so bring your pen and paper and be ready to participate!

*Speakers: Dan Marcue, The ESOP Association; Christy Magee, DVL Group*

### **CULTURE AND COMMUNICATION: Viewing Your ESOP as a Retirement Benefit**

*Level: Beginner*

**Electric City Ballroom**

This presentation will explore the retirement plan side of your ESOP. We will provide examples and tools while exploring questions like: Do my employees value their ESOP Contribution? How much retirement income may the ESOP generate for my

# CONFERENCE AGENDA

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employees? Will my employees be able to retire? How do we illustrate the impact of a faster growing share price to new employees? How does having an ESOP impact our 401(k) Plan?

*Speakers: Trevor Bare, Conrad Siegel Actuaries; Linda Davidson, C.S. Davidson; Jeff Macaluso, Wells Fargo*

## **10:45 – 11:00 a.m. .... Break**

Silent Auction winners announced

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

### **TECHNICAL: Alternative ESOP & Employee Ownership Strategies**

*Level: Intermediate*

**Casey B**

A sale to a leveraged ESOP is not always the best alternative for every company. The session will explore these ownership strategies that accomplish the same result as a leveraged ESOP, including a redemption followed by a contribution to an ESOP, a Workers Cooperative, and a John Lewis style perpetual trust.

*Speakers: Harvey Katz, Fox Rothschild; Terry Griswold, Empire Valuation*

### **TECHNICAL: Creative Solutions to Potentially Messy Problems**

*Level: Intermediate*

**Casey C**

During this session, we will cover technical issues that pertain to ESOPs and how to address them if your company anticipates they may become a problem. We will discuss various issues such as the IRC 409(p) limitation with respect to small S Corp ESOPs, solutions to avoid exceeding the IRC 415 limitation, avoiding the 25% contribution deduction limit without having to declare an S distribution, and some options to address the “have/have not” problem.

*Speakers: Janel Leymeister, Conrad Siegel; Lori Stuart, Crowe Horwath; Lian Gravelle, ESOP Plus*

### **CULTURE & COMMUNICATION: Building the Employee Ownership Community - State Centers, Volunteerism and Why this is Vitrally Important to You and Your Company**

*Level: Intermediate*

**Casey A**

The focus of this session is on the how State Centers operate, and how the work of State Centers can benefit ESOP Companies and the Service Provider Community as well. We will examine current and future benefits. We will also offer assistance to any members from Delaware who might wish to explore a State Center there. Lastly, although we would look at all State Center models, we would focus on the “Pennsylvania Model” developed and chartered to create real benefit and sustainability.

*Speakers: Kevin McPhillips, PCEO; Christopher Michael, Director of Employee Ownership for the City of Newark, NJ*

# CONFERENCE AGENDA

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## **CULTURE & COMMUNICATION: Engaging in Healthy Conflict**

*Level: Beginner*

**Electric City Ballroom**

Many of us are afraid of conflict, because we have poor experiences with it. Healthy conflict, however, can play an important role for a company. We want to create a culture where people feel the freedom to share their perspectives and ideas, and engage in productive dialogue and decision-making. This workshop provides practical skills for engaging in productive conflict.

*Speaker: Linshuang Lu, Praxis Consulting Group; Marc Vettori, Danskø*

## **12:15 ..... Box Lunch and Close of Conference**

### 2017 CONFERENCE PLANNING COMMITTEE

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#### **NY/NJ Chapter**

Terry Griswold, Empire Valuation

Rob Hilton, Katz Sapper Miller

Kristen Clauss, Butler Till

Steve Blowers, Once Again Nut Butter

Jim Montgomery, Diamond Saw

Larry Filipski, Once Again Nut Butter

Shelly Dennis, NY/NJ Chapter

#### **PA/DE Chapter**

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Tina DiCroce, ESOP Economics

Merri.Ash, First Bank Trust

Jeanine Bilotta, Omni Cable

Christy Magee, DVL Group

George Moosburner, PA Capital Advisors

Cecilia Loftus, Wells Fargo

Sue Crockett, PA/DE Chapter

# 2017 SLATE OF OFFICERS

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## SAVE THE DATE

**2018 Multi-State Conference**

**September 10-13, 2018**

Hershey Lodge  
325 University Drive  
Hershey, PA 17033



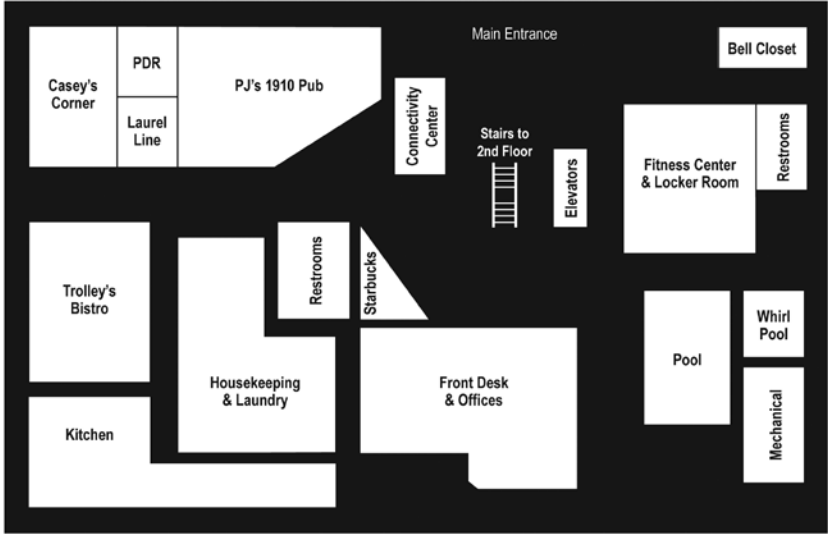
# HOTEL FLOOR PLAN



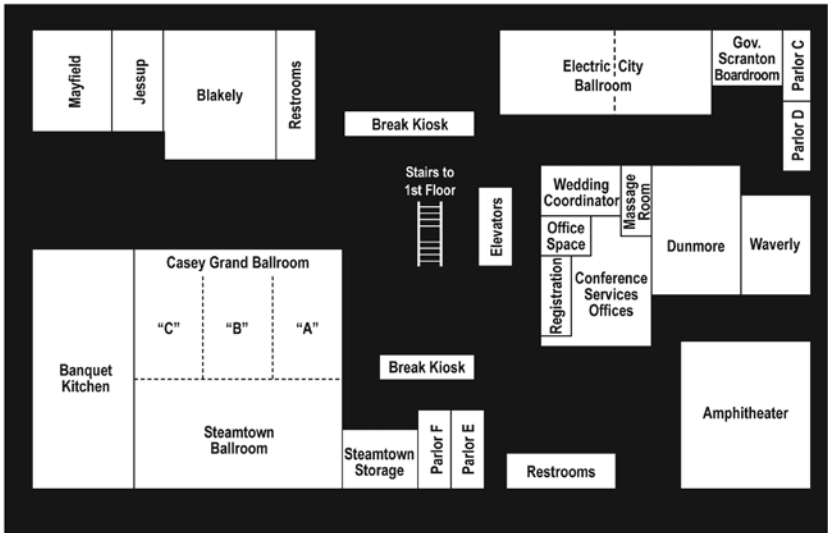
## Hilton

SCRANTON &  
CONFERENCE CENTER

### First Floor Layout



### Second Floor Layout



# ESOP VISION STATEMENT

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*We believe that employee ownership improves American competitiveness... that it increases productivity through greater employee participation in the workplace... that it strengthens our free enterprise economy and creates a broader distribution of wealth... and that it maximizes human potential by enhancing the self-worth, dignity, and well-being of our people.*

*Therefore, we envision an America where employee ownership is widely recognized as a catalyst for economic prosperity... where the great majority of employees own stock in the companies where they work... and where employee ownership enables employees to share in the wealth they help create. And we look for our nation to become for all the world an example of prosperity with justice through employee ownership.*

*And we look for our nation to become for all the world an example of prosperity with justice through employee ownership.*