



Connection

THE MID-ATLANTIC CHAPTER ESOP ASSOCIATION NEWSLETTER - June 2010

Mid Atlantic Chapter Award Winners Honored at MAC Half Day Conference



2010 MAC ESOP Employee Owner of the Year Steve Earle, Mid South Building Supply

Steve Earle of Mid-South Building Supply, based in Springfield, VA, was named the MAC's 2010 Employee Owner of the Year. Steve joined Mid-South in 2002 as an Inside Sales Rep and is now the Director of Operations and Kitchen Installations. He has been a big part of the successful creation of Mid-South's communications group, having chaired the committee for four years, and is the employee elected representative on the company's Board of Directors. He edits the company newsletter, oversees the company's many AACE submissions which have resulted in multiple awards, and recently led the Extreme Home Makeover team that helped a local family. Steve has attended and served as a presenter at multiple MAC events as well as TEA national conferences.



2010 MAC ESOP Company of the Year ComSonic, Inc.

Company of the Year in 2010 is long standing member ComSonic, Inc. of Harrisonburg, VA. Established in 1972, their founder Warren Braun formed the ESOP in 1975, and the company became 100% employee owned in 1985, converting to S-corp status in 1998. They have one of the most active communications committees of any ESOP within TEA, and have recently reinvented their employee ESOP education program, entitled "ESOP Back on Track". Their 12 first place AACE awards is a feat unparalleled in TEA. They have and continue to be one of the more active ESOPs at lobbying their elected officials, and have been active at recruiting other TEA members among ESOPs in the Harrisonburg area.

ComSonic Named TEA's Company of the Year

May 12, 2010 (Washington, DC) – ComSonic, Inc., an employee-owned company headquartered in Harrisonburg, Virginia, has been selected by The ESOP Association as the 2010 ESOP Company of the Year. The award was presented at the Association's 33rd Annual Conference in Washington, DC. The ESOP Association is the national trade association for companies with employee stock ownership plans (ESOPs) and the leading voice in America for employee ownership.

ComSonic, Inc. has been building solutions for the cable television industry for over 40 years. The company and employee owners like to say that --- Making you successful is ComSonic's goal and Mission. ComSonic formed the company's ESOP in 1975 and became a 100% ESOP in 1985.

(continued. pg. 4)





Message from the President

The MAC and TEA have wrapped up a pretty busy schedule this spring. The first ever Tri-Chapter Conference was in March (page 3 of this newsletter); the MAC's Spring Conference and our CEO/CFO Conference were both in April; and TEA's Annual Conference was held at the Renaissance in Washington, DC in May. Whew!

I attended all of these and continue to be impressed with the wide array and quality of educational sessions our organization can provide. This association does a very good job of mixing technical as well as cultural and communication material, so there's something for everybody, from the plan administrator to the CFO, to the communications member and even the board member.

Politically speaking there are quite a few pieces of pro-ESOP legislation in the halls of Congress (page 3 of this newsletter). The important thing on which our members should focus is the company visit. Congress will recess in August and that's a fantastic time to try and get your U.S. House representative to visit your company. Although it's nice when we can visit them in D.C., they in fact prefer to meet you in their home districts. There are far fewer distractions and they get more out of the experience. You should be thinking about such a visit RIGHT NOW and get on their schedules. Please contact any of your MAC officers for details and assistance.

I'll wrap up by noting future ESOP events. There is one remaining Employee Owner Retreat in 2010, this one August 12th through 14th in Downers Grove, IL. TEA's Board of Directors Retreat is September 29th & 30th at the Drake Hotel in Chicago, IL. You definitely put the MAC's 17th Annual Conference on your schedule for Friday, October 15th, at the Omni Hotel in Charlottesville (golf outing and pre-conference dinner on Thursday the 14th). Finally, TEA's Technical Conference & Trade Show will be November 4th & 5th at Caesar's Palace in Las Vegas, NV.

Be sure to check the schedule in this newsletter and put these events in your calendar. For more details please contact our Chapter Administrator, Deb Tompkins (MidAtlanticESOP@comcast.net) or me at krobertson@comsonics.com. Thanks.

Mid South Building Supply, Inc hosts Town Hall Meeting with Congressman Gerry Connolly

The Employee Owners at Mid South Building Supply, Inc had our first Congressional visitor June 1, Congressman Gerry Connolly. Congressman Connolly is from Virginia's 11 District and as we quickly learned was familiar with ESOP Companies as he worked for SAIC prior to getting into politics. The visit went extremely well, I have attached a copy of the e-mail we sent out to our fellow Employee Owners with his agenda during the visit. In addition, we have included a handful of pictures that were taken during his visit. The highlight of his visit was when he suggested to our President, Drew Tavss, to have someone from the association contact him saying, "I want them to know they have a friend here". Needless to say this information was quickly forwarded to Michael Keeling at The ESOP Association.



Thanks to Steve Earle for sending this.



Paul Horn, WorkPlace Consultants, LLC

I'm fond of the phrase "You never get a second chance to make a first impression." Think about what it means to your employees regarding their life cycle with your company.

Onboarding. Do you promote the fact that your company is employee-owned? If so, your culture needs to be tangibly different than the other guys (and gals) to make the right first impression on job applicants and new hires who are coming from the non-ESOP world. Some best practices:

- Start with your reception area. Does the receptionist treat the applicant like an important customer? Is the applicant kept waiting? Are there items on the tables or walls signifying employee ownership?
- Does your interview process should convey the enthusiasm and pride in being employee-owned? Is the process and who you will meet with properly explained?
- Do you make sure no one lets the ball drop during the process?
- Do you provide a "buddy" to contact the new hire prior to arrival and to be available for lunch and follow-up after coming on board?
- Is your orientation process is meaningful, include a personal, video or written welcome from the CEO, and discuss the rights and responsibilities of employee-ownership?
- Is the new hire's workspace prepared and ready for action?

Ongoing. Viva la difference as they say!

- Practice open door and open book.
- Have career paths and educational/training opportunities.
- Have fun events.
- Reward employees for excellent customer service.
- Ask employees for input and suggestions.

Outgoing. In a great ESOP company, no one will ever want to leave but of course there's always retirement and relocations for family reasons.

- Have exit interviews for voluntary terms that ask what we could have done better to retain you. Wouldn't you ask that question if a customer was going to leave?
- Prepare your employees for retirement by making sure they understand their ESOP diversification and distribution options.
- Retirees may be a great resource of information and historical knowledge. Maintain contact with them; provide part-time work opportunities if appropriate; and invite them back for annual ESOP events. They can be your best salespeople for the value of the ESOP.

Putting these practices in place is guaranteed to impress employees and keep them coming back for more.

Tri-Chapter Regional Conference

The first of what we hope will be many collaborations between the Carolinas, Mid-Atlantic and New South chapters was held on March 18th & 19th, 2010 at the Pinehurst Resort in Pinehurst, NC. The event, the First Annual Tri-Chapter Regional ESOP Conference, encompassed 10 states plus the District of Columbia.

Planning for this event began in November of 2009, the planning group being composed of officers, steering members, and others from all three chapters. Eventually the group split into four subcommittees to address the different types of sessions, Cultural & Communication (nicknamed “Staying on the Fairway”), Technical (“Lessons from the Pros”), and Variety (“Avoiding the Hazards”), and last but not least our golf event planning group. We finally settled on a one and one half day format, with 24 total sessions, covering the full gamut of ESOP topics.

Alex Moss, Trustee from the Employee Ownership Foundation, treated us to an opening address on the state of EOF activities. Our lunch session was provided by Paul Horn and was entitled “How ESOPs Can Save Capitalism”, a very entertaining look at history, business, and capitalism in our country. After the full day of events on Thursday we gathered for social time and a meal that evening. Highlighting the event were the presentation of Company of the Year and Employee Owner of the Year awards from the Carolinas and New South chapters (Mid-Atlantic presents theirs in April). In addition, the Pinehurst Resort very graciously donated a three day / two night golf package. The item was opened for auction after dinner, and Peter Prodoehl of The Principal Financial Group won the bidding at an even \$1,000, with all proceeds going to the EOF.

Friday kicked off with more sessions and immediately transitioned at 11:15 to the box lunch and EOF raffle. Prizes included new release DVD movies, vendor donations, a Canon digital camera, several bottles of wine, and even the MAC’s traditional “couch potato redneck gift bag”, which includes a six pack of beer, potato chips, and popcorn! We raised a wonderful \$600 from attendee ticket purchases.

The conference closed with the First Annual Tri-Chapter Golf Tournament on Pinehurst’s Course #1. We had over 50 golfers, and with sponsor donations raised several thousand more dollars for EOF.

I’ve heard nothing but praise from all the attendees, which exceeded 150, not only for the venue, which is unparalleled, but also for the rich and diverse session content. If you have further questions please contact me at 540-434-5965, x1251, or at krobertson@comsonics.com.



Legislation

Below are the pro-ESOP bills currently in the House and Senate. I have summarized the high points of each bill, and also noted if any representatives or senators from Virginia, Maryland, or West Virginia are cosponsoring the legislation. As you will see we have a lot of work to do. Make your legislators aware of these bills and ask them to please support each and every one. The good news is that they typically haven’t signed onto a bill because we haven’t asked them! Your MAC officers have some packets with explanations about each bill. In addition, you can view details about any piece of legislation by visiting the Thomas Register in the Library of Congress (<http://thomas.loc.gov>).

S. 1612 – ESOP Promotion and Improvement Act of 2009: Allows S-corporation ESOP owners to use the 1042 deduction; provides more flexibility on how proceeds from a 1042 transaction can be invested; repeals the additional 10% tax if an S-corp ESOP provides a pass-through dividend. None of our senators are currently supporting!

H.R. 5207 – The ESOP Promotion and Improvement Act of 2010: Companion bill to S.1612. As with the Senate bill, none of our representatives are currently supporting!

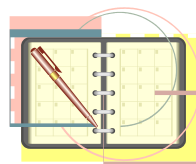
H.C.R. 204: This Continuing Resolution essentially states that Congress has repeatedly supported ESOPs over the past few decades and should continue to do so. Supported by Eric Cantor (R-VA-7th).

H.R. 692: Excludes from gross income any compensation received by employees if it consists of qualified distributions of employer stock. None of our representatives are currently supporting!

H.R. 3586 – The S-Corporation ESOP Promotion and Expansion Act of 2009: Among many changes, amends IRS code so that S-corp ESOP stock receives the same favorable rollover treatment as C-corp ESOP stock; permits a lender to S-corp ESOPs to exclude 50% of its interest income, furthering the creation of ESOPs; and establishes a Federal program in the Department of Labor to encourage S-corp ESOP creation. Supported by Bob Goodlatte (R-VA-6th).

S. 2909 – The WORK Act: Would provide state programs to encourage employee ownership. None of our senators are supporting at this time!

S. 2914 – The U.S. Employee Ownership Bank Act: Establishes a banking fund specifically to foster increased employee ownership. None of our senators are supporting at this time!



Calendar of Events

October 14 & 15, 2010

Mid- Atlantic Chapter
Annual Fall Conference and Golf Tournament
Omni Hotel
Charlottesville, VA
Contact: Deb Tompkins midatlanticesop@comcast.net

November 4 & 5, 2010

[Las Vegas ESOP Technical Conference & Trade Show](#)
Caesars Palace
Las Vegas, NV
Contact Maya Van Buren or Rosemary Clements @ 202-293-2971 or meetings@esopassociation.org

So You Think You Can ESOP A Big Hit!

Our ½ Day conference held in Charlottesville, VA on April 13 had close to 70 attendees and lots of fun and information.

After President Keith Robertson welcomed the group we were off to the dance floor.

- Paul Horn and David Bogus led off with a discussion of communication essentials and how to get employees to understand valuation basics.
- Becky Hoffman and Jan Thomas talked about recent administrative developments and IRS positions on plan language involving diversification, rebalancing, and loans.
- Peter Briggs and Scott Levine conversed on developments in the valuation area and Peter gave a detailed example of why an owner would want to sell his or her shares to the company rather than the ESOP.
- Rick Mapp, Ron Gilbert and Michael Holzman harmonized on fiduciary fact patterns such as changes in your distribution rules and companies with cashflow problems.

Following a sumptuous lunch, Keith presented the EOY and ECOY awards respectively to Steve Earle and to Comsonics, Inc. The EOF raffle raised \$186.00 and we thank all our conference sponsors. See everyone in the fall back in Charlottesville!



2nd Annual CEO/CFO Roundtable Held

The Roundtable was held on April 27 just north of Richmond at the Wyndham Crossing Resort. We had many repeat attendees and some new ones as well.

The meeting was facilitated by Paul Horn of WorkPlace Consultants, LLC and Chapter President Keith Robertson also attended.

Some of the topics of discussion were:

- Recycling vs. redemption of ESOP shares and the impact on sustainability
- Distribution policies and approaches
- Board governance issues and outside directors
- Conflicts of interest
- Plan governance and the use of outside trustees
- Non-ESOP equity benefits such as stock options and SARs
- Effective communication
- Valuation methodologies

As usual, the food and locale were outstanding. Hope to see all of you next year!

ComSonics Named TEA's Company of the Year

(continued from page 1)

In 2010, ComSonics will celebrate its 35th year as an ESOP company. The company is a strong supporter of employee ownership and its employee owners are very much involved with the Association and the Mid-Atlantic Chapter, regularly attending and presenting at national and Chapter conferences. They are active in government relations activities and have built strong relationships with their members of Congress through visits and company focused events. The company's Employee Advisory Committee reaches out to new employees and matches each with a mentor and also provides materials on the ESOP, as well as, holding educational sessions for new participants. ComSonics likes to say that their employee owners 'walk the walk' of employee ownership. They give back to the community and continue to promote the message of employee ownership.

"ComSonics is an example of the value and potential that employee ownership can bring to a company," said J. Michael Keeling, president of The ESOP Association. "The employee owners strive to make their company stronger each day. They work to communicate the ESOP concept to the employee owners and also the ESOP community at large. I am proud to present the employee owners of ComSonics with this award."

The ESOP Association's Annual Conference

TEA held their 33rd Annual Conference on May 12th and 13th at the Renaissance Washington Hotel in Washington, DC. There were over 700 people in attendance taking advantage of two full days of cultural, communication, and technical sessions.

The conference kicked off on a high note Tuesday evening at the Awards Banquet. The MAC's very own ComSonics, Inc., in Harrisonburg, VA, was chosen as TEA's ESOP Company of the Year. As usual, ComSonics had sent a large contingent to the banquet and they were all very pleased to accept this award.

There were two other MAC companies that received AACE awards at the event. The Onyx Group from Alexandria won the award for Total Communications for a firm with 100 or fewer employees, and MidSouth Building Supply, based in Springfield, VA, won the Total Communications award for a firm with 101 – 500 employees. Congratulations to all of our winners from the MAC; you have represented the chapter very well!

In addition there were quite a few professional and corporate members from the MAC that served as presenters during the conference. Many thanks to them for their continued support of TEA and how well they have represented the chapter too.





Dr. ESOP™

Dear Dr. ESOP:

Enthusiasm for our ESOP has diminished and we're not sure why. This concerns me as the HR Director. Business is a little slow but our company otherwise has been doing OK. Can you suggest some ways we can spice things up a bit?

Depressed in Dumfries

Dear Depressed

When it comes to spices, the Doctor has a full cabinet of flavors. There are many ways you can create enthusiasm at your company and for the ESOP. Here are a few:

- Have an ESOP statement distribution event like a picnic.
- Have a "dunk" tank at the picnic so senior management can get soaked (but don't put sharp objects in the water).
- If your ESOP is making large annual distributions, create a big check like you see at charity events to make the dollars more real.
- Create a mentor program for new hires.
- Fine tune your communication efforts by participating in the AACE program.
- Recognize full ESOP vesting with a certificate, pin, or other trinket.
- Celebrate anniversary of ESOP creation or becoming 100% ESOP.
- Provide shirts or jackets with employee-owned logo.
- Hold an employee appreciation day.
- Create an event schedule that emphasizes fun, participation, and collaboration.
- Upgrade your ESOP or employee newsletter.
- Invite the Doctor to make a house call!

Putting these practices into place should put a smile back on your employees' faces without the need for pharmaceuticals.

Sincerely,

Dr ESOP (aka Paul)

Mid-Atlantic Chapter Officers

President:

T. Keith Robertson

ComSonics, Inc.

(540) 434-5965 x1251 Fax: (540) 434-9847

krobertson@comsonics.com

Vice-President-Membership:

Paul S. Horn

WorkPlace Consultants, LLC

(301) 365-7912

paulhorn@workplaceconsultants.net

Regional Vice-President - Capital Region:

Tom Roback

Blue Ridge ESOP Associates, Inc.

(410) 747-4840 Fax: (410) 747-4839

trobac@blueridgeesop.com

Regional Vice-President - Eastern Virginia:

Richard C. Mapp III

Equity Strategies LLC

Kaufman & Canoles

(757) 624-3285 Fax: (757) 624-3169

rcmapp@kaufcan.com

Regional Vice-President - Western Virginia:

Steven King

Gala Industries, Inc

(540) 884-2589 Fax: (540) 884-23

SKing@Gala-Industries.com

Chapter Administrator:

Deborah Tompkins

midatlanticesop@comcast.net

Welcome New MAC Members 2010

CORPORATE MEMBERS

Chris Sinelli, *Sun Automation, Inc.*, Sparks, MD
David Anderson, *HCI-EBS Holdings, Inc.*, Lynchburg, VA
Kerry Avila, *Tech-Marine Business, Inc.*, Burke, VA

PROFESSIONAL MEMBERS

Scott Freund, *Blue Ridge ESOP Associates*, Charlottesville, VA
Jonathan Markham, *Blue Ridge ESOP Associates*, Charlottesville, VA

AFFILIATE MEMBERS

Dawn-Marie Nours *Tessada & Associates, Inc.* Springfield, VA

** Please let us know if we missed you.*

Contact:

Deborah Tompkins
Chapter Administrator
P.O. Box 625 Stow MA
01775