



Connection

THE MID-ATLANTIC CHAPTER ESOP ASSOCIATION NEWSLETTER - June 2011

Mid-Atlantic Chapter Award Winners Honored at MAC Half Day Conference



2011 MAC ESOP Employee Owner of the Year Connie Burnette, Wiley|Wilson

Connie Burnette, Human Resource Manager of Wiley|Wilson was named Mid-Atlantic Chapter Employee Owner of the Year. Connie joined Wiley|Wilson in December of 2007. She has been active in her company, chapter and national level speaking at conferences and events.

Her co-worker sums up her qualifications this way: “Connie has single handedly (almost) revived our ESOP Communication Committee from near death. We now have an active, involved committee and many activities to promote the ESOP. Her enthusiasm and dedication to the concept of employee ownership is contagious, just like her smile”. Connie, of course, is also our Western Region Vice President.

CEO/CFO Roundtable Report

The Third Annual MAC CEO/CFO Roundtable was held April 26 at the Wyndham Crossing Resort in Glen Allen, Virginia, just north of Richmond off I-95. Paul Horn facilitated the meeting of area ESOP Executives on topics that included sustainability, succession planning, corporate governance, fiduciary concerns, valuation, open book management, and of course, ESOP operational details. This is an outstanding event if you have not attended in the past. The session interchanges are invaluable and many carry over to lunch breaks. Did we mention that the food and surroundings are top notch? We hope to see you there next year.



2011 MAC ESOP Company of the Year The Onyx Group

The Onyx Group, of Alexandria, VA is a company of employee owners dedicated to improving the places where they live, work, and play. They work together to create sustainable land and facilities life cycle solutions, integrating planning, architecture, and technology.

The Onyx Group received the ESOP Company of the Year award not only for its successful efforts to communicate the value of the ESOP to employee owners, but also for the positive and measurable impact, in a very short time frame, that the employee-owned culture has had on employee morale and revenue growth. In the six years between the ESOPs initial establishment to becoming majority employee-owned, transparency now largely defines the company. Onyx is a government contractor and the ESOP owns 71% of the company.

Message From The President

Steven King-Gala Industries, Inc.

Change . . . we all know what it means. Look it up on-line and you'll get several definitions, but no need to do that. Everyone has to deal with it. Some like it more than others. Some changes are perceived to be better than others, sometimes depending on one's perspective. The fact remains, more often than not, there is nothing we can do to stop it. "Change" is a part of each and every one of our lives.

(Continued next page)

(Message from the President, continued)

Thus, I am writing this column for our first 2011 MAC Newsletter instead of my predecessor, **Keith Robertson**. I find it hard to put into words what Keith has meant through the years to The ESOP Association and the employee ownership movement as a whole. Keith has served on his former employer's (ComSonics) Employee Advisory Committee whereby he was accorded a seat on the BOD; he has presented COUNTLESS times at chapter, regional, and national conferences; he was a guest speaker at local colleges and various ESOP companies; he kept those of us in the MAC up to date on legislative issues; he was the 2001 MAC and National Employee Owner of the Year; he served on MAC Steering Committee and as both Western Region VP and most recently as President of the MAC; and he served at the national level as a member of the Board of Governors, where he was named the Outstanding Member of the BOG in 2006. The list goes on . . . suffice to say, Keith set the bar high and his leadership in the ESOP world was indispensable and will be sorely missed. I personally wish Keith well in his future endeavors and hope he finds the time to join us at one, or more, of our future events.

As a result of Keith's departure, I was "promoted" to take his place in the MAC and what a busy several months it has been. The first order of business was to find someone to fill the spot as VP of the Western Region in the MAC. **Connie Burnette** of Wiley|Wilson in Lynchburg, VA, has graciously accepted the position and has hit the ground running. Connie has already planned a **Western Region Breakfast Meeting** at Wiley|Wilson in Lynchburg for June 30th, and from all preliminary indications, Congressman Bob Goodlatte (R-VA) is planning on making an appearance. Michael Keeling, President of the ESOP Association is planning on being there as well. More information about this "ESOPs and EGGS" event can be found later in this newsletter. GO, CONNIE, GO!!

Also, after many years of dedicated service, including being the first person on record to address a sitting President of the United States directly about ESOPs, **Tom Roback** of Blue Ridge ESOP Associates has agreed to step aside as Vice President of the Capital Region of MAC to allow room for another corporate member. Thanks, Tom, for your many years of service and we look forward to your continuing efforts as a member of our Executive Committee. **Steve Earle** of Mid South Building Supply in Springfield, VA has agreed to assume the Capital Region VP role and is working with Paul Horn of WorkPlace Consultants, LLC, and MAC VP of Membership, to organize a **Capital Region Breakfast Meeting** for July 14th at Mid South in Springfield. Please see the "Future Events" section for more information and please plan to attend the Regional Meetings in your area.

The **2nd Annual "Tri-Chapter Regional Conference and Golf Tournament"** was held in late March in Pinehurst, NC. This event is a collaborative effort between the New South Chapter, the Carolinas Chapter, and the Mid-Atlantic Chapter of the association. And for the second year in a row, was a resounding success. From the opening day HR and CEO/CFO roundtables, to the opening night reception, to the lunch and learn sessions, to the three available educational tracts (communication, technical, and hot topics), to the dinner and chapter awards presentations, this was a fast-paced, informative, and entertaining conference. I certainly hope you mark your calendars to attend this event next year in late March. The planning for next year's event has already started and more information will be sent out as it develops. Hopefully the weather

will be better suited for our golf outing next year. Did somebody say golf?!?

Barely a week later we had our **MAC April Half Day Conference** in Charlottesville, VA. Entitled "**The Magic of ESOPs**" and hosted by Dangalf the Dapper (Gandalf the Gray's much younger and much more handsome brother); this half day conference was a mystifying mix of both cultural and technical information. After soaking up some Ownership Pixie Dust courtesy of the bewitching Connie Burnette and the illustrious Paul Horn, attendees had the choice of continuing on into the technical sessions or moving to the first ever apprentice track for those that were new to the ESOP concept. After lunch, we introduced both our MAC ESOP Company of the Year (The Onyx Group, Alexandria, VA) and MAC ESOP Employee Owner of the Year (Connie Burnette, Wiley|Wilson, Lynchburg, VA). We also held a Chinese raffle and magically conjured up \$420 for the Employee Ownership Foundation. An HR Roundtable was held after the conference in addition to a golf outing.

In late April Paul Horn hosted a **CEO/CFO Roundtable** event in Glen Allen, VA. This is a 1-Day event where the attendees generate and prioritize their own topics for discussion, which is a great way for CEO's and CFO's to learn from, and share with, their peers. Paul will cover this event in more detail in a separate article.

And then, in mid-May, there was the **TEA Annual Conference** in Washington, DC. Always an exciting event, this year's conference was no exception. Starting with a Chapter Officer Reception on Tuesday evening, and going through the end of the conference, I am truly amazed, albeit sometimes overwhelmed, at the amount of knowledge and expertise that is available at this conference alone; much less what goes on at the Regional and Chapter levels. I am proud to say the MAC was well represented at the State and Regional Chapter Council Meeting on Wednesday by having 7 people attend and several companies from the MAC were either winners or runners-up for several AACE Awards. And several of our members were presenters at the conference.

WHEW!! That's a lot of conferences . . . but well worth the time!! Please mark your calendars for upcoming events, starting with the **Western Region Meeting** at Wiley|Wilson in Lynchburg, VA, on June 30th. See the "Calendar of Events" for details.

Speaking of change, we continue to discuss changes in our Chapter. We are presently discussing making further changes to our panel of officers, not to oust anyone, but to get more "corporate" people in our pipeline. A little known fact is that in order to be president of an ESOP Association Chapter, you must be a "corporate" member, as opposed to a "professional" member. This fact, in no small way, played a part in yours truly becoming president of our chapter. When the position of Chapter President became available, all of our other chapter officers were "professional" members and although all of them are **MORE** than qualified to be Chapter President, they simply are not eligible to do so. So there you have it . . . I was the last man standing! To keep this from happening again, we want to get more "corporate" people into officer chairs. As these decisions are finalized, we will make you aware of them as quickly as possible.

As we continue to change and move forward as a chapter we have several goals in mind. In no particular order, we want to increase membership in TEA, increase attendance at our conferences, and do
(continued on next page)

(Message from the President, cont.)

our part to keep the pro-ESOP laws we have in place as well as encourage our representatives in Congress to support new pro-ESOP legislation and fight anti-ESOP legislation.

This is where **YOU** come in. If you know of any ESOP companies that are not members of the ESOP Association, encourage them to join. Invite them to our MAC events so they can see firsthand the benefits of membership. Please let the Chapter officers or members of our Executive Committee know of any programming ideas you have for our conferences, and feel free to volunteer to speak at these events. Go to the "Government Affairs" section of the association's web-site (www.esopassociation.org) and see what the latest concerns are from a political standpoint . . . and GET INVOLVED!! Start a letter writing campaign, visit your representative in Washington, DC, or better yet, invite your representative to visit your company.

Be sure to check the "Calendar of Events" section of this newsletter and put these events on your calendar. For more information regarding these events, feel free to contact our Chapter Administrator, Deb Tomkins (midatlanticesop@comcast.net) or me at sking@gala-industries.com.

As Paul Horn so eloquently and succinctly stated in an email to me a few weeks ago . . . **ONWARD AND UPWARD!!!**

What Are Mid-Atlantic Members Up To?

Once again, members of the Mid-Atlantic Chapter shared their expertise with conference goers, on a local and national level.

The ESOP Association 34th Annual Conference Speakers:

- Richard C. Mapp, Kaufman & Canoles, P.C.
- Markita Madden-Pucket, ComSonics, Inc.
- Paul Horn, WorkPlace Consultants, LLC
- Ronald Gilbert, ESOP Services, Inc.
- Mark Fournier, Stout Risius Ross, Inc.
- Susan Banks, ComSonics, Inc.
- Tracy Holzman, Blue Ridge ESOP Associates
- Steve Earle, Mid South Building Supply, Inc.

MAC was well represented among the ranks of attendees with a total of 106 out of 698.

Tri Chapter Conference Speakers in Pinehurst:

- Connie Burnette, Wiley|Wilson
- Jeff Landau, CALIBRE
- Steven King, Gala Industries, Inc.
- Steve Earle, Mid South Building Supply, Inc.
- Paul Horn, WorkPlace Consultants, LLC
- Joe Marchio, Flippo Construction, Inc.
- Richard C. Mapp, Kaufman & Canoles, P.C.
- Delores Lawrence, Blue Ridge ESOP Associates
- Markita Madden-Puckett, ComSonics, Inc.
- Brandi Garrett, Flippo Construction, Inc.
- David Bogus, Ellin & Tucker, Chartered
- Mark Fournier, Stout Risius Ross
- Ron Gilbert, ESOP Services, Inc.
- Victor Brannon, American Maritime Holdings

- R. D. Henderson, Gala Industries, Inc.
- Scott Levine, Stout Risius Ross
- Peter Briggs, Shareholder Strategies, Inc.
- Michael Coffey, Corporate Capital Resources

Many of our members also serve on boards nationally and locally:

Ron Gilbert, ESOP Services-

Board of Directors, NCEO

Paul Horn, WorkPlace Consultants, LLC-

Board of Directors, NCEO

Board of Trustees, The ESOP Association

Tom Roback, Blue Ridge ESOP Associates-

Board of Directors, NCEO

Paul
Opines



Paul Horn, WorkPlace Consultants, LLC

Is your HR team creating an "Employee Experience?" To become an employer of choice, HR must rise above traditional, mundane paper pushing tasks and personnel matters to become the employees' champion and strategic business partner. HR must take responsibility for and measure its effectiveness in recruitment, retention, and rewards (the 3 "R's").

I share with you a simple yet highly profound statement about engaging and valuing employees:

Employees will treat customers the same way the company treats its employees.

If the company treats employees as fungible, interchangeable pieces, employees will not place a high value on customer relationships and service. That's not good for business! Employee engagement is critical to productivity, customer relations, and ultimately long-term business success.

When employees are engaged, they go the extra mile and provide discretionary effort. When not engaged, they are merely present and going through the motions.

So how do you get employees engaged? There are various ways – and they don't have to cost you a bunch of money.

- Train managers to provide ongoing, constructive feedback. Studies show that positive feedback works best (no surprise), but that negative feedback is better than ignoring an employee. Why? The ignored employee is even more disengaged than one

who receives constructive negative feedback because people do not feel they matter if they are ignored and invisible.

- Using the right and polite phrases in the workplace like “Please” and “Thank You.” Simple but effective because it shows respect and interest.

So how do you know when employees are engaged? Basically you know it when you see it! We have several and quick metrics for engagement but that’s a column for another day. Engaged employees will act in a way that demonstrates they feel their company cares about them and is taking real, ongoing action to support them.

Engagement is all about going the extra mile... or just going home!

Conferences at a Glance



The Magic of ESOPs-Half Day Conference



Participants enter the magic realm guided by the Mid-Atlantic wizards and sorcerers



Tracy Holzman, Blue Ridge ESOP Associates reads the TEA Mission Statement



Michael Holzman, Rick Mapp and Ron Gilbert in Fiduciary Fiefdoms



*Dangalf the (Duffer?)Dapper
Warming up for the Annual Fall Golf Outing, October 6*



Susan Banks, ComSonics leads reading of TEA Vision Statement



Adventures in Administration with Becky Hoffman and Michael Holzman



Through the Valley of Valuation with Scott Levine, Peter Briggs, and David Bogus



Susan Banks and Connie Burnette stage the prizes for the Chinese Raffle that brought in \$420 for the Employee Ownership Foundation



Tom Roback ecstatic with winning the grand prize in the raffle



**ESOPs: From Tee to \$\$GREEN\$\$
Tri Chapter Conference**



Steven and Connie at Pinehurst



Auctioneer Paul keeps the bids rolling in



Michael Keeling addresses the group at lunch



MAC chapter members



Joe Gilbert collects his Longest Drive Award from Steven King MAC Chapter President, and JL Nichols, Carolinas Chapter President



More from the MAC Chapter Meeting



Washington, DC-2011 MAC Chapter Meeting



Steven welcomes conference attendees at the Mid Atlantic Chapter Meeting

DOL Fiduciary Regulation Could Have Chilling Effect on ESOPs

The Department of Labor (DOL) has attracted significant attention for its proposed rule issued on October 22, 2010 that would expand its definition (after 35 years no less!) of when one becomes a "fiduciary" by providing investment advice to plans for a fee.

ERISA section 3(21) (A) sets out a very simple test for determining fiduciary status: a person with discretionary control over plan assets or providing investment advice to the plan for a fee. The proposed regulation focuses on redefining the investment advice prong.

DOL Advisory Opinion 76-65A (June 7, 1976) held that a valuation of closely-held employer securities relied on by the ESOP in purchasing securities was not investment advice. The DOL no longer believes this to be so and cites its national ESOP enforcement project as evidence of widespread valuation concerns for ESOPs.

The DOL feels the current regulation limits its ability to protect plans and participants from conflicts of interest arising from *the "diverse and complex fee practices in the retirement plan market."*

While this concern reflects evolving practices in the 401(k) marketplace, the regulation also addresses DOL concerns with ESOPs and their independent appraisers. Under the proposed regulation, independent appraisers would be deemed to be providing investment advice and treated as fiduciaries.

The DOL regular hearing was held on March 1 and 2, 2011 and the comment period was further extended to April 12. Congress also weighed in with several letters to DOL, with Republicans expressing concern about the regulation, mostly for its potential impact on 401(k) providers. Further complicating matters and perhaps delaying issuance of a final regulation is the SEC and its report, mandated by Dodd-Frank, recommending a universal fiduciary standard of care for the investment industry.

In all events, opportunities remain for companies to tell elected officials that this DOL regulation would have a chilling effect on ESOPs and their participants. Several MAC companies have done this.

If the regulation is finalized in its current form, it may be challenged in court for failure to estimate its impact on small business as required for most government regulations. In this regard, DOL ducks the issue and states in the proposed regulation preamble that it *"is unable to estimate the increased business costs small entities would incur if they were determined to be fiduciaries under the proposal. Such costs would include the expense of purchasing fiduciary liability insurance due to the increased liability exposure that is associated with ERISA fiduciary status."*

Update: Floor Amendment #467 Becomes S. 1232 --- A bill to modify the definition of fiduciary under the Employee Retirement Income Security Act of 1974 to exclude appraisers of employee stock ownership plans. Sponsored by Senators Ayotte, (R-NH), Snowe (R-ME), Collins (R-ME), Brown, (R-MA) and Landreau (D-LA).

Call your senators and urge them to sponsor this Bill.

Go to the ESOP Association website for more information and a sample letter.

http://www.esopassociation.org/gov/gov_0611_bulletin.asp

AACE Award Winners

May 11, 2011 (Washington, DC) The AACE Awards are sponsored each year by the Association to recognize the outstanding communications and educational programs. The Mid-Atlantic Chapter winners for 2011 are:

Total Communications Program, 101-500 Employees

Winner: Flippo Construction Co. Inc. Forestville, MD

Printed Materials, 250 or Fewer Employees

Winner: Mid South Building Supply, Inc. Springfield, VA

Runner-up: The Onyx Group, Alexandria, VA

Printed Materials-Over 250 Employees

Winner: Carris Reels, Proctor VT, & Fincastle, VA

External ESOP Advertising-Print Advertising

Runner-up: Mid South Building Supply, Inc. Springfield, VA

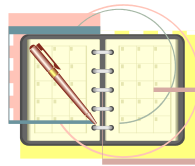
External ESOP Advertising-Web Sites

Runner up: Carris Reels, Inc., Proctor, VT & Fincastle VA

Special Events, Promotions, Series, 250 or Fewer Employees

Winner: ComSonics., Inc, Harrisonburg, VA

Runner-up: Vista Technology Services, Inc., Herndon, VA



Calendar of Events

June 30, 2011,

Registration: 9:15-9:45
10:00 AM to 12:00 Noon

Engineering an ESOP Business Success(ion) Plan

Wiley|Wilson

127 Nationwide Drive

Lynchburg, VA 24502-4272

Contact: Deb Tompkins midatlanticesop@comcast.net

Or register on line:

<http://events.constantcontact.com/register/event?llr=puod9fdab&oeidk=a07e3xh9gmm3dd60267>

July 14, 2011

8:15-10:00 am

ESOP: Valuations

What ESOP Trustees Need to Know

Mid South Building Supply

7941 Woodruff Court

Springfield, VA 22151

Contact: Deb Tompkins midatlanticesop@comcast.net

Or register on line:

<http://events.constantcontact.com/register/event?llr=puod9fdab&oeidk=a07e41oyx0j186cf799>

September 26 & 27, 2011

TEA Board of Directors Retreat

Chicago, IL

Contact Maya Van Buren or Rosemary Clements @ 202-293-2971

or meetings@esopassociation.org

October 6 & 7, 2011

Mid-Atlantic Chapter

Annual Fall Conference and Golf Tournament

Omni Hotel

Charlottesville, VA

Contact: Deb Tompkins midatlanticesop@comcast.net

November 3 & 4, 2011

[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

April 20, 2012

Mid Atlantic ½ Day Conference

Omni Hotel

Charlottesville, VA

Contact: Deb Tompkins midatlanticesop@comcast.net



Dr. ESOP™

Dear Dr. ESOP:

I was just elected to our company's ESOP Advisory Committee. We've tried many ways to get employees interested in our ESOP (it's several years old and owns a majority of the company) but enthusiasm is still lagging. What can we do to "perk" things up?

Curious in Culpepper

Dear Curious:

I suggest adding caffeine to the water cooler or some nice chocolate brownies for your meetings. That might result in some quick stimulation.

But seriously, if your company is doing well, employees should be excited about the ESOP at least once a year when they get their statements. The question is: how do you keep them interested year-round? Or, if your stock is not doing so well, what then?

The key to generating ongoing enthusiasm is to develop an employee-focused company culture of which the ESOP is just one part. The goal is to get employees excited about working at your ESOP company, not just excited about the ESOP.

ESOP education is great but also include education about company performance and financials. Include fun events throughout the year as well as charitable/community involvement. Focus on making your company an attractive place to work and the ESOP will sell itself.

Sincerely,

Dr. ESOP (aka Paul)

Have a question for Dr. ESOP?
Submit it to the Chapter Office:
midatlanticesop@comcast.net.

Mid-Atlantic Chapter Officers

President:

Steven King

Gala Industries, Inc.

(540) 884-2589 Fax: (540) 884-2310

sking@galaindustries.com

Vice-President-Membership:

Paul S. Horn

WorkPlace Consultants, LLC

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phorn@verizon.net

Regional Vice-President – Capital Region:

Steve Earle

Mid South Building Supply

(703) 321-8500 Fax: (703) 321-9503

Searle@msbs.net

Regional Vice-President – Eastern Region:

Richard C. Mapp III

Equity Strategies LLC

Kaufman & Canoles

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rcmapp@kaufcan.com

Regional Vice-President – Western Region:

Connie Burnette

Wiley|Wilson, Inc.

(434) 455-3243 Fax: (434) 947-1647

cburnette@wileywilson.com

Chapter Administrator:

Deborah Tompkins

midatlanticesop@comcast.net

Welcome New MAC Members 2010 and 2011

CORPORATE MEMBERS

Mo Deadman, *CB Squared Services, Inc.*, Falmouth, VA
Al Doland, *Avitecture, Inc.*, Sterling, VA
Stephen Parham, *Dominion Paving & Sealing*, Midlothian, VA
Steven Jones, *Delta Star, Inc.*, Lynchburg, VA

PROFESSIONAL MEMBERS

Katherine Schkloven, *Hirschler & Fleischer, P.C.*, Richmond, VA
Jon Williams, *Blue Ridge ESOP Associates*, Charlottesville, VA
Trey Stevens, *Stevens & Greer, L.C.*, Falls Church, VA
Katherine Schkloven, *Hirschler & Fleischer, P.C.*, Richmond, VA
Patrick Lowry, *Patuxent Valuation Group, LLC*, Ellicott City, MD
Scott Radenmacher, *Blue Ridge ESOP Associates*, Charlottesville, VA
Douglas Bayer, *Morgan Stanley Smith Barney*, Baltimore, MD
Charles Schelberg, *Miles Stockbridge, P.C.*, Baltimore, MD
Ted Lauer, *Access National Bank*, Chantilly, VA

AFFILIATE MEMBERS

Christina Payne, *Precise Systems*, Lexington Park, MD

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

Contact:

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