



Chapter E-Newsletter Issue 6 July, 2011

Our mission is to help motivate, educate, and train existing and prospective employee-owned companies regarding the benefits of employee ownership.

Recap of 2010 and 2011 Events:

1st Annual ESOP Tri-Chapter Regional Conference, March 18 & 19, 2010

The Mid-Atlantic, New South and Carolinas Chapters of The ESOP Association combined to present the **Tri-Chapter Regional Conference at Pinehurst, NC**. The programming was exceptional as we were able to draw on the experience and expertise of Chapter Professionals and ESOP Company Members from tens states plus Washington, DC.

3rd Annual Carolinas Chapter Conference, August 19 & 20, 2010

The Carolinas Chapter held its 3rd Annual Conference ***ESOPs: Hot Topics for Hot Times*** that opened with the CEO/CFO Roundtable and the 2nd Annual Employee Ownership Foundation Golf Tournament on Thursday. A great time was had by all Thursday night networking during dinner.



Golf prizes were presented by Karen Shedd, Wilson Senior Care, Golf Committee Chair at Thursday's dinner.

Friday offered a full plate of educational sessions designed to appeal to all segments of the membership. The general session on Health Care Reform was both informative and timely. Breakout sessions provided cultural and technical opportunities presented by knowledgeable ESOP enthusiasts. The Pinehurst Resort provided the venue for another successful annual conference.



Gale Marett thanked for her service as Carolinas past President by JL Nichols, current president

2010 CEO/CFO Roundtable, August 19, 2010

The 2010 Carolinas Chapter conference began with a CEO/CFO Roundtable session facilitated by Alex Moss of Praxis Consulting. Eleven CEO's and CFO's from six companies attended. The session began with company introductions which included specific organizational challenges that each entity faced (both as a business in a struggling economy as well as an ESOP). The group, through Alex as facilitator, then drilled down on common topics which included issues surrounding maturing ESOP's, Board of Directors, Trustees, repurchase obligations and employee communications. While the session offered great exchange opportunities for the executives, it was regrettably cut short due to the half-day session format to accommodate the golf tournament (which was a great excuse to conclude and the course conditions were fabulous). The attendees agreed to expand the discussion at the Spring Tri-Chapter meeting in March 2011 with a possible full day roundtable to kick off the conference.

Submitted by Dennis Lofe, Wilson Senior Care.

2nd Annual Employee Ownership Foundation Golf Tournament

The Carolinas Chapter raised almost **\$1,050** for the Employee Ownership Foundation (EOF) with its second Annual Golf Tournament held during the 2010 Annual Conference at Pinehurst, NC. There were 34 golfers. Nineteen golfers purchased putting strings and mulligans to aid in their attempt to win one of the coveted prizes and it contributed to our fundraising total. It was a great day on Pinehurst #5 and all were enthusiastic about playing on the historic and beautiful golf course. Make plans to attend our 4th Annual Conference in August 2011 as we will again plan to host an EOF Golf Tournament fundraiser.

Congratulations!

2011 Carolinas Chapter Employee of the Year

JL Nichols congratulates Cindy Moss, Salem Distributing Company



2011 Carolinas Chapter Company of the Year

Jerry Bohnsack accepts the Company of the Year Award on behalf of Cross Company, Greensboro, NC



2nd Annual ESOP Tri-Chapter Regional Conference March 27 - 29, 2011

The second annual **Tri-Chapter Regional Conference** was convened in late March of this year by the Mid-Atlantic, New South and Carolinas Chapters of The ESOP Association. Once again it was held at Pinehurst, NC, and was as power packed as the inaugural 2010 meeting.

Capped by a CEO/CFO roundtable, attendees had the opportunity to participate in twenty-one unique presentations by subject matter experts covering communications and technical issues including but not limited to DOL audits, 401(K) ESOP integration issues, valuation, and repurchase obligation. **Hot Topics** ranged from Health Care reform to executive compensation and even selling an ESOP company. Add to that six Lunch and Learn sessions and a dynamic ESOP update from Michael Keeling and no one went away empty!

Company Spotlight

WILSON SENIOR CARE COMPANY PROFILE

SUBMITTED BY: KAREN SHEDD
DIRECTOR OF MARKETING FOR WSC

Wilson Senior Care ("WSC") was founded in 1946 as Wilson Family Medicine by John M. Wilson, MD. Today the Company is the owner-operator of Oakhaven Nursing Center, Medford Nursing Center and Morrell Nursing Center, as well as owner of Med Center Pharmacy & Medical Supply and Med Wear Uniforms. Before his passing, Dr. Wilson sold his 60% interest to an Employee Stock Ownership Plan. Dr. Wilson's children sold their 40% interest to the employee owned company in July of 2009. This was done by Dr. Wilson and his family to keep the company intact and pass it along to the employees who had worked so hard to build up Dr. Wilson's dream and life's work.

WSC's Corporate office and the Oakhaven and Medford nursing centers are located in Darlington, SC. The Morrell Nursing Center is located 18 miles from Darlington in Hartsville, SC. The Company's Pharmacy and Medical Supply Company supplies all of the equipment and medications for its nursing center patients, as well as for retail customers in Darlington. Med Center Pharmacy & Medical Supply is known as "The

hometown pharmacy” and takes pride in providing personal and efficient service. WSC also owns a uniform shop which is a favorite of the employee owners.

Led by CEO Dennis Lofe, WSC has approximately 500 employees, 280 of whom are employee owners. It has taken several years to instill the idea of “ownership” in WSC Staff but they have since embraced being owners and are proud to be a part of an organization that looks out for their own like family.

The impact of employee ownership has been to nurture a company of professionals and trained individuals who have bought into the Company’s Culture of Caring. Each facility has “ESOP Ambassadors” that meet every other month to help carry the WSC family-oriented caring culture forward, as well as helping to plan ESOP and other community events. Down through the years, WSC Staff have learned that life flourishes, not just by providing each resident with a comfortable bed, but also by stimulating residents with medical professionals, meaningful social activities, great food, and good fellowship by caring employees.

2011 Upcoming Events:

Events on the Horizon

- **2011 Eggs & ESOPS** – ESOP companies in local areas getting together for an hour or two to discuss topics of interest.
- **Company-to-Company** – More local concentration of ½ day to 1 day events with an ESOP company hosting.
- **4th Annual Carolinas Chapter Conference** – Scheduled for August 18 & 19 in Pinehurst. Keep your calendar open for this GREAT event!

Wellness Programs Control Health Care Expenses

Health Care, due to escalating expenses, is one of today’s most important issues for companies, the government, and individuals. Regardless of what form of Health Care insurance we have, we can control the long term costs with Wellness Plans and Lifestyle Management. The key principles are to create health risk awareness, and promote individual plans for improving or avoiding health risks. In some of our recent Tri-Chapter and Carolinas Chapter Conferences, we have provided sessions on Health Care, prompted mostly by Obama Care. We again will include Health Care, with an emphasis on the benefits of Wellness Plans, in our Carolina’s Chapter Conference in August.

At Nichols Foodservice, Inc., we have utilized Self-funded Insurance Plans for twenty years. Over those years we realized that controlling our Health Care expenses required much more effort than just offering a Health Care Plan to our employees. It is not the type of insurance product your company has, but how you complement it with a Wellness Plan. To improve acceptance and the bottom line results, we incent our employee owners to participate in our Wellness Plan.

In an era of 10 to 15 percent increases in the cost of health insurance, we have averaged around five percent increases in the last five years. I attribute much of this moderation to our Wellness Plan. Besides controlling our Health Care expense, we experience other savings. Many of our employees are healthier than they were and they miss fewer days for sickness. When the regular person responsible for a job is out, there is an increase in the risk of an on the job accident, or errors, both which negatively affect our bottom line. We have seen

reductions in our Workers Comp claims and premium expenses which some of it is attributable to our Wellness Program.

Come to our annual Conference August 18 and 19 to hear more about our Wellness Plan and to share what you are doing. Also, we will have Health Care professionals participating in our conference to inform you of ways these plans can be structured, how wellness plans can contribute to your bottom line, and why they provide benefits to your employee owners.

I look forward to seeing you in Pinehurst in August. And please make your reservations early.

J. L. Nichols, III

GOVERNMENT RELATIONS

Information Help

Looking for the latest information you need about pending legislation, Congress, the White House and links to Federal agencies? You'll find the ESOP Bulletin, Advocacy Kits, and Capitol Links and more at <http://www.esopassociation.org/gov/index.asp>.

Today's Hot Topic is the DOL's Plan to Make an ESOP Appraiser a Fiduciary

On October 22, 2010, the Department of Labor ("DOL") proposed a regulation reversing a DOL policy since 1976 that an independent valuator valuing ESOP stock is not a fiduciary. This is expected to have a significant negative impact on ESOP companies, increasing valuation fees and likely increasing the number of lawsuits against private company ESOPs. The DOL's position rests on its stance that its audits of ESOP companies "proves" that valuations of company stock of private companies sponsoring ESOPs are commonly "incorrect".

Industry participants and the ESOP Association have mounted a significant attack on this proposed regulation. Below are URL's to the proposed regulation and additional key information:

- Proposed Regulation - < <http://www.esopassociation.org/pdfs/DOLProposedRuleEMAIL.pdf>>
 - Write your Senator or Representative - <http://www.esopassociation.org/pdfs/Letter to Members of Cong DOL Proposal.pdf>>
 - Key Talking Points - <http://www.esopassociation.org/pdfs/TalkingPointsDOLProposedRegEMAIL.pdf>>
 - Contact J. Michael Keeling at The ESOP Association for additional information - michael@esopassociation.org or call 202/293-2971.
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TECHNICAL NEWS

At the recent Tri-Chapter Regional Conference in Pinehurst, Marshall Bartlett, with Independence Trust in Franklin, TN, Ryan Stewart with Willamette Management in Atlanta, GA, and Caryn McNeill with Smith Anderson in Raleigh, NC presented a program titled "Fiduciaries & Valuations." The program was designed to give internal ESOP trustees a better understanding of the process they should follow when they select a valuation firm and review its valuation report. Valuation reports, including those done annually as part of

the regular plan administration process, are required to contain certain information. **Attached is a checklist** that Marshall shared as part of the program. Internal trustees can use this checklist to review a valuation report and be sure the required information is included. The checklist should then be saved with the other valuation documents (including the engagement letter the trustee (not the company) uses to engage the valuation firm). Using a checklist to review a valuation report is evidence that a trustee has followed a prudent process and so discharged the fiduciary duties it owes to ESOP participants in connection with the valuation.

PROGRAM: INVITE A CONGRESSPERSON TO VISIT YOUR COMPANY

The Carolinas Chapter, as part of a national effort to make every Congressperson aware and informed about ESOPs, is sponsoring a program to help ESOP Company members invite their Congressperson (Representative or Senator) to visit their respective companies. It is imperative that we inform and educate our elected members on the benefits of ESOPs and what Employee Ownership can bring to America. **Will you join the ESOP community and agree to host a visit to your company by your elected Congressional Representative?** The Carolinas Chapter Leadership will assist you in this endeavor. In doing so you will join the ranks of those who work for a more economically just, productive, and competitive America. Call the Chapter's Immediate Past President, Gale Maret, at 800-234-1982 ext. 221, e-mail gmaret@salemdist.com for additional information.

Find your Congressperson at the following link: http://www.esopassociation.org/gov/gov_capitol_links.asp

PROGRAM: INVITE AN EMPLOYEE OWNER

The Carolinas Chapter is continuing our program "Invite an Employee Owner". The intent of the program is to invite ESOP Companies who are not members of The National ESOP Association to come to a Chapter Program at NO cost. It is our belief that once that ESOP Company attends a Chapter Program they will begin to realize the value Association membership delivers to its company members in terms of networking, government relations/advocacy, and education on technical/operational ESOP issues and, of course, teaching interested members how to build an ownership culture with all employees thinking and acting like owners. If you know of an ESOP Company that is not a member of The ESOP Association, please pass that information along to either Brant Armentrout, VP - Membership, barmentrout@comstockadvisors.com or Deb Tompkins, Chapter Administrator, carolinasesop@cast.net.

CAROLINAS CHAPTER LEADERSHIP

J. L. Nichols, III, President
 Nick Verna, Vice Pres.
 Dennis Lofe, Vice Pres.
 Brant Armentrout, VP - Membership
 Caryn McNeill, Vice Pres.
 Gale Maret, Immediate Past President
 Deb Tompkins
 Dan Marcue

Nichols Foodservice, Inc.
 Social & Scientific Systems, Inc.
 Wilson Senior Care
 ComStock Advisors
 Smith Anderson
 Salem Distributing Company
 Chapter Administrator
 Chapter Mentor from National

Executive Committee Members:

Carla Jimenez
 Chad Duke
 Erika Farrior-Ronco
 Fred Engelfried
 Jerry Bohnsack

Merrill Lynch
 Scott Insurance
 Nichols Foodservice, Inc.
 Lewis Tree Service
 Cross Company

Karen Shedd
Matt Keene
Mark Owens
Maurice Chevalier
Rebecca Krause
William R. Whitehurst

Wilson Senior Care
Principal Financial Group
American Pensions
New England Financial
James M. Pleasants
Womble Carlyle Sandridge & Rice PLLC

Interested in promoting ESOPs by volunteering to join the Executive Committee? We do most of our work by e-mail and conference calls, with a time commitment of approximately 1.5 hrs monthly. Please contact J.L. Nichols 910-285-3197(jlNicholsIII@nicholsfoodservice.com) or Deb Tompkins 978-779-0199 (carolinasesop@comcast.net).

CAROLINAS CHAPTER PURPOSE

We accomplish our mission by:

- Providing and sponsoring cost-effective educational and networking opportunities for ESOP companies
 - Facilitating the exchange of knowledge and ideas between, and providing support and communication to, ESOP companies
 - Supporting Publicly the Vision and Mission of the National ESOP Association.
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We welcome your suggestions and comments. Let us know what you would like to see.
We look forward to meeting you at the upcoming chapter activities.
Thank you for your support of Employee Ownership