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2019 “ESOP COMPANY OF THE YEAR” SUBMISSION

I am pleased to submit this nomination for Oxygen Service Company, Inc. as the 2019 ESOP Company of the Year, specifically for the Minnesota/Dakotas Chapter.

For the past 60 years, Oxygen Service Company (OSC) has been serving our employee owners and customers providing expertise within the welding, industrial/specialty gas, and automation fields. OSC is devoted to serving its customers and employee owners through three basic principles of quality, integrity and superior service. As in the welding process, it is important to have the appropriate balance between all elements. A quality raw material, the correct gas blend, an ignition source, and the proper technique to create a high quality, lasting product. Similar to the welding process, we feel our ESOP journey has a solid base foundation, the blend of communication and culture, the passion and excitement from our employee owners, and the proper mix and involvement of ESOP elements which creates a lasting employee ownership culture.

Raw Base Material:

Similar to the welding process, our Company history is the **base** which creates our ESOP journey. Established in 1959, Oxygen Service Company (OSC) is focused on the sale and service of welding supplies, industrial/specialty gases, and robotic automation. In 1993, a big milestone took place for our Company. Owners Bill Lund and Bill Huber made the decision to retire. They believed that the employees of OSC were what made the company successful and wanted to reward them for all their hard work. So on November 5, 1993 the owners sold the company to its 25 employees and OSC became 100% Employee Owned. In 1998, the ESOP was changed from a ‘C’ corporation to an ‘S’ corporation. The Company has expanded since it was founded, acquiring Earls Welding of St. Cloud, MN in 2000, and opening two new locations (Willmar, MN in 2013 and Duluth, MN in 2018). Now with four Minnesota locations and over 110 employee owners, we are able to serve our customers over a five state region. We recently hit a couple of big milestones over the past two years. In 2017 the last original ESOP Shareholder from the initial buyout retired from OSC, and in 2018 we celebrated 25 years of Employee Ownership. Our journey won’t stop there as we will be celebrating 60 years of business in 2019.

The Fuel & Gas:

Communication throughout our organization is what **fuels** and energizes our employee owners and culture. Our company and employee owners are committed to exemplifying OSC’s Core Values (*Professional & Respectful, Get Stuff Done, Positive Attitude, Does the Right Thing, and Customer Focused*). These values are used throughout the hiring and annual review processes. We recognize employee owners quarterly and annually who exhibit these core values, as OSC believes these are core to such successful business relationships.

We hold ‘Quarterly Company Address’ (QCA) meetings at all locations as it is important that our employees feel a part of the team. During these meetings, we share how the company is performing financially, sales wins, goals accomplished in the last quarter, how the employee owners have impacted the overall success of the business, and what the company’s future plans and strategies are. In addition, all departments meet quarterly to set annual and team goals. These routine check-ins remind our employee owners of OSC’s values and vision making them feel even more a part of the end success. We feel this creates a greater ownership mentality and more accountability across the entire organization.

Because of our employee involvement across all levels (including the Board of Directors), we understand and realize the value that open communication can provide to employee owners. We have a unique opportunity where three (3) of our seven (7) board member seats are filled based upon a ‘Pass through Vote’ offered to all shareholders, which is based upon a ballot consisting of active employee owners within OSC. This reinforces the importance to continuously educate our employees on being employee owned, our business, and the ESOP to ensure they are well educated if ever elected to a board seat.

The Ignition/Striking the Arc:

OSC’s ESOP Committee was formed back in 2003 and continues to be what **ignites** the employee owners and **sparks** our culture. The committee has evolved over the years, but their objective has remained the same of educating, promoting and encouraging an employee ownership culture throughout the organization. The committee consists of seven (7) employee owners, each with three (3) year terms and the Human Resources Manager who serves as the committee liaison. Within the committee, there are three (3) officer positions:

- 🔥 President – facilitates meetings and holds committee members accountable for their events and to do’s
- 🔥 President Elect – assists as a backup in facilitating meetings and serves as committee President the following year
- 🔥 Recording Secretary – records committee meeting minutes and shares with committee members

The committee meets monthly for one hour to plan, organize and execute its mission. Their work to support the committee’s mission falls into four (4) key areas (**Political, Educational, Community, and Social**). **Political** events support the benefits of ESOPs,

promotion of ESOPs, and sharing the OSC ESOP journey. **Education** events educate employee owners on various topics consisting of the ESOP, our business practices, and other areas of interest. **Community** events encourage our employee owners to give back to the local community through their efforts, time and/or money. **Social** events promote the value of our deeply imbedded employee-owned culture and family feel through employee owners and their families gathering together from across all our locations.

Precise Gas Mixture:

With the **right mixture** from these key areas, we are able to keep our ESOP culture **lit** and entrenched in all of our employee owners. A few of the events that we have accomplished include (2018 events are in bold):

Political Events

- 🔥 **President/CEO attended ESOP Breakfast in Washington, D.C. with U.S. Representative, Erik Paulsen.**
- 🔥 **Hosted MN Senator, Karla Bigham in St. Paul, MN on November 5, 2019 (25th anniversary of being employee owned).**
- 🔥 **Hosted U.S. Representative, Betty McCollum's aid, Chao Lee at MN/DAK in St. Paul, MN on November 15, 2019.**
- 🔥 **Governance Committee representation from OSC for the MN/DAK Chapter.**
- 🔥 **OSC conducted Capitol Hill visits with Legislative members in Washington, D.C.**

It was important for us to highlight how OSC turned up the heat in 2018 to improve our political involvement as we had lacked in this area. OSC and the ESOP Committee not only raised the bar, but exceeded the expectations on the political side. A member of our Sales Team and ESOP Committee took it upon himself to learn more about the political side of ESOPs and became a member of the local Governance Committee for the MN/DAK Chapter. We were also able to host two (2) political visits in 2018, having Senator Karla Bigham, and Congresswoman Betty McCollum's aid, Chao Lee, tour our St. Paul, MN facility to learn more about our business, ESOPs in general, and how being employee-owned has impacted our company and employee owners. The President/CEO and HR Manager of OSC attended the National Annual ESOP Conference in Washington, D.C. allowing them both the opportunity to enhance their political knowledge. During this conference, the President/CEO attended the ESOP Breakfast provided by the MN/DAK Chapter and had the opportunity to meet and share his ESOP story with U.S. Representative, Erik Paulsen. The HR Manager completed two (2) Capitol Hill visits where she had the opportunity to meet with Libby Foley, Legislative Assistant for Congresswoman Betty McCollum, and Richard B. Lee, Legislative Assistant for Congressman Collin Peterson. With these visits she shared her personal ESOP story and how ESOPs have impacted not only her, but OSC.

Educational Events

- 🔥 Quarterly *OSC Universities* on various topics such as ***Meet the Board of Directors, Board of Directors & Leadership Team Responsibilities, How to Read your ESOP Statement, Pass Through Vote Process, ESOP Basics 101, Everything ESOP, Movie Mash of ESOP Companies, Retirement and Diversification, Retirement/401k Options, Meet the ESOP Trust, Healthcare Education, Gas/Industry Basics, Identity Theft Protection...*** and MANY MORE!
- 🔥 **ESOP Committee responsibilities and election process overview.**
- 🔥 **Celebrate National Ownership Month in October for the past two years.**
- 🔥 **Create and share bi-monthly newsletters with employees, retirees and their families.**
- 🔥 **Added to ESOP clothing line, launching 25 year anniversary design commemorating our employee ownership culture.**

Community Events

- 🔥 Various drives for **Salvation Army, St. Paul School Districts, Children's MN, Toys for Tots, United Heroes League, and food shelves.** We are excited to partner with "Best Christmas Ever" in 2019 to give back to a family in need.
- 🔥 **Picked up flags after Memorial Day weekend at Fort Snelling in Minneapolis/St. Paul, MN.**
- 🔥 **Created a Community Service Program to highlight and reward employee owners giving back to the community.**
- 🔥 **Donate welding equipment and supplies to local colleges showing support of young adults furthering their education.**

Social Events

- 🔥 Winter Events consisting of **whirlyball, curling, tubing, escape room, ice fishing, etc.** in the Minneapolis/St. Paul, MN area.
- 🔥 Summer Events consisting of baseball games in Willmar, MN and resort getaways in Alexandria, MN.
- 🔥 **Annual Company Picnic for all families with food, cornhole tournament, medallion hunt, and kids games/prizes!**
- 🔥 **Annual Shareholder Event for all shareholders, significant others and retirees (dinner, stock price reveal game, core value employee of the year recognition, financial and business recap, and future plans).**
- 🔥 **Grand Old Days Parade participation within the local St. Paul, MN community.**

The ESOP Committee and other employee owners have invested their time and effort to share the great work we have done over the years with other ESOP companies through various roundtable meetings, conferences, networking events, and presentations. In 2017, the ESOP Committee submitted one (1) AACE Award in the "Series of Special Events" category. We are excited to share we submitted two (2) AACE Awards in 2018 for the categories of "Series of Special Events" and "One Special Event".

The Proper Technique:

OSC has been using, what we feel, is the **proper technique** by getting involved in the local, regional and national chapters. We have involved with the ESOP Association for many years and it has only continued in 2018. Employee owners attended various ESOP conferences such as:

-  Midwest Regional Conference
-  MN/Dakotas Chapter Conference
-  Employee Ownership Foundation Golf Event
-  Technical Conference in Vegas
-  HR/CFO/CEO Roundtable Meetings
-  Women in ESOP Events
-  National Conference in D.C.
-  Eggs & ESOP Events
-  Millennial's in ESOP Events

Not only have we attended these events, but we have actively participated in them over the years. Showing our support to the ESOP Association and ESOP Foundation with monetary donations and silent auction items. Attendance and participation in these events has increased our ESOP knowledge and culture, causing employee owners to be more involved in our Company's ESOP Committee, the MN/DAK Chapter Committees, and the ESOP Association. We even saw one of our employee owners receive recognition for their involvement and was awarded the Employee Owner of the Year for the MN/DAK Chapter in 2014. A few of the ESOP events we have been involved with include (2018 events are in bold):

-  ESOP Committee member facilitated an ESOP 101 roundtable session before MN/DAK Chapter Conference.
-  **Four (4) ESOP Committee members spoke at Midwest ESOP Conference in Chicago, IL, sharing how our ESOP committee has evolved and the best practices that make our committee successful.**
-  **President/CEO spoke about OSC's succession planning for the BOD and Upper Management positions at the National Conference, MN/DAK Chapter Conferences, and Midwest Regional Conference.**
-  **Employee owners are and have been active on various MN/DAK Chapter Committees.** These include Membership Committee, Program Committee, and Governance Committee.
-  **HR Manager serves as Committee Chair for the Women in ESOPs for the MN/DAK Chapter.**
-  **Leadership Team attended roundtable meetings at MN/DAK Chapter, IA/NE Chapter, WI Chapter, and IL Chapter.**
-  **Hosted MN/DAK Chapter events - CEO Roundtable, Eggs & ESOP (record attendance), and Women in ESOPs.**

OSC and its leaders are passionate about the ESOP, its employee owners, and the employee ownership culture. Due to all the efforts listed above, we are confident that we built a lasting, quality product and our "weld" will hold for many years to come. On behalf of Oxygen Service Company, we would like to thank you for your consideration as the Minnesota/Dakotas Chapter ESOP Company of the Year.

Respectfully submitted,

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