

# Midwest Conference of ESOP Champions II



**THE BEST NEVER REST!**

Marriott Hotel  
2020 East American Boulevard • Bloomington, MN 55425 • 952-854-7441  
September 23-24, 2010

## CONFERENCE PROGRAM

### Wednesday, September 22

5:00 – 7:00 pm                      REGISTRATION OPEN

5:00 – 7:00 pm                      OPENING MIXER

### Thursday, September 23

7:30 am                                REGISTRATION/CONTINENTAL BREAKFAST

8:30 am                                Welcome ESOP Champions, Agenda Overview

*Chapter Presidents*  
*Tony Lessmeister, Illinois Chapter*  
*Jim Winterscheid, Iowa-Nebraska Chapter*  
*Neal Smith, Minnesota/Dakotas Chapter*  
*Betty Bollis, Wisconsin Chapter*

## **A Positive Culture is Essential if an Employee Owned Company Is Going to Reach its Highest Potential!**

***Mike Vander Zanden, President/CEO of Amerequip Corporation, Kiel, Wisconsin***

Mike will share the process and ingredients used at Amerequip in building and sustaining a positive culture that has positioned them to achieve levels of success that otherwise would not be possible. A positive culture is the one critical item that can differentiate you from your competition!

**9:15 am**

**BREAK**

**9:30 am – 10:30 am**

**CONCURRENT BREAKOUT SESSIONS**

### **Communication**

### ***Gain Strength with a Congressional Visit to Your Company***

***Sarah Niklaus, HLB Tautges Redpath  
Jill Gerrick, Walman Optical  
Scott Ward, Windings***

Who is protecting the ESOP structure in Washington D.C.? Does your Member of Congress know about your company's ESOP? Do they know the importance of the ESOP to your business, employees and community? With so many tax reform proposals and discussions taking place, now is a great time to consider a Congressional visit to your ESOP Company. The session promises to provide real world insight on the benefits, considerations and recommendations for a Congressional visit to your ESOP Company.

### **Technical**

### **Corporate Governance for ESOP Companies**

***Merri Ash, First Bankers Trust  
Danielle Montesano, GreatBanc Trust  
Ann Kim, Katten Muchin Roseman LLP***

Discussion to include: Best practices for corporate governance; who is a Fiduciary; what is their role and responsibility; Board composition and ESOP representation; how should the Board and Trustees be interacting on an annual basis; how should offers be handled.

### **Roundtable**

### **Advanced Valuation**

***Scott Miller, Enterprise Services, Inc.  
Hillary Hughes, Columbia Financial Advisors  
Chris Best, Best Business Appraisals***

This session, intended for people who have a solid understanding of basic valuation issues, is an open discussion about advanced valuation issues. An attendee will learn how decisions regarding the plan are tied into the valuation of the ESOP, including items such as second stage transactions and the repurchase effect on valuations. The format is a Q&A style with panelists discussing their take on some of the important questions a mature ESOP may have.

## ESOP Basics

### ABC's of ESOPs

**Susan Lenczewski, Gray Plant Mooty  
Andy Daly, Boulay, Heutmaker, Zibell**

In order to become an ESOP champion, you need to establish an ESOP. This session, presented by an ESOP accountant and an ESOP attorney, will provide business owners and management with an overview of the A, B and C of establishing an ESOP:

A for "Assess the value of an ESOP to the business and its owners"

B for "Begin discussions with a feasibility expert, an appraiser, an attorney and your accountant"

C for "Compile data, criteria and assumptions for the feasibility analysis and, upon Completion, review the results"

The session is intended to guide you through these initial stages and get you to critical step "D": "Decision-making regarding whether and how to establish an ESOP and get employer stock into the ESOP."

**10:45 am – 11:45 am**

**CONCURRENT BREAKOUT SESSIONS**

### Communication

### ESOP Education: Through the Eyes of a Child

**Kellee Kroll, Principal Financial**

This session will look at successful learning strategies for teaching children new things and how to apply them to educating employee owners about ESOP. We'll explore themes such as Actions Speak Louder than Words, Undivided Attention, Laughter is Contagious, Bribery, Learning by Repetition and Silence Speaks Volumes.

### Technical

### ESOPs in Distress

**David Solomon, Levenfeld Pearlstein  
Kevin Rettler, Principal Financial  
Thomas M. Hughes, Thomas M. Hughes, Ltd.**

This session will help companies which are facing a downturn in their business address various related issues that may arise in administering their ESOP during such challenging times. The session will cover various topics including partial plan termination issues, refinancing ESOP debt and other issues facing ESOP companies in distress, including whether and how to terminate an ESOP program.

### Roundtable

### Characteristics of a Successful ESOP

**Jim Ahern – Comstock Financial Advisors  
Dave Horvath, Crowe Horwath  
Rich Armstrong, SRC Holdings Corp. & The Great Game of Business**

In this session, the presenters will explore the characteristics of firms that have thrived under ESOP ownership. Presenters will comment on the impact of management, and the industry outlook on ESOP success. Topics explored will be the financial characteristics of successful ESOP companies, payroll characteristics, managing the ESOP cost within the company's current benefit framework, and employee ownership culture/open book management practices. The audience will leave the session better informed as to whether their company is a strong ESOP candidate.

## ESOP Basics

## How Trustees, Appraisers and Administrators Work Together

**Carrie Willis, Chartwell**  
**Nels Carlson, Alerus Financial**  
**Steve Storkan, Employee Benefits Group**

Join us for this interactive game-show session illustrating the power of team work! We will focus on the benefits achieved when ESOP advisors from various disciplines come together and function as a team. Regardless of a company's position in the ESOP life cycle, an advisor group of experienced ESOP professionals working together is needed for success.

**11:45 – 1:00 pm**

### **LUNCH & KEYNOTE SPEAKER**

#### **ESOP ADVOCATES**

***Michael Keeling, President, The ESOP Association***

While Michael in thirty years of up-close and personal involvement with public policy development, as evidenced by his inclusion in "Who's Who in American Politics", can cite victories by the swift and brilliant, he vouches for the fact that more often than not the persistent and steady tortoise-like advocates win more than the flashy hare-like advocates. He will explain why ESOPs advocates are the best when they never rest."

**1:00 – 2:00 pm**

### **CONCURRENT BREAKOUT SESSIONS**

#### **Communication**

#### ***Valuation, Presentation Ideas for Younger Employee Owners***

***Fritz Heathman, Amerequip***  
***Rod Reinertson, Van Meter Industrial***

Are you or someone you know new to your company? Do you want to understand more about your ESOP, and be more engaged in your ESOP company? Join Fritz and Rod as they share firsthand knowledge about what it takes to feel more engaged. Learn how you can help engage the younger employee owner. Today's new employee owners are the future of their ESOP company.

#### **Technical**

#### **What Not to Do with ESOPs**

***Marilyn Marchetti, GreatBanc Trust***  
***Bill Merten, McDermott Will & Emery***  
***Mary Josephs, Evergreen Capital Advisory***

A panel will discuss stories and outcomes related to Fiduciary Considerations, Legal Considerations, Structuring, Financing and Sustainability Issues.

#### **Roundtable**

#### **ESOP Sustainability**

***Matt Schubring, Chartwell Capital Solutions***  
***Brian Kopas, Foldcraft Co. and Cindy Buker, Foldcraft Co***

ESOP companies have a distinguishing feature from most non-ESOP companies – the need to continually fund the payment of retirement benefits to terminated ESOP participants. This repurchase obligation creates a claim on the company's future cash flow, potentially competing with other corporate initiatives such as capital expenditures, working capital investment and acquisitions.

With the maturing of many ESOP companies, a heightened focus has been placed on accurately studying and planning for the ESOP repurchase obligation and its effect upon a company's future capital structure. Brian Kopas and Cindy Buker from Foldcraft Co. will discuss their experience in dealing with and planning for repurchase obligations. This

roundtable discussion will discuss how and why to integrate repurchase liability planning, the annual valuation and strategic planning.

## **ESOP Basics**

## **Distribution Policies and Procedures/Repurchase Liability**

**Aaron Juckett, ESOP Insourcing**  
**Craig Olinger, Enterprise Services Inc.**  
**Brian Anderson, DeWitt Ross Stevens**

This session will review the repurchase obligation forecasting and distribution planning fundamentals, legal requirements, and best practices. It will also explore the interrelationship between the stock valuation, distribution policy, and your repurchase obligation.

**2:15 – 3:15 pm**

### **CONCURRENT BREAKOUT SESSIONS**

## **Communication**

## **Building the ESOP Culture**

**Victor Aspengren, RSM McGladrey**  
**Gary Kaufman, CarePro Health Services**  
**Steve Tufte, Innovance**

Building an ESOP culture can start at any time and in many places. Once this process starts, it never ends. The building continues throughout the life of an ESOP. This session will discuss where do you start, how fast can you change a culture, what are some of the key components for success, and the challenges that organizations face in changing culture and becoming an ESOP champion.

The discussion will be led by three different people who are living and have lived the process of building an ESOP culture. The session will be interactive, fast paced, and give the participants ideas to use in their own ESOP culture building.

## **Technical**

## **Fiduciary Liability Issues**

**Ted Becker, Morgan Lewis**  
**Joe Blee, Christensen Group**

This session will provide a primer on recent case law and what steps should be taken by trustees of ESOP companies to comply with their fiduciary duties. This session will also provide a discussion of the current marketplace for fiduciary liability and directors and officers liability insurance and how the insurance coverage must be changed to adequately address the specific exposures of managing an ESOP company.

## **Roundtable**

## **CEO Roundtable**

**Joe Grabowski, CEO, Wenck Associates, Inc.**  
**Lisa Reardon, President, CC&N**

Discussions will be driven by the attending CEOs, focusing on issues such as: creating an ownership culture, best practices concerning corporate governance, repurchase obligation planning, valuation, staffing, banking and other issues in the current economic situation. Join our CEO's for a discussion covering these topics and other hot button issues. Make your list of discussion items and bring your ideas.

## ESOP Basics

## Hiring, Developing and Keeping Owners

**Barry Boyer, Van Meter Industrial**  
**Lura McBride, Van Meter Industrial**

Learn about Van Meter's journey in developing existing talent, attracting new talent and energizing the organization to deliver incredible results.

**3:30 – 4:30 pm**

### **CONCURRENT BREAKOUT SESSIONS**

## Communication

## Giving Bad News & Keeping the Faith

*Dick Hill, Parksite*

Laying off staff, closing locations, failing to meet loan covenants, implementing ESOP & 401K partial plan redemptions, reducing wages, instituting furlough days, cutting benefits while raising benefit costs, getting fewer people to do more work – how do you do these things and simultaneously design techniques that keep people committed and faithful to the Company? This session explores the details of managing in tough times while working to maintain morale.

## Technical

## Advanced ESOP Financing

*Bruce Behm, Quazar Capital*  
*Gary Peters, Wells Fargo*  
*Grant McCorkhill, Holland & Knight*

This session will address the current banking environment and the need for alternative methods of financing for acquisitions and general borrowing. Speakers will also talk about the current lending environment on ESOP transactions and non-traditional ways for obtaining capital in today's more restrictive borrowing environment.

## Roundtables

## HR Manager

*Dan Marcue, Woodward Communication*  
*Cindy Cerro, Total Water Treatment*

Discussions will be driven by the attending Human Resources professionals, focusing on issues such as: creating an ownership culture, leading communication committees, "ESOP" orientations and communications, pending legislation, and other Human Resources best practices. Join fellow Human Resources professionals for a discussion covering these topics and other HR related issues.

## ESOP Basics

## Setting Up an ESOP Committee

**Stan Monson, Dakota Supply Group**  
**John Gearman, Dakota Supply Group**  
**Noel Klinnert, Ulteig**

Effective ESOP Committees don't just happen, they evolve. However, that evolution can be accelerated by avoiding some common pitfalls during the preliminary stages of establishing your committee. Learn some "rights and wrongs" and best practices from two solid ESOP companies with effective ESOP Committees.

For companies that already have their committees set up, panel members will also discuss best practices for maintaining a healthy and strong ESOP Committee.

**4:30 – 5:30 pm**

## **ESOP Champions Complimentary Reception**

**Friday – September 24**

**8:00 – 9:00 am**

**CONCURRENT BREAKOUT SESSIONS**

**Communication**

**High Performance ESOP Communication Team**

*Richard Duffy, Ownership Development  
Tony Lessmeister, Forsythe*

Why the Best ESOP Communications Teams never rest. What are the special ingredients that create a high performance, high impact ESOP Communications Committee? Come to this interactive session prepared to share both your successes and/or your frustrations in your efforts to be the best. Hear about and discuss those elements that are essential to the creation of a high performance communications team

**Technical**

**Your Silent ESOP Partner - Federal Agency Oversight**

*Barbara Clough, Blue Ridge ESOP Associates  
Nancy Sullivan, Barnes and Thornburg, LLP  
Jeff Cairns, Leonard, Street and Deinard P.A.*

You just received an audit letter from the IRS/DOL. What to do now? This session will address common items identified during the audit process. Attendees will receive practical tips and advice from experienced practitioners including tips to prepare for and conduct the audit. Common qualification errors and how to respond will be explored. The presenters will identify IRS and DOL voluntary correction programs and detail the pros and cons of these correction programs.

**Roundtables**

**CFO Roundtable**

*Al Weiss, Forsythe Technology  
Kevin O'Malley – Travel and Transport, Inc.*

Valuations, sustainability, balanced portfolios, repurchase obligations, taxation...; the list goes on and on. CFO's have the non-glamorous responsibility of keeping their ESOP's viable during these ever changing economic times. This roundtable is designed for you to learn from CFO's and to also share your own experiences. You will have the chance to ask questions specific to your needs. Make your list of questions and bring your ideas as well for what promises to be a truly enlightening session.

**ESOP Basics**

**Challenges and Issues When Changing from Internal to Independent Trustee and Adding Independent Board Members**

**Neil Brozen, BNC National Bank  
Jerry Kauffmann, Windings**

Learn about the challenges and issues a 100% ESOP owned S corporation faced when changing from an internal to an independent trustee and added several independent directors from a 100% inside board. The changes will be discussed from the perspectives of the President/Director and Independent Trustee. You will learn how the impact of having an independent trustee and the process the board followed in developing a list of characteristics for a new director, how they identified candidates and the selection process.

**Communication****The ESOP Behavior Contract**

*Dick Hill, Parksite*

“Act like an owner!” is a charge given to all employees in the ESOP community. What does this mean? Is there something an owner does in their day to day work that is “different” from what people outside of ESOPs do? We will explore the behavioral side of ownership and not in “fuzzy feel good” terms. What does an ESOP owner do that is quantifiable, measurable and can be laid out in a Behavior Contract, measured in performance appraisal, and serve as the foundation for corrective action? How can this Behavior Contract be used to shape the attitudes of associates? This session helps make these ideas a reality.

**Technical****Executive Compensation for ESOP Companies**

*Brian Hector, Morgan Lewis  
Jeff Buettner, SRR  
Richard Joseph, Alerus Financial*

Executive compensation is an important tool to attract, retain and provide appropriate incentives for key individuals of an ESOP company. This session will examine the benefits of executive compensation programs and the various design alternatives. In addition, we will focus on the role of the ESOP fiduciaries in reviewing and monitoring these programs, and the potential impact on the ESOP share value.

**Roundtable****October Ownership Month Ideas**

*Sheila Hill, SPS Companies  
Rhonda Leader, Sentry Equipment  
Tony Lessmeister, Forsythe Technology*

Too busy to recognize Employee Ownership Month? Think it isn't worth it or that it will take up too much time? You can't afford to miss this chance to promote employee ownership during October. It's not all about celebration, it's also a chance to focus on awareness and education. Join these experts that have “been there, done that” as they share ideas on how to make a big impact on employee owners. Surveys have shown that an engaged employee owned work force outperforms their non-employee owned counterparts significantly. Come prepared with your own ideas, this is a great forum to share and compare.

**ESOP Basics****How to Get Employees Engaged!**

*Cindy Cerro, Total Water Treatment  
Mike Moses, S&C Electric Company  
John O'Brien, Duff & Phelps – Facilitator*

This session will explore the ways in which successful ESOP companies get employees involved and motivated to succeed within an ESOP company structure. These “best practices” will be shared by executives from two well known ESOP companies and their advisors.

10:30 – 11:30 am

CONCURRENT BREAKOUT SESSIONS

Communications

Ownership Thinking – Taking it to the Next Level

*Missy McManigle, Walman Optical*  
*Jennifer Morton, Walman Optical*  
*Kim Mosher, Walman Optical*

This session will delve deeper into culture impacting programs and other opportunities at ESOP companies where employee owners are truly given a chance to think and act like an owner. Join the panelists as they share different objectives, processes and rewards systems all with employee ownership in mind.

Technical

Diversification/Rebalancing/Reshuffling ESOP Accounts

*John Prodoehl, Principal Financial*  
*Angela Brick, Nyemaster Goode, PC*  
*Nancy Dittmer, RSM McGladrey*

The presentation will discuss rebalancing of employer security accounts in an ESOP to maintain proportionate equality among participants as well as reshuffling or converting employer securities in the accounts of participants who have separated from service. The discussion will include a review of reasons to convert or rebalance and compliance and fiduciary issues related to rebalancing and reshuffling. The presentation will also discuss the recent case law and IRS analysis regarding rebalancing and reshuffling; plus, the basics of diversification and how diversification is affected by rebalancing/reshuffling accounts.

Roundtable

Chapter Awards Aren't Just For The Other Guy...It's Your Turn To Take The Stage!

*Rod Reinertson, Van Meter Industrial*  
*Sheryl Neuman – Bauer Welding & Metal Fabricators, Inc.*  
*Trish Cornwell, CarePro Health Services*

*"I can tell you about one special person that keeps the employee ownership spirit strong at my company."*

*"Employee Ownership communication and education is important where I work - it's evident in all we do."*

*"I'm proud of my ESOP Company!"*

**Do These Statements Ring True For You?**

Then you've got something to write about! Applying for Chapter **Employee Owner of the Year** and **ESOP Company of the Year** awards is worth the time and effort. And it's easier than you think. Chapter winners are submitted for the National contests, and receive many benefits, including a free registration to the Annual Conference in Washington D.C. Why not take the opportunity to highlight the successes within your ESOP and be recognized for your efforts? Attend this panel discussion to hear from past award applicants and winners. You'll leave with ideas and samples and see how easy it is to highlight your company or a deserving employee owner. ***Don't let the opportunity pass you by!***

## ESOP Basics

## **ESOP GOVERNANCE: Building a Good Board and a Positive Board-Trustee Relationship**

**Michael Voves, Dorsey & Whitney  
Stephen Ringlee - Web Industries**

In theory, an ESOP trustee does not participate in the operation of the business and management of the company. How actively involved in management and board affairs does the trustee have to be in order to fulfill his/her ERISA fiduciary duties? How can the Trustee and Board work together to create an exceptional governance process and a top quality board of directors? The purpose of this session is to explore that question and to examine the role of the trustee vis-a-vis the board of directors and management.

**11:30 am – 12:30 pm**

### **LUNCH & KEYNOTE SPEAKER**

**Keynote Speaker: Economist Jim Paulsen  
"Economic and Financial Market Outlook"**

You won't want to miss this session as Jim is a dynamic and engaging speaker! Jim Paulsen is the chief investment strategist at Wells Capital Management. He will be discussing the current state of the housing, auto, real estate, retail and manufacturing sectors and how they will shape the overall economy and what to expect.

**12:30 pm Close of Conference – feel free to stay and visit with your ESOP colleagues.**

\*\*\*\*\*

**Visit the Midwest Conference of ESOP Champions Landing Page for conference registration, hotel reservations, area maps, restaurants, activities, events and attractions:**

**[www.bloomingtonmn.org/MW\\_ESOP\\_Champions\\_Conference](http://www.bloomingtonmn.org/MW_ESOP_Champions_Conference)**

OR

**REGISTER BY SELECTING THE FOLLOWING LINK**

**<https://secure.esopassociation.org/login/default.asp?page=/secure/confreq/register.asp?confid=76>**

**NOTE: You will need to log in to The ESOP Association Website to receive the member rate.  
Non-members may bypass log in by selecting "No" to register and pay online.**

**Questions? Contact Chapter Administrators: Donna Walseth – [dwalseth@esopexec.org](mailto:dwalseth@esopexec.org) • 763-785-4122  
Sue Crockett – [scrockett@mndak-esop.org](mailto:scrockett@mndak-esop.org) • 612-872-4375**

#### **Cancellation Policy:**

Cancellations must be received in writing, via fax or email, no later than 7 full business days prior to the program in order to qualify for a refund. You may always send a substitute. "No-Shows" will be invoiced for the total registration fee.

#### **Marriott Room Reservation Information:**

Special Conference Room Rate: \$94 (double)

Phone: 952-854-7441 or 1-800-228-9290

Request code **ESOP**

OR Select:

**[Minneapolis Airport Marriott >>](#)**

Reserve on or before September 1, 2010 to receive the special rate.

#### **[Raffle Prizes Wanted!](#)**

**If you are willing to contribute a prize for the The Employee Ownership Foundation Raffle, value of \$100 or more, please contact Donna Walseth at [dwalseth@esopexec.org](mailto:dwalseth@esopexec.org) (763) 785-4122.**

**Prize contributors will be recognized in the conference program and on signage at the raffle table.**

**Your support is appreciated!**