



The Illinois Chapter of The ESOP Association Presents:

# *Serving All of Illinois*

Three-track Conference

Wednesday, March 7, 2012 at The iHotel & Conference Center

1900 South First Street, Champaign, IL 61820 • 217-819-5000

## Conference Sponsors:



J.P.Morgan



Morgan Lewis



## Serving All of Illinois • Illinois ESOP Chapter Conference Agenda • Wednesday, March 7, 2012

**8:00 - 8:40 am Registration & Continental Breakfast**

**8:40 - 9:15 am GENERAL SESSION** Introductions, Chapter Business, and Agenda Overview, Chapter Awards Presentation

Meet The 2012 Illinois ESOP Chapter Officers • Learn What's in Store for 2012 • Congratulate Chapter Award Winners

*Art Miller, Chapter President & Chapter Officers*

**9:15 - 9:50 am: Opening Keynote Address: Brian Holding, CEO of Human Kinetics Publishers** Few businesses have undergone the upheaval of the publishing industry over the past several years. Learn how an ESOP publisher, the world's largest publisher in physical activity, continues to evolve into an electronic publisher thanks to its employee owners.

**Three Track Schedule** Each time slot offers a choice of three sessions:

<u>Technical</u>	<u>Legal/Legislative</u>	<u>Communication/Culture</u>
<b>10:00 - 11:00 am BREAKOUT SESSIONS (1)</b>		
<p><b>Valuation: Recent Developments in ESOP Valuations</b> <i>Fred Jahns, Brookwood Vance; Jeff Buettner, Stout Risius Ross</i></p> <p>This session will encompass (1) an initial introduction of valuation approaches and methodology commonly used in the valuation of ESOP owned companies, and (2) an overview and discussion of valuation considerations driven by the increasing use of certain deal structures, incentive compensation programs and prevailing macroeconomic conditions. Areas of discussion will include an overview of certain Market and Income Approaches to estimating value, and valuation considerations stemming from the presence of seller financing, synthetic equity, and price protection on existing shares in second stage ESOP deals.</p>	<p><b>Protecting Against Lawsuits: How ESOP Companies and Fiduciaries Can Avoid Litigation</b> <i>Ted Becker and Rick Pearl, Morgan, Lewis; Casey Zgutowicz, Lockton Companies LLC</i></p> <p>Through case studies, this program will identify practices that ESOP companies, their directors and officers, and ESOP fiduciaries should follow to minimize the risk of litigation. The focus will be on actions that can be taken to avoid lawsuits and also to enhance the chances of a successful defense in the event of a lawsuit.</p>	<p><b>What Do CEO/CFOs Need To Run a Sustainable ESOP Company</b> <i>Tim Regnitz, SES Advisors; Ken Serwinski, Prairie Capital; Bill Campbell, Davis &amp; Campbell</i></p> <p>An open forum will be conducted on best practices by the board of directors, CEO/CFO and other senior managers in preparing themselves for long-term ESOP ownership. Emphasis will be placed on good governance, CEO commitment, retirement benefit policy decisions, valuation trajectories, repurchase obligation and communication. This format allows company participants to share their own experiences and learn from others.</p>
<b>11:00 - 11:15 am BREAK</b>		
<b>11:15 - 12:15 pm BREAKOUT SESSIONS (2)</b>		
<p><b>Repurchase Obligation - Developing a Long-Term Funding Strategy for Long Term ESOP Sustainability</b> <i>Bob Gross, Prairie Capital; Paul Trost, North Star Trust</i></p> <p>This session will raise a broad collection of issues that need to be considered when a mature ESOP company confronts a challenging repurchase obligation scenario. The focus will be more on the corporate strategic front rather than the technical ESOP/Valuation/Administration</p>	<p><b>Using ESOPs to Structure Acquisitions and Divestitures in a Down Economy</b> <i>Bill Merten, McDermott, Will &amp; Emery; Patrick DeCraene, GreatBanc Trust Company</i></p> <p>This session will discuss the advantages that the leveraged ESOP structure can bring to M&amp;A advisors and private equity groups charged with structured acquisitions and divestitures in the context of current</p>	<p><b>What Does it Mean to Act Like an Owner? Developing an ESOP Behavior Contract</b> <i>Dick Hill, Parksite</i></p> <p>“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</p>

front. We will be working with big-picture math over longer time frames in a way that (hopefully) engages the audience in discussion.

economic conditions.

“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 will make specific the often over generalized world of ESOP behaviors.

**12:15 - 1:30 pm LUNCH, NETWORKING**

**12:50 - 1:30 pm KEYNOTE SPEAKER: Kevin Hambly, University of Illinois Volleyball Coach:** Kevin Hambly, the 2011 National Coach of the Year, will discuss the challenges of a top-ranked NCAA athletic team. Learn how players are identified and recruited, the goal setting process that resulted in an NCAA second-place finish in 2011 and gain insights into creating a highly successful team.

**1:35 - 2:35 pm BREAKOUT SESSIONS (3)**

**Technical**

**Legal/Legislative/Assorted Topics**

**Communications**

**Administration - Developing a Timeline; Common Errors and Appropriate Corrective Measures**

*Barbara Clough, Blue Ridge ESOP; Brian Hector, Morgan, Lewis; Kevin Rusch, ESOP Partners*

This session will outline the key requirements, issues, and deadlines to keep your ESOP on track using a month by month sample administration timeline for an ESOP with a December plan year end. This session will also address the most common administration errors related to areas such as eligibility determination, vesting, share release calculations and diversifications [JAG], to name a few. When errors cannot be prevented, the presenters will identify the best correction method [JAG] and program [JAG]s available to the plan sponsor. EPCRS, Audit CAP, Self-Correction, DVFC and other programs will be identified and detailed. Attendees will walk away from this session with a clear understanding of the administrative requirements of their ESOP!

**The In's and Out's of Selling an ESOP Company**

*Dave Horvath, Crowe Horwath; Jim Ahern, ComStock; David Solomon, Levenfeld Pearlstein*

Before the sale of an ESOP company is explored, there are several issues that need to be addressed by the plan sponsor, the ESOP fiduciary and the other advisors to the ESOP. This session will identify and provide insight into how to handle the various legal, administrative and valuation issues that arise when an ESOP-owned company is sold.

**Every Month is ESOP Month - Ideas for Engaging and Re-engaging Employee Owners**

*Richard Duffy, TEA Chapter Development Officer; Tony Lessmeister, Forsythe Technology*

Getting employee owners engaged is one challenge while re-engaging other employees that have lost interest is a whole other opportunity. As the economy improves, ESOP companies must stay competitive by holding on to their best and brightest. Explore every day opportunities for companies to celebrate and educate employee owners about the tremendous benefits of ESOPs. Discussion will include: ESOP education, political discussions, bridging the manager/employee gap and employee recognition. Make your list of questions and bring your ideas to this interactive session for a step in the right direction for your company's success.

**2:35 - 2:50 pm BREAK**

**2:50 - 3:50 pm BREAKOUT SESSIONS (4)**

**Capital Strategies and Liquidity Options in ESOP-Owned Companies**

*Will Bloom, Chartwell Capital Solutions; Dave Blum, First American Bank, David Jones, Merit Capital Partners*

This session will review capital strategies and liquidity sources for newly-formed ESOPs and ESOP-owned enterprises for growth (capital expenditures, M&A, etc.)

**Fiduciary Liability of Successor ESOP Trustees**

*Greg Brown, Katten Muchin*

This session will involve a presentation on legal issues facing successor trustees and practical discussion on how to avoid ERISA fiduciary liability. Several case studies will be used to illustrate what needs to be done.

**Participant Communication: A Company Perspective**

*Danielle Montesano, First Bankers Trust (Moderator); Art Miller, Holden Industries; Scott Szafasz, Bimba Manufacturing; Tony Lessmeister, Forsythe Technology*

This panel discussion among some of Illinois' most successful employee-owned companies will explore

refinancing, recapitalizations, and releveragings. We will also explore recent trends from the private equity world in ESOP-owned structures (recapitalizations). Key take-aways: Understanding financing/liquidity sources; familiarity with structures and situations warranting third-party capital sources.

responses to commonly asked participant questions, as well as "lessons learned" through the years regarding participant communications. The open format discussion will include the role of the trustee in participant communications, fielding participant complaints and inquiries, the type of information that should and should never be shared, contested board votes and questions around valuation conclusions. Bring your own questions and join us for what is sure to be a spirited discussion among employee owned companies that have seen it all.

#### **4:00 - 5:00 pm BREAKOUT SESSIONS (5)**

##### **What Deals Are Getting Done? A Review of Credit Markets**

*Kim Abello, JP Morgan; Dick Shuma, Harris Bank*

Is the market for cash flow loans coming back? Is credit easing? Exactly what does the current environment look like? What is the structure of deals getting done? Is this a good time to finance expansion or acquisition? This session will provide an update on the structure of deals that are closing, including current structure: pricing, terms, covenants and cash flow sweeps. In addition, we will discuss how to get your company ready for a bank underwriting from a company perspective directly from the CFO of an ESOP company.

##### **Legislative, Regulatory and Judicial Update**

*Julie Govreau, Morgan, Lewis; Todd Young, Hinshaw & Culbertson; Fred Kaseff, GreatBanc Trust*

This program will provide a timely summary of recent legislative activity, court decisions and government agency actions impacting ESOPs. The recent economic downturn has produced a number of high-profile lawsuits against ESOP and Plan Sponsor fiduciaries, and some very important court decisions. Recently the Department of Labor has been more active than ever in filing 'friend of the court' briefs in ESOP litigation brought by ERISA plan participants and trustees, and initiating court actions on its own. The program will provide insight into the DO's and IRS's positions on a variety of issues pertinent to ESOPs. Recent proposed legislation and government positions that could have adverse tax and other consequences on SOP companies and their directors, officers and shareholders will also be reviewed.

##### **Applying Health Care Reform and Wellness Plans in Your ESOP Company**

*Dick Hill, Parksit Inc.; Paul Davidson, Lockton Companies LLC*

With escalating medical costs and the new demands of the Health Care Reform Act, employers are being forced to re-evaluate their health care benefit strategies. Can the power of ownership help rein in escalating medical costs? This session provides innovative models for controlling medical costs in an ESOP environment. The program will also provide a comprehensive update on the status of health plan reform and wellness plan development, including information on industry trends and best practices

#### **5:00 - 6:00 pm COMPLIMENTARY SOCIAL AND NETWORKING HOUR**

**"Serving All of Illinois" ESOP Chapter Winter Conference • March 7, 2012**  
**iHotel & Conference Center**  
 1900 South First Street, Champaign, IL 61820 • 217-819-5000  
**REGISTRATION FORM**

	<u>On or Before February 28, 2012</u>	<u>After February 28, 2012</u>
<b>Members:</b>	\$125 per person (1 <sup>st</sup> registrant) \$110 per person (2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , registrant)	\$140 per person (1 <sup>st</sup> registrant) \$125 per person (2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , registrant)
<b>Non-Members:</b>	\$175 per person	
<b>At the Door:</b>	\$175 per person	

Cancellation Deadline: February 28, 2012. You may send a substitute at no additional charge.

**To register and pay via credit card online, please select the link below:**  
<https://secure.esopassociation.org/secure/confreg/register.asp?confid=104>

**To register and pay via check please complete the form below and mail to:**  
 Donna Walseth • 906 97<sup>th</sup> Lane NE • Blaine, MN 55434  
[dwalseth@esopexec.org](mailto:dwalseth@esopexec.org) • 763-785-4122 (phone)

<b>Name</b>			
<b>Name</b>			
<b>Name</b>			
<b>Company</b>			
<b>Address</b>			
<b>Phone</b>		<b>Email</b>	

Amount Enclosed: \$ \_\_\_\_\_ (check made payable to **THE ESOP ASSOCIATION**) **THANK YOU!**

Hotel Room Reservations: iHotel: \$129 Double Queen or King. Phone 217-819-5000 • Request group code: AESC and mention March 7 conference date • <b>Hotel Rate Deadline: February 6, 2012</b>
--