



# ESOP Newsletter

Volume 1, Issue 1

April 2010

## Welcome to our first ESOP Newsletter

Bill Duguay

ESOP Committee Chair

Your ESOP Committee is excited to start a newsletter committed to helping all of our Employee Owners be active participants in the success of our Company. Our goal is to send out newsletters several times a year to: help raise awareness on what's happening with your ESOP; help explain just what being an ESOP is; what your Committee is doing; and what's coming up. The more our Employee Owners know just how much our individual efforts affect the Company's value, the more successful we will be. Safety and Quality will always be the cornerstones of our success, and 2010 is starting of well!

### INSIDE THIS ISSUE

- **Understanding your company**
- **How to seek help or ask questions about ESOP**
- **Logo Contest Winners!!**

## Two fellow owners are recognized for safety efforts

Leading by example results in unexpected recognition.



The Fort Worth Division of the USACE has recognized two JDA Employee Owners for their outstanding attitude and efforts towards safety in the work place.



Left – *Eric Kirtley* of BCT Projects receives his hard hat sticker from US Army MSG Ozimek. Right – *Al Cherry* of Ft. Polk Project responded to a first aid call from an injured soldier that was away from his unit.

We are all proud of the example these men set and the positive face they have created for our company.

*Have an Idea or suggestion on what you would like to see in your ESOP newsletter? Have a picture to share? Send it*



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## **Congratulations to our Logo Contest Winners**

At last year's Management Conference the ESOP Committee announced the winning Logo Contest Winners, and rewarded Julian Summers and Chuy Anguiano with checks for \$5,000 each! We would also like to thank each employee owner for their entry. With over 300 total entries we knew we would have a tough decision to make, and we hope you agree that our winning design says a lot about Abrams moving forward as Employee Owned!. In the next few weeks, each area will receive posters showing all of our entries. Thanks to everyone for helping out!

## **What can I as an Employee Owner Expect from the ESOP?**

The ESOP Committee has very clear direction from the Abrams family and the Company Board of Directors that the Committee share as much information as possible with all the Employee Owners about the Trust.

To do this, the Committee has started working on how



we can raise all the employee owners understanding of what the ESOP is, how it works, how the Employees contribute, and what being Employee Owned means.

To do this, we'll need to develop different training aids to educate all of our Employee Owners about the different aspects of the plan and Trust. Some of this is pretty complicated, but our job is to break it down so all of us can understand it and make it work.

One of our biggest responsibilities the Committee has is reviewing the annual Valuation of the Company that determines the Stock Value that is the basis of the Trust. This is an important number for each of us to know and understand. Once this is done, we will work hard for all the Employee Owners to understand what that is, and how to read our Statements.

## **Why did we convert to being an ESOP?**

The Abrams family allowed the Employees to purchase the company from them for several reasons:

- The ESOP allows the company to be employee owned
- The ESOP will provide the employees with another level of benefit that isn't common in our business
- The ESOP provides the company with tax advantages, as all profits are put into the ESOP
- The ESOP rewards long term commitment from the employees
- ESOP companies tend to innovate, provide greater employee satisfaction and be more successful than their competitors



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## So what can we expect?

With employee involvement, and continued growth and consistent profitability, the employee owners will be able to pay off our loan, and be able to gain potentially valuable retirement benefits. To accomplish this, we'll need to provide support, training, and answers to your questions. The more we know, the better we will be at making our ESOP work!

## How can I ask questions about the ESOP?

*Here are the few easy steps!*

We know that the idea of an ESOP is something we all need to learn more about, so the ESOP Committee has set up a way for all employees to ask questions about the Plan, and Employee Ownership.

The ESOP committee wants to make sure that all Employee Owner questions are answered properly, quickly, and uniformly across the Company. To make that happen, we came up with a simple question sheet that will be available in all of our offices for you to fill out and send in. This form will also be available on our web page at [www.jdabrams.com](http://www.jdabrams.com) as a link in the ESOP section.

Using the form, just fill out your name, job number and your question, and turn it in at any project or Area Office, or the home office in Austin, or fax or email it using the web link.



*Each question that is received will be answered back as quickly as we can to the employee. The committee will also select some questions to be part of the web page. No names will be used on the web page, we just want to share as much information as possible*

## What is the ESOP Committee?

The ESOP Committee is part of the governing ESOP Plan that was set up to guide the sale of the Company to the Employees. The Committee has a set of guidelines for its operation and a defined set of responsibilities. The main duties of the Committee are:

1. Select the Trustee who oversees the Trust
2. Communicate with all the Employee Owners what is going on with the Trust, including answering any questions about it, and
3. Enforce the terms and rules of the plan

Really the main focus of the Committee is to work for the other Employee Owners to help make the ESOP Trust as open and transparent as possible, and to help build a culture of Employee Ownership where we can all be successful.

## How did we get nominated?

The first Committee members were selected by the Abrams International Board of Directors. The Committee has adopted a set of operational guidelines including how long each member will serve, and how the Employee Owners can nominate representatives when our terms expire. We'll have more on this by the time we share our statements in June.



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## What have we been doing?

We met in El Paso as a group on December 1<sup>st</sup> of last year to nominate and elect our professional ESOP consultants for the coming year.

We have been very happy with the timeliness and quality of the services we've been provided and elected to stay with our current partners:

Plan trustee: Mick Frick with the Sterling Support Group <http://sterlingsupportgroup.com/>

Plan Accounting: Crowe Horwath and Associates <http://www.crowehorwath.com/crowe/>

Company Evaluation: Business Valuation Associates <http://www.bvagroup.com/>

Just like all of us doing our taxes at home, the Company is also doing theirs during first two months of the year. As soon as we get that done, we start doing these right away:

- Determine our profitability and set how much money the Company will be able to put into the ESOP
- Complete the Company valuation, which should be done by Mid March
- From the valuation and our profitability, a share price for this year will be set (it only changes once a year)
- At the same time, we calculate everyone's vesting
- By the first week of June, we should be able to hold our Company wide ESOP meetings just like last year to go over the employee statements.

## Wait, I need some help with what those words are!

- **ESOP:** Employee Stock Ownership Plan. This is a type of Company Ownership allowed by the Internal Revenue Service, and ERISA. Once an employee meets the vesting requirements, they are automatically enrolled at the next plan entry date.
- **Plan:** The Plan is what sets out the stock ownership by the employees, and how the ESOP is run. This is a legal document that spells out how we administer the trust, pay the loan the Plan took out to buy the company, and to distribute the shares.
- **Trust:** The Trust works within the plan, and holds all the monies put into the ESOP. The Trust pays off the debt that was used to buy the Company as well as holds the Employees Shares of Stock.
- **Trustee:** The outside company we hire to oversee the Trust, also known as the Plan Administrator.
- **ESOP Committee:** The Employee group that directs the Trustee and enforces the terms of the Plan.
- With each newsletter, we'll continue to try to explain some of the words and phrases used with the ESOP. If you one in particular, let us know, and we'll help you out.

