

The Retail Contractor

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NEWSLETTER

Succession Planning: Employee Stock Ownership Plans



In January, RCA's Next Gen committee presented the first in a series of webinars addressing the options for and challenges of succession planning. The topic of Employee Stock Ownership Plan (ESOP) was addressed by **Brian Silver**, CFO of Gray West Construction, and RCA Board member **Eric Berg**, Chief Operating Officer, West Region.

Gray, Inc went through the ESOP process in 2010. There are now 13 companies under the Gray banner participating in the ESOP. Their combined revenue is \$3 billion annually, performing on about 500 projects across the U.S per year. The company employs about 1,400 team members.

Silver noted a 2020 study that found that 13 of the 100 largest ESOPs in the US are contractors. ESOPs are popular because of the tax benefit opportunities for wealth distribution. A company that is an ESOP doesn't pay any future federal income taxes, but are still subject to state taxes. ESOPs are a way to allow business owners to help their companies

continue after the owner's retirement, especially in an industry where third-party buyers are difficult, if not impossible to find.

The administration of ESOPs was discussed. Federal Law (ERISA) requires that an outside trustee is selected to manage the ESOP for the benefit of the participants. An internal administrator is also appointed. Companies also need to secure an independent valuation firm. Gray also created a communications committee to keep its employees informed about the ESOP.

Silver explained how an ESOP works. First, a company establishes an ESOP to buy some or

all of the company's stock. The company must then make an annual contribution to the ESOP so it can pay for the stock. In many instances, the company may utilize funds formerly dedicated to a 401K match to fund the stock purchases. As the ESOP pays for the stock, all participants receive an allotment of shares in their ESOP account annually. Participants are vested in the ESOP over time and when they leave the company, they receive the value of their vested portion of the ESOP account. Plan documents are developed that outline vesting, allocations, and payments.

Companies define a vesting period, and the allocations of stock are based on individual earnings relative to their annual compensation. Silver discussed some of the specifics of how Gray handles its ESOP, including changes to the treatment of its 401k, noting that employees are seeing a higher

(Continued on page 2)



RCA's mission is to promote professionalism and integrity in retail construction through industry leadership in education, information exchange, and jobsite safety.

return on the ESOP than their 401k. Silver reviewed the process for determining stock value.

Some reasons a company may choose an ESOP include the ability to remain independent, a self-sustaining ownership exit model where new employees buy out retiring employees, the tax advantages, a common focus among team members on growing the stock value, investing in each other and recruitment and retention of employees.

Berg said that it is important to educate the staff on the purpose and benefits of an ESOP. The need to communicate with staff is ongoing and maintaining transparency is very important. ESOPs only work if companies continue to grow and maintain profitability. ESOP share value only increases with the success of the Company.

During an open discussion amongst the attendees, it was noted that not every ESOP is successful. Some go bankrupt; sometimes the situation isn't right for the team members. An ESOP can meet the challenge of an owner who doesn't have family members who want to take over the business.

Many thanks to Next Gen chair **Mike Sullivan**, Sullivan Construction Company, for coordinating this program. Future programs will focus on mergers and acquisitions and family successions. A recording of the ESOP session is available in the Members Only section of the RCA website.

Election Results

Thank you to everyone who participated in our general election. The following members were elected to the RCA Board of Directors for the 2022–2025 term, which will begin after our Annual Conference in March.

Tim Aubel, VP of Construction, Rectenwald Brothers Construction

Eric Berg, Chief Operating Officer, West Region, Gray

Ray Catlin, President, Threecore, LLC

Denise Doczy-DeLong, CEO, Singleton Construction

Eric Handley, Chief Operations Officer, W.A. Randolph Construction, Inc.

At RCA's November 2021 Board meeting, the following officers were elected for the 2022–2023 term.

- **President:** Ray Catlin, President, Threecore, LLC
- **Vice President:** Eric Handley, Chief Operations Officer, W.M. A. Randolph, Inc.
- **Secretary/Treasurer:** Justin Elder, President, Elder-Jones, Inc.

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President's Message

Ray Catlin, President, Threecore, LLC



Ray Catlin

Often during the beginning of a new year, we sit down and think through the year ahead and reflect upon the year behind us. The beginning of 2022 is no different. Even though the calendar says it is a new year, we are faced with some of the same old challenges and headwinds. As we look around our country and the world, we continue to see division, with positions being taken to extremes on both sides of critically important topics. Seemingly, the ability to come together and

collaborate has become more and more difficult.

In our industry, we are constantly discussing the valuable need to collaborate. With the labor shortages, supply chain issues, and material volatility issues we face, I wonder how we might come together and collaborate? I wonder if our industry—the industry that takes it on the chin with every turn of the economy—can model how collaborating affects impactful outcomes and positive change?

The labor shortage is high on our list of challenges and an issue we have battled for years. While attending a conference recently, I overheard an owner stating that the labor shortage was the contractor's issue and problem. This is the type of mindset that will continue to hinder our ability to solve the issue. More importantly, this line of thinking does not portray a collaborative mindset. People have been leaving our industry for years. The solution to the problem isn't finding new sources of potential employees, rather uncovering the reasons why they leave, and correcting those issues. Specifically, we need to collaborate to find ways to make our industry more appealing.

I always find it interesting to see projects being recognized for design and construction awards, with no mention of the subcontractors or the men and women that put in the hours to bring those projects to fruition. Instead of viewing the trades as a means to an end, let's start recognizing them as the reason our projects are possible.

As we embark upon a new year, my hope is that we pull together as an industry and collaborate to solve the challenges we face in a way that will make us more attractive to those choosing a career. Maybe we can set the example for the rest of the country as to collaborative problem solving.

I look forward to seeing everyone at the RCA annual conference in March and SPECS following.

PS—If you have any feedback or ideas on this topic, please contact me at ray.catlin@threecorellc.com.

The solution
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new sources
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employees,
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and correcting
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Jason Miller - JCPenney Company

Jeff Montang - JLM Retail

John Polzer - Duane Morris

Steven R. Olson, AIA - CESO, Inc.

Brad Sanders - CBRE | Skye Group

COMMITTEE CHAIRS

LEGISLATIVE/REGULATORY

Andy Bohon
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MEMBER BENEFITS

David Martin
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membership@retailcontractors.org

RECRUITMENT

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Justin Elder
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SPONSORSHIP

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sponsorship@retailcontractors.org

TRAINING

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OFFICERS

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Eric Handley
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BOARD OF DIRECTORS

2023 Steve Bachman
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2022 Eric Berg
Gray

2024 David Brown
Tri-North Builders

2022 Ray Catlin
Threecore LLC

2024 Jay Dorsey
Triad Retail Construction, Inc.

2023 Justin Elder
Elder-Jones, Inc.

2022 Eric Handley
William A. Randolph, Inc.

2024 David Martin
H.J. Martin & Son, Inc.

2022 Carolyn Shames
Shames Construction

2024 Mike Sullivan
Sullivan Construction Company

2024 Hunter Weekes
Weekes Construction, Inc.

2023 Rick Winkel
Winkel Construction, Inc.

2023 Andy Bohon
Westwood Contractors

PAST PRESIDENTS

David Weekes 1990-1992

W. L. Winkel 1993

Robert D. Benda 1994

John S. Elder 1995

Ronald M. Martinez 1996

Jack E. Sims 1997

Michael H. Ratner 1998

Barry Shames 1999

Win Johnson 2000

Dean Olivieri 2001

Thomas Eckinger 2002

James Healy 2003

Robert D. Benda 2004-2006

K. Eugene Colley 2006-2008

Matthew Schimenti 2008-2012

Art Rectenwald 2012-2014

Mike Wolff 2014-2016

Robert Moore 2016-2017

Brad Bogart 2017-2018

Rick Winkel 2018-2019

Steve Bachman 2019-2021

RCA Membership

RCA members must meet and maintain a series of qualifications and are approved by the Board of Directors for membership. They have been in the retail construction business as general contractors for at least five years; agree to comply with the Association's Code of Ethics and Bylaws; are properly insured and bonded; are licensed in the states in which they do business; and have submitted letters of recommendation.


COMPANY	CONTACT	PHONE	STATE	EMAIL	MEMBER SINCE
Acme Enterprises, Inc.	Jeff Lomber	810-499-7127	MI	jlover@acme-enterprises.com	2009
Atlas Building Group	Brian Boettler	636-368-5234	MO	bboettler@abgbuilds.com	2017
Bogart Construction, Inc.	Brad Bogart	949-453-1400	CA	brad@bogartconstruction.com	2008
Buildrite Construction Corp.	Bryan Alexander	770-971-0787	GA	bryan@buildriteconstruction.com	2013
Commercial Contractors, Inc.	Kenneth Sharkey	616-842-4540	MI	ken.t.sharkey@teamcci.net	1990
Commonwealth Building, Inc.	Chris Fontaine	617-770-0050	MA	cfontaine@combuild.com	1992
Connor Construction, LLC	Benjamin Connor	856-599-1765	NJ	bconnor@connorconstructionllc.com	2021
Construction One, Inc.	Bill Moberger	614-235-0057	OH	wmoberger@constructionone.com	2015
David A. Nice Builders	Brian Bacon	757-566-3032	VA	bbacon@davidnicebuilders.com	2011
De Jager Construction, Inc.	Dan De Jager	616-530-0060	MI	dandj@dejagerconstruction.com	1990
Desco Professional Builders, Inc.	Bob Anderson	860-870-7070	CT	banderson@descopro.com	1995
DGC Capital Contracting Corp	Gerry Ryan	914-664-7244	NY	gryan@dgccapital.com	2021
Diamond Contractors	Lori Perry	816-650-9200	MO	loriperry@diamondcontractors.org	2015
Division 9 Commercial Inc.	Cheryl Montour	770-919-9941	GA	cmontour@division9inc.com	2021
DLP Construction Company, Inc.	Dennis Pigg, Jr.	770-887-3573	GA	dpigg@dlpconstruction.com	2008
E.C. Provini, Co., Inc.	Joseph Lembo	732-739-8884	NJ	jlembo@ecprovini.com	1992
Eckinger Construction Company	Phillip Eckinger	330-453-2566	OH	phil@eckinger.com	1994
EDC	Christopher Johnson	804-897-0900	VA	cjohnson@edcweb.com	1998
ELAN General Contracting Inc.	Adrian Johnson	619-284-4174	CA	ajohnson@elanc.com	2010
Elder-Jones, Inc.	Justin Elder	952-345-6069	MN	justin@elderjones.com	1990
Encore Construction, Inc.	Joe McCafferty	410-573-5050	MD	joe@encoreconstruction.net	2018
Engineered Structures, Inc.	Mike Magill	208-362-3040	ID	mikemagill@esiconstruction.com	2016
Fortney & Weygandt, Inc.	Greg Freeh	440-716-4000	OH	gfreeh@fortneyweygandt.com	2013
Fred Olivieri Construction Company	Dean Olivieri	330-494-1007	OH	dean@fredolivieri.com	1992
Frontier Building Corp.	Andrew Goggin	305-692-9992	FL	agoggin@fdllc.com	2018
Fulcrum Construction, LLC	Willy Rosner	770-612-8005	GA	wrosner@fulcrumconstruction.com	2014
Go Green Construction, Inc.	Anthony Winkco	412-367-5870	PA	anthony@ggc-pgh.com	2017
Gray	Robert Moore	714-491-1317	CA	ramoore@gray.com	2005
H.J. Martin & Son, Inc.	David Martin	920-494-3461	WI	david@hmartin.com	2016
Hardesty & Associates	Scott Hardesty	949-723-2230	CA	scott@hardestyassociates.com	2020
Harmon Construction, Inc.	William Harmon	812-346-2048	IN	bill.harmon@harmonconstruction.com	2017
Healy Construction Services, Inc.	James Healy	708-396-0440	IL	jhealy@healyconstructionservices.com	1996
Howard Immel Inc.	Pete Smits	920-468-8208	WI	psmits@immed-builds.com	2018
International Contractors, Inc.	Bruce Bronge	630-834-8043	IL	bbronge@icibuilds.com	1995
JAG Building Group	Matt Allen	239-540-2700	FL	matta@jagbuilding.com	2019
James Agresta Carpentry Inc.	James Agresta	201-498-1477	NJ	jim.agresta@jacarpentryinc.com	2013
Kerricook Construction, Inc.	Ann Smith	440-647-4200	OH	ann@kerricook.com	2012
Lakeview Construction, Inc.	Kent Moon	262-857-3336	WI	kent@lvconstruction.com	1998
M. Cary, Inc.	Bill Tucker	631-501-0024	NY	btucker@mcaryinc.com	2014
Management Resources Systems, Inc.	Doug Marion	336-861-1960	NC	dmarion@mrs1977.com	1992
Marco Contractors, Inc.	Martin Smith	724-741-0300	PA	marty@marcocontractors.com	1994
Market Contractors	Kerry Lobbestael	503-255-0977	OR	kerry@marketcontractors.com	2019
National Building Contractors	William Corcoran	651-288-1900	MN	bill@nbccconstruction.us	2013
National Contractors, Inc.	Michael Dudley	952-881-6123	MN	mdudley@ncigc.com	2018
Pinnacle Commercial Development, Inc.	Dennis Rome	732-528-0080	NJ	dennis@pinnaclecommercial.us	2012
Prime Retail Services, Inc.	Donald Bloom	866-504-3511	GA	dbloom@primeretailservices.com	2014
PWI Construction, Inc.	Jeff Price	480-461-0777	AZ	price@pwiconstruction.com	2003
R.E. Crawford Construction LLC	Jeffrey T. Smith	941-907-0010	FL	jeffs@recrawford.com	2011
RAYWEST DESIGNBUILD	Greg West	910-824-0503	NC	greg.west@raywestdesignbuild.com	2021
Rectenwald Brothers Construction, Inc.	Art Rectenwald	724-772-8282	PA	art@rectenwald.com	1996
Retail Construction Services, Inc.	Stephen Bachman	651-704-9000	MN	sbachman@retailconstruction.com	1998
Retail Contractors of Puerto Rico	Sean Pfent	586-725-4400	MI	spfent@rcofusa.com	1996
Rockford Construction Co.	Thomas McGovern	616-285-6933	MI	info@rockfordconstruction.com	2014
Russco, Inc.	Matthew Pichette	508-674-5280	MA	mattp@russcoinc.com	1995
Sachse Construction and Development Corp.	Jeff Katkowsky	248-647-4200	MI	jkatkowsky@sachseconstruction.com	2009
Scheiner Commercial Group, Inc.	Joe Scheiner	719-487-1600	CO	joe@scheinercg.com	2012
Schimenti Construction Company, Inc.	Matthew Schimenti	914-244-9100	NY	mschimenti@schimenti.com	1994
Shames Construction Co., Ltd.	Carolyn Shames	925-606-3000	CA	cshames@shames.com	1994
Singleton Construction, LLC	Denise Doczy-Delong	740-756-7331	OH	denisedelong@singletonconstruction.net	2012

(Continued on page 5)


Solex Contracting	Gerald Allen	951-308-1706	CA	jerry@solexcontracting.com	2015
Sullivan Construction Company	Amanda Sullivan	954-484-3200	FL	amanda@buildwithsullivan.com	2012
Taylor Brothers Construction Company, Inc.	Jeff Chandler	812-379-9547	IN	Jeff.Chandler@TBCCI.com	2014
TDS Construction, Inc.	Robert Baker	941-795-6100	FL	inbox@tdsconstruction.com	1994
Thomas-Grace Construction, Inc.	Don Harvieux	651-342-1298	MN	don.harvieux@thomas-grace.com	2012
Threecore, LLC	Ray Catlin	972-800-2910	OH	ray.catlin@threecorellc.com	2021
Tom Rectenwald Construction, Inc.	Aaron Rectenwald	724-452-8801	PA	arectenwald@trcgc.net	2010
Trainor Commercial Construction, Inc.	John Taylor	415-259-0200	CA	john.taylor@trainorconstruction.com	2012
Travisano Construction, LLC	Peter J. Travisano	412-321-1234	PA	pj@travisanoconstruction.com	2015
Tri-North Builders, Inc.	David Brown	608-204-7227	WI	dbrown@tri-north.com	2015
Triad Retail Construction	Jay Dorsey	281-485-4700	TX	j.dorsey@triadrc.com	2013
Warwick Construction, Inc.	Walt Watzinger	832-448-7000	TX	walt@warwickconstruction.com	2008
WDS Construction	Ben Westra	920-356-1255	WI	bwestra@wdsconstruction.net	2019
Weekes Construction, Inc.	Hunter Weekes	864-233-0061	SC	hweekes@weekesconstruction.com	1990
Wesbuilt Construction Managers, LLC	Donal McIntyre	212-410-0270	NY	dm@wesbuilt.com	2021
Westwood Contractors, Inc.	Mike McBride	817-302-2050	TX	mikem@westwoodcontractors.com	1990
William A. Randolph, Inc.	Tony Riccardi	847-856-0123	IL	tony.riccardi@warandolph.com	2011
Winkel Construction, Inc.	Rick Winkel	352-860-0500	FL	rickw@winkel-construction.com	1990
Wolverine Building Group	Michael Houseman	616-949-3360	MI	mhouseman@wolvgroup.com	2012
Woods Construction, Inc.	John Bodary	586-939-9991	MI	jbodary@woodsconstruction.com	1996
Vision General Contractors of GA, LLC	Tony Durand	770-769-4674	SC	tonyd@viscongc.com	
Vogel Plumbing, Inc.	Brian Hogan	517-528-8990	IL	bhogan@vogelplumbing.com	2020

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There's still time to register for RCA's 2022 Annual Conference. We are meeting in-person at the Gaylord Texan, prior to SPECS 2022. The conference is open to employees of RCA member companies, retailers, landlords, architects, and our sponsors and benefit providers. The full agenda and registration is available at retailcontractors.org/annual-conference.

Friday, March 18, 2022

Welcome Reception

Saturday, March 19, 2022

Conference Sessions

Casino Night & Dinner

Sunday, March 20, 2022

Golf Tournament

Our keynote speaker is **Ken Schmidt**, a customer loyalty expert, and former Director of Communications Strategy for Harley-Davidson Motor Company. In his session, "Make Some Noise: Open the Throttle & Dominate Your Marketplace," Ken will share a fascinating story of how businesses of any size and scope can—by focusing on understanding and harnessing the most basic drivers of human behavior—improve their competitiveness and avoid margin-killing commoditization in even the most difficult marketing environments. The road to building a fanatically vocal customer base, creating a passionately loyal corporate culture, and developing leaders who inspire and motivate starts here. Attendees will be challenged to consider what they are willing to do today that is different than what they did yesterday, for the people who can put them out of business tomorrow.

The first 150 people to register will receive a copy of Ken's book, *Make Some Noise: The Unconventional Road to Dominance*.

The agenda also includes a Construction Markets Overview by RCA Advisory Board member **Mike Clancy**, Partner and Strategy Practice Leader, FMI Consulting. While construction activity has recovered more quickly than most expected, there is still anxiety surrounding supply shortages, inflation, and other emerging risks. Attendees will learn how others are preparing to best position their organizations for the next cycle.

We have partnered with OSHA Environmental Compliance Systems (OECs) for a session entitled, "The 5 C's of Safety: A New Framework for Building a Strong Safety Culture." **Tim Sheehan** and **Tim Peterson** will discuss how to energize your team's safety efforts with the 5 C's of Workplace Safety: Commitment, Compliance, Culture, Champions, and Costs.

Other program highlights include lunch entertainment by **Carmen Ciricillo**, The Construction Comic®, interactive roundtable discussions and an Advisory Board/Retailers Panel, dinner & casino night, at the Cowboys Golf Club, and a golf tournament, also at Cowboys Golf Club.



◀ Ken Schmidt

Mike Clancy ▶



◀ Tim Sheehan

Tim Peterson ▶



◀ Carmen Ciricillo

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