

**Spring 2026 Course Syllabus & Schedule**  
**Employee Stock Ownership Plans Uses and Methods**  
**Thursdays 4:30pm-7:10pm**

**Course Overview:**

Employee Stock Ownership Plans (“ESOPs”) are an increasingly important business succession and employee benefit tool. An ESOP is a retirement plan that acquires employer stock on behalf of eligible employees thereby creating partial or full employee ownership of the firm. Most ESOPs are in middle-sized companies and come about as part of a liquidity and succession strategy on behalf of the owners of the firm. There are important tangible and intangible incentives for the business owner and ESOPs are demonstrated to create wealth on behalf of average pay employees generally in excess of ordinary retirement plans as well as enabling and encouraging employee involvement and participation in the success of the firm.

This course will provide an overview of how and why ESOPs come about, how they work, the significant advantages and disadvantages of ESOPs to the business owner, the employer company and the employees, the landscape in which ESOPs operate, the variety of ESOP forms, and some technical issues and background. Students should develop proficiency in describing and analyzing potential ESOP opportunities as part of liquidity and succession alternatives and employee benefit alternatives in their future roles as advisors or managers of companies.

Some part of the learning in this class will be through lecture and reading and an important part of the learning will be from stories by business owners who have led their companies through this process.

The initial assignment, which will be completed by the midpoint of the course, will be a group project in which each group will receive a case study of a potential ESOP opportunity in a mid-size company. The assignment will be to develop a detailed summary of initial observations making an ESOP more or less desirable or feasible and to conduct a detailed half-hour interview from a script with me acting as the client to provide more information concerning the opportunity. This “pre-feasibility” analysis should result in an initial memo or presentation of 2-4 pages describing to the company initial findings and outlining areas for future investigation as part of a feasibility study. Groups will be randomly composed of 2-4 individuals (depending on class size) ideally with backgrounds in different disciplines. This initial assignment will be 35 percent of the final grade.

The second assignment will be each of the initial group assigned to a different role in an ESOP transaction and being given the work of a different group from their pre-feasibility assignment and additional information as appropriate. Each individual will submit a summary of questions and issues they have in their role. The individuals will then participate in a half-hour to 45 minute group role play in the final class session with me taking on various roles as appropriate and with other

class members acting as observers and commentators as appropriate. This assignment and the final class will be adjusted as appropriate. This assignment will also be 35 percent of the final grade.

Each student will also submit a topic of interest from the syllabus and/or inspired by an area of curiosity about ESOPs, and upon approval of the topic, will prepare a 5-7 page paper on the topic. Topics can be theoretical, analytical or practical or can take on a point of advocacy. This paper will be 25% of the final grade.

The remaining point of evaluation will be a general evaluation of contribution to the class and will be 5% of the final grade.

### **SMLR Learning Objectives:**

#### Cognitive Skills and Processes

The cognitive skills and process area reflects the goal for SMLR programs to help students develop skills central to lifelong learning and participation in society and the workplace.

(1) Written & Oral Communication – Communicate effectively at a level and in modes appropriate to an entry level professional.

- o Communicate complex ideas effectively, in standard written English
- o Analyze and synthesize information and ideas from multiple sources to generate new insights
- o Produce quality research papers with proper convention of attribution/citation
- o Produce high quality executive summaries
- o Make an argument using contemporary and/or historical evidence
- o Present ideas and arguments in a logical and effective way

(2) Quantitative, Qualitative and Analytical Skills – Apply appropriate quantitative and qualitative methods for research workplace issues.

- o Formulate, evaluate, and communicate conclusions and inferences from quantitative information
- o Apply quantitative methods to analyze data for HR decision making including cost-benefit analyses, ROI, etc. (HRM)
- o Apply qualitative methods appropriately, alone and in combination with quantitative methods

(3) Research Skills – Demonstrate an ability to collect, analyze and synthesize information to make logical and informed decisions impacting the workplace. Use evidence to evaluate hypotheses, theories and approaches to workplace issues.

- o Employ current technologies to access information, to conduct research, and to communicate findings
- o Analyze and synthesize information and ideas from multiple sources to generate new insights

- o Assess and critique relevant evidence and research findings
- o Access high-quality historical, qualitative, and quantitative evidence or research
- o Use evidence-based analysis to appraise the validity of various hypotheses, theories, and approaches to workplace issues

### Knowledge of Theory, Practice and Application

The knowledge of theory and application area reflects the goal for SMLR programs to ensure that students learn the key theoretical and foundation areas of study in their domains and realize opportunities to apply that knowledge to practice situations.

(4) Theoretical Perspectives - Demonstrate an understanding of relevant theories and apply them given the background context of a particular work situation.

- o Demonstrate an understanding of the practical perspectives, theories and concepts in their field of study
- o Evaluate and apply theories from social science disciplines to workplace issues

(5) Understanding Context - Evaluate the context of workplace issues, public policies, and management decisions

- o Analyze the degree to which forms of human difference shape a person's experience of, and perspectives on work
- o Analyze a contemporary global issue in their field from a multi-disciplinary perspective
- o Analyze issues related to business strategies, organizational structures, and work systems
- o Analyze issues of social justice related to work across local and global contexts (LSER)
- o Analyze issues related to the selection, motivation, and development of talent in a global context (HRM)

(6) Application – Demonstrate an understanding of how to apply knowledge necessary for effective work performance

- o Apply concepts and substantive institutional knowledge, to understanding contemporary developments related to work
- o Understand the legal, regulatory and ethical issues related to their field
- o Develop human resource management functional capabilities used to select, motivate, and develop workers (HRM)
- o Understand the internal and external alignment and measurement of human resource practices (HRM)

### Professional Development

(7) Professional Development – Demonstrate an ability to interact with and influence others in a professional manner, and to effectively present ideas and recommendations

- o Develop effective presentation skills appropriate for different settings and audiences
- o Develop career management skills to navigate one's career
- o Develop capabilities to work and lead in a multicultural environment and diverse environment
- o Work productively in teams, in social networks, and on an individual basis
- o Develop cultural agility competencies
- o Demonstrate lifelong personal & professional development skills

### **Academic Integrity:**

Academic integrity requires that all academic work be wholly the product of an identified individual or individuals. Joint efforts are legitimate only when the assistance of others is explicitly acknowledged. Ethical conduct is the obligation of every member of the university community and breeches of academic integrity constitute serious offenses (Academic Integrity Policy, p. 1) Any involvement with cheating, the fabrication or invention of information used in an academic exercise, plagiarism, facilitating academic dishonesty, or denying others access to information or material may result in disciplinary action being taken at either the college or university level. Breeches of academic integrity can result in serious consequences ranging from reprimand to expulsion.

If you have any questions about this topic, please feel free to contact me.

### **Syllabus:**

Note: All speakers invited as of November 2025 and to be confirmed.

| Week | # Date  | Topic   | Reading and Due Assignments  |
|------|---------|---|--|
| 1    | 1/22/26 | <p><b>Course Welcome and Introduction</b></p> <ul style="list-style-type: none"> <li>• Course goals and approach/Why are you here?</li> <li>• What is an ESOP?</li> <li>• History and background of ESOPs and Employee Ownership in America</li> <li>• Legislative history and framework</li> </ul> <p>GUEST SPEAKER: Corey Rosen</p> | <p><b>Read:</b></p> <p>NCEO Pamphlet <b>“Introduction to ESOPs”</b></p> <p>Blasi, Freeman &amp; Kruse <b>“The Citizen’s Share” Introduction, Chapters, 1, 4 and 5.</b></p> |

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| 2 | 1/29/26 | Zoom | <p><b>ESOPs, ERISA and Employee Benefits</b></p> <ul style="list-style-type: none"> <li>• Background on ERISA—core concepts about qualified retirement plans</li> <li>• ESOP plan design as an employee benefit—key design terms</li> <li>• Comparison to conventional retirement plans/use and importance of leverage</li> <li>• Traps for the unwary</li> <li>• Repurchase Obligations</li> </ul> <p>GUEST SPEAKERS: Joe Marx, The Principal Group (?)<br/>Brian Wurpts, Waste Gas Steel Fab.</p> | <p><b>Read:</b></p> <p><b>Sample Plan Design Memo</b><br/><b>ESOP Pre-Approved Plan</b><br/><b>Adoption Form</b></p>   |
| 3 | 2/5/26  | Zoom | <p><b>Why and How Do ESOPs Happen—the Business Owner's Perspective</b></p> <ul style="list-style-type: none"> <li>• Core motivations: <ul style="list-style-type: none"> <li>◦ Control/Independence/Legacy</li> <li>◦ Tax Benefits</li> <li>◦ Employee reward/expectations</li> </ul> </li> <li>• Key Obstacles <ul style="list-style-type: none"> <li>◦ Cost</li> <li>◦ Complexity</li> <li>◦ Strategic sale premiums</li> <li>◦ Lack of knowledge/exposure</li> </ul> </li> </ul>                 | <p><b>Read:</b></p> <p><a href="https://finance.yahoo.com/news/why-sold-family-century-plus-135151910.html?fr=syccsrp_catchall">https://finance.yahoo.com/news/why-sold-family-century-plus-135151910.html?fr=syccsrp_catchall</a></p> <p><b>“The Citizen’s Share” Chapter 6</b></p> |

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| 4 | 2/12/26 | Zoom | <p><b>Introduction to the Main Forms of ESOP Transactions</b></p> <ul style="list-style-type: none"> <li>• Majority v. minority interest transactions</li> <li>• C Corporations vs. S corporations</li> <li>• Financing sources</li> <li>• ESOP internal financing</li> <li>• Intro to equity allocation in an ESOP company</li> </ul> <p>GUEST SPEAKER: Dick May, American Working Capital</p>   | <p><b>Read:</b></p> <p><b>Sample Pitch Book</b></p> <p><b>Sample Transaction Study</b></p> <p><b>Sample Term Sheet Company Proposal</b></p> |
| 5 | 2/19/26 | Zoom | <p><b>ESOP Transaction Valuation</b></p> <ul style="list-style-type: none"> <li>• Valuation Methods</li> <li>• Role of Trustee and Valuation Firm</li> <li>• Financial vs. strategic buyer</li> <li>• Transaction negotiation</li> <li>• Hot topics: <ul style="list-style-type: none"> <li>◦ Minority discounts</li> <li>◦ Marketability discounts</li> <li>◦ Use of convertible preferred stock</li> <li>◦ Impact of synthetic equity</li> </ul> </li> </ul> <p>GUEST SPEAKER: Dave Gustafson, retired partner—Apple Growth Partners<br/>Kirk Rustvold, Leevers Markets</p> | <b>Sample Valuation Report</b>  |

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| 6 | 2/26/26 | Zoom | <p><b>ESOP Fiduciary Issues</b></p> <ul style="list-style-type: none"> <li>• Role and duties of an ESOP Trustee</li> <li>• ERISA fiduciary standards</li> <li>• Prohibited transactions and exemptions</li> <li>• ESOP fiduciary case law</li> </ul> <p>GUEST SPEAKER: Miguel Paredes, Prudent Fiduciary Services<br/>Ted Becker, McDermott, Will &amp; Emery</p>  | <p><b>NCEO Case Law History</b></p> <p><b>Complaint “Brundle v. Wilmington Trust”</b></p>   |
| 7 | 3/5/26  | Zoom | <p><b>ESOP Corporate Governance Issues</b></p> <ul style="list-style-type: none"> <li>• Who runs an ESOP Company</li> <li>• Board role v. management</li> <li>• ESOP participant governance rights</li> <li>• Board composition</li> <li>• Benefit corporations</li> </ul> <p>GUEST SPEAKERS: TBD</p>  | <p><b>NCEO “ESOP Company Board Handbook” Chapters 1, 2, 7, 8</b></p> <p><b>NCEO “ESOPs and Corporate Governance” Chapters 1-3</b></p> |
| 8 | 3/12/26 | Zoom | <p><b>ESOPs, Synthetic Equity, Warrants &amp; Management Incentive Plans</b></p> <ul style="list-style-type: none"> <li>• What is “Synthetic Equity” and why is it important</li> <li>• Purposes of Synthetic Equity</li> <li>• Impact of Section 409(p) for S corporation ESOPs</li> <li>• Definition and uses of warrants</li> <li>• Forms and Uses of Management Incentive Plans</li> <li>• Effect on ESOP valuation</li> </ul> <p>GUEST SPEAKERS: Steve Nelson, Chartwell<br/>Tom Albero, Alliance Material Handling</p> | <p><b>Steiker. “Warrants in ESOP Transactions”</b></p> <p><b>Steiker, “Memo re Forms of Management Compensation”</b></p>              |

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| 9  | 3/26/26 | Zoom | <p><b>Putting it All Together: Roles and Players in an ESOP Transaction</b></p> <ul style="list-style-type: none"> <li>• Transaction role play</li> <li>• Live design and negotiation</li> </ul> <p>GUEST SPEAKERS: Ed Renenger, Stevens &amp; Lee<br/>Mark Russell, SES ESOP<br/>Neil Brozen, Ventura Trust<br/>Katie Wilusz, Value Management<br/>Brian Goldstein, Jackson Lewis<br/>Connie Macolino, Puget Sound Steel</p> | <p><b>Recap of Week 4 Materials</b></p> <p><b>Sample Valuation Report</b></p> <p><b>Trustee Term Sheet Response</b></p> |
| 10 | 4/3/26  | Zoom | <p><b>ESOPs and Employee Engagement</b></p> <ul style="list-style-type: none"> <li>• Creating an ownership/participatory culture</li> <li>• Data on employee engagement and company performance</li> <li>• Special problems and obstacles</li> <li>• Importance of leadership development</li> <li>• </li> </ul> <p>GUEST SPEAKER: Alex Moss, Praxis Consulting Group<br/>Ed Dorian, Dorian Drake<br/>Employee owner, DVL</p> | [Pending]   |
| 11 | 4/10/26 | Zoom | <p><b>Private Equity and Social investors in ESOP Companies</b></p> <ul style="list-style-type: none"> <li>• Rationale and challenges of private equity investment</li> <li>• Form of Private Equity investments</li> <li>• Valuation and fairness issues</li> <li>• The “Mosaic” case</li> </ul> <p>GUEST SPEAKER Phil Reeves or Todd Leverette, Apis &amp; Heritage</p>   | [Pending]   |

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| 12 | 4/17/26 | Zoom              | <p><b>ESOPs in Public Companies</b></p> <ul style="list-style-type: none"> <li>• Early history and use of tax incentives in the '70s and '80s</li> <li>• ESOPs as a takeover defense</li> <li>• Accounting issues and challenges</li> <li>• Opportunities for broad-based ownership through ESOPs in public companies</li> </ul> <p>GUEST SPEAKER: TBD</p>  | <p><a href="https://www.hunton.com/assets/html/documents/76297.pdf">https://www.hunton.com/assets/html/documents/76297.pdf</a></p> <p>[Pending]</p> |
| 13 | 4/24/26 | Zoom              | <p><b>ESOPs and Public Policy: Current State and Future of ESOPs</b></p> <ul style="list-style-type: none"> <li>• Key issues confronting ESOP formation and sustainability <ul style="list-style-type: none"> <li>◦ Regulatory environment (DOL)</li> <li>◦ Litigation environment</li> <li>◦ Lack of knowledge</li> <li>◦ Competition from alternate transaction forms/private equity/strategic buyers</li> </ul> </li> <li>• Trade association and organizational environment <ul style="list-style-type: none"> <li>◦ ESOP Association</li> <li>◦ NCEO</li> <li>◦ Project Equity</li> <li>◦ ESCA</li> <li>◦ EOX</li> <li>◦ Expanding ESOPs</li> </ul> </li> </ul> <p>GUEST SPEAKER: Jim Bonham, The ESOP Association</p> | [Pending]   |
| 14 | 5/1/26  | Zoom or In-Person | <b>ESOP ROLE PLAY PALOOZA!</b>  |   |