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Ed Anderson



KE&G's First ESOP Meeting *By: Ed Anderson, Vice President*

The first annual ESOP Meeting was held August 29, 2015 and was a big success. Approximately 75 stockholders attended to receive information about KE&G. Company President, Chris Albright presented the "State of the Company" address and we were also presented with an in depth look at how the stock price for the year is achieved by Rob Maxfield of Oracle Capital.

Also in attendance were representatives from Wellspring and Lovitt and Touché to answer any financial or health care questions. Many prizes were raffled off to the employees in attendance including big screen TV's, Tablets, a Nikon camera, a tool set/box combo, and many other great prizes. All employees that attended were asked to guess the new stock price and the closest

would receive a cash prize of \$500.00. Congratulations to Cristina Bonomini for winning the contest.

The big news at the event was the stock price increase! You rarely find a gain of that significance in any investment that is on the open market. This was accomplished because of the dedication and hard work of all of the KE&G Stockholders. Your hard work and effort is paying off.

Cristina was the big cash prize winner for the day....but all of us KE&G employees are the big winners!



October is ESOP Month *by Doc Archambault, Equipment Manager*

Hello everyone! ESOP month is here again? That's right, October is Employee Ownership Month.

This is an opportunity for ESOP companies across the nation to educate employee owners, the public, and government officials about the undeniable benefits of employee ownership for employees, their companies, the communities they are a part of.

Just this past month everyone eligible should have received their ESOP statements for 2014. Many of us were quite surprised to see such a significant increase in our share values. In case you were wondering what affects our stock value, here are the three main items; PROFIT, DEBT, and CASHFLOW.

Increasing our profits, and efficiently managing our debt and cash flow ensures we are operating KE&G Construction successfully. When we damage our trucks, equipment and property, have injuries or accidents, lose work or underperform on any project, we lower our stock value. When we take care of our trucks



and equipment, work safely without any accidents or injuries, and perform well, we add value to our stock. Remember our stock value is earned, not guaranteed.

As vested employees of our stock ownership plan we all receive benefits which has the potential to increase over time.

As KE&G grows, it is important to bring the right people into the company who value their ability to contribute to our mutual success.

We all have a vested interest in each other!

To help celebrate ESOP month at KE&G we are going to have a cookout in the shop in Sierra Vista and also at the shop in Tucson.

Look for flyers in your paychecks for the dates and times. We will educate and celebrate with our KE&G co-workers.

Safety Training for Everyone! by Vince Rosales, Safety Manager

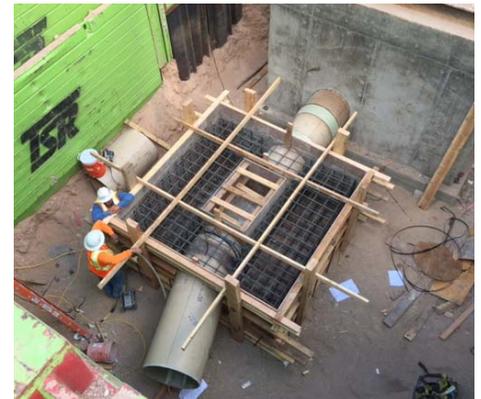


Safety Training, how important is it to you? As KE&G employees, we receive numerous hours of safety training throughout the year. The provided training is to assist in making sure you as a KE&G employee, are aware of the safety hazards that you and your fellow coworkers can be exposed to on a daily basis, working in the construction business. This is why it is inherently important that when we do receive the safety training, we understand the information we receive from the classes. Take for instance the information presented during the Lock-Out/Tag-Out (LOTO) class. The class provides information on the responsibilities of certain individuals involved in the LOTO process, on what they should do, and what they should not do. For

example: In this particular task you and your crew are involved in, an air-conditioner unit on top of a facility requires the belts within the unit to be tightened in order for the unit to work properly. You are tasked to climb the roof of the facility to have access to the air-conditioner, and then tighten the belts as needed. The other crewmembers working with you will be down below working on an access door that leads to the air-conditioner unit on top of the roof that you will be working on. Since you and your crew arrived an hour late, everyone is in a hurry to make up the lost time and get the task done in a timely manner on a Friday afternoon. In doing so, the morning Daily Task Plan is skipped and you go up top and start working on the air-conditioner unit, while the other crewmembers will start working on the access door. Since you have received training on LOTO, you know it is important to secure the main power, so you locate the breaker box and shut down power before you start your task, but being in a hurry you skip the other required LOTO procedures. For your crewmembers, they will be inside the garage

working on the access door, and will require power tools to assist in fixing the door. As you are up top now working on the air-conditioner unit, you start to loosen the hardware for the belts so that you can adjust as needed. Down below you where your crewmembers are, they now start to work on the access door, but the lighting in the area is very low, and they will also require the use of an electrical grinder to work on the access door. As they look for the light switch to obtain additional lighting, they find one and notice the light switch is not working, and neither is the outlet for the electrical grinder it is being plugged into. Being they are already in a hurry, one of the

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Adopt-a-Highway By: Brian Janski, Project Manager

Now that the weather is starting to cool down a little bit, October brings us around to another community project for KE&G. As many of you know KE&G has adopted a roadway in Sierra Vista. Every Spring and Fall, we wake up early, grab our gear and cleanup Busby Drive from South 7th Street to Moorman Avenue. This year we will also be raising two new highway signs which will add a little more to KE&G's pride of a job well done!

In the past, it has only taken an hour or so to complete the task with the many helping hands. If you are interested in participating this season, please email Tammy Messer tmesser@kegtusv.com or call her in Sierra Vista at (520) 458-9594.

Employees, Friends, and Family are encouraged to attend. Unfortunately, due to safety concerns Children under the age of 13 will not be able to participate.

So, if you don't have any plans on October 24th and want to do a little to

help keep our cities clean, please come out and volunteer!



New signage was designed and will be produced by High Desert Sign Company in Sierra Vista.

ADOT SR-80 Tombstone *by Sergio Gallego, Superintendent*



Arizona Department of Transportation has begun a long awaited project to improve pedestrian safety and the appearance of State Route 80 where it passes through historic Tombstone. The overall project includes road improvements, and repairing damaged sections of historic buildings along Fremont Street.

Freemont Street is located in the town's historic district that comes with strict guidelines for history preservation. This project is a first for ADOT that includes work on a historic building.

In August 2015, KE&G was contracted by ADOT to replace existing sidewalks on Fremont Street between Third and Sixth streets.

The project consists of narrowing the road by 14 feet on each side by installing new sidewalks, curb and adding landscaping to provide a safer crossing for pedestrians.

KE&G crews will be placing a total of approximately 21,192 square feet of concrete which includes sidewalks, curb and gutter, valley gutters, aprons and concrete driveways. In addition,

KE&G will be installing one catch basin, and improving the landscaping by installing irrigation, planting shrubs and placing 2,016 square yards of decomposed granite.

Our phase of the improvements is anticipating to be complete by early March 2016 while the total ADOT Transpiration Enhancement and Safety Project will continue on through May 2016.



Williams Water Meter Replacement Project *By: Cody Sauer, Project Engineer*

The Williams Water Meter Replacement project is currently in its 3rd month of installations, with nearly 150 meter boxes and 500 of the approximate 1400 water meters replaced. Williams is known for the Grand Canyon and as the last city on Route 66 to be bypassed by I-40. Jack Schaaf is the supervisor leading the two crews of meter installers. The meter installers are Elton Jimmie, Thomas Toy, Chris Hayashi, and Jesus Rico. Thomas and Jesus are locals from Williams. Elton is from Flagstaff and Chris has recently relocated to the area from Hawaii. The primary focus for the crews this last has been replacing the 47 commercial meters located throughout the city, 14 of which are located at the Grand Canyon Hotel. The hotel is famous for its train that tours the Grand Canyon daily. At

times, they will be accompanied by 3 crews from Tucson to install the remaining residential water meters. Charles Ugalde and his crew of David Moshier and Jeremiah Russel from Sierra Vista were in Williams the for a

few weeks replacing the meter boxes in town. In a addition, a 70 foot pole will be installed for the antenna that will read the newly installed meters. We anticipate to install all meters by the end of October 2015.



Safety Continued from page 2

crewmembers runs outside and looks for the breaker box, and notices it is in the off position, while you are up on the roof working on the air-conditioner unit adjusting the belts. All of a sudden you hear a clicking sound within the unit, and the belts start turning at a high speed with your hand on a pulley. Within a split-second, the air-conditioner belts wraps around four of your fingers, cutting through them like a knife on butter. As one of the crewmembers hears you yelling, he tells the other crewmember at the breaker box to shut down the power. They run up top to find you bleeding profusely, missing four fingers. All due to; not making safety as a priority! The training provided for the LOTO class would have presented all the information when working on electrical equipment, as to what to do,



and not to do when dealing with LOTO procedures. It is also very important and everyone's responsibilities we abide by all safety standards along with KE&G's safety procedures, at all times. Easily by conducting the Daily Task Plan as required, the possible hazards would have been identified. By everyone receiving and understanding the provided training, you as the crewmember working on the air-conditioner unit, would not have experienced such a life-changing injury. Safety training, not only important for you, but for everyone!

Welcome New Employees!

Tucson

- ◆ Romulo Barcarse, *Meter Installer*
- ◆ Donald Roberts, *Project Engineer*
- ◆ Billy Smith, *CDL Driver*
- ◆ Eva Vasquez, *Project Administrator*
- ◆ Gerardo Villalobos, *Lube Driver*

Williams

- ◆ Chris Hayashi, *Meter Installer*
- ◆ Elton Jimmie, *Meter Installer*
- ◆ Jesus Rico, *Meter Installer*
- ◆ Thomas Toy, *Meter Installer*

Milestones & Anniversaries

We would like to recognize the following employees who have served continuously for KE&G. These employees have just reached or have just past significant milestones.

15 Years of Service

Sam Recinos

10 Years of Service

Chris Albright
 Manny Coronado
 Michael Finch
 Kelly Higley
 John Montgomery

5 Years of Service

Ed Anderson
 Jeffery Bryan
 Ben Carter
 Ricardo Durazo
 Melissa Fernandez
 Travis Hoerner
 Dannie Jordan
 Jose Mendoza
 Fernando Saldivar
 David Tautimer
 Claudio Villa

Understanding How ESOPs Work

by: Chris Weinell, Controller

Looking for a place to get a better understanding of how ESOP's work? As an employee owner of KE&G, you have access to a great resource to learn as much or as little as you want from the convenience of your home computer, or smart phone for that matter.

KE&G is a member of the National Center for Employee Ownership (NCEO). As a company member, it allows all employees to utilize the member's resource area that has tons of useful information for those who want to learn more about this valuable benefit we all share. There are newsletters, webinars, articles, case studies, discussion forums and more. All you have to do is go to the following website:

<http://www.nceo.org/members> and

log in using the following credentials
 User: 34876KEG
 Password: KEGESOP (Case-sensitive)
 The above site is not KE&G specific but is more an overview of how ESOP's work along with laws, regulations etc. for you to expand your knowledge. The more informed we all become about how ESOP's work the better off we will all be. Start your learning today.

