



Employee Grown Employee Owned

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2nd Annual ESOP Meeting

by: Ed Anderson, Vice President

The second annual ESOP meeting was held on August 20, 2016 in Sierra Vista. This was another great event held in the late afternoon at the Windemere hotel. Presentations were made by United Healthcare and Lovitt and Touche concerning our health care provider switch from Blue Cross to United Healthcare. Representatives were on hand to answer any questions stockholders had concerning the coverage. Pat Zumbusch and Deidre Kochanski were on hand from Wellspring Financial Advisors to offer advice and tips. Wellspring is offering all of the KE&G employees an incredible opportunity to

develop a personalized retirement plan, at a minimal cost. I encourage all to take advantage of this offer.

Once again, many awesome prizes were raffled off to the lucky people that attended. TV's, tablets, tools, camping gear, and many other great gifts. Mike Taylor had the closest guess to the new stock price and won \$500.00. Congratulations Mike!

The best gift of the event was definitely the new stock price. The price increased 11% from 2014 to 2015! Congratulations to all KE&G Stockholders. Thank you for all of your hard work and dedication to KE&G. It is paying off for all of us.

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All of our current and past newsletters are available online at www.kegtusv.com/esop/newsletters/

ESOP Communication Committee

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KE&G ESOP 10th Anniversary

by: John "Doc" Archambault

Every October is significant to thousands of ESOP companies across the nation. October is ESOP month. But 2016 holds an even stronger meaning for our KE&G ESOP owners, because this year marks our 10th anniversary as an ESOP. KE&G began its ESOP in August of 2006, when our founder Karol George decided to begin his retirement strategy. As of June 2014, KE&G Construction became 100% Employee owned.

77% of our current employees are active participants in the ESOP, and 45% of those active participants are 100% vested. As we celebrate this milestone, we wish for all of our employee owners to reflect an even greater pride of ownership during this Employee Ownership Month.

As vested employees of our stock ownership plan we all receive benefits which have the potential to increase over time, but remember our stock value benefits are earned, not guaranteed.

To celebrate ESOP month, our communication committee decided to host a luncheon for all KE&G employee owners. Lunch is scheduled for 12:30 on October 28th at the Tucson and SV shops; we look forward to seeing everyone.

Our committee also voted to continue our ESOP Fridays, Every Friday during ESOP month all Employees are encouraged to show their support, see the "Dates to Remember" section of this newsletter for more information.



Open Enrollment Recap

by: Chris Weinell, Controller

Congratulations, we survived our first open enrollment for our health and other insurance related benefits utilizing the website www.ClearPathPrime.com. We implemented the changes this year in order to give everyone a chance to

choose the benefits that are right for each of us. While we felt that we offered a good benefit program in the past, we believe with the changes that will begin 10/01/16, the new structure is even better and it gives everyone benefits tailored to your individual needs. We hope all of you agree that the benefits are now even better than ever!

You should have received your health cards as they were mailed out the week of 9/19/16. Cards for other insurance benefits will be mailed out in the coming days. If you did not receive your new ID cards, especially from United Health Plan our medical insurance carrier, you need to see Chris Weinell immediately to make sure all went through as you intended.

Please don't forget your username and

password for the site as you will need it every year to enroll during open enrollment. More importantly, it is recommended that you visit the web site often because there is a ton of information available to help you get the most out of your benefits and to continue learning about what benefits are available. Remember, all changes that you need to make due to a life event change such as marriage, divorce or birth of a child will need to be done online and need to be done within 30 days of the event otherwise you will need to wait until next year's open enrollment.

As always, if you have any questions concerning our benefits, please do not hesitate to contact Chris Weinell at 520-777-3704 or by email at cweinell@kegtus.com.



What is Safety to you?

by: Vince Rosales, Safety Manager

If someone were to ask you, "what is safety to you", what would your response be? For me, safety is a part of what I do on a daily basis, a way of life in all my actions. Did I always think safety, most definitely not? Growing up in California, BMX and skateboarding was how I spent my free time just up until I joined the military. Those familiar with the mentioned hobbies, cuts, road-rash, bruises, and broken bones come with the excitement of jumping off picnic tables, or going downhill on a sidewalk at Mack-1 with only the breeze of air thing between your flesh and asphalt. Yes there were knee pads, helmets at the time, but no way would you be caught wearing the items amongst your buddies. Now fast

forward 35 years, just a few months ago I purchased two skateboards, one for my 7 year old daughter, and of course one for myself. After being in the occupational field of safety for nearly 16 years already, there was no hesitation in purchasing the personal protective equipment (PPE) for my daughter and me. As we took the boards out for the first time and while I was adjusting the PPE for my daughter, I explained to her the importance of wearing the protective gear. Telling her about cuts and bruises, how hurting the brain would affect someone, I also let her know how sad daddy would be if she were to get hurt. Since then, as we go out to ride our skate boards at the park, or go out for a bike ride, she is quick to grab her PPE gear and remind me of wearing mine. While putting on our gear, she then tells me how sad they would be if daddy got hurt. When I think about what safety is to me, not only is it a part of my life, it is also



a part of other lives around me. Being in the occupational field of construction, it is well-known for all the hazards associated with each task we are given on any given day. This is why our work practices rely heavily on us on doing things safely all the time, not because we have to, but because we want to, for ourselves and for our loved ones. Making safety a part of your lives contributes great rewards for ourselves, our company, but more importantly keeping our families and loved ones happy can be the greatest reward of all.



Equipment Update

by: Ridge Wilson, Purchasing Agent



If you look around you may have noticed that we are continuing to update our equipment fleet. The most recent pieces of equipment we have added to our fleet is a 2015 John Deere 210K Gannon tractor with just over 500 hours, this unit will replace our tired 1996, Case 570 with well over 10,000 hours on it. We also recently purchased a 2013 Caterpillar 938K wheel loader, with just less than

1,400 hours. This unit is replacing the wheel loader #1637 a 2001, Caterpillar 938G with over 13,000 hours on it.

We are excited about these new additions to KE&G's fleet because we have replaced two much older models, which would be needing high cost repairs in the near future, with two much newer machines which are much more user friendly, fuel efficient and are covered under extended powertrain

and hydraulic warranties

We want to continue moving forward and updating our equipment fleet and with everyone's help we can achieve this. It's our job to work smart, safe and to take care of our employee owned equipment. Let's keep up the good work and keep KE&G moving in the right direction.

New Employees Adopt-a-Highway

by: Ross Parker, Project Supervisor



KE&G is an equal opportunity Employer that offers each employee the possibility to prosper. The following employees have recently joined the KE&G Team. Welcome!

- Humberto Durazo, Laborer
- Daniel Huff, Operator
- Ryan Moore, Operator
- Matt Nehrmeyer, Project Manager
- Jeff Nelson, Superintendent
- James Olsen, Project Manager
- Manuel Ortiz, CDL Driver
- Jose Rodriguez, Operator
- Richard Smith, Operator

October is almost upon us and Adopt-a-Highway in Sierra Vista is scheduled for Oct. 8th. Volunteers are always needed to help our communities clean up Arizona one mile at a time. Please sign up with Rob Zedaker in Tucson or Brett Watson in Sierra Vista. After trash has

been bagged, enjoy a few hours at Veterans Memorial Park where "Cars in the Park" car show will be on display starting at 8 AM until 1 PM. Awards will be announced at 3 PM. Please review the flyer in your paycheck envelopes. Thanks in advance from the ESOP committee.

ADOPT A HIGHWAY



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October Dates to Remember

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|--------|---|---------|-----------|----------|---|--|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 Breast Cancer Awareness Show your support and wear PINK | 8 8am Adopt-a-Highway 8am-3pm Cars in the Park |
| 9 | 10 | 11 | 12 | 13 | 14 Western Day Dust of your boots and Cowboy hat | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 Team Sports Day Support your favorite Team with team colors or jersey | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 KE&G Day ESOP Luncheon Tucson & Sierra Vista Shops 12:30 | 29 |
| 30 | 31 Halloween Trick or Treat! | | | | | |



Show off your KE&G Spirit and celebrate ESOP Month with Fun Fridays as a group or individually.

Send in photos of our Fun Friday participation for a chance to be featured on the website and next newsletter.

Submit your photos to Kelly Panem kpanem@kegtus.com



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