
From: Mike Heitmann
Sent: Tuesday, March 24, 2020 3:18 PM
To: ZZComplete e-mail list
Subject: COVID-19 Update - 3-24-20

Good afternoon employee-owners:

Below is an update on our COVID-19 response. The first part is additional information, and the second part contains answers to the questions that have been submitted. In addition, today's email has a third section outlining our path forward.

ADDITIONAL INFORMATION:

- Yesterday I mentioned that Yvonne is holding a webinar to outline the details of the 10-day Paid Leave and 12-week Families First (2/3 pay) benefits. **This webinar is taking place this Thursday, 3/26, at 2:00 p.m. central time.** A calendar invite will be emailed later today. During this webinar, you will be able to ask questions for Yvonne to answer in a live format.

QUESTIONS SUBMITTED:

1. **Many construction jobsites in our area have shut down and are sending workers home. Our field craft EO's are very concerned this may happen to them as well. Seeing how Garney is working on water and wastewater infrastructure, would we be considered part of the "Essential Workforce"? I read somewhere this weekend that we are.**

ANSWER: Although many areas have stay at home restrictions, it appears most of these areas consider our type of work essential. Until Garney is advised otherwise, we will allow our job sites to continue operations. In my email yesterday, I included a letter that you can use to provide proof that you are an essential worker.

As always, please continue submitting your questions to covid19@garney.com – thank you!

OUR PATH FORWARD:

In my email late last Friday, I mentioned that we don't know how deep the impact of this crisis will be, or how long it will last. However, the one thing we do know is that we will get through it.

From a financial perspective, Garney is very strong. We have the wherewithal to absorb a significant financial impact. There have been times we have been told we are too conservative, and that we could take greater risks with our capital. It is times like this, where our conservative approach pays off.

The risk of Garney going out of business and all of us losing our jobs is EXTREMELY low. I don't think this thought has entered most of your minds, but I wanted to get it out there in case anyone was wondering. In addition to our financial strength, we are also fortunate to work in an industry that is essential to our communities. This greatly reduces the potential impact compared to what other industries are experiencing.

The worst-case scenario would be a complete shutdown of our operations. Again, since we are considered an essential service, I don't see this being possible. Nonetheless, we discuss scenarios like this to ensure we can withstand the associated financial impact.

I want all of you to rest assured that, even if the entire company were to be shut down, our plan is to keep all salaried and office-hourly employee-owners fully employed. For our hourly Field Craft employee-owners, our plan is to maintain their full compensation level through the shutdown and have their jobs ready to go when the shutdown is over. How this is structured will depend on the level of unemployment pay dictated by the Federal government. **The bottom line is, no drop in income, no lapse in ESOP, no jobs lost, and no lapse in healthcare benefits, for all of our employee-owners.**

Of course, there is a limit to how long we could do this, but it's safe to say we could handle this for several months. And again, this scenario is highly unlikely. Our goal in mentioning this is to remove any fear you may have about losing your job, your ESOP, or your healthcare.

Based on the above, you may say "Awesome! I hope we are shut down!" I hope that's not your response, and here's why. We are doing good for our communities. We are building vital water and wastewater infrastructure. We are building the ideal employee-owned company. We are securing our retirements. It is hard to do this if our crews are sitting at home.

My point in mentioning the shutdown scenario is to reassure everyone that all of us will be OK, even if a scenario like the above happens. I want you to have as much peace of mind as you can during a time like this. Garney is nothing without its employee-owners. We will take care of you and your families – nothing is more important.

I have also been asked about what this crisis is going to do to our ESOP accounts. To be honest, I don't know at this point. The reason I don't know is because I don't know how long it will last, or how deep the impact might be on Garney, our industry, or on the financial markets in general. What I can tell you is that our ESOP shares are valued using methodologies that look at several factors, including years of historical performance, several years of projected future performance and general market and industry data. If we have a down performance year (which may or may not turn out to be the case), that would be one of several factors that would go into determining our stock value. For example, you may recall that during the 2008 financial crisis, our earnings dropped significantly, yet our stock price never declined. Obviously, at this point in time, it's difficult to accurately predict things with much certainty, but I'm optimistic and confident we will get through this and come out the back side as strong as ever.

I do have one request. Now, more than ever, all of us need to be unified on our mission. Our mission is to get through this crisis and emerge stronger than ever. After we ensure our family's needs are taken care of, all of us need to grab a shovel (for some of us figuratively, and for some of us literally.) We need to work hard, get through this crisis, and continue moving this company forward. We are going to face this crisis head on. We are not in "wait and see" mode. The freight train is not slowing down. The way we do this is to fully understand the mission and work together and support each other to tackle it. It's going to be a big lift, but I'm 100% confident all of you will grab that shovel.

Thank you for your dedication to Garney, and please stay safe.

Mike Heitmann

Employee-Owner Since 1990

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