

SHOP TALK

3rd Quarter 2008 - Schuck & Sons Construction, a proud employee-owned company - www.schuckaz.com

From the President's Desk



Craig Steele
President, CEO

The Eller College of Management at the University of Arizona recently published an Arizona economic review and outlook. In that document it stated that Arizona is one of nine states in a recession. The housing market is in the most severe downturn since WW-II. They are saying we should look for recovery in the second half of 2009. That recovery will not be a robust one and for 2009 we might see a 2% increase in permits over this year. This year permits should be around 17,000.

As you have seen and felt, changes have been made to size the company to get us through these recessionary times. Scott, in his role as Senior VP of Operations, has done a great job of putting people in the right positions and returning to the structures that were in place in the early days of the company. These changes, although very difficult, were necessary for the company to make it through this downturn.

It is our feeling that

Commercial Projects

Several months ago a new Commercial Division was created and is now seeing some of the fruits of that task. It has landed some very big jobs and some minor jobs falling under the commercial size projects. A few of the projects recently completed for trim have been the Scottsdale Waterfront Condominiums and Northern Village both for The Opus Group. We are currently doing the following trim projects: Opus – Hermosa Village (Tucson), Optima Construction – Camelview Village, Weitz Construction -

2009 will not be any different than 2008. We are putting together next year's budget this quarter and will share that with the management team when it is completed. Projects like the Weitz Sagewood job will help generate positive operating cash flow. That is what we will be looking for in 2009.

Most of us have never seen a housing market as bad as this one. Work safe, smart and watch costs and we'll get through this.

Beatitudes at Central Park, Summit Builders – Tempe A-Lofts and the Gila River Nursing Facility.

We have a very large project for Weitz Construction that has been awarded and due to start in September 2008. The project is called Sagewood and is located near US 51 and the loop 101. This is a large condominium project that could last about 3 years. We currently have the framing contract and getting very close to closing the deal for the trim contract as well.

Mike Cook
IT Specialist

Schuck Hotline

We have set up a hotline for our shareholders (Employees) to use to report any violations of company policies outlined in the employee handbook. The email address is hotline@schuckaz.com. Any email sent to this address will be directly forwarded to one of the board members of Schuck and Sons Construction.

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Turnover Challenges

Preventing turnover is a major challenge in the construction industry today, since it's becoming difficult for companies to replace those who leave due to a decreasing workforce and lack of skilled labor. "Employees are leaving one company for another, not due to compensation issues, but because of a breakdown in communication," states John Kreiss, a ZweigWhite principal and management consultant specializing in contractor services. Getting to the root of communication problems can go a long way towards preventing unwanted and costly turnover.

John shares some tips that will help keep the turnover rate down:

- ◆ Asking employees for suggestions. "Conduct a confidential survey to bring up any employee concerns or problems and provide an opportunity for management to resolve these matters" says Kreiss.
- ◆ Provide opportunities for advancement and career growth. "Star employees want to know that the firm is offering them a terrific opportunity and the company is continuing to grow," says Chaudry.
- ◆ Make training available. "This could be in the form of a mentoring program or allowing employees a flexible work schedule to participate in training classes," adds Chaudry.
- ◆ Implement open book management. "Frequently communicate with staff to discuss the health and welfare of the firm. This lets employees know the direction the company is headed and how they can contribute," concludes Chaudry.
- ◆ Take advantage of exit interviews. "It's important to track why a staff member is leaving and ask open-ended questions to find out what areas of the company can be improved to prevent other employees from leaving for the same reasons," concludes Kreiss.

Letty Gonzalez
 Recruiting desk

The Power of US

There is victory on the horizon. We will continue to work our way through the rest of this year. We will prepare now, knowing that next year will be more of the same. We will go into 2010 stronger than we have ever been in the history of this company. Why should we believe this? The answer comes in every person that reads this memo. We, as the members of our Employee Owned Company will answer the call of doing all that is needed for the success of our company.

The greatest victories since the beginning of time have come from people banding together for a common cause. Often, it is the single achievement by one person, bound with the efforts of others, that is the turning point of the objective at hand. We will work together and hold one another to the highest standards. Leadership is expected from each and every person that has a share in the company. If you own a single share in this company, vested or not, you will be looked upon to take an affirmative course of action every day. Empower yourself to choose your attitude, your work ethic, and your loyalty. I have the utmost confidence that each and every one of you will make the difference in the success of our company. Our destiny will be determined by accountability, openness to new ideas, positive actions, and drive. I expect all of you to hold me to these values as I will you.

Scott Schuster
 Senior VP

News from HR

Questionnaires from Allied Medical

Allied Medical, occasionally sends out questionnaires for various reasons. It is very important that you complete the questionnaire and return it in a timely manner in order to avoid having your claim pended, which results in the provider not getting paid and billing you for the charges. About 80% of the time that someone comes to me to say their claim has not been paid, it is because they have not responded to a questionnaire. If you have questions regarding the questionnaire, please contact Allied at 800-288-2078.

401(k) Plan

In case you have forgotten, the company does offer a 401(k) Retirement Plan. Any employee who has been employed at least 90 days is eligible to enroll. All money is deducted from your paycheck on a pre-tax basis. If you would like to enroll or need more information about the plan, contact Michele Baker at 623-931-3661, ext. 2301. Start saving for your retirement now!

Leave of Absence (LOA) / FMLA

Just want to remind everyone that you are required to complete LOA/FMLA Paperwork if you are out for a period of more than 3 scheduled workdays for any of the following reasons:

- Birth of a child
- Placement of a child for adoption or foster care
- To care for a spouse, child or parent with a serious health condition
- The serious health condition of the employee

Please refer to the Employee Handbook for more details.

Michele Baker
 Human Resources

How to be Debt-Free

Some suggestions towards becoming debt-free.

Lowering the amount of debt you carry may reduce the loan rates you receive and save you a lot in interest payments.

1. GET THE FACTS – Collect all your account, loan and credit information and go over the records with a fine tooth comb. Write down the monthly payment, debt amount, interest rate and term of each debt on a sheet of paper. Next, write down your total monthly income and list your estimated monthly expenses. Order your TransUnion, Equifax and Experian credit reports and credit scores. This will allow you to get a baseline for tracking your improvements.

2. DO THE MATH – Calculate how much you usually spend paying each debt and how much interest the debt collects per month. Decide which debts need to be paid off first. As an example, credit card debt and small loans should be paid before low-rate student loans and home loans.

These factors should determine which debt needs immediate attention

- Do you have any debts with high interest rates?
- Do you have over 35% of your available credit limit used?
- Do you have any debts that are close to being paid off?
- Do you have any debts with high annual fees?

3. NEGOTIATE AND CONSOLIDATE – Start working on these high-interest credit card debts first. Call your creditors and negotiate lower interest rates or move your balances to less expensive credit cards. Accounts that are above 35% of the available line of credit can and usually harm your credit score.

4. REFINANCE - This may be an option for consolidating some of your debt.

5. STICK TO A PLAN – Create a payment schedule and a monthly budget.

a. Subtract your expenses from your monthly income. Divide the remaining amount between the accounts, paying the most to the debts with the shortest terms and highest interest rates.

b. Create a payment calendar with the due dates and the payment amounts you just calculated for each bill. Make sure your payments are always on time.....

You may want to register for credit monitoring online and you'll receive quarterly credit reports, credit alert e-mails and trending charts that outline how much your credit has improved over time.

*Pam Gouvas
Credit Manager*

Tucson News

We are currently building homes for K.Hovnanian Builders, situated in the Tucson metropolitan area, Vail is a combination of small town life with metropolitan amenities. Known as the "town between the tracks" because of its location between two major railroad lines, Vail is a growing area with economic, educational and cultural opportunities for residents of all ages.

The two tracks we are now building on are The Manors @ Rancho Del Lago and Four Seasons Retirement Community. K. Hovnanian's Four Seasons has been named Winner, National Housing Quality Award (National Association of Home Builders), Best Active Adult Community and America's Top 20 Adult Communities.

Tucson's Active Adult Communities are weathering this volatile market fairly well. Prices have stabilized at pre-boom levels. Homes are selling but with longer market time. Short Sales and Foreclosures are rare in these communities so there is no downward spiral in values based on distressed properties. Buyer's visiting open houses in these communities are ready to buy as soon as their homes in our feeder markets of California, the Northwest, the Midwest, East Coast and Colorado sell. After the long, hard winter sellers in these areas are starting to see their traditional spring market start now. Lower prices and pent up demand is expected to attract buyers this summer which in turn will bring buyers to Tucson.

Our Tucson Market Continues Towards Stabilization as reflected with June 2008 sales figures.

As we approach the second half of 2008 we continue to see market improvement in many areas. Homes for sale, or active listings, is a big positive indicator.

We see the total unit sales continue to rise for the sixth consecutive month while the active listings continue to decrease. An example May 2007 = 9721, June 2008 = 8140. A lot fewer homes for sale. Less glut on the market.

Home sales volume as well as average sales price is still on the rise. Showing better stability, it appears.

Did You Know? - According to an article in the NY Times, the percentage of Sub Prime Mortgage Foreclosures as of Dec 2007 in Tucson was 6.3% when compared to Stockton - Lodi, CA 21%, Ft Myers - Cape Coral, FL 24.1%, Cleveland, OH 21.6%, Detroit, MI 20.6% and Minneapolis - St Paul, MN 17.1% to name a few.

The Tucson Association of Realtors Multiple Listing Service stated that May was the best month so far for home sales in Tucson in 2008. However, sales and prices still fell short of where they were at the same time in 2007. When compared to April 2008, sales (1,025) were up about 5%, and the median price (\$201,000) was up about 3%. When compared to May 2007, the number of sales was down nearly 28% and the median price was down nearly 10%.

We in Tucson just thought we would share some good information to those not familiar with the Tucson area.

*Elissa Craig
Office Administrator*

Mission Statement

To be the most honest and ethical trade partner of choice. To provide superior carpentry labor and building components to the residential and commercial construction industry. To foster a work environment that encourages new ideas, new innovations and growth.



CERTIFIED TRADE CONTRACTOR

This contractor has been certified as complying with a quality assurance program through periodic reviews by the NAHB Research Center, Inc. This certification is not a representation, warranty, or guarantee of contractor performance. For warranty details, consult the contractor.

**Schuck & Sons
Construction**
100%
Employee Owned

Do you have a "Spending Plan"?

The price of gas, the price of groceries, it seems like everyone wants a bigger bite of our money these days. So how can we make our dollars make more "cents"?

Managing personal finances is not nearly as complicated as we may think. The average person's budget usually needs only two columns: "Money comin' in" and "Money goin' out". Here's some advice for putting together your own "Spending Plan" (*aka Budget*).

Why budget? Planning is everything! Most people don't "plan to fail"; they "fail to plan"! In today's world achieving success without up-front planning is rare. *Plan to succeed!*

Why don't we budget? There are many things that keep us from budgeting – time, confusion, and commitment, just to name a few. It's not hard to understand why the number one reason adults fail to budget is because of past budgeting failures. Remember at all costs, if you fail to budget one day, live to budget another.

How long will I have to keep budgeting? The benefits of budgeting last only as long as your budget is maintained. If you budget on a frequent basis, it can take as little as 10 minutes a week. Getting started is the hardest and most time consuming part. So once you put in the effort, make sure you stick to it.

What are the benefits of budgeting? One of the benefits of "telling your money what to do" is that you "find" money. What? Well, by making a monthly spending plan, you learn where your money is going, where you can spend less, save more, and what expenses you can live without.

Getting started with your "Spending Plan".

1. Create a Budgeting Worksheet. Fill in what you plan to spend for the month in each category. (See Sample)
2. Save all of your income and expense receipts for one month.
3. Enter the dollar amounts on the corresponding lines in your worksheet.
4. Calculate your monthly "bottom line".
5. Reflect carefully on what you see. Where are you exceeding your plan?
 - a. Can you save more?
 - b. Can you spend less?
 - c. What expenses can you live without?

Whether we are building a house, or building a life, we need the proper tools to do it. Your "Spending Plan" is an important tool to building your financial life.

*Tammy Rendon
IT Specialist*

Sample Budgeting Worksheet

<u>Income</u>	<u>Budget</u>	<u>Actual</u>
Salary (Before tax)	_____	_____
Pay from Extra Jobs	_____	_____
Investment Income	_____	_____
Other	_____	_____
Total Income per Month (Before Tax)	_____	_____
<u>Expenses</u>		
Fed. State and local income Tax and FICA	_____	_____
Mortgage or Rent	_____	_____
Savings	_____	_____
Groceries	_____	_____
Gas and Electricity	_____	_____
Telephone	_____	_____
Car Loan	_____	_____
Car Expense (Gas, repairs, maintenance)	_____	_____
Insurance	_____	_____
Child Care	_____	_____
_____	_____	_____
_____	_____	_____
Total Expenses per Month	_____	_____
Income minus Expenses =	_____	_____