

# Norair Engineering Corp.: Keeping a firm in the community and preserving a family's legacy

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## Company Overview

Norair Engineering Corp. was founded in 1935 by Henry Norair in Washington, DC, with a focus on the burgeoning central heating and air conditioning markets. The company has since greatly expanded its offerings and the headquarters is now located in the DC suburb of Landover, MD. A general and mechanical contractor with a highly skilled and well trained workforce, Norair Engineering Corp. focuses on pump stations, treatment plants, municipal and federal infrastructure and process facilities.



## Situation

Examining options for the future of the firm, Richard Norair, President, CEO and majority shareholder, believed employee ownership would be a good fit. Norair Engineering Corp. was operating as an S Corporation and 25 of its 38 employees were unionized. An ESOP transaction would create liquidity for Norair and the remaining shareholders, add an employee benefit and facilitate long-term sustainability for the firm. It was important to the owners to provide a meaningful benefit to employees, including the union employees who have helped grow the firm over time, and the owners also wanted to ensure the business stayed in the community and continued the family's legacy.

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## Solution

SES ESOP Strategies completed a transaction analysis, providing Norair Engineering Corp. with several options and the goal of developing a transaction structure and price fair to the shareholders and workable for an ESOP transaction. Attorneys from SES's affiliated law firm provided legal advice and helped negotiate the terms of the transaction, which closed Jan. 2, 2020. Norair became a 100 percent ESOP-owned firm and remained an S Corporation, enjoying the benefits of operating as a tax-exempt business enterprise due to the tax-exempt status of the ESOP as the sole shareholder of the company.



“We thought an ESOP could be an ideal fit for us, but we weren’t sure what it might look like,” said Richard Norair, President and CEO. “SES ESOP Strategies’ professionals showed us a number of options and ensured the best possible solution for our unique circumstances.”