

Letter from the President

Welcome!

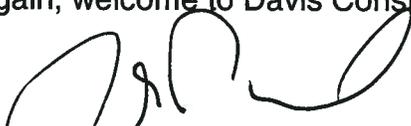
I'd like to take this opportunity to introduce you to Davis Constructors and Engineers, Inc. We've been building high quality construction projects throughout the state of Alaska since 1976. In addition to building structures for our clients, we've laid a solid corporate foundation by gaining a reputation for honesty and integrity within the industry. We build on that foundation by employing people like you, who we believe to have the qualifications and personal traits that enable us to finish our projects on time, within budget, and profitably. With the successful completion of each job, our relationships with clients, associates, subcontractors and each other are strengthened.

Our reputation for honesty and integrity is an intangible asset that I believe to be critical to our continued success. To that end, my partners and I strive to set a daily example by treating business associates and employees in an honest, respectful, fair, and friendly manner. I believe that by encouraging our employees to do the same and to take initiative in their work and be proud of it, we are fostering a healthy environment that we can thrive in as individuals and as a business enterprise.

Cooperative teamwork between the administrative staff, construction site employees, and subcontractors is also vital if we are to accomplish the goals we set. We encourage positive and productive interactions between employees by keeping the lines of communication open. Davis Constructors' management, in general, and your supervisor, specifically, practices an open door policy.

This employee handbook has been designed to further acquaint you with our business and to provide you with an understanding of our policies and benefits.

Again, welcome to Davis Constructors.



Josh Peppard
President

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Open Door Policy

Davis Constructors is committed to maintaining an open door policy with all employees. You are encouraged to ask questions, provide suggestions, or express complaints freely and fully with your supervisor or any member of Davis Constructors' management team. We hope that this practice will strengthen communications throughout Davis, help to avoid miscommunications, and resolve problems before they escalate.

Employee Handbook Limitations

It is impossible to anticipate every circumstance or question about policy and include them all in this handbook. Also, as time goes by, the need for revisions will arise and Davis Constructors reserves the right to revise, supplement or rescind any policies or portions of this handbook at its discretion at any time, with or without notice. Likewise, the benefits described in this handbook are also subject to change.

This handbook does not constitute a contract of any kind or assurance of compensation. The policies, benefits, and provisions in this handbook reflect decisions made by management and are not required to be approved by employees.

This Employee Handbook replaces all prior Davis Constructors' employee handbooks. To avoid confusion, please discard superceded copies.

“At-Will” Employment

Your employment is “at will”, meaning that either you or Davis Constructors can terminate the employment at any time, with or without cause, and with or without notice. A change to your “at-will” status can only be made if documented in writing and signed by Davis Constructors' President.

Applicability of this Handbook to Union Employees

Provisions of this handbook that are also addressed by a collective bargaining agreement are superceded by the collective bargaining agreement for any employee who is a union member and to whom the collective bargaining agreement applies.

Equal Opportunity/Affirmative Action

Davis Constructors' policy is to select, place, train, and promote the best qualified individuals based upon relevant factors, such as work quality, attitude, and experience, so as to provide equal employment opportunity for all our employees in compliance with applicable local, state, and federal laws.

Davis Constructors prohibits discrimination against employees or applicants because of race, color, age, sex, religion, national origin, veteran status,

physical or mental disability, marital status, changes in marital status, pregnancy, parenting, sexual orientation, or any other characteristic protected by law in any term, condition, or privilege of employment including hiring, training, compensation, benefits, promotion, transfer, demotion, layoff, discipline, or discharge.

Further, Davis Constructors shall undertake affirmative action to remedy under-utilization of minorities and women at all levels of the work force by taking affirmative actions necessary to achieve a representative work force. Such actions include specifically targeting recruiting efforts for under-represented classifications through written and verbal advertisements.

Davis Constructors will also give notice to supervisors, unions, and other employees of the affirmative actions to be undertaken and ensure that all supervisors and employees are aware of their obligation to maintain a working atmosphere free from discriminatory conduct or attitudes. It is each employee's responsibility, including supervisors and managers, to act in accordance with this policy.

Americans with Disabilities Act (ADA)

Under the ADA, discrimination against qualified individuals with disabilities is prohibited in all employment practices, including job application procedures, hiring, firing, advancement, compensation, training, and other terms, conditions, and privileges of employment.

Davis Constructors will comply fully with all provisions of the ADA, which include providing reasonable accommodation to qualified individuals. Any employee believing they are in need of reasonable accommodation should immediately inform their supervisor.

Unlawful Discrimination and Sexual Harassment

Davis Constructors is committed to providing a workplace that is free from unlawful discrimination and sexual harassment. It is the responsibility of every employee to promote a climate within the work environment that will not tolerate such conduct. Unlawful discrimination or sexual harassment is strictly forbidden. Prohibited discrimination and sexual harassment includes slurs, epithets, threats, derogatory comments, unwelcome jokes, teasing, and/or other similar verbal or physical contact relating to a person's race, color, religion, sex, marital status, sexual orientation, national origin, disability, or veteran status.

Sexual harassment is defined as unwelcome sexual advances, requests or demands for sexual favors, or other verbal, nonverbal or physical conduct of a sexual nature. It can include:

- Sexual flirtations, advances, or propositions
- Verbal comments or physical actions of a sexual nature
- Sexually degrading words used to describe an individual
- A display of sexually suggestive objects or pictures
- Sexually explicit jokes
- Touching
- Accessing any kind of sexually explicit image or document on any company system

If any employee feels that he or she has experienced or witnessed any form of harassment, including sexual harassment, he or she should immediately invoke the problem-resolution procedure described in this handbook. No employee will be retaliated against or receive adverse treatment for reporting harassment or for participating in an investigation. All allegations and reports will be treated seriously and investigated promptly.

Any person employed at Davis Constructors who is investigated and found to have engaged in harassment of any kind will be subject to appropriate disciplinary action, up to and including immediate dismissal from employment.

Drug and Alcohol Use

Davis Constructors seeks to provide a drug-free, healthful, and safe workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner.

While on Davis Constructors' premises and while conducting business related activities at other sites, no employee may use, possess, distribute, sell, or be under the influence of alcohol or engage in the unlawful manufacture, distribution, dispensation, possession, or use of illegal drugs. Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

Any prospective employee or current employee of Davis Constructors is subject to the drug and alcohol policies and procedures described in extensive detail in an attachment to this handbook. Circumstances under which substance testing may be conducted include pre-hire, random, post-accident/incident, reasonable suspicion, return-to-duty, and follow-up testing.

Social events sanctioned by Davis Constructors may include alcoholic beverages. Their prudent consumption in this type of setting is excepted from the above policy.

Employees with questions on this policy or issues related to drug or alcohol use in the workplace should raise concerns with their supervisor, other management employee or the Drug Program Administrator without fear of reprisal.

Smoking

Due to increasing evidence that smoking and environmental tobacco smoke cause cancer, heart disease and other life-threatening illnesses, Davis Constructors maintains a smoke-free workplace at the 6591 A Street offices. Smoking is prohibited within 25 feet of the building.

Construction superintendents are responsible for establishing smoking and nonsmoking areas at job sites.

Company Resources

Davis Constructors provides vast information and communication resources, including computers with internet and e-mail services and cell and hard-wired phones, to help employees do their jobs faster and smarter. In addition to information and communication resources, Davis Constructors owns many types of property, ranging from desks to trucks, which are made available to employees for the purpose of performing their jobs efficiently, effectively and comfortably.

All of these resources are Davis Constructors' property and all company policies apply to your use of them. Davis Constructors reserves the right to inspect any and all property and information accessed or stored using Davis Constructors owned property at any time for any legitimate business reason.

Each employee is responsible for keeping Davis Constructors' assets safeguarded. Securing the main office building or job site facilities is an important aspect of this responsibility. Your supervisor or the Office Manager will provide you with the specific rules that relate to securing your workplace.

Cell Phone Policy

Cellular / Mobile phone use should be minimized while operating a company vehicle or employee vehicle used for company business within the flow of traffic. Any driver intending to place or receive a call should pull off the road to a safe location to complete the call.

If it is critical to utilize a cell / mobile phone for company business while operating the vehicle, follow these general guidelines:

- Refrain from placing or receiving unnecessary calls. Allow voice mail to handle the calls and return them when it is safe and convenient.
- Keep any necessary conversations brief. Pull over or exit to a safe location, if necessary, to dial or complete a conversation.
- Do not engage in stressful or emotional conversation while driving.

- Do not take notes or look-up information while driving.
- Never pick the phone up from the floor or other area not directly in reach. Pull over and park first.
- This policy does not currently apply to the use of two-way radios or digital two-way radio/cell phones as long as the device is operated by depressing a push-to-talk button and does not require immediate proximity to the user's ear.

Safe driving is our top priority and requires caution, courtesy, common sense, and constant alertness under all conditions. Take special care to avoid the distraction of a cellular / mobile phone. Focus complete attention on the road and drive safely at all times.

Personnel Files

Davis Constructors maintains a personnel file for each employee, which may include such information as the employee's job application, resume, records of training, documentation of performance appraisals, salary increases, and other employment records.

All employees and former employees have the legal right to inspect and make copies of information in their personnel file during regular business hours. Davis Constructors will honor that right upon written request to the Controller.

Worker's Compensation Insurance

Davis Constructors carries Workers' Compensation Insurance as required by the Alaska Workers' Compensation Act. If you experience an injury or illness related to work, we strongly encourage you to seek medical examination and treatment in all cases and to acquire such care immediately in emergency situations. As soon as practical after immediate medical needs are addressed, notify Davis Constructors' Workers' Compensation Administrator or the Project Superintendent of the injury or illness. You will need to complete a "Report of Occupational Injury or Illness" form with your supervisor.

Davis Constructors has a Return-to-Work Program, described in an attachment to this handbook, which has been designed to assist injured or ill workers in returning to work as soon as they are medically able.

Please refer to the Employers' Notice of Insurance, posted in Davis Constructors' lunchroom and on the job site, for specific information regarding Davis Constructors' insurer and the Alaska Workers' Compensation Board.

Family and Medical Leave Act of 1993 (FMLA)

Employees who have been employed by Davis Constructors for a total of 12 months and have worked at least 1,250 hours over the previous 12 months are

eligible for benefits under the FMLA. Eligible employees may take up to a total of 12 workweeks of unpaid leave during any calendar year for one or more of the following reasons:

- For the birth and care of the newborn child of the employee; for placement with the employee of a son or daughter for adoption or foster care;
- to care for the employee's spouse, child, or parent, who has a serious health condition; or
- for serious health condition that makes the employee unable to work.

Employees seeking to use FMLA leave are required by law to provide 30-day advance notice of the need to take FMLA leave when the need is foreseeable and such notice is practicable. Davis Constructors requires that this notice is in writing and given to the Controller as soon as practicable, referencing specific dates and reasons. We further require that you provide the Controller written notice of your intent that any leave taken is to be categorized as FMLA leave, referencing dates and reasons.

Davis Constructors reserves the right to require employees to provide medical certification supporting the need for leave due to a serious health condition affecting the employee or an immediate family member. We also may require second or third medical opinions (at our expense) and periodic recertification. Davis Constructors may also request periodic reports during FMLA leave regarding the employee's status and intent to return to work.

The FMLA provides that upon return from FMLA leave, an employee must be restored to the employee's original job or to an equivalent position with equivalent pay, benefits, and other terms and conditions of employment when they return to work.

Under specified and limited circumstances where restoration to employment will cause substantial and grievous economic injury to its operations, Davis Constructors may refuse to reinstate certain highly-paid "key" employees after using FMLA leave during which health coverage was maintained. If this situation occurs, Davis Constructors will notify the employee of his/her status as a "key" employee in response to the employee's notice of intent to take FMLA leave and follow all other requirements under FMLA.

Employees who are covered under Davis Constructors' group plan health insurance prior to taking FMLA leave will have continued coverage while taking leave under FMLA. In some instances, Davis Constructors may recover premiums paid to maintain health coverage for an employee who fails to return to work from FMLA leave.

More information regarding the FMLA is available in the handout provided as a supplement to this handbook. The US Department of Labor also has a web site that covers the FMLA in great detail.

Uniformed Services Employment and Reemployment Rights Act (USERRA)

The Uniformed Services Employment and Reemployment Rights Act (USERRA) is a federal law that guarantees certain rights for employees who engage in active military service and imposes corresponding obligations on employers. Davis Constructors is committed to complying with this statute as well as any state statutes that cover USERRA guidelines. Additional information regarding USERRA can be obtained from many sources, including a posting at your work site and the internet. Your supervisor can refer you to a good source if you are unable to find information or have questions.

Performance Appraisals

The performance appraisal process provides an opportunity to review job tasks, encourage and recognize strengths, identify weaknesses, and discuss positive approaches for employee growth and goal accomplishment. Performance appraisals are not directly tied to wage or salary changes, although they may be referred to when such decisions are made.

During your employment with Davis Constructors you are strongly encouraged to discuss job performance and goals with your supervisor on an informal, day-to-day basis.

Supervisors will attempt to provide formal performance reviews: a) annually for administrative employees and b) at project completion for employees assigned to work on a specific project. The review process requires planning, writing, thought, and two-way communication from both parties in order to be effective. Additional formal performance appraisals may be scheduled as needed.

Problem Resolution Procedure

Davis Constructors has the following problem-resolution goals:

- To make sure all employees are treated with consideration and consistency
- To enable Davis Constructors to handle employees' problems and complaints quickly and to the satisfaction of all concerned
- To make it possible for employees to obtain answers to questions about their jobs, management's practices and policies, and other subjects of concern or importance

The following procedure has been designed to assist in achieving the above goals and should be followed if possible in appropriate situations:

- **First**, if your concern involves another employee's behavior and the situation permits, try talking with that person directly.
- **Next**, if talking directly to the person is not an applicable solution to your situation or did not resolve your concern, talk to your supervisor. The supervisor's role is to assist and mediate in the resolution of the

concern. If the concern involves harassment of any kind, the supervisor should immediately notify Carl Swanson, Josh Pepperd or Sheila Hill.

- **Finally**, if you are not satisfied with the results of your supervisor's resolution, or if for some reason you do not want to discuss a particular matter with your supervisor, please make Carl Swanson, Josh Pepperd or Sheila Hill aware of your concern.

Davis Constructors wants to provide opportunities to discuss concerns and to raise suggestions freely. Your job will not be adversely affected in any way by discussing concerns with management and those involved will handle the matter in a timely and confidential manner.

Ending Employment

Although Davis Constructors tries to provide a stable work environment, we feel it is important to outline some procedures related to the ending of employment.

Davis Constructors will pay wages which have been earned and are unpaid as of the date that employment ends, less any deductions permitted by law, within three working days of the last day of employment (not including weekends and holidays). Severance pay is entirely at the discretion of Davis Constructors' management.

When your employment ends, you may be invited to or you can make an appointment for an "exit interview". The purpose of the exit interview is to review benefits, collect any company property that may have been issued to you, and most importantly, hear ideas you may want to share, and answer any questions you may have. If you are unsure who to schedule this meeting with, ask your supervisor.

Below are examples of some of the most common circumstances under which employment may be terminated:

- ◆ Resignation: Voluntary employment termination initiated by an employee for retirement, transfer or other purpose
- ◆ Layoff: Involuntary employment termination initiated by Davis Constructors for nondisciplinary reasons
- ◆ Discharge: Involuntary employment termination initiated by Davis Constructors for disciplinary reasons

The following are some examples of behaviors that may result in disciplinary action, up to and including termination of employment.

- Falsification of employee's qualifications, experience or capabilities
- Inability to adequately perform the duties an employee was expressly hired to perform
- Falsification of timekeeping records

- Excessive absenteeism or any absence without prior notice
- Failure to follow Davis Constructors' policies, guidelines or directives
- Unauthorized use of company-owned supplies, equipment or other resources
- Disclosure of confidential information
- Willful disregard of applicable laws or regulations
- Any type of harassment of other employees

The above is not intended to be a comprehensive listing of behaviors that may result in disciplinary action.

Disciplinary Procedures

Davis Constructors encourages supervisors to use a wide range of approaches when disciplinary action appears desirable. Generally, informal techniques such as those included in this list are first implemented:

- ◆ Explaining company policies
- ◆ Reviewing objectives (perhaps established through a performance appraisal)
- ◆ Clarifying standards and job duties
- ◆ Providing immediate feedback regarding professional behavior and work products
- ◆ Giving advice, having a quiet word, giving a pep talk
- ◆ Training, coaching

When informal disciplinary action is ineffective and/or a more serious and structured approach is thought by the supervisor to be beneficial, a more formal procedure may be used, as outlined below:

Stage 1

When an employee's performance or conduct falls below that expected by Davis Constructors, a formal oral warning may be given by his/her immediate supervisor, along with a warning that this is the first stage in the disciplinary procedure and any repetition within one month will lead to the second stage in the procedure.

Stage 2

Should the offenses addressed in Stage 1 be repeated and/or continued or a more serious offense committed, the employee may be given a formal written warning, setting out the details of the offense(s) and stating that if the offense(s) is (are) repeated within one month the third stage in this procedure will be invoked.

Stage 3

Should an offense that was written up under Stage 2 be repeated within the three month time frame given, a final written warning may be given, clearly stating that any repetition within one month will result in termination of employment.

Depending on circumstances, Davis Constructors reserves the right to bypass, duplicate or alter any stage of the recommended disciplinary procedures described above.

Business and Work Hours

Davis Constructors' work week is generally Monday through Friday from 8am to 5pm, with an hour lunch break. Different arrangements, including flexible work schedules must be requested of and approved by the President or his designee.

Timesheets and Work Performed

Each employee is required to complete and sign a Davis Constructors' timesheet, itemizing work performed, every week and submit it to the payroll accounting assistant by Monday morning at 8am. Timesheets may be hand-delivered, faxed, or e-mailed. If Monday is a legal holiday, timesheets may be submitted on Friday, but must be submitted no later than 8am Tuesday morning.

Failure to submit your timesheet in a timely manner can result in a delay in the processing of your paycheck.

Employees will not be compensated for study, personal work, or other non-production time spent at the employee's own choosing.

Expense Reimbursements

In order to be reimbursed for approved company expenditures, an employee must complete an expense sheet, attach receipts to the back, have it approved by his/her supervisor, and submit it to the accounting department. It is important to submit expense reimbursement requests within two weeks of incurring the expenses so that Davis Constructors may better manage projects, bill clients and manage the company financially.

For prolonged travel or extended stays, the method of compensation for living expenses must be approved ahead of time. Employees shall clearly discuss with their supervisors, prior to traveling, the types of expense items and amounts for which reimbursements will be approved.

Pay Day

Weekly pay periods begin on Monday and end on the following Sunday. Most employees are paid on the fourth work day following the end of the pay period, which is Thursday. Davis Constructors reserves the right to issue paychecks a

day later, on Friday, when holidays or other circumstances create processing delays. Each paycheck will include earnings for all work performed through the end of the previous pay period.

Salaried employees may elect to be paid monthly on the last Thursday (or Friday) of each month.

Paychecks may be hand-delivered or mailed to each employee or may be deposited directly to an employee's savings or checking account. Direct deposit service is offered because it is convenient and efficient for the employee and the administrative staff. On payday, employees enjoying this benefit will receive a pay stub for their records and their current pay will appear in their bank account. Direct Deposit will be initiated immediately following the receipt of the signed authorization form from the employee.

The law requires that Davis Constructors make certain deductions from every employee's compensation. Among these are applicable federal, state and local income taxes and social security taxes. Some employees may have additional deductions required by law, such as child support payments, which will be deducted by Davis Constructors and forwarded to the appropriate agencies. Please ask the Controller if you have questions concerning payroll deductions.

Pay Advances

It is Davis Constructors' policy to discourage the granting of salary or wage advances. In extreme situations, advances may be granted in the form of company loans, which can be approved only by the President or his designee. Repayment of these loans will be accomplished by a deduction from your next paycheck, unless other arrangements are made. The loan and repayment terms will be documented in writing and signed by the employee and the President or his designee.

Overtime

Exempt jobs are those that do not have legal overtime provisions. Employees filling these positions are generally executives, administrators and managers who, by virtue of the responsibility inherent in their positions, are expected to work the hours required to complete assigned tasks. Exempt employees will be paid a salary.

Non-exempt jobs are those to which overtime wage laws apply. Employees in non-exempt jobs are paid on an hourly basis and are paid overtime wages in accordance with applicable labor laws. At present, those laws require time and a half payment for hours worked in excess of eight per day and/or in excess of forty per week.

Davis Constructors has a policy of limiting overtime worked by employees in non-exempt jobs. In keeping with this policy, any overtime must be approved by the employee's supervisor prior to being worked.

Temporary Employees

Temporary employees are those hired for a specific function or definite period of time and only remain employed for that function or time period. Unless otherwise agreed at the time of hire, temporary employees do not qualify for paid holidays, annual paid time off, paid jury duty leave, or the educational assistance program. Temporary employees are not eligible for medical, dental, life, AD&D, and long term disability insurance and may not negotiate such coverage. If a temporary employee's status is changed and he/she becomes eligible for benefits, benefits will become effective as of the date of the change, with no retroactive accruals.

Holidays

Davis Constructors observes the following holidays and will provide paid leave for employees regularly scheduled to work 30 or more hours per week:

New Year's Day	Labor Day
President's Day	Thanksgiving Day
Memorial Day	Day After Thanksgiving
Independence Day	Christmas Day

In the event a holiday falls on a Saturday it will be observed on the previous Friday. If a holiday falls on a Sunday it will be observed on the following Monday.

Annual Paid Time Off (PTO)

Davis Constructors combines the traditional categories of sick and vacation leave into one category called annual paid time off (PTO). It is your choice how PTO is used but it is probably a good idea to reserve a few days in case of unforeseen illness.

Qualified employees will receive PTO on September 1 of each year to use before August 31 of the following year. We believe in the rejuvenating benefit of time away from work and encourage employees to take vacations from their jobs each year. Therefore, annual PTO does not accrue from year to year and employees are not paid for unused annual PTO.

Employees who are regularly scheduled to work 30 or more hours each week and have been employed by Davis Constructors for at least one year will receive a maximum of 15 days annual PTO. After five years, annual PTO will be increased to a maximum of 20 days.

Employees who are regularly scheduled to work more than 20, but less than 30 hours each week and have been employed by Davis Constructors for at least one year will receive a maximum of 7.5 days annual PTO. After five years, annual PTO will be increased to a maximum of 10 days.

Qualified employees who have been employed by Davis Constructors for less than one year will receive a reduced amount of PTO on September 1, pro-rated according to their length of employment with Davis Constructors. For example, an employee who begins employment on March 1 and works 30 or more hours each week will receive a maximum of 7.5 days annual PTO on September 1 to use by the following August 31.

Temporary employees and those who are regularly scheduled to work less than 20 hours per week do not qualify for annual PTO.

Employees are required to request and schedule annual PTO with their supervisor. Once approval is granted, the employee should notify the Office Manager to include the dates on the office-wide vacation calendar. Timesheets can be submitted prior to leaving for days off to make sure that paychecks are not delayed.

Paid Time Off and Health Benefit/Life Insurance Summary

Regular work schedule (Hours per week)	Holiday Pay	Paid Time Off	Health Benefits/ Life Insurance
30 to 40	Yes	Yes	Yes, health benefits paid for employee
More than 20, but less than 30	No	50%	No
20 or less	No	No	No

Leave for Jury Duty

Davis Constructors recognizes that employees have a civic duty to serve as jurors when summoned to appear in state or federal court. An employee’s supervisor may grant a leave of absence with pay when the employee complies with the following requirements:

1. Immediately give written notification to the supervisor of the dates that he/she may be absent from work,
2. Periodically contact the supervisor if the service is prolonged, and
3. Return to work if excused from jury duty service on a scheduled workday if there are more than two hours of the regularly scheduled workday remaining.

The employee may retain any remuneration from the courts.

Other Paid Leave

Leave with pay in addition to that described above can only be requested from and approved by the President of Davis Constructors or his designee.

Leave Without Pay

Leave without pay can be requested from and approved by your supervisor.

Medical and Dental Insurance

Medical and dental insurance will be made available to all employees regularly scheduled to work 30 or more hours per week. If coverage is elected, it becomes effective for the employee and their dependents (if applicable) on the first day of the month coincident with, or next following the date of employment.

Davis Constructors will pay the premium cost for eligible employees. Employees may elect dependent coverage, and pay for those premium costs via payroll deductions using pre-tax dollars.

All coverage and qualifying requirements will be in accordance with the carrier's requirements. It is the employee's responsibility to carefully read and understand the carrier's requirements. A summary of the company's current health insurance benefits will be made available to the employee as an attachment to this handbook. A booklet that provides detailed benefit information will be given to each employee when health insurance coverage is elected or upon request.

Continuation of Medical Insurance (COBRA and HIPAA)

Employees and their qualified beneficiaries have the opportunity to continue health insurance coverage when a "qualifying event" would normally result in its loss, thanks to the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The employee pays the full cost for this temporary continuance of health insurance coverage under the group plan.

Qualifying events include the end of employment (for other than gross misconduct), death of an employee, a reduction in an employee's hours, a leave of absence, an employee's divorce or legal separation, and disqualification of a dependent under the plan's guidelines. Federal regulations specify that the employee is responsible for notifying the employer of a qualifying event within 60 days of such event.

Life and Accidental Death and Dismemberment (AD&D) Insurance

Life insurance and AD&D insurance coverage is provided for employees and their dependents when the employee is regularly scheduled to work 30 or more hours per week. It becomes effective on the first day of the month coincident with, or next following the date of employment. Davis Constructors pays the full cost of the life and AD&D benefit and enrollment is automatic.

Life insurance coverage is \$50,000 for the employee, \$2,000 for the employee's spouse, and \$1,000 for the employee's children older than six months. AD&D will pay an additional amount for accidental death and scheduled amounts for

dismemberment. Employees qualifying for coverage will be given a group insurance certificate, which describes these benefits in great detail.

Long Term Disability (LTD) Insurance

Long term disability insurance coverage is provided for employees who are regularly scheduled to work 30 or more hours per week. Coverage becomes effective on the first day of the month coincident with, or next following the date of employment. Davis Constructors pays the full cost of the LTD benefit and enrollment is automatic.

There is a 90-day waiting period after a disabling event before benefits can begin. After meeting the disability requirement as defined in the LTD policy, eligible staff is entitled to receive up to 60% of their basic annual salary (not to exceed \$6,000 per month for most employees). The maximum length of benefits is generally 60 months.

A handout summarizing some of the company's long term disability insurance provisions will be made available to the employee as an attachment to this handbook. A booklet that provides detailed benefit information will be given to each employee that qualifies for LTD insurance coverage.

401(k) Plan

Employees who are at least 18 years of age are eligible to participate in Davis Constructors' 401(k) plan by making voluntary salary deferrals to contribute towards their retirement, starting with the first day of the month immediately following or coincident with the date of employment. In addition to traditional 401(k) deferrals, our plan allows employees to defer post-tax dollars (Roth 401(k) deferrals). Employees may choose to make 401(k) non-taxable salary deferrals, Roth 401(k) taxable salary deferrals, or a combination of both.

Davis Constructors will contribute an additional 25% of employee deferrals to a maximum match amount of \$1,250 per year for employees who have completed the waiting period of 12 months of service with 1,000 or more hours during that time period, have enrolled for salary deferrals, and are employed on August 31.

Participants direct the investment of their 401(k) accounts. Employee contributions made through salary deferrals are always 100% vested. Matching contributions are vested over a six year period.

A copy of the Davis Constructors 401(k) Profit Sharing Plan Summary Plan Description will be made available to all employees qualifying for participation. This lengthy document contains valuable information regarding the plan and it is the employee's responsibility to carefully read and understand it. A one-page summary of primary plan provisions will be distributed as an attachment to this handbook as well as document containing additional information regarding Roth 401(k) deferrals.

Profit Sharing

Profit sharing contributions to the 401(k) accounts may be made each year at the discretion of the Board of Directors. When made, they are allocated on a pro-rata basis, to eligible employees. Profit sharing contributions are vested on a six year schedule. The Davis Constructors 401(k) Profit Sharing Plan Summary Plan Description should be referred to for detailed information regarding this benefit.

Educational Assistance Program

Employees who have completed four years of continuous employment and are regularly scheduled to work 32 hours or more each week may be eligible for participation in our Educational Assistance Program. Qualified employees who meet requirements of the plan will be reimbursed for costs incurred for education required as part of a degree-seeking program. For more information, please read the related handout provided as a supplement to this handbook.

Other Training & Education

Davis Constructors is committed to continual employee learning and success. If there is a seminar or class that you feel would improve your job skills, please contact your supervisor.

Ethics

Each employee is to act in accordance with the highest standards of personal and professional conduct in all aspects of their employment and association with Davis Constructors. Every employee is to comply with both the letter and the spirit of all state, federal and local applicable laws, rules and regulations and to adhere to the policies and procedures adopted by Davis Constructors.

Employees should avoid any action that is, or can be perceived as, a conflict of interest. Conflicts of interest occur when an employee uses Davis Constructors' equipment, capabilities or relationships to benefit their own interests in preference to the company's best interest.

Statement of Understanding (This copy is to be retained in the employee's Handbook)

I understand that Davis Constructors & Engineers, Inc. is an "at-will" employer which means that I am not employed for any specific term and either Davis Constructors or I may terminate the employment relationship at any time and for any reason, with or without advance notice. I also understand that nothing contained in this handbook nor any oral assurances by anyone at Davis Constructors can change the "at-will" employment relationship. Any change to the "at-will" relationship must be made in writing and signed by the President.

I also understand that nothing contained in this handbook or Statement of Understanding is intended to create a contract (express or implied), or otherwise create legally enforceable obligations on the part of Davis Constructors or its employees.

I acknowledge that I have received a copy of Davis Constructors & Engineers, Inc.'s Employee Handbook. I agree that it is my responsibility to read its contents and ask questions if I am uncertain about any portion of this handbook. I understand that failure to comply with any company policies in effect may result in disciplinary action up to and including termination.

In addition, I understand that this Handbook states policies in effect at the time of publication. I understand that Davis Constructors reserves the right to revise any portion of this handbook at its sole discretion, at any time, without prior notice.

Further, I acknowledge that I have received copies of Davis Constructors & Engineers, Inc.'s

- Drug and Alcohol Policy and Procedures
- Safety Program and Policy
- Cell Phone & No Idle Policies
- Notice of Privacy Practices Regarding Protected Health Information- (see Attachment section of Handbook)

as attachments to the Employee Handbook. I agree that it is my responsibility to read their contents and ask questions if I am uncertain about the meaning of any portion of these attachments. I understand that failure to comply with any company policies relating to drugs and alcohol or safety may result in disciplinary action up to and including termination.

I further understand that Davis Constructors reserves the right to revise any portion of these policies and procedures at its sole discretion at any time, without prior notice excepting that required by law.

Employee Name

Employee Signature

Date_____

Vehicle Policy (This copy to be retained in the employee's Handbook)

This policy governs the use of company-owned vehicles by employees of Davis Constructors & Engineers, Inc. Vehicles are made available so that employees may perform their work more efficiently and effectively.

- ◆ Employees are required to abide by all state and local traffic laws while operating company-owned vehicles, including possessing a current driver's license and keeping a proof of insurance card and current registration in the vehicle at all times.
- ◆ Revocations or suspensions of an employee's driver's license will be immediately reported to a supervisor.
- ◆ The driver will ensure that all occupants wear safety belts when the vehicle is in operation.
- ◆ Company vehicles shall be operated by Davis Constructors employees only.
- ◆ Employees will not drive a company vehicle while under the influence of alcohol or drugs. Any person found to be in violation will be subject to discipline, up to and including immediate termination.

Further, the assigned driver's responsibilities include the following:

- ◆ Making sure that routine, preventive maintenance is performed on a scheduled basis
 - ◆ Invoices, work orders and receiving documents for maintenance, repairs, or fuel should be sent to the office promptly and should clearly identify the vehicle and driver
 - ◆ Approval by a Senior Project Manager must be obtained prior to incurring vehicle expenses exceeding \$500.00
- ◆ Obtaining IM testing for registration renewal
- ◆ Cleaning the vehicle on a regular basis
- ◆ Posting Davis Constructors & Engineers, Inc. signs on the vehicle
- ◆ Accurately logging business, personal, and commuting mileage which will be collected each December (This will ensure that the proper value of fringe benefits is assigned to the employee per IRS regulations.)
- ◆ Notifying the office if the vehicle is reassigned and providing an odometer reading as of the transfer date

Accidents: If you are involved in an accident, complete the "Automobile Incident Report" form (that can be found in your glove box) immediately, before leaving the scene. This form includes instructions from our insurance company to be followed without exception. A copy of this form is provided as an attachment to this policy. If more than one vehicle is involved, the police shall be called and an accident report filed. If an employee is involved in an accident or damages the vehicle while it is being operated for personal use, he/she may be financially responsible for the repair.

By signing below, I acknowledge that I have read, understand, and will comply with the above vehicle policy of Davis Constructors & Engineers, Inc. My signature also indicates my authorization for Davis Constructors and Engineers, Inc., or its agents, to investigate my driving record on an annual basis and I am providing my valid driver's license number for that purpose. I further agree to sign any forms needed for these investigations.

Driver/Employee's Printed Name Driver/Employee's Signature Date

Driver/Employee's Driver's License Information:

License Number State of Issue Date of Birth