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INTRODUCTION

This handbook is intended to provide employees with a general understanding of the personnel policies, procedures and benefits available at Paragon Services Engineering. Employees are encouraged to familiarize themselves with the contents of this handbook for it will answer many common questions concerning their employment. However, it is impossible to anticipate every situation or question that may arise. Therefore, please feel free to contact the Human Resources Manager about any employment related questions you may have.

To retain the necessary flexibility in the administration of policies, procedures and benefits, Paragon Services Engineering specifically reserves the right to change, revise, or eliminate any of the policies, procedures or benefits described in this handbook whenever it deems necessary or useful to do so. These changes can be made at any time with written notice to employees; however, any changes to the at-will employment policy can only be made specifically, in writing, and signed by one of the principals.

EMPLOYMENT “AT-WILL” POLICY

Paragon Services Engineering conducts its business in a changing business environment. Employment at the Company may be terminated for any reason, with or without cause or notice, at any time by the Employee or the Company. Nothing in this Employee Handbook or in any oral statement shall limit the right to terminate employment at will.

Unless your employment is covered by a written employment agreement, this policy of at-will employment is the sole and entire agreement between you and the Company as to the duration of employment and the circumstances under which employment may be terminated. If your employment is covered by a written employment agreement, nothing in this Employee Handbook or in any oral statement shall modify or amend the terms of that agreement.

With the exception of employment at-will, terms and conditions of employment with the Company may be modified at the sole discretion of the Company with or without cause or notice at any time. No implied contract concerning any employment-related decision or term or condition of employment can be established by any other statement, conduct, policy, or practice. Examples of the types of terms and conditions of employment that are within the sole discretion of the Company include, but are not limited to, the following: promotion; demotion; transfers; hiring decisions; compensation; benefits; qualifications; discipline; layoff or recall; rules; hours and schedules; work assignments; job duties and responsibilities; production standards; subcontracting; reduction, cessation, or expansion of operations; sale, relocation, merger, or consolidation of operations; determinations concerning the use of equipment, methods, or facilities; or any other terms and conditions that the Company may determine to be necessary for the safe, efficient, and economic operation of its business. Like many companies, employment is “at will.”

IMMIGRATION COMPLIANCE

Paragon Services Engineering will comply with applicable immigration law, including the Immigration Reform and Control Act of 1986 and the Immigration Act of 1990. As a condition of employment, every individual must provide satisfactory evidence of his or her identity and legal authority to work in the United States. If you have any questions or need more information on immigration law issues, please contact the Human Resources Manager.

EQUAL EMPLOYMENT OPPORTUNITY STATEMENT

Paragon Services Engineering is an equal employment opportunity employer and strives to comply with all applicable laws prohibiting discrimination based on race, religion (all aspects of religious beliefs, observance or practices, including religious dress or grooming practices), color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex (including pregnancy, childbirth, breastfeeding or related medical conditions), gender (including gender identity and gender expression) genetic characteristic, sexual orientation, registered domestic partner status, age, military or veteran status, and political activity.. All such discrimination is unlawful and all persons involved in the operations of the Company are prohibited from engaging in this type of conduct.

The factors to be considered with respect to an undue hardship are: (1) the nature and cost of the accommodation; (2) the overall financial resources of the facility at which the reasonable accommodation is to be made; (3) the number of persons employed at that facility; (4) the effect on expenses and resources or other impact upon that facility; (5) the overall financial resources of the Company; (6) the overall number of employees and facilities; (7) the operations of the particular facility as well as the entire Company; and (8) the relationship of the particular facility to the Company. These are not all of the factors but merely examples.

In accordance with applicable federal and state law protecting qualified individuals with known disabilities, the Company will attempt to reasonably accommodate those individuals unless doing so would create an undue hardship on the Company. Any qualified applicant or Employee with a disability who requires an accommodation in order to perform the essential functions of the job should contact the Human Resources Manager and request an accommodation.

You should report every instance of unlawful discrimination or harassment to your Supervisor, or the Human Resources Manager or the Chief Executive Officer of the Company, regardless of whether you or someone else is the subject of the discrimination. Detailed reports--including names, descriptions, and actual events or statements made--will greatly enhance the Company's ability to investigate. Any documents supporting the allegations should also be submitted. Based on your report, the Company will conduct an investigation. The Company prohibits any and all retaliation for submitting a report of unlawful discrimination and for cooperating in any investigation when done so in a truthful, good-faith manner. Any Supervisor or Employee who retaliates against the accuser or those involved in the investigation will be disciplined, up to and including discharge from employment.

If the investigation determines that prohibited discrimination or other conduct of Company policy has occurred, the Company will take disciplinary action, up to and including termination of employment, against those who engaged in the misconduct. The Company will also evaluate whether other employment practices should be added or modified in order to deter and prevent that conduct in the future.

CONFIDENTIALITY POLICY

Information about Paragon Services Engineering, its employees, customers, suppliers and vendors is to be kept confidential and divulged only to individuals within Paragon Services Engineering with both a need to receive and authorization to receive the information. If in doubt as to whether information should be divulged, err in favor of not divulging information and discuss the situation with your supervisor.

All records and files maintained by Paragon Services Engineering are confidential and remain the property of the Company. Records and files are not to be disclosed to any outside party without the permission of the Human Resources Manager. Confidential information includes but is not limited to: financial records; business, marketing, and strategic plans; personnel and payroll records regarding current and former employees; the identity of, contact information for, and any other account information on customers, vendors, and suppliers; inventions, programs, trade secrets, formulas, techniques, and processes; and any other documents or information regarding Paragon Services Engineering operations, procedures, or practices.

Confidential information obtained during or through employment with the Company may not be used by any employee for the purpose of furthering current or future employment or activities or for obtaining personal gain or profit. Paragon Services Engineering reserves the right to avail itself of all legal or equitable remedies to prevent impermissible use of confidential information or to recover damages incurred as a result of such use.

ANTI-HARASSMENT POLICY

In accordance with applicable law, PARAGON SERVICES ENGINEERING prohibits unlawful harassment because of sex, gender (transsexual and transgender), religion, pregnancy, race, color, national origin, ancestry, religion, creed, physical or mental disability, marital status, medical condition, sexual orientation, age, any protected class as outlined in the Company EEO policy or any other basis protected by federal, state, or local law. All such harassment is unlawful and will not be tolerated.

Sexual Harassment Defined:

Applicable state and federal law defines sexual harassment as unwanted sexual advances, requests for sexual favors, or visual, verbal, or physical conduct of a sexual nature when: (1) submission to the

conduct is made a term or condition of employment; or (2) submission to or rejection of the conduct is used as basis for employment decisions affecting the individual; or (3) the conduct has the purpose or effect of unreasonably interfering with the Employee's work performance or creating an intimidating, hostile, or offensive working environment. This definition includes many forms of offensive behavior. The following is a partial list:

- a. Unwanted sexual advances;
- b. Offering employment benefits in exchange for sexual favors;
- c. Making or threatening reprisals after a negative response to sexual advances;
- d. Visual conduct such as leering, making sexual gestures, or displaying sexually suggestive objects, pictures, cartoons, sexually explicit text or emails or posters;
- e. Verbal conduct such as making or using derogatory comments, epithets, slurs, sexually explicit jokes, or comments about any Employee's body or dress;
- f. Verbal sexual advances or propositions;
- g. Verbal abuse of a sexual nature, graphic verbal commentary about an individual's body, sexually degrading words to describe an individual, or suggestive or obscene letters, notes, or invitations;
- h. Physical conduct such as touching, assault, or impeding or blocking movements; and
- i. Retaliation for reporting harassment or threatening to report harassment.

It is unlawful for males to sexually harass females or other males, and for females to sexually harass males or other females. Sexual harassment on the job is unlawful whether it involves coworker harassment, harassment by a Supervisor, or harassment by persons doing business with or for the Company.

Other Types of Harassment:

Prohibited harassment on the basis of race, gender (transsexual and transgender), pregnancy, color, national origin, ancestry, creed, religion, physical or mental disability, marital status, medical condition, sexual orientation, age, any protected class as outlined in the Company EEO policy or any other protected basis, includes behavior similar to sexual harassment, such as:

- a. Verbal conduct such as threats, epithets, derogatory comments, or slurs;
- b. Visual conduct such as derogatory posters, photographs, cartoons, drawings, or gestures;
- c. Physical conduct such as assault, unwanted touching, or blocking normal movement; and
- d. Retaliation for reporting harassment or threatening to report harassment.

Any employee who believes he or she has been unlawfully harassed by a co-worker or supervisor should promptly report the incident in writing to the Human Resources Manager, unless the Human Resources Manager is the alleged harasser, in which case, all duties of the Human Resources Manager described below will be assumed by one of the principals (or other appropriate official).

The Human Resources Manager will promptly and thoroughly investigate all complaints of unlawful harassment and, based on that investigation, will recommend appropriate action. The investigation will be objective and complete; all those with pertinent information on the subject will be interviewed. Upon completion of the investigation, a determination will be made and results will be communicated to the complainant, the alleged harasser, and, as appropriate, to all others directly concerned.

If sexual harassment is proven, prompt and effective remedial action will be taken, including appropriate action taken against the harasser and communicated to the complainant, prevention of any further harassment and other appropriate action.

No employee will suffer reprisals for reporting, in a truthful, good-faith manner, sexual harassment, or any other unlawful conduct, or for initiating or assisting in any action or proceeding regarding unlawful harassment or discrimination. Any incidents of further harassment or retaliation should be reported immediately to the Human Resources Manager.

HARASSMENT COMPLAINT PROCEDURE

PARAGON SERVICES ENGINEERING has adopted a firm policy against harassment. Every reasonable step will be taken to prevent harassment from occurring. However, if you believe that you have been unlawfully harassed, we urge you to report the incident immediately and according to the following procedure so that your complaint can be resolved quickly and fairly.

1. If comfortable, confront the harasser and persuade him/her to stop. You may seek guidance from your supervisor or the Human Resources Manager.
2. Provide a written or oral complaint to your own supervisor or the Human Resources Manager as soon as possible after the incident. Include all details on the incident(s), names of individuals involved and the names of any witnesses.
3. Supervisors will refer all sexual harassment complaints to the Human Resources Manager. PARAGON SERVICES ENGINEERING will immediately undertake an effective, thorough and objective investigation of the harassment allegations.
4. If PARAGON SERVICES ENGINEERING determines that unlawful harassment has occurred, it will take effective remedial action in accordance with the circumstances. Any employee PARAGON SERVICES ENGINEERING determines to be responsible for unlawful harassment will be subject to appropriate disciplinary action, up to and including termination.

VACATION POLICY

PARAGON SERVICES ENGINEERING recognizes the benefit of periodic rest and relaxation away from work and, therefore, provides vacation without loss of pay or benefits to all regular full-time employees who have successfully completed their trial period. Full-time employees who have not yet completed their trial period, as well as part-time and temporary employees are not entitled to vacation benefits.

When an employee quits or is terminated, all accrued and unused vacation benefits will be paid in the final paycheck. Vacation time is accruable, and is based upon the employee's hire date.

Vacation benefits are earned in accordance with the below schedule. In the event that available vacation is not used by the end of the benefit year, accrued but unused vacation may be carried over into the next year. Accrued but unused vacation can be carried over into successive years up to a cap of 240.00 hours or thirty (30) days at which time further accrual will cease until your vacation time falls below the cap. **Beginning October 1, 2016 the cap will change to 160.00 hours or twenty (20) days.**

| Length of Service as a Regular Full-Time Employee | Vacation Accrual |
|--|------------------------------------|
| 0-3 years | 10 days/year (3.3 hrs/pay period) |
| 4-6 years | 12 days/year (4 hrs/pay period) |
| 7 – 10 years | 15 days/year (5 hrs/pay period) |
| 11 years and over | 20 days/year (6.66 hrs/pay period) |

- Accruals are done on a per pay period basis. Any pay period that an employee works (and is eligible for benefits) they will accrue their full vacation allotment for that pay period.
- When calculating years of service, PARAGON SERVICES ENGINEERING will use the most recent hire date, unless otherwise stated in offer letter or by property management.

* 1 Personal day per calendar year: Available for all full-time employees after 90-days.

Employees must complete a 90-day trial period with PARAGON SERVICES ENGINEERING before any vacation benefits may be used. Employees begin earning vacation upon their hire date but cannot take vacation time until after trial period is completed. However, PARAGON SERVICES ENGINEERING can, at its discretion, grant vacation days prior to completion of the trial period. These situations will be handled on a case-by-case basis. Upon submittal of vacation request employees will be asked to sign an Unaccrued Vacation Authorization Form. This authorizes PARAGON SERVICES ENGINEERING to deduct used unaccrued vacation time from final paycheck if termination should occur prior to vacation time actually being accrued. Furthermore, when vacation time is taken, it is permanent and may not be deleted from one's record by making-up the time on an alternate day.

SICK LEAVE

All full-time, employees who have successfully completed their trial period are entitled to up to five (5) days of paid sick time during each calendar year. All part-time and temporary employees who have successfully completed their trial period are entitled to receive 24 hours of paid sick time during each calendar year. Employees may use their yearly sick leave accrual for the purpose of attending to an ill family member which includes the employee's spouse, child, registered domestic partner, grandparent, grandchild or sibling. In addition, employees may use paid sick leave if they are a victim of domestic assault, sexual violence, and/or stalking.

Employees who are unable to report to work due to illness or injury must contact their supervisor and the Human Resources Manager as soon as possible, and no later than their normal starting time. When an employee is eligible for the sick day benefit, compensation is the employee's straight time hourly rate of pay or salary prorated for each day off. Any unused sick leave benefits at the end of the calendar year are forfeited. Employees may not receive any pay in lieu for the sick day benefit.

Once one's sick time has been expended, vacation time is utilized until depletion, and then time off is without pay.

When an employee takes a sick day, it may not be erased, or forfeited by work done on another day. Each full-time employee is allotted five (5) sick days, and once a day is taken it is recorded on that employee's record and considered permanent. When a non-exempt employee leaves work due to illness, if that employee has only worked 1/2 of a day, 1/2 a sick day will be recorded in that employee's records.

EDUCATION EXPENSE REIMBURSEMENT

The purpose of PARAGON SERVICES ENGINEERING Education Reimbursement program is to assist employees in attaining the certifications and designations necessary to perform their jobs in an exemplary fashion.

PARAGON SERVICES ENGINEERING, in its sole and absolute discretion, will partially reimburse employees for training and courses that will enhance their personal skills and result in enhanced job performance.

- A. The maximum benefit will be a 70/30 % split. PARAGON SERVICES ENGINEERING will pay 30% the costs associated with educational courses up to \$500 per year per employee. Employee to pay costs up-front and the company will reimburse upon completion of class with passing grade or certification.
- B. Employees who terminate or are discharged within two years of receiving educational reimbursement will be required to repay PARAGON SERVICES ENGINEERING in full.

- C. Employees **who do not receive a passing grade of C or better** are not eligible to receive the reimbursement.

Upon attaining the designation, license, certification or grade, a copy must be given to Personnel.

ELIGIBILITY REQUIREMENTS

- A. Full time employees must have completed one (1) year of continuous service.
- B. Part time employees are not eligible for education reimbursement.
- C. Must be job related/required.
- D. Employees must not be on disciplinary probation.
- E. Employees must obtain approval of supervisor.

PAYMENT/REIMBURSEMENT

PARAGON SERVICES ENGINEERING will reimburse employee after a passing grade of C or better and request forms are submitted to Human Resources Manager.

PERSONAL LEAVE OF ABSENCE

A leave of absence for personal reasons (leaves other than those mandated by law, pregnancy disability leave, and workman's compensation) is a privilege not a right. A leave without pay may be granted depending on the staffing requirements and project commitments at the time. An employee may use accrued vacation during the term of the leave. If personal leave is granted, employee may be eligible to continue group medical and dental coverage for up to (3) three months of leave. If medical leave is requested with a written note from employee's physician, employee may be eligible for up to (6) six months of medical and dental coverage. It is between PARAGON SERVICES ENGINEERING and the employee to determine what and when payments will be made. Ultimately, a leave of absence and the terms of the leave will be decided on a case-by-case basis. In no event shall a personal leave of absence, other than those mandated by law, extend beyond a period of ninety (90) days.

BEREAVEMENT LEAVE

In the case of the death of an immediate family member (parent, sibling, spouse, domestic partner, grandparent, child, or in-law), a regular full-time employee who has completed the probationary period will be eligible for three days off with pay to attend the funeral. If an Employee requests more than three days off it will be up to the discretion of the Human Resources Manager and owners of the company. Other part-time or temporary employees may take up to three days off without pay to attend the funeral of an immediate family member. Time off in excess of three days is available with approval of the employee's supervisor.

MEAL AND REST PERIODS

Rest periods and meal periods are authorized and required for every non-exempt employee and are intended to provide employees with an opportunity for rest and relaxation.

Paragon Services Engineering requires that employees take a 30- or 60-minute meal period for every work period (day) of more than six hours and a 10-minute rest period for every 4 hours worked. For work periods (days) of more than six hours, your 30- or 60-minute rest period should begin no later than the end of your fifth hour of work. For example, an employee who starts working at 8:00 AM must begin the first meal period *no later than* 12:59 PM.

An employee who works over 10 hours in a day is entitled to a second meal break of at least 30 minutes that must start *before* the end of the tenth hour of work. The second meal period may be waived by advanced mutual consent of the employee and employer, in writing, provided the employee did not work more than 12 hours and did not waive the first meal break. If the employees' meal period is "on duty", it will be paid.

When practicable, the Rest periods should be taken in the middle of each period worked. In order to ensure that the employee's position and duties will be covered during periods of rest, the employee must inform their supervisor when they are going on a break. These rest periods may not be combined, nor added to an employee's meal period. Rest and mealtime should be enjoyed away from employee work areas and working employees so that employees can adequately rest and rejuvenate and are not inadvertently asked to perform any duties during such periods. Employees are entirely relieved of all duty and responsibilities during meal and rest periods.

It is the responsibility of the employee to ensure they are taking their meal and rest periods at the appropriate time. Non-exempt employees must maintain accurate records of actual hours worked, including clocking in and out for each day's meal period. Failure to comply with these policies may subject the employee to discipline, including but not limited to termination.

Non-exempt employees must immediately notify their supervisor if they are unable to take their meal or rest periods.

FAMILY AND MEDICAL LEAVE ACT (FMLA Leave)

The Company will grant family and medical leave in accordance with the requirements of applicable state (California Family Rights Act) and federal law (Family and Medical Leave Act) in effect at the time the leave is granted. No greater or lesser leave benefits will be granted than those set forth in the relevant state or federal laws. In certain situations, the federal law requires that provisions of state law apply. In any case, Employees will be eligible for the most generous benefits available under either law.

Please contact your Supervisor as soon as you become aware of the need for a family and medical leave. The following is a summary of the relevant provisions.

a. Employee Eligibility

To be eligible for family and medical leave benefits, you must: (1) have worked for the Company for a total of at least 12 months; (2) have worked at least 1,250 hours over the previous 12 months; and (3) work at a location where at least 50 Employees are employed by the Company within 75 miles.

b. Leave Available

Eligible Employees may receive up to a total of 12 workweeks of unpaid leave during a 12-month period. A 12-month period begins on the date of the Employee's first use of federal family and medical leave. Successive 12-month periods commence on the date of an Employee's first use of family and medical leave after the preceding 12-month period has ended.

Leave may be used for one or more of the following reasons: (1) for the birth or placement of a child for adoption or foster care; (2) to care for an immediate family member (spouse, registered domestic partner, child, or parent) with a serious health condition; (3) to take medical leave when the Employee is unable to work because of a serious health condition; or (4) for any qualifying exigency because the employee's spouse, son, daughter, or parent is a covered military member on active duty or has been notified of an impending call or order to active duty.

Employees may also be eligible to receive up to a total of 26 workweeks in a single 12-month period to care for an injured covered service member who includes veterans who were discharged or released under conditions other than dishonorable at any time during the five-year period prior to the first date the eligible employee takes FMLA. This leave applies to a spouse, child, parent, or next of kin to the injured service member. A 12-month period begins on the date of the employee's first use of family and medical leave to care for a covered service member and ends 12 months after that date. Successive 12-month periods commence on the date of an employee's first use of family and medical leave after the preceding 12-month period has ended. FMLA definitions of a "serious injury or illness" for current service members and veterans are distinct from the FMLA definition of "serious health condition."

Under some circumstances, Employees may take family and medical leave intermittently--which means taking leave in blocks of time, or by reducing their normal weekly or daily work schedule. If you are pregnant, you may have the right to take a pregnancy disability leave in addition to a

family and medical leave. Please review the pregnancy disability leave policy below and notify your Supervisor or the Human Resources Manager if you need leave due to your pregnancy. Certain restrictions on these benefits may apply.

c. Notice & Certification

If you need family and medical leave, you may be required to provide:

1. 30-day advance notice when the need for the leave is foreseeable;
2. Medical certification from a health care provider (both prior to the leave and prior to reinstatement);
3. Periodic recertification; and
4. Periodic reports during the leave.

When leave is needed to care for an immediate family member or your own serious health condition, and is for planned medical treatment, you must try to schedule treatment so as not to unduly disrupt the Company's operation.

d. Compensation during Leave

Family and medical leave is unpaid. The Company may require you to use accrued paid leave (such as vacation leave) to cover some or all of the family and medical leave. The use of paid time off will not extend the length of a family and medical leave.

e. Benefits During Leave

The Company will maintain, for up to a maximum of 12 workweeks of family and medical leave, any group health insurance coverage that you were provided before the leave on the same terms as if you had continued to work. In some instances, the Company may recover premiums it paid to maintain health coverage if you do not return to work following family or medical leave.

If you are on family and medical leave but you are not entitled to continue paid coverage, you may continue your group health insurance coverage through the Company in conjunction with federal COBRA guidelines by making monthly payments to the Company for the amount of the relevant premium. Please contact your Supervisor for further information.

f. Job Reinstatement

Under most circumstances, upon return from family and medical leave, you will be reinstated to your previous position, or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions. However, upon return from a family and medical leave, you have no greater right to reinstatement than if you had been continuously employed rather than on leave. For example, if you would have been laid off had you not gone on family and medical leave, or if your position has been eliminated during the leave, then you will not be entitled to reinstatement. If an employee fails to return to work immediately after the period of the approved leave expires, or if an employee obtains a leave based on false representations, the employee will be considered to have voluntarily resigned.

If you are returning from family and medical leave taken for your own serious health condition, but you are unable to perform the essential functions of your job because of a physical or mental disability, the Company will attempt to accommodate you. Your use of family and medical leave will not result in the loss of any employment benefit that you earned or were entitled to before using family and medical leave.

3. Paid Family Care Leave Benefits (**CALIFORNIA ONLY**)

As of January 1, 2004, California's newly established Paid Family Care Leave (PFCL) insurance program became effective. Employees may apply for insurance benefits under this program for leaves taken as of July 1, 2004. Claims must be filed with the state Employment Development Department ("EDD"). PFCL benefits consist of partial replacement of wages for up to six (6) weeks when an employee is unable to perform his/her regular duties because of: (1) the need to care for a child, spouse, parent or registered domestic partner with a serious health condition; or (2) for the birth, adoption, or foster care placement of a new child. The EDD may require a medical certification when a PFCL claim is filed. Employees must file a claim for PFCL benefits no later than 41 days after the first day the employee is eligible for benefits.

Under the new law there is a seven (7) day unpaid waiting period before benefits are paid. Employees will be required to use their accrued vacation balance, up to ten days, prior to receiving benefits. Employees are not eligible for PFCL if the employee is already receiving State Disability, Unemployment or Workers' Compensation benefits.

Periods of disability for pregnancy and periods of family care leave for bonding associated with the birth of the child are considered one disability benefit period. However, PFCL does not create an additional leave entitlement. If an employee is not eligible or has exhausted their entitlement to leave under the FMLA, CFRA or PDL, there is no additional right to leave under the PFCL program. Additionally, vacation and sick leave benefits will not accrue during a PFCL absence.

Employees may begin to apply for PFCL benefits after July 1, 2004. Employees may contact the EDD directly or Human Resources to obtain necessary forms to file with the EDD. Employees are also encouraged to review the new postings provided by the EDD regarding the procedures to obtain PFCL benefits. Once a claim is approved by the EDD, employees should advise Human Resources so that it may coordinate administrative matters.

PREGNANCY DISABILITY LEAVE

a. Employee Eligibility

The Company will grant an unpaid pregnancy disability leave if you are disabled because of time off needed for prenatal care, severe morning sickness, doctor ordered bed rest, childbirth and recovery from childbirth or loss or end of pregnancy.

b. Leave Available

If you are disabled due to pregnancy, childbirth, or a related medical condition, you may take up to a maximum of four months (17 1/3 weeks) leave. As an alternative, the Company may transfer

you to a less strenuous or hazardous position if you so request, with the advice of your physician, and if the transfer can be reasonably accommodated.

Leave taken under the pregnancy disability policy runs concurrently with family and medical leave under federal law, but not with family and medical leave under California law.

c. Notice & Certification Requirements

You must provide the Company with reasonable advance notice of your need for a pregnancy disability leave. In addition, you must provide the Company with a health care provider's statement certifying the last day you can work and the expected duration of your leave.

d. Compensation During Leave

Pregnancy disability leaves are without pay. However, you may utilize accrued vacation time and any other accrued paid time off during the leave. All of those payments will be integrated with any state disability or other wage reimbursement benefits that you may receive. At no time will you receive a greater total payment than your regular compensation.

e. Benefits During Leave

The Company will maintain, for up to a maximum of four (4) months in a 12-month period, any group health insurance coverage that you were provided before the leave on the same terms as if you had continued to work. In some instances, the Company may recover premiums it paid to maintain health coverage if you do not return to work following pregnancy disability leave.

f. Reinstatement

Upon the submission of a medical certification from a health care provider that you are able to return to work, you will, in most circumstances, be offered the same position held at the time of the leave or an equivalent position. However, you will not be entitled to any greater right to reinstatement than if you had been employed continuously rather than on leave. For example, if you would have been laid off if you had not gone on leave, and then you will not be entitled to reinstatement. Similarly, if your position has been filled in order to avoid undermining the Company's ability to operate safely and efficiently while you were on leave, and there is no equivalent position available, then reinstatement will be denied.

If upon return from a pregnancy disability leave you are unable to perform the essential functions of the job because of a physical or mental disability, the Company will attempt to accommodate you.

WORKERS' COMPENSATION DISABILITY LEAVE

a. Employee Eligibility

The Company will grant you a workers' compensation disability leave in accordance with state law if you incur an occupational illness or injury. As an alternative, the Company may offer you

modified work if available. If eligible, leave taken under the workers' compensation disability policy will run concurrently with family and medical leave under both federal and state law.

b. Notice & Certification Requirements

You must immediately report all accidents, injuries, and illnesses, no matter how minor, to your immediate Supervisor. You must also provide the Company with a health care provider's statement certifying your work-related illness or injury, your inability to work, and the expected duration of your leave.

c. Compensation during Leave

Workers' compensation disability leaves are without pay. However, you may utilize accrued vacation time and any other accrued paid time off during the leave. All of those payments will be coordinated with any state disability, workers' compensation, or other wage reimbursement benefits for which you may be eligible. At no time will you receive a greater total payment than your regular compensation.

d. Reinstatement

Upon the submission of a medical certification that you are able to return to work, you will be reinstated in accordance with applicable law. If you are disabled due to an industrial injury, the Company will attempt to accommodate you. If you are returning from a workers' compensation disability leave that runs concurrently with a family and medical leave, then the provisions of the family and medical leave policy will also apply.

WITNESS / JURY DUTY LEAVE

It is PARAGON SERVICES ENGINEERING policy to enable its employees to fulfill their civic obligations. If an employee is called to serve on witness / jury duty, the employee is requested to notify his or her supervisor immediately. Nonexempt Employees will be granted a paid leave of absence up to two weeks (10 days) per year for the purpose of fulfilling jury or witness duty, any additional time will be unpaid. However, Exempt Employees who work any portion of a workweek in which they also serve on jury or witness duty will receive their full salary for that workweek. Verification from the Court Clerk of having been served may be required, and you will be expected to report or return to work for the remainder of your work schedule on any day you are dismissed from jury or witness duty.

VOTING TIME LEAVE

If you cannot vote in a statewide public election before or after working hours, then you will be allowed sufficient time off to go to the polls. The Company will pay you for up to the first two hours of absence from regularly scheduled work that is necessary to vote in a statewide public election. Any additional time off will be without pay. You must give reasonable notice to the Director of Human Resources of the need to have time off to vote and must give at least two (2) days' notice when three days' notice is possible.

MILITARY DUTY LEAVE

PARAGON SERVICES ENGINEERING will not refuse military leave to any employee in the “Uniformed Services”. Uniform defined to include Army, Navy, Air Force, Marine Corps, Coast Guard, Army National Guard, and Air National Guard. Service is defined as duty on a voluntary or involuntary basis, including Active Duty, Active Duty in Training, Initial Active Duty Training, Inactive Duty Training, Full-time National Guard Duty and absences for examinations to determine fitness for duty.

Employees are required to provide advance written or verbal notice of the need for military leave, unless prevented from doing so by military necessity or if providing notice would be impossible or unreasonable.

Employees must provide notice to his/her employer of his/her intent to return to work after serving in the military. The time frame within which the notice is required depends upon the length of time of military service, as follows:

- ***Less than 31 days of service or fitness for duty exam:*** Must report no later than the beginning of the first full regularly scheduled work period on the first calendar day following completion of service, plus time for safe transportation back to the employee’s residence, plus eight hours.
- ***More than 30 days but less than 181 days of service:*** Must submit an application for re-employment with PARAGON SERVICES ENGINEERING no later than 14 days after the completion of service.
- ***More than 180 days of service:*** Must submit an application for re-employment with PARAGON SERVICES ENGINEERING no later than 90 days after the completion of service.

Employees returning from military service are entitled to all the rights and benefits as if they had remained continuously employed.

TIME OFF TO ATTEND SCHOOL ACTIVITIES

If you are a parent, guardian, or grandparent with custody of a child in kindergarten, grades 1-12, inclusive, or a licensed day care center and you wish to take time off to visit your child's school for a school activity, you may take off up to eight hours each calendar month (up to a maximum of 40 hours each calendar year), per child, provided you give reasonable notice to the Human Resources Manager of your planned absence. Employees wishing to take leave for a child's school activities may utilize their existing vacation time or other accrued paid time off. The Company requires documentation from the school noting the date and time of your visit.

If both parents of a child work for the Company, only one parent--the first to provide notice--may take the time off, unless the Company approves both parents taking time off simultaneously.

You may also be granted time off to attend a school conference involving the possible suspension of your child. Please contact your Supervisor if time off may be needed for this reason.

LEAVE FOR VICTIMS OF DOMESTIC VIOLENCE

PARAGON SERVICES ENGINEERING understands that, if an Employee is the unfortunate victim of domestic violence or sexual assault, which Employee may need to take time from work to appear in court in an effort to obtain relief from such violence. It also understands that you may need to take time off to obtain medical attention, to obtain services from a domestic violence shelter, program, or rape crisis center, to obtain psychological counseling, or to participate in safety planning as a result of domestic violence. If you need time off to obtain relief from domestic violence, you must give your Supervisor reasonable notice that you need time off for this purpose. If you need time off immediately or for an emergency, advance notice is not required, but you may be required to provide documentation or certification of the purpose of your absence within a reasonable time after your time off.

Nonexempt Employees will receive full pay while taking up to three days of leave due to domestic violence. Exempt Employees will receive pay for one entire week of absence due to domestic violence leave. Exempt Employees will not incur any reduction in pay for a partial week of absence due to domestic violence. Any additional time off will be without pay. On the days you take off from work to obtain relief from domestic violence, you will be expected to return to work for the remainder of your work schedule if time permits.

HOLIDAY SCHEDULE

The following is the holiday schedule for PARAGON SERVICES ENGINEERING. Religious practices of the employees will be accommodated unless it poses a hardship to the employer. (If time is taken for religious practices it is not considered a holiday. The employee is required to request vacation time or days of unpaid leave.) The following holidays are observed by PARAGON SERVICES ENGINEERING:

New Year's Eve (1/2 day)
New Year's Day
President's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Thanksgiving Friday
Christmas Eve (1/2 day)
Christmas Day

Employees are eligible for Holiday pay after completing 90-days of employment.

If a holiday falls on a weekend day, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

Holidays will not be accrued for accounting purposes. Holiday pay is not counted for the purpose of calculating an Employee's overtime hours of work or overtime premiums.

If you are required to work on a designated holiday, you will be compensated for all hours worked plus holiday pay.

If a holiday occurs during your vacation period, that day will be treated as a holiday and not counted against your approved vacation time.

Each year a holiday schedule will be issued prior to the commencement of a new year. The holiday schedule will ultimately be reflected upon site specific building schedules and may vary from the schedule listed.

INSURANCE COVERAGE

PARAGON SERVICES ENGINEERING retains the sole discretion to modify insurance coverage at any time. Eligibility for PARAGON SERVICES ENGINEERING standard company benefits is limited to those who are considered regular full-time employees and those employees who regularly work 30 or more hours per week.

Each full-time employee is entitled to both Full Major Medical/Life and Dental Benefits.

Termination: Your insurance terminates at the end of the month in which your employment ends. You have the right to convert to individual medical expense insurance under COBRA.

MEDICAL INSURANCE

Paragon Services Engineering has a major medical plan where the company pays the full HMO monthly premium for the employee. Employees may elect to cover dependents for an additional cost to be deducted from their pay.

DENTAL INSURANCE

Paragon Services Engineering provides a dental PPO insurance plan. The company pays the full monthly premium for the employee and the employee may elect to cover dependents at an additional cost to be deducted from their pay.

LIFE/AD&D INSURANCES

Paragon Services Engineering provides \$50,000 term coverage. The employee directs the beneficiary. Accidental Death and Dismemberment Insurance paid at 100% or 50% for dismemberment.

FLEXIBLE SPENDING ACCOUNT

Paragon Services Engineering provides a Health Care and Dependent Care Account. These accounts can be used to deduct pre-tax dollars from employee's pay for qualified expenses under each account.

The Health Care account is for qualified medical, dental and vision purchases and can be reimbursed through check or paid by account debit card.

The Dependent Care Account is for qualified adult or child care expenses. Child care, after school care, summer school and adult care facilities are all qualified. Tuition for private school is not qualified.

LONG-TERM DISABILITY INSURANCE

Long Term Disability insurance covers an eligible employee for 60% of their salary not to exceed a monthly amount of \$10,000 after a 90 day waiting period.

401K RETIREMENT PLAN

Paragon Services Engineering provides a 401(k) retirement plan for eligible employees. Employees are eligible to participate on the 1st of the month following 90-days of employment, and are over the age of 21.

Employee may contribute 1% to 100% of income to IRS maximum. Company match is after 1 year of employment. Company matches up to 25% of participant's contribution to a maximum of 6% of your contribution.

After age 59 ½, withdrawals are allowed for any reason. Prior to this, you may be subject to penalty fees. You may access your funds by loan or hardship withdrawal.

A loan can be for any reason and must be a minimum of \$1,000 and can be taken for up to 50% of your vested balance. There are no taxes or penalties for taking a 401(k) loan.

A hardship withdrawal is a withdrawal of money from the 401(k) plan for qualified reasons. Qualified reasons include for college education, prevention of foreclosure on home, medical bills. The administrator of the plan requires proof for the qualified reason to process the hardship withdrawal. There are taxes and penalties if the funds are taken before the age of 59 ½.

CONTINUATION OF GROUP HEALTH INSURANCE (COBRA)

PARAGON SERVICES ENGINEERING will comply with federal regulations relating to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) which is designed to provide employees and eligible dependents with the opportunity to continue health insurance coverage at group rates in certain instances in which coverage would otherwise cease, as provided by the Company health insurance carrier. The premium for this coverage is the sole responsibility of the employee or dependent.

WORKERS COMPENSATION INSURANCE

Workers Compensation insurance benefits are available to employees who suffer work-related injuries or illnesses. All such injuries and illnesses should be reported immediately or before the end of your shift, no matter how minor, to the Human Resources Manager at Phone Number (858)654-0102 ext 105. If any employee requires further information on these benefits, please address it with the Human Resources Manager.

Worker's Comp Information shall be posted in a common area.

All injuries must be reported to the Human Resources Manager Immediately or before the end of your shift, and all employees will be subject to post accident drug screening.

When an injury occurs the first thing to do is to seek medical aid. Employees may also pre-designate a personal physician or chiropractor for work related injuries and see that pre-designated physician or chiropractor when an injury occurs.

If an employee is temporarily disabled due to a work injury he/she is entitled to receive a benefit check within 2 weeks after the date of injury and twice a month thereafter. Temporary disability benefits are not paid for the first three days of missed work, unless the employee is hospitalized “in-patient” for medical treatment or if the employee’s disability continues for more than 14 days as a result of the injury.

TERMINATION

Voluntary Terminations

If you decide to leave your employment with the Company, we ask that you give us at least two weeks written notice. This will give us the opportunity to make the necessary adjustments in our operation. Please return all property owned by the Company (e.g., vehicles, computers, keys, uniforms, identification badges, credit cards) prior to your departure. The Company retains the right to accept your resignation immediately and pay you the amount of straight time compensation you would have earned in place of any further performance.

Involuntary Terminations

While the decision to commence employment is consensual, the same is not always true when the time comes to terminate the employment relationship. As an at-will employer, the Company reserves the right to end the employment relationship at any time, with or without cause or notice. In the event your employment is terminated, please return all property owned by the Company to the Human Resources Manager prior to your departure.

Reduction in Force

While the Company hopes to continue growing and providing employment opportunities, business conditions, customer demand, and other factors are unpredictable. Changes or downturns in any of these or other areas could create a need to restructure or reduce the number of people employed. In light of these uncertainties, please be advised that it may become necessary to conduct layoffs at some point in the future.

In the event that the Company determines to lay off any Employee or a number of Employees, the Company retains full discretion to select which Employee(s) will be laid off. While PARAGON SERVICES ENGINEERING retains full discretion, some of the relevant factors might include the Company's operational requirements and the skill, productivity, ability, and past performance of those involved.

Exit Interviews

Before leaving, you will be asked to participate in an exit interview. This will provide closure to your employment with PARAGON SERVICES ENGINEERING and will allow the Company to ensure that it has resolved various administrative matters, answered any questions about continuation of benefits, and listened to any of your comments or ideas about improving the Company's operations. All employees with clearances must be debriefed and a termination check-off list must be signed by all employees who leave the Company upon return of research notebooks, documents, identification badges, company keys, and any other property belonging to PARAGON SERVICES ENGINEERING.

EMPLOYEE ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK

This is to acknowledge that I have received a copy of the PARAGON SERVICES ENGINEERING ("the Company") Employee Handbook and understand that it sets forth the terms and conditions of my employment as well as the duties, responsibilities, and obligations of employment with PARAGON SERVICES ENGINEERING. I understand and agree that it is my responsibility to read the Employee Handbook and to abide by the rules, policies, and standards set forth in the Employee Handbook.

I also acknowledge that my employment with PARAGON SERVICES ENGINEERING is not for a specified period of time and can be terminated at any time for any reason, with or without cause or notice, by me or by the Company. I acknowledge that nothing in this Employee Handbook and no oral statements or representations regarding my employment can alter the foregoing. I also acknowledge that this policy of at-will employment may be revised, deleted or superseded only by a written employment agreement signed by the Chief Executive Officer that expressly revises, modifies, deletes, or supersedes the policy of at-will employment.

I also acknowledge that, except for the policy of at-will employment and the separate PARAGON SERVICES ENGINEERING Alternative Dispute Resolution Program, the Company reserves the right to revise, delete, and add to the provisions of this Employee Handbook. All such revisions, deletions, or additions must be in writing and must be signed by the Chief Executive Officer of the Company. No oral statements or representations can change the provisions of this Employee Handbook. No implied contract concerning any employment-related decision or term and condition of employment can be established by any other statement, conduct, policy, or practice.

I understand that, unless my employment is covered by a written employment agreement providing otherwise, the foregoing agreement concerning my at-will employment status and the Company's right to determine and modify the terms and conditions of employment is the sole and entire agreement between me and PARAGON SERVICES ENGINEERING concerning the duration of my employment, the circumstances under which my employment may be terminated, and the circumstances under which the terms and conditions of my employment may change

Finally, I agree that PARAGON SERVICES ENGINEERING retains the right to establish compensation, benefits and working conditions for all of its employees. PARAGON SERVICES ENGINEERING retains the sole discretion to modify employee's compensation and benefits, position, duties and other terms and conditions of employment, including the right to impose discipline of whatever type and for whatever reasons employer, at its sole discretion, determines to be appropriate. All such changes will be communicated through official written notices, and signed by one of the principals.

Dated: _____

Employee Signature

Employee's Name (Typed or Printed)

TO BE PLACED IN EMPLOYEE'S PERSONNEL FILE