



AvSPORT

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SECTION 1:

EMPLOYMENT PRACTICES

1.01 Introduction (revised 25 February 2010)

This Policy Manual replaces any and all previous manuals, statements, and/or publications of policy and benefits, and contains a summary of the present policy and benefits of AvSport of Lock Haven (hereinafter referred to as the “Company”). It is the only source of such information, is not to be considered a contractual obligation of the Company, and is subject to modification from time to time at the discretion of executive management of the Company. Executive management reserves the sole right to add, delete, change, or supplement Company policy and benefits at any time without notice.

Neither this manual nor any other Company document is a contract of employment or employee’s terms of employment. Any individual who is hired may voluntarily leave employment upon proper notification, and unless otherwise provided by contractual obligation, any employee may be terminated by the Company at any time. Oral statements to the contrary are expressly disavowed, and shall not be relied upon by any employee.

1.02 Equal Employment Opportunity (revised 25 February 2010)

The Company is an equal opportunity employer, and our policy is to select the best qualified person for each position within the organization. Religion, age, sex national origin, race, or color are not considered when evaluating candidates for employment, or when determining promotion, salary, or other benefits.

1.03 Employment Applications (revised 25 February 2010)

All candidates applying for employment at the Company are required to complete and sign AvSport’s standard employment application before any job openings are discussed. Any applicant who fails or refuses to complete the application shall be disqualified from further consideration for employment.

1.04 Screening of Applicants (revised 26 February 2010)

Screening may consist of preliminary testing and interviews. Any candidate who does not show competence during these tests will not continue with the screening process. Tests may be conducted as follows:

1. Candidates for teaching and technical positions may be given a technical evaluation test to assess the depth and breadth of their technical knowledge. The test is to be completed within a specified time limit.



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2. Candidates for administrative positions may be given a personnel test, and may be required to compose and type a typical business letter. Applicants with computer experience may be required to demonstrate facility with the programs they have used.

3. Candidates for maintenance positions may be tested in approved procedures, and may be given an assignment to test their manipulative skills, their troubleshooting skills, and their ability to use small hand tools.

4. The Company reserves the right to administer any other employment-related tests it deems necessary.

5. All test results will become part of the applicant's confidential personnel file.

1.05 Hiring of Relatives (revised 26 February 2010)

The option to hire relatives of any current employee is decided on an individual-case basis. If any employee's relative is hired, the decision to hire employee's relative does not, in any way, set a precedent or guarantee that any other employee's relative shall be hired in the future. Task assignments, performance expectations, and performance reviews for any employee shall be completely independent of, and not influenced by, those of any relative of that employee who may also be employed by the Company.

1.06 Reemployment of Former Employees (revised 26 February 2010)

Former employees of the Company, except those dismissed for cause, may be eligible for reemployment. If a former employee is reemployed, employee shall be subject to the same probationary period and other requirements as a newly hired employee. Prior employee status grants a applicant no preference in the selection and hiring process.

1.07 Employment of Minors (revised 26 February 2010)

Minors are hired only in accordance with applicable federal and state laws. Copies of the necessary work authorization for a minor must be included in the minor's personnel file. The Company may also require written permission from the minor's parent or legal guardian as a condition of employment.

1.08 Employment of Aliens (revised 26 February 2010)

Aliens are hired only to the extent that the relevant Company contracts do not prohibit the employment of non-US citizens, and then only in accordance with applicable federal laws, including the Immigration Reform and Control Act of 1986, as amended, and all applicable



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regulations of the Immigration and Nationalization Service (INS) and the Department of Homeland Security (DHS). Non-US citizens must have a visa granting them permission to work in the United States on a permanent basis. The Company will not be responsible for securing work permits or visas for prospective employees. Status verification, in the form of a “green card” or other documentation, is required by law before employment, and becomes a part of the employee’s permanent personnel record. Some contracts received by the Company may specifically preclude non-citizens from working on specific projects. In such cases, wherever practical, any alien hired by the Company will be assigned to other duties.

1.09 Employment Forms (revised 26 February 2010)

On the first day of your employment, you will be required to complete IRS form W-4 (Employee Withholding Allowance Certificate), INS form I-9 (Employment Eligibility Verification), a Former Employer Data Release Form, an Intellectual Property Assignment and Release, and a Company nondisclosure agreement.

1.10 Fulltime Employment (revised 26 February 2010)

For purposes of determining salary, benefits, and work schedules, on the first day of your employment, it will be determined whether you are considered a Fulltime Salaried, a Fulltime Hourly, or a Part-time Hourly employee. Fulltime employees are those hired to work not less than three full days (24 hours) per week. Part-time employees are hired to work occasionally as required, and under normal circumstances will work fewer than three full days (24 hours) per week. Fulltime employees are eligible to receive Company benefits as detailed in Section 2 of this Policy Manual. Part-time employees are generally ineligible to receive such benefits, unless otherwise provided by contractual obligation.

1.11 Your Supervisor (revised 26 February 2010)

Your assigned supervisor is your best source of information concerning Company policy, benefits, your job performance, and your salary. Your supervisor is ready to assist you by answering your questions, helping you to improve your skills, and discussing any problems you may have on the job. In addition, it is your supervisor’s responsibility to verify your timesheet, assign your work, evaluate your performance, and recommend salary changes when appropriate.

Executive management has an open-door policy, and will be happy to discuss with you any of these matters, but requests that you first approach your supervisor for resolution of any concerns.

1.12 Probationary Period (revised 26 February 2010)

The duration of the probationary period for all new employees, and for all part-time employees who become fulltime employees, is ninety (90) calendar days. This period commences on your first day of employment, or your first day of fulltime employment. During



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this period, your supervisor will assess your ability in terms of quality, quantity, and timeliness of work; application of skills and ability to learn new skills; and your attendance, punctuality, and conduct.

Also, during this probationary period, you will not be paid for any absences. You will accrue, but are not eligible to take, paid vacation days and non-work days. You are eligible to be paid for Company holidays falling within the probationary period, but may not take any other time off, or leaves of absence. You will be eligible to receive group health insurance and related benefits during the probationary period, only to the extent permitted by the respective insurance providers.

1.13 Performance Reviews (revised 26 February 2010)

Periodic performance reviews are administered as often as warranted by the job situation and employee's performance, and are at management's discretion, though they will generally occur not less than once per year. During the review, your supervisor evaluates:

1. **Work Quality** – reliability, accuracy, neatness, completeness of your work.
2. **Work Quantity** – amount of quality work you produce.
3. **Judgment** – your ability to make sound decisions in performing your work tasks.
4. **Initiative** – interest you show in your job, your dedication, and your willingness to complete tasks and accept new and/or additional work.
5. **Teamwork** – how well you interact with management and other employees.
6. **Dependability** – your reliability and responsiveness in completing assigned tasks, and your attendance and punctuality in reporting to work.

In addition, the review provides you and your supervisor with an opportunity to define your performance goals, identify your strengths and how best to apply them, and explore ways to improve any weaknesses.

You are encouraged to inquire about your performance with your supervisor, accept responsibilities and show initiative, and seek assistance in further developing your skills.

1.14 Pay Increases (revised 26 February 2010)

Your supervisor determines if a merit pay increase is warranted at the time of your performance review, and may, at his or her sole discretion, recommend that one be granted. It is Company policy to reward employees with merit increases for dedication to their work, extra effort, and better-than-average performance, to the extent that economic conditions permit. The Company does not award merit increases on an automatic basis or at any preset time interval.

The Company budget, as set by executive management, may set a maximum amount available for distribution for merit increases, or, in times of marginal or negative profitability, may dispense with merit increases altogether in any given year. Thus, a supervisor's recommendation of a merit increase is advisory only; all final decisions on granting such



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increases rest with executive management. A satisfactory performance review and/or a pay increase does not guarantee continued employment.

1.15 Confidential Personnel Records (revised 26 February 2010)

In order to protect the privacy of our employees, all personnel records for both past and present employees are strictly confidential. The collection of employee information is limited to that needed by the Company for business or legal purposes. Internal access to personnel information is limited to those employees having a business “need-to-know.”

No information concerning any employee shall be disclosed unless the request for information is received in writing from a bona fide source, and the employee has given written approval. Any employee, or any person holding said employee’s valid, signed and witnessed Power of Attorney, may review that employee’s personal records upon request, only on Company premises and in the presence of appropriate supervisory personnel. Any discussion with Company personnel regarding the contents of an employee’s personnel records may be initiated and conducted only by the employee, or by a person holding said employee’s valid, signed and witnessed Power of Attorney. Access to personnel information may also be given to third parties, including government agencies, the Company’s attorney, or insurance carriers, when required by law.

Information supplied to other employers concerning current or former Company employees is limited to verification of dates of employment, salary, and position held.

1.16 Timesheets (revised 26 February 2010)

All employees are required to complete Company timesheets daily, recording therein the number of hours spent each day working on specific contracts or projects. All paid work hours must be associated with a specific contract. Employees will submit completed and signed timesheets biweekly, at a day and time specified by executive management. Failure to timely submit a properly executed timesheet may result in delays processing an employee’s next paycheck.

Employees are prohibited from making entries to, or submitting, a timesheet other than their own. Falsifying timesheets, executing another employee’s timesheet, allowing another employee to execute your timesheet, or repeated failure properly to submit your own timesheet, can result in dismissal.

1.17 Work Week (revised 26 February 2010)

Unless otherwise agreed in advance, your standard work week consists of forty (40) hours, normally worked Monday through Friday, at eight (8) hours per day. You may schedule a thirty to sixty minute lunch period per day, which is not counted as working hours. Your starting and quitting hours, as well as lunch time, will be established by your supervisor, in accordance with the Flex Time policy listed elsewhere in this Policy Manual.



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As a condition of employment, all employees agree to work overtime as required. Overtime will be an occasional occurrence considered the exception rather than the rule, as proper planning will allow all required tasks to be performed within the normal forty hour work week. You will be notified as far in advance as possible when overtime is required. Any employee who consistently refuses to work overtime as occasionally required, without a valid reason acceptable to executive management, may be dismissed.

1.18 Flex Time (revised 26 February 2010)

Unless otherwise required, Company business will normally be conducted during first shift (8:00 AM to 5:00 PM, with a one-hour lunch break). In order to facilitate the scheduling of required meetings, conferences, and collaborative activities, it is desirable for all employees to be present at work during similar hours. However, in order to accommodate specific employee requirements, it is the Company's policy to allow limited flex-time in scheduling of working hours.

With prior approval from your supervisor, you may begin your work day at any time between 7:30 AM and 9:00 AM, and end it any time between 4:00 PM and 6:00 PM, provided you schedule eight full hours of work each day. Lunch breaks will occur only between the hours of Noon and 2:00 PM. Unless otherwise approved by your supervisor, all employees are expected to be present on Company premises between the hours of 9:00 AM and Noon, and also between the hours of 2:00 PM and 4:00 PM. To the extent possible, all required meetings will be scheduled during these hours.

1.19 Employee Classification (revised 26 February 2010)

1. **Part-time hourly employees** are expected to report to work at a time specified by the applicable supervisor, and to work a fixed number of hours each day. Employees in this classification are paid only for the actual number of hours they work, and are not eligible for any benefits, including, but not limited to, paid vacation, holiday pay, payment for non-work days, or inclusion in health insurance and related benefits.
2. **Fulltime hourly employees** are expected to report to work each day at a time specified by the applicable supervisor, and to work a full eight hour shift. Employees in this classification, after the specified probationary period, are eligible for all benefits. Should a fulltime hourly employee be required to work overtime, overtime is paid as set forth in the Overtime Pay section of this Policy Manual.
3. **Fulltime salaried employees** are expected to report to work each day at a time specified by the applicable supervisor, and to work a full eight-hour shift. Employees in this classification, after the specified probationary period, are eligible for all benefits. Should a fulltime salaried employee be required to work overtime on a regular basis, overtime is not paid, but a mutually acceptable compensation adjustment will be arranged with that employee.



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1.20 Method and Frequency of Pay Distribution (revised 26 February 2010)

Except under special circumstances, paychecks are distributed every other Friday (biweekly). These payments represent hours worked during the previous two weeks. Since payments are one week behind the time actually worked, depending upon when your starting date occurs during the pay cycle, you shall not be paid until either the second or the third Friday after you commence work. Employees shall use their own time to cash paychecks. Under no circumstances will an employee's paycheck be given to anyone except the employee, without the expressed written consent of the employee. With the exception of vacation pay, no pay shall be given in advance to any employee.

1.21 Overtime Pay (revised 26 February 2010)

Any employee may be asked to work overtime. Unless otherwise provided by contractual obligation, overtime pay will accrue only to fulltime hourly employees, in accordance with the employee's classification and applicable laws. Overtime pay is made only for those actual hours of overtime you worked, which have been approved in advance by your supervisor.

Eligible hourly employees receive payment of one and one-half times their regular base pay for any hours worked in excess of 40 in any given week. When a paid holiday occurs during the workweek, the overtime rate is paid to eligible hourly employees for any hours worked in excess of 32 hours.

Fulltime salaried employees shall not be paid for overtime under any circumstances.

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SECTION 2: EMPLOYEE BENEFITS

2.01 Holidays (revised 26 February 2010)

The company recognizes the following seven paid Holidays per year, for which all fulltime hourly and fulltime salaried employees will receive their regular salary:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Eve
- Christmas Day

If any of the above-mentioned holidays falls on a Saturday, the Company will close on the Friday before the holiday. If any of the above-mentioned holidays falls on a Sunday, the Company will close on the Monday following the holiday.

Unless you have made prior special arrangement with your supervisor, in order to receive holiday pay, you must work your complete shift the workday before, and the workday after, the holiday. If the holiday falls on a Friday, you must work the previous Thursday and the following Monday. If the holiday falls on a Monday, you must work the previous Friday and the following Tuesday.

2.02 Non-work Days (revised 26 February 2010)

Fulltime hourly and fulltime salaried employees are granted three non-work days per calendar year, to be used as paid sick leave, paid personal leave, or paid religious leave, at the discretion of the employee. Non-work days are to be used whenever you cannot be present at work for a full work day, whether due to illness or any other reason. If you need to use one of these days for a purpose that can be scheduled, it is necessary to notify your supervisor as far in advance as possible to arrange a mutually acceptable date. Non-work days will only be credited, and can only be used, in whole day increments.

If your employment is terminated during the probation period, you will forfeit any non-work days accrued. If you leave the Company subsequent to your probation period, you will be paid for any non-work days which you were granted but have not used. If a terminated employee used more non-work days than the employee was granted, the equivalent pay for the excess days will be deducted from the employee's pay at the time of termination.



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Non-work days may be carried forward from year to year, at the sole discretion of the employee, to be used in the event of protracted illness or incapacity.

You may use a non-work day to be absent the day before, or the day after, a paid holiday, *only* if you have arranged this *in advance* with your supervisor. In this case, you will not forfeit your holiday pay.

2.03 Paid Vacation (revised 26 February 2010)

Fulltime employees are granted two weeks (ten work days) of paid vacation per calendar year, regardless of their time of service to the Company. Vacation time is accrued, but can not be taken, during the probationary period. Part-time employees are permitted to take one week (five work days) of *unpaid* vacation per calendar year, subsequent to the probationary period.

Vacation may be scheduled at any time that is acceptable to your supervisor. Supervisor approval for *all* vacation schedules must be obtained *in advance*. It is not acceptable to call your supervisor in the morning, informing him or her that you are going to be absent and are “taking a vacation day.” Spontaneous, unscheduled absences from work will be charged to your accrued non-work days.

The Company may close its facilities for a general vacation period at any time during the year. This shall not be done without reasonable advance notice to all employees. In this event, you shall use any accrued vacation days you have not yet used. If you have no accrued, unused vacation days, you will not be paid during such facilities closures. Due to certain business conditions or other reasons, your supervisor may require you to take an unscheduled vacation. This shall not be done without reasonable advance notice.

Eligible employees shall receive their regular base pay for the duration of their vacation. If you wish to receive your vacation pay the workday before your vacation begins, you need to notify your supervisor at least two weeks in advance. You may, with your supervisor’s approval, receive double pay in lieu of vacation, up to the maximum number of days accrued in a given calendar year. However, if you do this, you forfeit your vacation time. You can not take this vacation time without pay at a later date. If a paid holiday occurs during your vacation, it does not count against your accrued vacation days.

Vacation days can be carried over from one calendar year to the next, up to a maximum of four weeks (twenty work days) accrued. Any accrued vacation days beyond this maximum will be lost, effective the first calendar day of each new year. In order to avoid losing earned vacation time, if your accrued vacation days are approaching the maximum toward the end of a calendar year, you should plan to schedule a vacation prior to the new year, or arrange with your supervisor to take double pay in lieu of vacation, for the appropriate number of days.

Employees who wish to take more than two weeks’ vacation consecutively shall discuss their proposed plans with their supervisor and, if necessary, with executive management, *before* making any plans that are not readily changed (i.e., airline or hotel reservations).



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If you leave the company for any reason during your probationary period, you are not eligible to be paid for any accrued vacation days. If you leave the company for any reason subsequent to your probationary period, you will be paid for all unused vacation days.

2.04 Medical Benefits (revised 26 February 2010)

To the extent available, it is Company policy to obtain group health insurance in which eligible employees, and their eligible dependents, may participate upon request, effective on the first calendar day of the month subsequent to commencing employment. To be eligible, you must be a fulltime hourly or a fulltime salaried employee. It is the responsibility of the employee to properly complete all required insurance application forms. The specific details concerning the policies offered, the current premium, deductible limits, co-pay requirements, types of coverage, and benefits provided, are stated in the literature provided by the health insurance carrier. This literature is given to each participant upon enrollment in the plan, and a copy is kept in the Company files.

Only to the extent provided by the Consolidated Omnibus Budget Reconciliation Act (COBRA) and related Department of Labor policies, as they may apply to the Company, participants whose employment is terminated for any reason may, upon written request, continue to be covered under the group health insurance, to the extent such continuation of coverage is permitted by the insurance carrier. The eligible terminated employee is required to pay to the Company 100% of the premium charged by the health insurance carrier, plus an additional 2% for administrative costs. These payments, premium cost plus 2%, must be received in whole by the Company by the 20th day of the calendar month preceding the month for which a premium payment is due. If payment is not received by this time, employee's coverage shall be terminated without notice. The Company does not contribute to these premiums. Specific details will be given to the employee at the time of termination of employment.

2.05 Leaves of Absence (revised 26 February 2010)

The Company will grant a leave of absence to full-time employees (who are not on probation) for disability, maternity, military training, military service, or government service, in accordance with applicable laws. Leave of absence for personal reasons, or for part-time employees, may be granted at the discretion of management. Leave of absence is subject to the Company's policy on replacing employees on leave. During any leave period, employees do not receive any payment from the Company, except for employees who are eligible, and to whom the Company chooses, at its sole discretion, to provide, Company-paid disability benefits.

The following conditions apply to any leave of absence:

1. Request for leave of absence, stating the reason and expected duration, shall be submitted to your supervisor in writing, at least two weeks before leave is to begin. In the case of disability leave, you must also submit a statement from your

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- primary care physician, indicating the reasons for the disability and its expected duration.
2. Any leave of absence must be approved by management before the leave begins, and, before granting disability leave, the Company may require you to submit to a physical examination by a health care practitioner selected and paid for by the Company.
 3. Except for military leave and government service leave, all earned, but not used, vacation days shall be taken before the leave begins.
 4. You are not eligible for any holiday pay for the duration of the leave.
 5. No additional vacation or non-work days will accrue during your leave of absence.
 6. If you are enrolled in the group health insurance, before beginning disability, maternity, military, or government service leave, you shall arrange with management for payment of your portion of the premium for the duration of the leave.
 7. Should you wish to continue your health insurance coverage while on personal leave, and provided that the policies of Company's insurance carrier permit you to do so, you are responsible for 100% of your health insurance premium. Arrangements for payment of this premium must be made with management prior to commencing your personal leave, and these payments must be received by the Company by the 20th day of the calendar month preceding the month for which a premium payment is due. If payment is not received by this time, employee's coverage shall be terminated without notice. The Company does not contribute to these premiums.

Except for military leave and government service leave, total leave shall not exceed 14 weeks. If you require additional leave time, you must submit a written request for an extension. This may or may not be approved, at the sole discretion of management.

2.06 Disability Benefits (revised 26 February 2010)

In addition to Pennsylvania state disability benefits (or benefits provided through any other state in which the Company may conduct business operations), you may be eligible for, and granted, Company paid disability benefits, in any year during which Company operations yield a net profit. This benefit depends upon the financial health of the Company and the availability of such coverage from Company's insurance provider, and may be withdrawn at any time, at the sole discretion of executive management.

Company paid disability benefits, if paid, are intended to assist employees who suffer loss of income due to an extraordinary or protracted illness or injury, and will be based upon eligibility and length of service to the Company. To be eligible for Company-paid disability benefits, if offered, you must:



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1. be a fulltime employee, with at least one full year of service;
2. have a disability that prevents you from working for longer than two weeks, and submit a statement from your primary care physician indicating the reasons for the disability leave and its expected duration;
3. have applied for and been granted applicable state disability benefits;
4. have taken all your earned vacation and paid non-work days (if you have not, you will be paid for your earned vacation time and accrued non-work days before receiving any Company-paid disability);
5. have accrued disability time, at the rate of one week of Company-paid disability benefits for each full year of service, up to a maximum accrual of four (4) weeks.

If eligible and Company-paid disability benefits are granted, you will be paid, for each accrued week of Company-paid disability, the difference between two-thirds of your weekly salary and state-paid disability, with Company-paid disability in no event to exceed one-third of your weekly salary.

The amount of Company-paid disability benefit you accrue is reduced through use and, if exhausted, is reestablished through additional service before you are eligible to use it again, the new period commencing upon your return to work. If you leave the Company for any reason, you are not entitled to any payment for any unused Company-paid disability benefit you may have accrued.

2.07 Family Leave (revised 16 November 2013)

Maternity leave will be granted to fulltime female employees who become pregnant, and such employees may be eligible for Company-paid disability benefits, if offered, to the extent permitted by state law. Maternity leave shall extend until the end of any period of disability resulting from pregnancy, up to a maximum of 14 weeks. Family leave will be granted to fulltime male or female employees upon the birth or adoption of a child, but such employees will be ineligible for Company-paid disability benefits. Family leave shall extend from the time of birth or adoption of a child, up to a maximum of 14 weeks.

An employee who desires family or maternity leave shall notify his or her supervisor of this fact as soon as he or she is aware of it, and indicate the expected delivery date or adoption date. An employee who is pregnant may continue to work until such time as her physician indicates she may no longer work.

No later than the beginning of the seventh month of pregnancy, or two months prior to an anticipated adoption date, the employee shall:

1. indicate the date when his or her family or maternity leave is to commence;
2. if pregnant, submit written notification from her physician, stating that her health will permit her to continue working until maternity leave commences;
3. state whether he or she intends to return to work after maternity or family leave.

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If employee does not return to work, the date employee commences maternity leave or family leave shall be considered the effective date of employee's resignation.

2.08 Military and Government Service Leave (revised 26 February 2010)

As a prime contractor to various agencies of the US government, it is the policy of the Company to encourage its employees to engage in various forms of government service. Military leave of absence, and leaves of absence to serve federal, state, and local government agencies in elected or appointed leadership positions, will be granted to full-time employees in accordance with federal law. If you need leave to attend Reserve or National Guard training, or to participate on a government Cabinet, Committee, or Commission, such leave will be granted to you **without pay** (except in the case of those functions in which you are specifically representing the interests of the Company). You are not required to use any of your non-work days or vacation days for this purpose.

If you enlist or are inducted into the regular armed forces, or appointed to a position of leadership with a government body, you will be rehired in accordance with federal law when your tour of duty ends and if a position is available. You are not eligible for any pay or employee benefits during your tour of duty. Should you be rehired, your length of employment prior to military duty or government service shall be carried over when you return, and may be used to determine your benefits.

2.09 Bereavement Leave (revised 26 February 2010)

Fulltime employees are granted a maximum of three days off with pay, in the event of the death of a member of their immediate family. Immediate family includes employee's spouse, children, stepchildren, parents, stepparents, spouse's parents, spouse's stepparents, and siblings, as well as any other relative residing in the household of the employee at the time of death.

2.10 Replacing Employees on Leave (revised 26 February 2010)

It may become necessary to replace an employee who is on extended leave of absence.

It is for this reason that you keep in contact with your supervisor during leave of absence (when practical), and advise your supervisor at least two weeks in advance of the date you desire to return to work. Following leave of absence, the Company will make every reasonable effort, consistent with Company needs, to reinstate you to the same position you previously occupied. However, the Company can not guarantee that you will be reinstated to the same or similar position, or that any position will be available. If the same or similar position is not available, the Company reserves the right to offer you a lower level position, if available, at the appropriate salary for that position. If this is unacceptable to you, or if no positions are available to you, your employment with the Company shall be terminated effective on the last day of work or



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Company-paid leave, whichever is later. This does not apply to employees on military or government service leave. They will be reemployed in accordance with applicable federal law.

2.11 Time Off to Vote (revised 26 February 2010)

The Company encourages all employees to exercise their civic responsibility by voting. Since the polls are open for a number of hours before and after the normal workday, employees are encouraged to use those periods to vote. If necessary, employees may be granted permission to alter their usual work schedule to make it possible to reach the polls before they close.

2.12 Jury Duty (revised 26 February 2010)

Fulltime employees are granted time off with pay when they are summoned for jury duty. Employees receiving paid leave for jury duty will assign to the Company any stipend or compensation they may receive for their services as a juror. Employees are required to give their supervisor a copy of the summons prior to reporting for jury duty. Employees are required to report to work the workday following their dismissal from jury duty. When management determines that employee's absence will create a hardship for the Company, the Company reserves the right to request an excuse from, or a rescheduling of, jury duty for an employee.

2.13 Educational Benefits Program (revised 26 February 2010)

The Company is contemplating the establishment of an Educational Benefits Program. Such program does not exist at this time, but the information presented herein establishes the basis for such a program at some unspecified time in the future. The purpose of this program is to encourage your further vocational development by advancing your education in job-related subjects. This will allow you to enhance your skills, and increase your effectiveness and productivity, to the potential benefit of the Company.

The program, when established, will cover job-related study programs approved by executive management, including, but not limited to, degree and non-degree programs at accredited institutions of higher learning, commercially administered short courses or seminars, distance learning courses, and correspondence or programmed instruction courses. The following conditions determine eligibility under this program:

1. You must be a fulltime employee, and have completed one year of continuous service with the Company, before the starting date of the course of instruction.
2. All courses of study must be job-related as determined by management, and be approved by executive management prior to your enrollment.
3. All courses must be scheduled at a time that does not conflict with your regular work hours, except as approved in advance by management.



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To apply for participation in the educational benefits program, you need to submit a written request to your supervisor indicating the nature of the course you propose to take, the tuition and fees, the course's relation to your job, and the anticipated benefit to the Company, and attach any curriculum-related literature provided by the institution. Within two weeks of submitting such a request, you will receive a written reply indicating whether or not the course has been approved by executive management.

It is your responsibility to provide for the financing of all costs incurred during, and for the completion of, the approved course of study. The Company does not and will not underwrite or provide a guarantee of payment to any institution. The Company will pay directly, in advance, the tuition costs and all associated fees only for any course that the Company requires you to attend.

For letter-graded courses at an accredited institution of higher learning, the Company will reimburse you 100% of the tuition and fees for any Company-approved course in which you receive a grade of A, 75% of the tuition and fees for any Company-approved course in which you receive a grade of B, 50% of the tuition and fees for any Company-approved course in which you receive a grade of C, and no reimbursement for any grade lower than C. For percentage-graded courses at an accredited institution of higher learning, the Company will reimburse you a percentage of the tuition and fees for any Company-approved course equal to the percentage grade you received, provided you achieved a grade of 50% or higher, and no reimbursement for any grade lower than 50%. For non-graded courses, the Company will reimburse you 50% of the tuition and fees for any Company-approved course for which you have submitted a certificate or other document indicating satisfactory completion of the course.

To be eligible for reimbursement, you must attend 100% of the class sessions for any course of 10 days duration or less, and at least 80% of the sessions for courses of longer duration. Total tuition and fees reimbursement shall not exceed 5% of your annual base salary in any one calendar year. This maximum reimbursement does not apply to any courses the Company requires you to take. Administrative and registration fees are included as items eligible for reimbursement under the above guidelines. Graduation fees, textbooks, equipment, supplies, breakage deposits, transportation, meals, lodging, etc. are not covered by the Company, and are not eligible for reimbursement.

Authorized reimbursements will be issued within thirty (30) calendar days of submission of receipts for tuition and fees paid and documentary evidence of satisfactory completion of the course, including documentation of grades received, when applicable. Said documentation must also indicate the total number of sessions for the course, and the number of sessions you attended.

Educational benefits, when provided, are granted in anticipation of your improved job performance over the long term. By accepting educational reimbursement, you are expressing a commitment to continue working for the Company for a period of not less than one year thereafter. If you resign or are discharged for cause less than one year after receiving educational reimbursement, you shall repay the Company a proportional amount of the reimbursement for the balance of the year that you did not complete employment with the



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Company. The proportional amount repaid to the Company shall be 1/12 of the total reimbursement for each month remaining in the year that you did not work for the Company. This condition does not imply any obligation on the part of the Company to guarantee employment to any employee for any particular length of time.

2.14 Retirement Plan (revised 09 February 2010)

The Company may, at its sole discretion, elect to establish a Savings Incentive Match Plan for Employees (SIMPLE IRA). All fulltime employees twenty one (21) or more years of age shall, upon completion of the Probationary Period stipulated in this Policy Manual, be eligible to participate in such plan, if established, through payroll deduction and matching contributions. The SIMPLE plan administrator will deduct from each participating employee's contributions an annual Custodial Fee, currently set at \$25 per year. The Employer will match each employee's contribution up to a maximum of three percent (3%) of eligible compensation. The maximum employee contribution shall be as established by Internal Revenue Service (IRS) and SIMPLE plan administrator guidelines.

2.15 Employee Incentive Plan (revised 02 March 2010)

In order to encourage employees to adopt a proactive stance toward new business development, the Company has established an employee incentive plan. Effective 1 March 2010, provided all of his or her normal duties and responsibilities are fulfilled, each fulltime salaried employee shall be eligible to receive financial compensation for each new product, service, or contract developed and marketed primarily through the individual initiative of that employee. Eligible employees shall be compensated at a rate of one and one half percent (1.5%) of the gross receipts realized by the Company in connection with each qualifying product, service, or contract so developed. Employee incentive payments will be remitted quarterly against qualifying revenues collected by the Company during the immediately preceding calendar quarter. In determining any employee's eligibility to receive any financial incentive award, decisions of the executive management team will be final.



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SECTION 3: STANDARDS OF CONDUCT

3.01 Attendance (revised 27 February 2010)

It is your responsibility to report to work each day on time, as scheduled, and to complete a full day's work. You must inform your supervisor within one hour of your scheduled starting time when you will unavoidably be late or absent from work. You are required to give the specific reason for, and the expected duration of, any lateness or absence.

You will not be paid for any absence that occurs under any of the following circumstances:

1. During the probationary period, regardless of the reason.
2. Over three days in a calendar year, excluding vacation time, unless non-work days have been carried over from previous years, and then only up to the total of accrued non-work days.
3. Where you have failed to notify your supervisor (except under extraordinary circumstances).
4. Where you give a false reason for being absent.

3.02 Substance Abuse (revised 27 February 2010)

The Company recognizes that substances such as alcohol and drugs are used by individuals, sometimes to the extent that their abilities and senses are impaired. "Substances" include, but are not limited to, alcohol, marijuana, illegal drugs, prescription drugs, controlled substances, and any other substances which may cause impairment. "Impairment" or "being impaired" means that an employee's normal physical or mental abilities or faculties have, while at work, been affected by the use of these substances.

The Company believes that the impairment of any employee due to employee's use of substances is likely to result in the risk of injury to other employees, the impaired employee, or to third parties such as customers, vendors, associates, and business guests. In addition, an impaired employee will not be able to perform his or her own job, which will have an adverse effect on the quality of the Company's products and services, and possibly cause damage to Company equipment or property, or the equipment or property of others.

If you report to work in an impaired state, or become impaired while at work, you are guilty of a major violation of Company rules, and are subject to severe disciplinary action. Severe disciplinary action may include suspension, dismissal, or other penalty appropriate under the circumstances.

The consumption of alcoholic beverages on Company premises, including the parking lot, is prohibited. Any employee who reports to work, or returns from lunch, in an impaired state



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shall not be permitted to work for the balance of the day. If you consume alcohol on Company premises or report to work impaired by alcohol, you are subject to severe disciplinary action.

All employees are prohibited from possessing, using, selling, or buying drugs, including marijuana, except for a medically prescribed purpose, at any time on Company premises, including the parking lot. Violation of this policy shall result in severe disciplinary action. If you are taking prescription or over-the-counter drugs which could affect your job performance, it is your responsibility to report this fact to your supervisor. You are not permitted to work while impaired, even though the impairment is a result of medication legally obtained by you.

When an employee is involved in the use, possession, transfer, or sale of a substance in violation of this policy, the Company may notify appropriate authorities. Such notice will be given only after such an incident has been investigated and reviewed by employee's supervisor and executive management.

Certain categories of employees may be required to submit to random or pre-employment drug testing, as required by federal regulations.

Every employee agrees to indemnify and hold the Company harmless from and against any claim or demand of any person alleged to have been injured by the actions of an employee while intoxicated or impaired, or by any employee's negligence in supplying substances to any third party, in violation of Company policy as set forth above.

3.03 Sexual Harassment (revised 27 February 2010)

It is the Company's policy to prohibit harassment of one employee by another employee or supervisor on the basis of sex or gender. The purpose of this policy is not to regulate our employees' personal morality. It is to ensure that, in the workplace, no employee or supervisor harasses another individual on the basis of sex or gender. While it is not easy to define precisely what sexual harassment is, examples of prohibited behavior include unwelcome sexual advances, requests for sexual favors, and other verbal or physical contact of a sexual nature, such as uninvited touching of a sexual nature or unwelcome sexually-related comments. Depending upon the circumstances, harassment can also include unwelcome joking, teasing, or other conduct directed toward an employee because of his or her gender or sexual orientation, which is sufficiently severe or pervasive to create an abusive and hostile working environment.

Any employee who feels that he or she has been subjected to sexual harassment should immediately report the matter to his or her supervisor, or to executive management. Every report of perceived harassment will be investigated, and corrective action will be taken where appropriate. Violation of this policy will result in severe disciplinary action, up to and including discharge. In addition, the Company will not allow any form of retaliation against individuals who report unwelcome contact to management, or who cooperate in the investigation of such reports in accordance with this policy.



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3.04 Conflict of Interest (revised 27 February 2010)

You are prohibited from maintaining, either directly or indirectly, any outside business, financial, or other interest (except for stock ownership in a publicly held company) which conflicts with the interests of the Company, or with your job performance. Any outside interest on the part of an employee will constitute a conflict of interest if, in its pursuit, that employee uses any of the facilities, resources, or intellectual property of the Company. Involvement in another job (even when not conflicting with Company business), hobby, education, or any other interest, does not qualify as an acceptable excuse for lateness, absence, or time away from the job during the workday. You are expected to safeguard Company's proprietary information, shall not solicit Company's employees, vendors, or customer base for any other business, and will not compete directly with the Company in any commercial endeavor.

3.05 Company Identification (revised 27 February 2010)

You are prohibited from using items bearing Company identification (letterhead, envelopes, business cards, logos, trademarks, etc.) for any purpose not related to Company business. You shall not use the Company postal address to receive personal mail. You shall not use the Company email address to send or receive personal email.

3.06 Telephone and Internet Usage (revised 27 February 2010)

Company telecommunications resources are to be used solely to conduct the Company's business. You shall not receive or initiate personal telephone calls, or personal emails, while at work, except those of an emergency nature. You shall not use Company computers or bandwidth for personal internet access, or any use not directly related to your job duties and services on behalf of the Company.

The Company is under no obligation to take any messages if you do receive a personal call, and the Company will not release any employee's home telephone number. If you must place a personal call, you may do so during your lunch period, but should use a public pay telephone or personal cellular telephone whenever possible.

3.07 Computer Systems and Software (revised 27 February 2010)

Employees are not permitted to use any Company computer system for any personal use, including, but not limited to, storing personal information, pursuing educational activities, or playing games. No one shall copy any Company data or software from any computer system without the permission of executive management. Company-owned software shall not be disclosed nor distributed outside the Company. No computer data shall be removed from the premises, except for Company-authorized purposes, such as sending printed circuit board artwork to vendors, or required reports to customers.



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Due to the risk of serious damage or data corruption from viruses, worms, and other malicious programs, “shareware” type software shall not be installed on any Company computer system or network by any employee. No executable email attachments will be opened by any employee on any Company computer. Each employee will be responsible for maintaining an operating firewall, and up-to-date anti-virus software, on his or her assigned computer.

3.08 No Solicitation – No Distribution (revised 28 February 2010)

No one shall engage in any solicitation or distribution of any kind at any time on Company premises. Solicitation and/or distribution includes, but is not limited to: asking for contributions, regardless of the purpose; taking surveys; handing out literature of any kind; recruiting personnel to join any religious, fraternal, social, athletic, political, or other organization; selling any type of goods or services; and seeking participation in lotteries, pools, or any other activity involving gambling and/or games of chance. Any violation of this policy shall result in severe disciplinary action.

3.09 Health and Safety (revised 28 February 2010)

It is the intention of the Company to provide a clean, safe, and pleasant work environment for all employees. Eating is not permitted at your work area. A lunch area is provided for this purpose. You may drink coffee or any other non-alcoholic beverages at your workplace. Any spills must be cleaned up immediately. You are expected to keep your work area and surrounding area clean and uncluttered, to empty your wastebasket or other trash receptacles weekly, prior to scheduled weekly trash pickup, and to assist once per week in cleanup of the lunch area, conference rooms, and other common areas.

Your supervisor will identify for you the location of emergency exits, fire extinguishers, and first aid kit. You will also be instructed in the proper and safe use of the shop tools and manufacturing equipment necessary to do your job. You are not permitted to use any of this equipment without your supervisor’s approval. You must always follow the necessary safety precautions, including the use of eye protection where applicable. Any unsafe condition must be brought to the attention of your supervisor.

3.10 Injury and Illness (revised 28 February 2010)

All injuries and illnesses to any employee, no matter how slight, which occur on the job, must immediately be reported to employee’s supervisor. You are not allowed to leave the Company premises due to an injury or illness during the workday without the permission of your supervisor, unless a bona fide emergency situation exists. The Company carries the necessary Workers’ Compensation Insurance as required by law to cover employees who sustain job-related injuries.



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3.11 Smoking (revised 28 February 2010)

In order to safeguard the health and safety of our employees, and to protect Company equipment from damage, smoking of any nature, by any employee or visitor, is prohibited on company premises, including stairwells, restrooms, lunch area, and common areas. Smoking is prohibited outside of and adjacent to building entrances, windows, and ventilation intakes. Smoking is permitted the parking lot, only when conducted inside a person's own automobile with the windows closed.

3.12 Travel Expenses (revised 28 February 2010)

Employees are required occasionally to travel on Company business. An employee will be compensated for his or her time during required travel, and reimbursed for authorized expenses, only when such travel is approved in advance by his or her authorized supervisor. All authorized travel must be budgeted in advance against, and charged to, a specific funded project or contract. Travel for purposes of business development, preparation and presentation of proposals, negotiating of new contracts, and all other purposes not billable against a specific funded project or contract, must be authorized in advance by executive management. The need for such travel will be evaluated on a case-by-case basis.

For each travel day involving an overnight stay employee will, upon completion of travel, promptly be reimbursed at a predetermined per diem rate, which the Company shall establish from time to time in accordance with Federal guidelines. Such payment represents compensation in full for the actual cost of lodging, meals, and ordinary and necessary incidental expenses incurred during the period of travel, beyond which no additional payment will be made. Per diem payments will be remitted only upon submission of receipts documenting the actual out-of-pocket expenses incurred, and must include an itemized receipt for lodging costs.

For each travel day not involving an overnight stay employee will, upon completion of travel, promptly be reimbursed for actual out-of-pocket expenses incurred for meals and ordinary and necessary incidental expenses, up to an amount not to exceed the established and predetermined per diem rate. Such payment will be remitted only upon submission of receipts documenting the actual out-of-pocket expenses incurred.

Reimbursable travel expenses incurred by employees above and beyond lodging, meals, and incidentals shall include, but not be limited to: airfare, tolls, telephone and internet access, parking, vehicle rental, fuel for rental vehicles, and use of personal owned vehicles (POVs). Such expenses shall, upon completion of travel, promptly be reimbursed, only upon submission of receipts documenting the actual expenditures. POV use shall be reimbursed at the Federally established rate for automobiles, motorcycles, or aircraft, as applicable, as documented annually on the General Services Administration (GSA) website. POV reimbursement shall be based upon documented miles traveled, and is intended to fully compensate employee for all direct costs of vehicle operation, including wear and tear, amortization, maintenance, insurance, and fuel. Such variable but associated costs as parking and tolls will be reimbursed separately, when fully documented as reimbursable travel expenses. No additional payments beyond established

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POV rates will be made for use of a POV. Should anticipated POV rates exceed the cost of rental and fuel for an equivalent vehicle, employees are expected to rent a vehicle, and will receive full reimbursement therefore, promptly upon presentation of suitable documentation.

Under no circumstances will travel expenses be remitted to an employee in advance of authorized Company travel, although specific items (such as airfare, automobile rental, and lodging) may be prepaid by the Company directly to the applicable vendors. Under no circumstances will travel reimbursement, including per diem, be made to any employee who has not submitted itemized receipts or other suitable documentation.

Fulltime salaried employees performing Company travel shall receive their normal salary, and no additional compensation, during the course of such travel. Should travel routinely be required of salaried employees during non-work days (including weekends and authorized holidays), such employees may be granted compensatory time off upon return from such travel, by prior arrangement with their supervisors.

Part-time and hourly employees performing Company travel shall receive their normal rate of pay, up to a maximum of eight (8) hours per work day, during the course of such travel. Should travel be required of hourly employees during non-work days (including weekends and authorized holidays), such employees may be granted overtime pay during such periods of travel, up to a maximum of eight (8) hours per non-work day, by prior arrangement with their supervisors.

3.13 Gifts from Vendors (revised 28 February 2010)

As an employee you shall not accept from any vendor, subcontractor, or business associate anything of value offered for the purpose of securing preferential treatment by the Company. Any gifts of other than nominal value shall be declined. If a vendor, subcontractor, or business associate attempts to offer you any inducement to assure business, you are required to report the offer to management immediately.

3.14 Disciplinary Procedures (revised 21 February 2010)

Any employee violating any of the Standards of Conduct delineated herein shall be subject to disciplinary action. Upon the first such violation, the employee shall receive a verbal reprimand from his or her immediate supervisor. A repeat violation without reasonable cause will be referred by the employee's immediate supervisor to executive management, and a written reprimand placed in the employee's personnel records. A third violation without reasonable cause may result in the employee's Dismissal for Cause, pursuant to Section 5.02 of this Policy Manual.



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SECTION 4: SAFETY AND SECURITY

4.01 Purpose (revised 25 February 2010)

These policies are designed to enhance the safety and security of employees, as well as their property and the property and welfare of the Company. Any breach of security shall immediately be brought to the attention of your immediate supervisor. Violation of these policies shall result in severe disciplinary action, including dismissal.

4.02 Company Keys (revised 25 February 2010)

Keys for access to Company premises are issued to employees as necessary. These keys are for the use of the individual employee only, and shall not be used by anyone else, whether or not the other person is also a Company employee. Keys are not to be duplicated or transferred to anyone else without the written permission of executive management. Upon termination of your employment, you shall return to your immediate supervisor all Company keys, as well as any other Company property that is in your possession, before you receive your final pay.

4.03 Company Premises (revised 25 February 2010)

You shall not use Company premises for any purpose other than to perform your job or a Company-approved activity. You shall not enter the Company's premises earlier than is appropriate for your starting time, nor shall you leave later than is appropriate for your quitting time, without your supervisor's approval. Loitering is not permitted. You shall not receive personal visitors or guests (except under extraordinary circumstances) while on Company premises. If you become aware of the presence of an unauthorized person on Company property, you are required to make this fact immediately known to your supervisor.

You shall not post notices of any nature on Company premises nor on Company bulletin boards, without prior approval from executive management. Approval from management to decorate or personalize your workspace in a tasteful and non-offensive manner, providing such action does not negatively impact productivity or compromise safety, shall not unreasonably be withheld.

4.04 Company Property (revised 25 February 2010)

You are not permitted to use any of the following, including, but not limited to, Company facilities, equipment, tools, materials, drawings, schematic diagrams, software, documentation, records, or other Company property, for personal reasons, or for any reason or purpose other than to perform your job or a Company-approved activity, nor shall you remove any Company property from Company premises, nor copy any of the following included, but not limited to,



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Company drawings, schematic diagrams, software, documentation, or records for personal use or other use outside Company premises, without written permission from executive management.

4.05 Company Tools (revised 22 February 2012)

You will be issued the tools necessary to do your assigned work. You are required to acknowledge receipt of your tools and you shall be responsible for them. Any tools damaged, worn, or broken in the course of performing your work must be reported to your supervisor, and will be replaced by the Company. You shall be required to pay for any tools that you lose. You are, therefore, advised to keep them in your toolbox, desk drawer, or workbench drawer when they are not being used.

4.06 Surveys and Inquiries (revised 25 February 2010)

To preserve confidential information and save valuable time, the Company has a policy against responding to surveys of any kind, or answering inquiries not pertaining to the sale of our products and services, or the securing of new contracts. Should you receive a telephone call or email request from anyone soliciting information for any reason other than inquiring about securing our products and services, you are expected to politely decline to give any information.

All inquiries about current or former employees must be referred to executive management without comment or response.



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SECTION 5: TERMINATION OF EMPLOYMENT

5.01 Resignation (revised 25 February 2010)

If you decide to resign your position at AvSport, you are expected to inform your immediate supervisor in writing of your last date of employment, and the reason for your resignation, at least two weeks prior to the stated date. Upon the effective date of such resignation, you will receive all pay accrued through the date of such termination, including pay for all unused vacation and non-work days.

The Company may, at its option, decide to terminate your employment earlier than the date stated in your letter. If this option is exercised, full-time employees will upon such termination receive all pay accrued through the date of termination, including pay for all unused vacation and non-work days, plus additional pay at their regular pay rate, from the date of termination to the date specified in your written resignation. Unless otherwise provided by contractual obligation, such termination pay will not exceed two weeks' pay, regardless of how far in advance of the stated date your employment is terminated.

5.02 Dismissal for Cause (revised 25 February 2010)

An employee may be dismissed for cause, without any prior warning, due to, but not limited to, any of the following misconduct:

- 1 Theft, unauthorized copying, and/or removal of any of the following, including, but not limited to: the Company's drawings, schematic diagrams, software, materials, documentation, records, tools, equipment, or other property. Theft of property of co-workers and other persons on Company premises.
- 2 An assault or attack on another person. Threats of bodily harm to another person during working hours or on Company premises.
- 3 Willful refusal to follow directions of supervisors or management when such directions are reasonable and lawful.
- 4 Proof or admission of any crime that represents a substantial risk of injury to any person, or injury or loss of the Company's property, property entrusted to the Company, property of other employees, or property of other persons lawfully on Company premises.
- 5 Falsification of the employment application or any employment papers.
- 6 Failure of any employee to maintain employee's current correct address and telephone number in Company records.
- 7 Possession, sale, use, or purchase of drugs, including marijuana, except for medically prescribed purposes, on Company premises, including parking lots.

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- 8 Use of alcoholic beverages on Company premises, including parking lots.
- 9 Impairment due to the use of substances including, but not limited to, alcohol or drugs, including marijuana.
- 10 Possession of weapons on Company premises or property, except when in connection with assigned duties and responsibilities.
- 11 Altering another employee's timesheet.
- 12 Deliberate defacement or destruction of Company premises or property, or that of co-workers, or other persons lawfully on Company premises.
- 13 Sabotage.
- 14 Disclosure of any Company-confidential and/or proprietary information.
- 15 Making copies of Company keys, or giving or lending them to anyone.
- 16 Behavior which poses a danger to co-workers, visitors, or property.
- 17 Sexual harassment of any employee, co-worker, or other person lawfully on Company premises.
- 18 Gambling and/or games of chance during work time or on Company premises.
- 19 Performing work other than Company business during working hours or on Company premises.
- 20 Violation of the No Solicitation – No Distribution policy.

Employees dismissed for cause will, upon such termination, receive all pay accrued through the date of their termination, including pay for all unused vacation and non-work days. They will not be eligible to receive severance pay.

5.03 Discharge for Unsatisfactory Performance (revised 25 February 2010)

Your job performance is judged on your ability in terms of the quantity and quality of work, application of your skills, your ability and willingness to learn new skills, and on your attendance, punctuality, and conduct, as well as on your interaction with everyone with whom you come in contact at work.

Your immediate supervisor will provide periodic guidance concerning your job performance, and detail the steps you must take if it is necessary for you to improve your performance. If you fail to perform satisfactorily, you may be placed on probation, reassigned to another job, or discharged.

Employees dismissed for unsatisfactory performance will, upon such termination, receive all pay accrued through the date of their termination, including pay for all unused vacation and non-work days. They will not be eligible to receive severance pay.

5.04 Workforce Reductions – Layoff (revised 25 February 2010)

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Should it become necessary to eliminate a job position, every effort will be made to find the displaced employee another position within the Company. This transfer will depend upon the availability of another position, the needs of the Company, and the specific skills of the displaced employee. If no other position is available and the employee must be released from employment, that employee may be eligible for severance pay.

5.05 Severance Pay (revised 25 February 2010)

Severance pay is given to eligible employees to provide them with limited financial assistance while they seek other employment. Unless otherwise provided by contractual obligation, it is given only to employees with more than one year of service who are laid off for reasons beyond their control (e.g., staff reduction, elimination of position), or to resigning employees who are asked to leave prior to their scheduled resignation date. Employees who resign under normal circumstances are not eligible for severance pay.

Severance pay consists of one week's base pay for each year of employment, up to a maximum of two weeks' base pay. Severance pay is made only after the employee has returned to his or her immediate supervisor all Company property, and completed the Termination Checklist in Section 5.07 of this Policy Manual.

5.06 Continuation of Benefits (revised 25 February 2010)

Unless otherwise provided by contractual obligation, the Company will continue to provide for the payment of health care insurance premiums and related benefits for only those terminating employees eligible for severance pay, for the calendar month in which such termination of employment occurs, and for one additional calendar month thereafter. Should the respective insurance carriers' policies permit, the employee may continue all such insurance coverage beyond the second calendar month, at his or her sole discretion and own expense.

5.07 Termination Checklist (revised 25 February 2010)

All employees terminating their employment for any reason, including Resignation, Dismissal for Cause, Discharge for Unsatisfactory Performance, Workforce Reduction, or Layoff, will complete the AvSport Termination Checklist included on the following page of this Policy Manual, or any subsequent revision thereto. All required signatures must be obtained thereon, and the completed form presented to the employee's immediate supervisor, before the terminating employee shall collect any final pay, termination pay, severance pay, or other employee benefits to which he or she might be entitled.

TERMINATION CHECKLIST

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Employee Name: _____

Date of Termination: _____

Nature of Termination: Resignation
(immediate supervisor Dismissal for Cause
please check one) Discharge for Unsatisfactory Performance
 Workforce Reduction

Returned Items (supervisor to specify, initial, and date):

Keys _____

Computers _____

Software _____

Files _____

Tools _____

Equipment _____

Books _____

Documents _____

Other _____

We affirm that the terminating employee has surrendered all AvSport property to his or her supervisor.

EMPLOYEE

SUPERVISOR

Signature _____

Date _____



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SECTION 6:

ADJUNCT FLIGHT INSTRUCTORS

6.01 Terms of Service (revised 09 April 2010)

AvSport may elect to retain the services of Adjunct Flight Instructors, who may, from time to time, be called upon to provide flight instruction and ground instruction to AvSport's students. Such individuals shall serve as Independent Contractors, and are not to be considered employees of AvSport. As such, they are not bound by or subject to the Employment Practices delineated in Section 1, nor are they considered eligible for any Employee Benefits as delineated in Section 2, of this Policy Manual.

Independent Contractors, though not considered employees, are still subject to the Standards of Conduct documented in Section 3 of this Policy Manual, as well as the Safety and Security standards documented in Section 4 herein. Independent Contractors are individually liable and responsible for all taxes, licenses, and government obligations associated with their service to AvSport.

6.02 Qualifications (revised 22 February 2012)

All AvSport Adjunct Flight Instructors shall be holders of a Commercial Pilot's License or higher with an Instrument rating, as well as a valid and current FAA Certified Flight Instructor certificate, appropriate to the category and class of aircraft in which instruction shall be conducted. Pilot Certificates, Instructor Certificates, and pilot logbooks shall be carried in the aircraft at all times flight instruction is being conducted.

In order to serve as Pilot in Command while providing flight instruction, Adjunct Flight Instructors shall have in their possession a current FAA Medical Certificate, Third Class or higher, unless instructing in a Light Sport Aircraft during daytime hours under Visual Flight Rules, in which case they must have in their possession a current and valid US Driver's License, and comply with all FAA requirements and restrictions associated with the exercising of Sport Pilot privileges.

6.03 Immediate Supervisor (revised 09 April 2010)

AvSport's Chief Flight Instructor is considered each Adjunct Flight Instructor's immediate supervisor. The Chief Flight Instructor is your best source of information concerning Company policy, benefits, your job performance, and your compensation. Your supervisor is ready to assist you by answering your questions, helping you to improve your skills, and discussing any problems you may have on the job. In addition, it is your supervisor's responsibility to verify your timesheet, assign your work, evaluate your performance, and recommend changes in working conditions and pay, when appropriate.



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Executive management has an open-door policy, and will be happy to discuss with you any of these matters, but requests that you first approach your supervisor for resolution of any concerns.

6.04 Instructor Records (revised 22 February 2012)

All Adjunct Flight Instructors shall submit to the Chief Flight Instructor fully and accurately completed copies of the AvSport Liability Waiver and Hold Harmless Agreement, AvSport Pilot Information Sheet, and AvSport Aircraft Rental Agreement. Such forms are available for download from the AvSport website, <http://AvSport.org>.

Adjunct Flight Instructors will submit to the Chief Flight Instructor original Pilot Certificates, Flight Instructor Certificates, and FAA Medical Certificates or US Driver's Licenses, as applicable. AvSport will make photocopies of said documents, and immediately return the originals. Per FAA and TSA regulations, such photocopies will be retained in a locked file in the AvSport office for a minimum period of five years subsequent to any flight instruction given as an AvSport Adjunct Flight Instructor.

6.05 Student Records (revised 8 July 2015)

AvSport Adjunct Flight Instructors shall document, in personal logs, pertinent details of all dual flight instruction given to AvSport customers. Such records shall be retained by Adjunct Flight Instructors for such period as may be required by Federal Aviation Regulations or Transportation Security Administration policies. Adjunct Flight Instructors shall, at the conclusion of each lesson, fill out and sign student logbooks in accordance with all applicable Federal Aviation Regulations, shall enter into students' logbooks and/or on Student Pilot Certificates all required endorsements, and shall make appropriate entries in each student's instructional records on file in the AvSport office.

Each Flight Instructor shall enter into the Student Training Record provided by AvSport details of every flight and ground lesson they conduct, every logbook or student pilot endorsement they provide, and the results of each practical test, knowledge test, flight review, proficiency check, or pre-solo examination administered under his or her supervision. Instructors shall sign and date all completed lessons, in both Training Records and Logbooks, in a manner acceptable to the FAA and the TSA. All Training Records shall be retained in the AvSport office for such duration as the FAA and the TSA shall require.

6.06 Compensation (revised 09 April 2010)

As compensation in full for all instructional services provided, each Adjunct Flight Instructor shall be paid monthly, by check or PayPal electronic transfer, on the last business day of the month, a sum equal to ninety percent (90%) of actual fees paid by students to AvSport for such flight and ground instruction conducted by said Adjunct Flight Instructor, exclusive of aircraft rental fees, sales taxes, and supplies. Ten percent (10%) of such fees paid by students shall be retained by AvSport to cover administrative costs and overhead. Each Adjunct Flight



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Instructor shall be individually responsible for any local, state, or federal income taxes or associated fees payable in connection with such compensation.

6.07 Uniforms (revised 22 January 2011)

While conducting flight or ground instruction for AvSport, or participating in any other official AvSport activity, Adjunct Flight Instructors shall wear the approved AvSport instructor's uniform. Said uniform consists of a light blue short-sleeved golf shirt or long-sleeved denim work shirt, with the AvSport logo embroidered above the left pocket in navy blue, and solid color slacks, trousers, or shorts. Denim jeans and t-shirts are not considered appropriate attire for conducting of flight or ground instruction, although they may be worn by Adjunct Flight Instructors while performing aircraft maintenance. AvSport will furnish to each Adjunct Flight Instructor, at no cost, one appropriate uniform shirt in size Medium, Large, or Extra Large, as requested by the Adjunct Flight Instructor. Additional shirts may be purchased from AvSport by Adjunct Flight Instructors at AvSport's actual cost.

It is recommended that Adjunct Flight Instructors wear sneakers, athletic shoes, or other lightweight shoes while conducting flight instruction in AvSport aircraft.

6.08 Identification (revised 09 April 2010)

Each Adjunct Flight Instructor shall be provided with a laminated photo identification card, bearing the AvSport logo along with that person's name, title, passport-style photograph, flight instructor certificate number, expiration date, and signature. Adjunct Flight Instructors shall provide the Chief Flight Instructor with an appropriate photograph in .JPG or .GIF electronic format for production of said photo identification card, and shall sign the card in the presence of the Chief Flight Instructor prior to its lamination.

Adjunct Flight Instructors shall carry such photo identification cards with them at all times while conducting flight instruction, and shall present them to FAA inspectors, airport personnel, law enforcement officials, or company representatives upon demand. They shall display such photo identification cards on their person, using either a lanyard or an appropriate garment clip, only if so required by airport security regulations.

6.09 Training Materials (revised 09 April 2010)

Prior to conducting flight or ground instruction, each Adjunct Flight Instructor shall download from the AvSport website, and print as necessary, such AvSport checklists, instructional documents, and related materials as may be required for the conduct of the lesson.

Should an Adjunct Flight Instructor desire personal copies of such books and instructional materials as AvSport provides for sale to its students, such materials will be provided by AvSport to the Adjunct Flight Instructor at AvSport's actual cost, plus applicable sales taxes.

6.10 Initial Aircraft Checkout (revised 09 April 2010)

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No Adjunct Flight Instructor shall conduct flight instruction in any AvSport aircraft, unless he or she has received an aircraft checkout in the specific aircraft make and model from the Chief Flight Instructor, and logged not less than five (5) hours flight time as Pilot in Command in such make and model. Dual instructional hours flown with the Chief Flight Instructor during such aircraft checkout are included in calculating the required five (5) hours of PIC time.

The cost of aircraft rental required for such aircraft checkout, or for the accumulation of such required flight hours, shall be borne in its entirety by the Adjunct Flight Instructor. Aircraft rental to Adjunct Flight Instructors for such purposes will be at AvSport's standard wet Hobbs hourly rates, except that block discounts will be granted when such aircraft rental is prepaid in full, in five hour increments. The Chief Flight Instructor will provide all required dual instruction to Adjunct Flight Instructors for no additional charge beyond that of aircraft rental.

6.11 Periodic Flight Reviews (revised 09 April 2010)

No Adjunct Flight Instructor shall conduct flight instruction in any AvSport aircraft, unless he or she has received a Periodic Flight Review in the specific aircraft make and model from the Chief Flight Instructor, within the previous twelve (12) calendar months. In addition, no Adjunct Flight Instructor shall conduct flight instruction in any AvSport aircraft, unless he or she has logged five (5) or more hours of flight time in the specific aircraft make and model, within the previous six (6) calendar months.

Upon prior request by the Adjunct Flight Instructor, upon completion of such Periodic Flight Review, the Chief Flight Instructor will provide the Adjunct Flight Instructor with a logbook entry satisfying FAA Flight Review requirements.

The cost of aircraft rental required for such Periodic Flight Reviews, or for the flight hours required to maintain currency, shall be borne in its entirety by the Adjunct Flight Instructor. Aircraft rental to Adjunct Flight Instructors for such purposes will be at AvSport's standard wet Hobbs hourly rates, except that block discounts will be granted when such aircraft rental is prepaid in full, in five hour increments. The Chief Flight Instructor will provide all required dual instruction to Adjunct Flight Instructors for no additional charge beyond that of aircraft rental.

6.12 Recurrent Security Training (revised 22 February 2012)

Adjunct Flight Instructors shall complete such Initial Security Awareness Training as may be required by the FAA or the TSA, prior to commencing instructional activities. Thereafter, the Chief Flight Instructor will conduct, and Adjunct Flight Instructors will complete, Recurrent Security Awareness Training classes annually. Records of completion of such Security Awareness Training will be retained by the Chief Flight Instructor, in a locked file in the AvSport office, for a period of not less than five (5) years.

6.13 Online Scheduling (revised 09 July 2015)



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Each Adjunct Flight Instructor will be assigned by the Chief Flight Instructor an account and temporary password, allowing access to AvSport's online flight scheduling website. Upon initial login, each Adjunct Flight Instructor shall change his or her access password to one which he or she can easily remember. Thereafter, each Adjunct Flight Instructor shall select from available times when reserving AvSport aircraft online, for either personal or instructional use.

Adjunct Flight Instructors have the option of being listed as an AvSport Resource on the online flight scheduling website. A resource (aircraft or instructor) may be reserved by students during available times. If a flight instructor opts to be so listed, he or she will receive an automated email indicating reservation details, any time a student books flight time online with that instructor. There is a cost (currently \$8.00 per month) associated with listing individual resources on the online flight scheduling website. Any Adjunct Flight Instructor desiring to be so listed will be responsible for reimbursing AvSport the full cost of such listing.

6.14 Access and Keys (revised 09 April 2010)

Upon request, Adjunct Flight Instructors will be issued keys to the AvSport office, hangar, and aircraft. Adjunct Flight Instructors will be expected to submit a reasonable key deposit, equal to the cost of duplicating such keys. Keys to the airport terminal building will be issued strictly in accordance with Airport policies, over which AvSport has no influence or control.

6.15 Flight Instructor Insurance (revised 25 July 2015)

AvSport maintains a commercial insurance policy covering liability, physical injury, and property damage. Adjunct Flight Instructors are reminded that, in the event of a mishap, they may be held liable for any insurance deductibles. In addition, insurance companies often attempt to subrogate against flight instructors for recovery of costs associated with injury, death, and damages to the aircraft or other property. Thus, AvSport requires that all Adjunct Flight Instructors obtain a suitable Renter's or Flight Instructor's insurance policy, including not less than fifty thousand dollars (\$50,000) in physical damage coverage, to protect themselves in the unlikely event of an aviation mishap.

Upon request, the Chief Flight Instructor will provide referrals to no fewer than three different insurance companies offering such coverage. AvSport makes no specific recommendations as to the selection of a given insurance provider or policy.

6.16 Termination (revised 09 April 2010)

AvSport may, at its sole discretion, terminate the services of any Adjunct Flight Instructor at any time, with or without cause. Adjunct Flight Instructors may terminate their Independent Contractor status at any time, for any reason, by written notification to the Chief Flight Instructor.



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Although Adjunct Flight Instructors are not to be considered employees, in the event of contract termination by either party, for any reason, the procedures outlined in Section 5 of this Policy Manual, “Termination of Employment,” will be adhered to, to the extent practical, and as permitted by law.

In the event of such contract termination, those sections of the Termination Checklist contained in Section 5.07 of this Policy Manual which would reasonably be considered applicable to Independent Contractors will be completed by the Adjunct Flight Instructor and the Chief Flight Instructor.

6.17 IACRA (revised 18 March 2016)

Each Adjunct Flight Instructor shall establish an account with Recommending Instructor privileges on the Federal Aviation Administration Integrated Airman Certificate and Rating Application website, iacra.faa.gov. Instructors will make themselves familiar with the use of IACRA, and shall assist students, as necessary, with the filing of rating applications, including issuing of student pilot certificates through IACRA at the student's request.

6.18 FAA Safety Team (revised 18 March 2016)

Each Adjunct Flight Instructor shall maintain a membership in the FAA Safety Team, and shall establish an online account at faasafety.gov. Upon student request, instructors will issue FAASTeam WINGS credit for completion of authorized activities.

6.19 Verification of Citizenship (revised 18 March 2016)

Each Adjunct Flight Instructor shall examine student records to ensure that verification of US citizenship is on file, in the form of photocopies of a valid US passport or a State-issued birth certificate, before commencing instruction. Flight instructors are responsible for endorsing student logbooks, verifying citizenship in accordance with FAA and TSA requirements. Should a student not be a US citizen, the policies detailed in Section 6.20 herein shall apply.

6.20 Alien Flight Students (revised 18 March 2016)

Should any student not be a US citizen, no flight instruction may be given until the student has been approved by the Transportation Security Administration for training, in accordance with the requirements of the TSA Alien Flight Student Program.



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SECTION 7:

AIRCRAFT OPERATION, MAINTENANCE, DOCUMENTATION

7.01 Aircraft Registration (revised 25 July 2015)

No AvSport aircraft will be operated unless it carries a current and valid US registration certificate. It will be the responsibility of the Pilot in Command (PIC) to verify that such registration certificate is onboard the aircraft, and unexpired, prior to each flight. Flight instructors will train every student on determining registration currency, including locating the expiration date printed thereon, which students will verify during every preflight inspection. Should any aircraft registration be found to carry an expiration date within the next thirty (30) days, the PIC will so inform the Director of Maintenance, whose responsibility it will be to ensure timely renewal thereof. Lack of a current and valid registration certificate, including expiration of one onboard the aircraft, shall require grounding of the subject aircraft, until such time as a new registration certificate is obtained.

7.02 Aircraft Insurance (revised 25 July 2015)

All AvSport training and rental aircraft shall be fully insured for both liability and physical damage, with the City of Lock Haven (owners and operators of Piper Memorial Airport) specifically named as a co-insured. Pilots, instructors, and students should recognize that such insurance indemnifies the airport and the aircraft owner, not necessarily the pilot. AvSport requires that all post-solo flight students and aircraft renters obtain non-owner's insurance, with a minimum of \$50,000 in physical damage coverage, to protect themselves in the unlikely event of an aviation mishap.

When renters do not carry such insurance, should they inadvertently cause damage to company aircraft, they not only end up liable for our insurance company's physical damage deductible of \$1,000, but will likely find the insurance company subrogating to recover their financial damages. Upon request, the Chief Flight Instructor will provide referrals to no fewer than three different insurance companies offering such coverage. AvSport makes no specific recommendations as to the selection of a given insurance provider or policy.

Upon completion of his or her first solo flight, each primary student pilot shall be required to provide AvSport with a current and valid insurance binder or policy, before further aircraft rental will be permitted.

7.03 Periodic Maintenance (revised 25 July 2015)

It shall be the responsibility of the Director of Maintenance to ensure that all periodic maintenance required by aircraft, engine, and component manufactures be completed within the

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specified interval, and properly documented in aircraft logbooks. Each AvSport aircraft shall contain a spreadsheet printout, indicating the due date or flight hours limit for all periodic maintenance and inspection items, and shall have a placard installed on its instrument panel, annotated to indicate the Hobbs meter reading at which the next periodic maintenance task is due. No pilot shall be permitted to operate the aircraft beyond this Hobbs meter reading.

Should performance of scheduled periodic maintenance items be found to be overdue, the Director of Maintenance shall, at his or her sole discretion, determine whether such lack of periodic maintenance compromises safety of flight, and shall be empowered to ground the subject aircraft until such time as required maintenance tasks have been completed.

7.04 Condition Inspections (revised 25 July 2015)

No aircraft may be flown in the US unless, during the preceding 12 calendar months, it has undergone an annual Condition Inspection, and found to be in a condition for safe operation. No aircraft may be operated in commercial service (including flight instruction for hire, or rental) unless, within the previous 100 hours of total flight time, it has undergone a 100 hour Condition Inspection and found to be in a condition for safe operation.

It is the responsibility of the Director of Maintenance to ensure that such Condition Inspections are performed by an appropriately rated Aviation Maintenance Technician (AMT), and entered into the aircraft logbooks. It is the responsibility of the Pilot in Command (PIC) to ensure prior to every flight that all required Condition Inspections have been completed and properly logged. All flight instructors are required to provide training to their students and renter pilots on the proper verification of such Condition Inspections. The PIC is authorized to ground any aircraft that does not comply with these requirements.

7.05 Service Bulletin Compliance (revised 25 July 2015)

Compliance with all Safety Directives (also known as Safety Alerts or Alert Service Bulletins) is mandated by the FAA for all Special Light Sport Aircraft (SLSA). In addition, it is the policy of AvSport to require compliance with all manufacturers' Mandatory Service Bulletins for any SLSA in commercial service (including flight instruction for hire, or rental). The Director of Maintenance is authorized to ground any aircraft for which compliance with such Service Bulletins has not occurred. Compliance with these requirements shall be verified by maintenance personnel during every Condition Inspection. All flight instructors are required to provide training to their students and renter pilots regarding ensuring compliance with such Service Bulletins prior to flight.

7.06 Letters of Authorization (revised 25 July 2015)

Under FAA rules, no Special Light Sport Aircraft (SLSA) may be modified in any way, including substitution for any part or component of similar items not specifically listed in the manufacturer's Maintenance Manual or Illustrated Parts Catalog (IPC), without a formal Letter of Authorization (LoA) provided by the aircraft manufacturer. It is the responsibility of the

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Director of Maintenance to obtain a suitable LoA prior to performing any modification or component substitution. All such LoAs shall be maintained in the aircraft logbooks.

7.07 Squawk Sheets (revised 09 July 2015)

Pending

7.08 Grounding of Aircraft (revised 09 July 2015)

Pending

7.09 Fueling of Aircraft (revised 09 July 2015)

Pending

7.10 Logging of Aircraft Utilization (revised 09 July 2015)

Pending

7.11 Online Reservation System (revised 09 July 2015)

Pending

7.12 Preflight Inspections (revised 09 July 2015)

Pending

7.13 Postflight Activities (revised 09 July 2015)

Pending