

COLLECTIVE BARGAINING

AGREEMENT

Between

**VSE CORPORATION
Contract Field Services
Hamel, IL**

and

**THE INTERNATIONAL ASSOCIATION OF
MACHINISTS
AND
AEROSPACE WORKERS, AFL-CIO
DISTRICT LODGE 837**

Effective:

November 05, 2012 to November 08, 2015

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PREAMBLE

This Agreement is made and entered into effective as of this 05 day of November 2012, by and between VSE Corporation and its ELD operation at Hamel, Illinois (hereinafter referred to as the Company) and the International Association Of Machinists And Aerospace Workers, District Lodge 837 (hereinafter referred to as the Union).

Article 1.00 INTENT AND PURPOSE

- 1.01 It is the intent and purpose of the Company and the Union to set forth herein the entire Agreement with respect to wages, hours, and working conditions as relates to the government contract covered by this Agreement.
- 1.02 It is the intent of the parties to provide for the efficiency of the operations and maximum production of the employees under methods, which further the safety of all affected parties, the efficiency and economy of operations and the continued employment under conditions of reasonable hours, compensation and working conditions as contained herein so that operations will be uninterrupted and duties faithfully performed in order for the Company and its employees to fulfill their mutual and vital responsibilities to both the public and to the Government with due regard to competitive conditions.
- 1.03 It is recognized by the Agreement to be the duty of the Company, the Union and the employees to cooperate fully, both individually and collectively, for the advancement of said conditions; and to provide a grievance procedure for the settlement of the employee's grievances; and to provide that there shall be no interruptions and/or impeding of operations during the term of this Agreement.
- 1.04 The Union recognizes that the Company is a contractor to the Federal Government through a U.S. Army contract and that the Company is required at all times to meet its contractual obligations. Nothing in this Agreement will prevent the Company from meeting its obligations and responsibilities as a Government contractor. The Union and the Company agree to comply with the requirements that the Federal Government through a U.S. Army contract may impose on the Company and its employees to the degree necessary, subject to rebuttal by either or both parties through the grievance and arbitration procedures and/or the courts, if deemed necessary.

Article 2.00 MANAGEMENT RIGHTS

- 2.01 Except as otherwise specifically provided in this Agreement, the Union recognizes and agrees that the management and control of the Company's business, operations, work force and facilities are exclusively vested in the management of the Company. The Company has the right to plan, direct and control the Company's business, methods, operations and work force; to hire, promote, transfer, lay off, demote, discipline, suspend or discharge employees for just cause; and the right to determine the work to be performed, size of the workforce, schedules of work, and all services, processes and standards required by the customer or other Government agencies; and the right to make reasonable rules not in conflict with this Agreement. The Union will be given notice of new or amended rules and be given an opportunity to meet and negotiate concerning said rules. It is not intended by the above recitation to limit any of the usual functions of management or to define all such functions. All matters which are not specifically covered by this Agreement are

solely functions and responsibilities of management. The Company will confer with the Union on effects as required.

Article 03.00 — UNION RECOGNITION

- 3.01 The Company recognizes the Union certified by the National Labor Relations Board in case no. 14-RC-086174 as the exclusive representative of all Production and Maintenance employees as follows:
- a. Included: All full-time and regular part-time production and maintenance employees, including blast technicians, paint technicians, supply technicians, data entry technicians, production control, mechanics, and lead employees employed by the employer at its Hamel, Illinois facility.
 - b. Excluded: Quality control, office clerical employees, guards, managers and supervisors as defined by the Act.
- 3.02 The Company acknowledges the Union's rights specially designated by the terms of this Agreement, as the employees representative, the Union recognizes its duty to cooperate in any reasonable manner with the Company to support its efforts to assure a fair day's work by each employee, to cooperate in combating any practices, which decrease efficiency and to maintain standards of quality and service.
- 3.03 Union Bulletin Board. The Company will provide a bulletin board for the Union to post official business of the Union. No notice may disparage the Company or any of its employees or supervisors, or otherwise contain any inappropriate language. Legitimate Union notices are defined as:
- a. Meeting notices
 - b. Official Union communications
- 3.04 Additions to the work force, in accordance with Article 03.01, (to include new or revised classifications) will become bargaining unit employees, provided such jobs are within the bargaining unit.
- 3.05 During the in process or orientation day of a new hire, Company will permit the shop steward a fifteen (15) minute period to talk to the new hire.

Article 4.00 - REPRESENTATION/STEWARDS

- 4.01 The Union will select one Shop Steward for each forty (40) full-time employees or fraction thereof within the bargaining unit who have completed their probationary period with the Company. At no time, will there be less than one Shop Steward per shift that is staffed with bargaining unit employees.
- 4.02 Upon execution of this Agreement, the Union shall promptly furnish the Site Manager in writing, the names of the Stewards and shall thereafter promptly advise the Company, in writing, of any change. No Steward will be recognized by the Company prior to receipt of such written notice of appointment.
- 4.03 Reasonable time off from work shall be authorized to permit the Steward to carry out his/her responsibilities under the grievance procedure to employees in his/her area of representation, providing such time off will not unduly interfere with the assigned work duties of the Steward or the employee involved. Such time from work during straight-time work hours shall be authorized without loss of pay or benefits.
- 4.04 The Steward shall secure the permission of his/her supervisor before leaving his/her work-station

for purposes of processing grievances, reporting back to his/her supervisor upon return to his/her work station. The Steward shall not be denied such permission without good cause. If permission is denied, the supervisor and steward will mutually establish an alternate time at which the Steward can carry out his/her processing of the grievance.

- 4.05 The Company will excuse the Union negotiator from their normal work duties for a reasonable amount of time off without pay to prepare for negotiations and for actual negotiations, with reasonable notice from the Union.
- 4.06 Subject to existing security regulations, the Business Representative or other authorized Representatives of the Union shall have access to the Company's work areas during working hours for the purpose of investigating grievances that have arisen, attending meetings in accordance with the grievance procedure, and ascertaining whether or not the Agreement is being observed. Before doing so, he/she shall provide as much advance notice as possible to the Site Supervisor or other authorized representative, to obtain facility access. The union representative will then report to the Site Supervisor or other authorized Company Representative. Such rights shall be exercised reasonably and will not interfere with the normal conduct of the Company's operations.

Article 5.00 - DEDUCTION OF UNION FEES AND PROCEDURE

- 5.01 Whenever an employee shall so request in writing, the Company will deduct from such employee's pay each month dues payable by such employee to the Union in a sum specified by the Union. The Union will promptly notify the Company of any changes in the rate of dues during the term of this Agreement. Each such request shall specify that the employee reserves the right to withdraw such request by notice in writing. Such request for deduction of Union dues shall be valid only for the duration of this Agreement. The agreed forms for use of employees in making a request for deduction, as well as form of notice of withdrawal, will be furnished by the Union.
- 5.02 **Current Authorizations**
Subject to the foregoing, any deduction authorizations executed by employees prior to the effective date of this Agreement, which are on that date current and in effect, shall be considered valid and in full force and effect under and subject to the terms and provisions of this Agreement.
- 5.03 **Deduction Procedure**
Deductions will be made from an employee's wages first pay period each month, provided:
- (a) That the Union has delivered to the Company not later than the 24th day of the preceding month the written authorization provided above.
 - (b) The employee is on the Company payroll on the first day of the month.
 - (c) That the employee is in the bargaining unit on the first day of the month.
 - (d) That the Union has certified to the Employer in writing not later than the 24th day of the preceding month the dollar amount to be deducted from each employee's wages.
- 5.04 **Remittance and Statement to the Union**
The Employer shall, on or before the 10th day of the following month, furnish to the Union Secretary-Treasurer a written statement for the preceding month covering the following: Total amount of fees deducted; Name and payroll number of employees from whose wage, deductions have been made; Name and payroll number of employees from whose wage, no deductions were made; The Employer shall, at the same time, remit to the Union Secretary-Treasurer its check for the amounts so deducted.
- 5.05 **Cancellation of Deduction Authorizations**
Employees wishing to cancel their individual dues deduction authorization and assignment

may do so at the following times:

1. Not less than five (5) calendar days nor more than twenty (20) calendar days prior to the yearly anniversary date of the authorization they have on file with the Company.
 2. Cancellation to become effective as of the first day of the calendar month following the end of such irrevocable period of the dues deduction authorization and assignment on file with the Company and the Union.
- 5.06 The Union shall indemnify and hold the Company harmless against any and all claims, demands, suits or other forms of liability that shall arise out of or by reason of action taken or not taken by the company for the purpose of complying with any provisions of this Article.
- 5.07 The Company shall be required within 10 days of notification to terminate an employee for non membership in the Union only if the Union certifies that membership in the Union was denied or terminated solely by reason of the employee's failure to tender the periodic dues and initiation fees uniformly required as a condition of acquiring or retaining membership in the Union.

Article 6.00 – Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns; but in the event the Company ceases to perform on the contract as identified in Article 1, the Company shall be released from all obligations on the project(s) so affected under this Agreement.

Article 7.00 – SENIORITY

- 7.01 Seniority is defined as the length of continuous service on the Contract. Seniority shall be by classification. In the event that employees begin their employment on the same day, the employee having the social security number with the lowest last four (4) numbers shall be considered as having the most seniority for tie breaking purposes.
- 7.02 Employees shall be considered probationary for a period of ninety (90) calendar days of active employment from date of hire on the Contract. During this period, the Company may release such probationary employee as it finds advisable and such action shall not constitute a grievance or otherwise be subject to the grievance and arbitration procedure of this Agreement.
- a. Employees who may be transferred onto the contract will have their seniority based upon their date of hire onto the contract or their most recent date of hire with the Company, whichever is lesser. It is agreed and understood that such an employee shall retain the earlier date of hire with the Company only for the purpose of benefit accruals.
 - b. The Company will post a seniority list at least once every six (6) months, (twice a year).
- 7.03 Recall will be conducted in reverse order of the layoff.
- 7.04 An employee loses seniority when he/she:
- a. Is discharged for cause and is not reinstated.
 - b. Voluntarily resigns from the Company.
 - c. Is laid off for a period greater than thirty-six (36) months.
 - d. Fails to report within five (5) workdays after receipt of a registered recall notice from lay-off. If the employee being recalled is currently employed by another employer the employee will be allowed to give a courtesy two week notice to the other employer before being required to return to work. Also, if the employee fails to notify the Company of a change of address or telephone number while on layoff. Extenuating circumstances will be considered by the Company.

- e. Is absent three (3) consecutive work days without reporting or contacting the Company with a reason sufficient to justify the absence.
 - f. Fails to report upon expiration of an approved leave of absence.
 - g. Accepting other employment while on approved leave of absence without prior written permission of the Company.
- 7.05 The Company will post all job openings, (promotions/transfers). Selection among internal and external applicants will be based on seniority and qualifications, with qualifications being the determining factor. An employee who is denied a bid will be given the reason for such denial in writing.
- 7.06 The principle of seniority shall govern and control in all cases of promotion within the bargaining unit, transfer, decrease or increase of the working force as well as preference in assignment to shift work and choice of vacation period.
- 7.07 Seniority rights of a laid-off employee will continue to accumulate while he is laid off.
- 7.08a Shop stewards and negotiator shall be given seniority over all employees whom they represent during reduction in forces, provided work in their classification or work in classifications to which they have a displacement right is available, and so long as the official's duties would permit such seniority preference under existing law.
- 7.08b If for any reason an employee ceases to hold one of the specified union positions and, as a result, no longer has sufficient natural seniority to remain in the classification, the employee shall be transferred or subject to layoff in accordance with the seniority principles of this Agreement. The Union shall promptly notify the Company in writing when there is a change in the designation of shop stewards or members of shop committees.

Article 8.00 - LEAVES OF ABSENCE

- 8.01 **MILITARY LEAVE:** Military leaves of absence will be granted to employees covered by this Agreement for periods of short term active duty when called to active duty for service with a reserve unit of the Armed Forces or the National Guard. Such short-term active duty (30 days or less) shall include annual active duty training. Such employees shall receive differential pay between their military base rate and their Company base rate of pay exclusive of any premiums for up to ten (10) scheduled working days per calendar year. Employees must present a copy of their orders to the Company as soon as possible. Upon return from active duty, employees shall immediately, upon receipt of the military pay statement, provide to the Company a copy to serve as the basis for compensation. Employees required to report for military active duty in excess of thirty (30) consecutive days shall be reinstated in accordance with current applicable state and federal law concerning active military service.
- 8.02 **PERSONAL MEDICAL LEAVE:** Leave of absence for a serious health condition for the employee, or for the employee to care for a spouse, child or parent with a serious health condition will be granted to an employee, who has worked at least 1250 hours within the twelve (12) month period prior to the date of requested leave commencing, for a period of up to a maximum of twelve (12) work weeks when supported by medical certification provided by the employee's physician. While on such leave of absence for personal medical reasons, the employee shall notify the Company as to his potential of returning to work following each visit to the physician of record. All such leave paid and unpaid shall be considered part of the twelve (12) weeks in compliance with the Family Medical Leave Act and Company policy. All leaves of absence will be in accordance with applicable state and federal laws. Employees with vacation entitlement may request vacation pay concurrent with time off work under FMLA.
- 8.03 **LIMITED UNPAID PERSONAL LEAVE:** Unpaid personal leaves of absence may be granted by the Company upon request of employees who have completed their probationary

period. Such leaves shall not be for more than thirty (30) calendar days. Request for unpaid personal leave of absence must be made in writing and must receive approval by the Company. Accrued vacation must be used before any leave will be approved. The Company may approve a maximum of two (2) extensions. However, if the employee does not return to work after the personal leave of absence, the employee shall be terminated.

- a. Vacation credits are not earned while on a leave of absence under the provisions of this article.
- b. Health insurance may continue for a maximum of sixty (60) days provided the employee pays his/her portion of the premium at least ten (10) days prior to the next month's insurance coverage.

- 8.04 UNION LEAVE: Leaves of absence without pay for Union business will be granted to Bargaining Unit employees of the Company, not to exceed two (2) weeks, who are elected or appointed by the Union, to attend such functions as conferences, conventions, and union educational courses, provide at least five (5) workdays advance noticed is given in writing to the Company, if possible to do so. However, not more than two (2) employees may be on such leave at any time.
- 8.05 Employees on approved leaves of absences shall continue to accumulate seniority, sick leave, and vacation eligibility and all contractual benefits provided herein.

Article 9.00 – HOLIDAYS

- 9.01 The Company observes the eleven (11) holidays listed below:

| | |
|--------------------------|------------------------|
| New Year's Day | Christmas Day |
| Martin Luther King's Day | Labor Day |
| Presidents Day | Columbus Day |
| Memorial Day | Veteran's Day |
| Independence Day | Day after Thanksgiving |
| Thanksgiving | |

- 9.02 An employee who is not required to work on one of the designated holidays mentioned above will be compensated for the holiday at his straight time rate for eight (8) hours or ten (10) hours based on the employee schedule, provided he is on the active payroll on the day of the holiday and has worked his last scheduled work day before the holiday and his next scheduled work day after the holiday, except an employee that is off on such day/days with prior permission of the employer, will be compensated for the holiday.
- 9.03 Any additional holiday designated by Federal Government mandate or Presidential Executive Order that is observed at the base will be observed in addition to the above provided the Company is reimbursed by the Government for the holiday.
- 9.04 Any observed holiday stated above that falls on a Saturday or Sunday, will be observed under the same schedule observed by the Federal Government.
- 9.05 Any employee required to work on any of the above holidays will be paid for hours worked at normal straight time rate, plus eight (8) hours straight time for the holiday.
- 9.06 If a holiday falls within an employee's vacation period, such holiday shall not be considered a part of the vacation period. The employee shall, instead, receive an additional day off with pay.

Article 10.00 — Paid Time Off (PTO)

10.01 Each employee shall be entitled to PTO as follows:

- 112 hours after one (1) year of service.
- 128 hours after three (3) years of continuous service.
- 144 hours after six (6) years of continuous service.
- 168 hours after ten (10) years of continuous service.

- 10.02 Employees are requested to make their PTO request as far in advance as reasonable. The Company will continue to respond to such requests as quickly as reasonably possible.
- 10.03 Employees transferring to the bargaining unit after the date of ratification of this Agreement shall retain their original date of hire with the Company for the purpose of accrual of PTO credits.
- 10.04 It is understood and agreed that final approval of PTO requests rests exclusively with the Company to assure orderly operation of work schedules.
- 10.05 PTO pay shall be computed at the employee's straight time hourly rate.
- 10.06 Employees must use PTO time in increments of no less than one (1) hour a day.
- 10.07 Employees will be reimbursed for PTO time anytime during the year, when it is taken, provided such time has been accrued.
- 10.08 Employees will be paid out the balance of any PTO time earned upon termination of employment, or being laid off.
- 10.09 When a holiday, as defined in this Agreement, falls within an employee's PTO period, such holiday shall not be charged as PTO hours. However, the employee may elect to take an additional day off.
- 10.10 PTO time will not be utilized during the calculation of overtime.
- 10.11 Insofar as possible, the Company will arrange the PTO of an employee at a time which suits the employees. Timeliness of the PTO request will be the initial factor, if two employees request PTO simultaneously the determining factor will be the Employees having the greatest seniority will be given first choice in selecting the time of their PTO.
- 10.12 If an employee dies while on the payroll of the Company, PTO pay, as provided above, shall be paid to his legal heir or estate.

Article 11.00 - HOURS OF WORK/OVERTIME

11.01 The Company shall determine shift assignments based on business needs of the Organization.

Shift starting times are as follows:

- a. 1st Shift starting time will be between 0400 and 0700
- b. 2nd Shift starting time will be between 1300 and 1600
- c. 3rd Shift Starting time will be between 2200 and 0100

Note: Shift premiums shall be paid at a rate of five (5) percent of the employee's regular base wage rate per hour for employees assigned to and working on 2nd and 3rd shift.

The Company and Union recognize the principle that shift preference and work schedule (days off on the 4/10 schedule) preference consideration for available jobs should be given to the senior most qualified employee in each classification. It is recognized, however, that it may not be possible to operate a facility efficiently with only senior employees in a particular

classification in any one shift or work schedule. Accordingly, senior qualified employees who have made written application for transfer to another shift or work schedule shall have preference to available openings. However, in the absence of written applications, the Company shall transfer the least senior qualified employees in a given classification to the available openings.

- 11.02 The working hours at the facility shall be properly posted on the bulletin board. The starting time for any shift shall not be changed without forty eight (48) hours' notice. Such notice shall be deemed to have been given to employees by posting it on the bulletin board.
- 11.03 When employees are changed from one shift to another, they shall be notified by Properly posted bulletins at least seven (7) calendar days in advance of the starting time of the new shift to which they are assigned. However, if it becomes necessary to change an employee from one shift to another or the starting time of a shift due to operating conditions, or for an employee out due to illness or injury, he shall be given as much notice as reasonably possible.
- 11.04 The Company will permit all employees to take a fifteen (15) minute paid rest period the first half of their shift and a fifteen (15) minute paid rest period during the second half of their shift. An employee who is required to work overtime will be allowed a fifteen (15) minute break for every four (4) hours of overtime worked in a day. This break will occur at the beginning of the overtime period if at least two (2) hours of overtime is anticipated.
- 11.05 Each employee shall have an unpaid lunch period of thirty (30) minutes during his shift.
- 11.05.a Lunch periods shall begin not earlier than four (4) hours after the start of each shift, and not later than six (6) hours after the start of each shift. If the employer requests the employee to work through such lunch period, the employee shall be paid for the time worked. An employee who is required to work overtime will be allowed a one-half (1/2) hour lunch break over four (4) hours of overtime worked in a day.
- 11.06 Seniority by classification shall have preference for Overtime Assignments. The parties recognize two different overtime situations for the purpose of determining who to ask. The types are: 1. Holdover Overtime and 2. Scheduled Overtime. Holdover Overtime is work in progress at the end of the shift wherein the person working the job will be allowed to complete the job that day. Scheduled Overtime is where an additional day is needed and overtime can be scheduled by seniority.
- 11.07 If the normal schedule includes four, ten-hour days, Overtime shall be paid for hours worked in excess of ten (10) hours per day or forty (40) hours per week at one and one-half (1 1/2) times the employees straight time hourly rate as required by law. If the normal schedule includes five, eight-hour days, overtime shall be paid for hours worked in excess of eight (8) hours per day or forty (40) hours per week at one and one-half (1 1/2) times the employees straight time hourly rate as required by law. Work performed on Saturday shall be one and one-half (1 1/2) and Sunday shall be double time (x2) the employees straight time hourly rate. Monday or Friday and Saturday are one and one-half times (1 1/2) employees straight time hourly rate and Sundays shall be double time (x2) the employees straight time hourly rate.
Hours worked in excess of the regularly scheduled eight (8) hour per day in a five (5) day work week or ten (10) hour per day in a four (4) day work week is considered overtime. Any additional days in excess of the regularly schedule five (5) day or four (4) day work week is considered overtime.
- 11.08 It is the duty of every employee who, for any reason, will be absent from work for a scheduled work shift or who expects to report for work late to notify their supervisor or Site Manager of the reasons for such absence or tardiness as far in advance of the scheduled starting time as possible, indicating when they expect to report for work.
If unable to talk with his supervisor or Site Manager, the employee shall leave a message on his supervisor or Site Manager voice mail stating the date, time of call and reason for his absence.
- 11.09 The payroll work week begins at 12:01 am on Monday and ends at 12:00 midnight on Sunday.

- 11.10 In the event of a plant shut down prior to the completion of the first four (4) hours of an employee's shift, the employee shall be paid for the first four (4) hours. Employees may utilize PTO or unpaid leave to complete the remainder of their assigned shift.

Article 12.00 — GOVERNMENT SECURITY/RESPONSIBILITY

- 12.01 In the event VSE Facility at Hamel, IL moves operations to a military installation the following language will apply.
- 12.02 The Company and all representatives of the Union having access to the premises and all employees are required to comply with applicable Government security regulations when performing work for the Government. The Company and the Union agree that, except as required by law, confidential security information will be revealed only to persons properly cleared and required by the Government to have the information.
- 12.03 The Union and the Company recognize that employees covered hereby are performing services for the U.S. Government in U.S. Government facilities and by use of U.S. Government equipment. The Company is not authorized to maintain, modify or repair such government facilities and equipment, except as contractually directed. It shall be the site supervisor's responsibility to work with the proper base personnel to ensure a safe and healthful environment.
- 12.04 Each employee shall be responsible for the reasonable care of the customer and/or Company furnished property or material and will notify the Company of any sabotage, or willful damage to Company, customer or employee property or material.

Article 13.00 - NO STRIKE — NO LOCKOUT

- 13.01 It is expressly understood and agreed that the business of the Company is directly related to the important and vital work of the United States Government and that efficient and uninterrupted services must be furnished by those agencies who have need of and make use of the capabilities of the Company. Therefore, the parties agree that during the term of this Agreement:
- a. The procedure provided for herein, for the settlement of grievances arising under this Agreement, may serve as the means for the settlement of disputes that may arise between the Parties. However, nothing in this section, or any other section of this Agreement, limits the Company's or the Union's right to seek and receive legal and equitable relief in the event of the breach of the no strike - no lockout provision, including but not limited to, injunctive relief prohibiting any lockout, strike, sympathy strike, sit down, work stoppage, stay in, slow down, refusal to work, picketing, or any other action which would interfere with any of the operations of the Company.
 - b. The Union (its officers, and/or agents and/or members) shall not authorize, encourage, sanction, or take part in any strike, sympathy strike, sit down, work stoppage, stay in, slow down, refusal to work, picketing or any other action which interferes with any of the operations of the Company.
 - c. Any employee or employees, individually or collectively, who shall cause, encourage, or take part in any violation of this article, or any activities prohibited by this article, may be immediately discharged, or subject to other disciplinary actions as the Company may unilaterally consider appropriate. Any such disciplinary action shall be subject to the grievance procedure and arbitration procedure as defined herein. If it is determined under the established grievance/arbitration procedure that such an employee(s) did participate in such an action, in violation of this provision, the disciplinary action taken

shall not be altered. If the decision under the grievance and arbitration procedure is that such an employee or employees did not participate in such acts, the redress shall be as determined by the grievance/arbitration procedure and limited to "making whole" the individual employee involved, if warranted.

- d. In the event of a violation of this article, the Union (its officers, agents and members) individually and collectively agree that it will use its best efforts and end such prohibited conduct.
- e. The Company agrees that it will not engage in any lockout of employees during the term of the Agreement.

Article 14.00 - BENEFIT PLANS

14.01 Effective November, 5 2012 and all subsequent years the Company will provide the following Health and Welfare subsidy amounts.

- \$5 per hour up to 40 hours per credited week Employee Only
- \$6 per hour up to 40 hours per credited week Employee + 1
- \$7 per hour up to 40 hours per credited week Employee + Family

These amounts may be used to purchase Company offered insurance plans, deductions will be made on a pre-tax basis. All residual amounts shall be treated as taxable income. Employee's choosing to opt out of all company offered insurance plans will receive five (5) dollars per hour up to 40 hours per credited week for the 3 year agreement.

14.02 The Company will provide at no cost to the employee the following coverage's:

1. AD & D insurance
2. Employee Assistance Program
3. Basic Life Insurance for Employee
4. Short-Term Disability Insurance
5. Long-Term Disability Insurance

14.03 The Employer reserves the right to change carriers and benefit plans in its discretion with written notice to the Union, provided that the new plans and/or carriers provide at least substantially similar benefits on an overall basis.

14.04 The Company shall provide Travel and Accident Insurance to employees traveling on authorized company business, at no cost to the employee.

Article 15.00 — RETIREMENT

15.01 The Company will provide all full-time employees covered by this Agreement with an IRS approved savings plan and in accordance with the Plan document. The Company will match the employee contributions of the employee gross wages per calendar year paid by the Company. The Company will match employee contributions one hundred (100) percent up to the first three (3) percent and fifty (50) percent for the next two (2) percent. As per Company Policy.

- 15.02 Employee will be 100% vested with all Company contributions.
- 15.03 The employee may also contribute up to the maximum amount allowed by law of their earnings into the 401 (k) and take advantage of the associated income tax deferment.

Article 16.00 - GRIEVANCE AND ARBITRATION PROCEDURE

- 16.01 The procedure provided herein for the settlement of grievances shall serve as a means for the settlement of all disputes that may arise out of the interpretation and application of expressed provisions of this Agreement.
- 16.02 Nothing in this Agreement shall prevent an employee, individually or through his Steward, from discussing any problem with his supervisor, or other Company official, but there shall be no formal grievance until it has been reduced to writing as provided in Step II below. The Union furnish Steward Complaint and Grievance Forms.
- 16.03 A formal grievance must be filed by an employee with or through his Steward, within five (5) work days after the occurrence which is being grieved; otherwise, it may not be further processed in the grievance procedure and will be considered forever waived. Claims for money shall not be valid, for a period of more than twenty (20) workdays prior to the date of filing such grievance, or the date on which the grievance arose, whichever is most recent. For the presentation and adjustment of formal grievances in this Agreement, the following procedure is established.
- 16.04 **STEP I**
An employee having a formal grievance shall present such grievance to his Steward. The Steward will then request a meeting between the Site Supervisor, Employee and Steward to discuss the grievance and attempt to resolve the matter. A formal grievance may not be filed unless an attempt is first made to solve the matter verbally.
- 16.05 **STEP II**
If the matter is not resolved in Step I, a formal grievance may be filed in writing with the Site Supervisor. Such written grievance shall state the specific issue in question and the Article of the Agreement in dispute and the remedy sought. The supervisor and the Steward shall endeavor to arrive at a satisfactory adjustment of the grievance. The supervisor shall render his decision, in writing, within ten (10) working days after receipt of the formal written grievance.
- 16.06 **STEP III**
If the decision of the supervisor in Step II is not satisfactory or is not received on a timely basis, the grievance may then be appealed, in writing, and sent to the Site Manager or his designee by certified mail. Such appeal is to be filed no later than ten (10) workdays after receipt of the decision rendered in Step II hereof, or the last day on which such decision was due, whichever is sooner, otherwise such decision shall be final and the employee shall have no further recourse under this Agreement and the grievance will be considered forever waived. The Site Manager or designee shall provide a written decision within fifteen (15) work days after receipt of such appeal.
- 16.07 **STEP IV**
If a satisfactory resolution cannot be reached as provided under Step III or if an answer has not been received under Step III within fifteen (15) workdays, the Union Business Representative, or designee, may submit the grievance to the Human Resources Director by certified mail within ten (10) working days. If it is not submitted within said time period, the grievance will be considered forever waived.
A meeting/telephone conference shall be scheduled by the Human Resources Director or designee to discuss the grievance with the Union Business Representative, or designee, within

ten (10) workdays following submission of the grievance by the Steward. The Human Resource Manager shall submit a written answer to the Union Business Representative or designee within fifteen (15) workdays after the meeting/telephone conference is held.

16.08 STEP V

If no satisfactory adjustment or settlement is reached according to the procedure herein established, such grievance may then be appealed to arbitration. Such appeal to arbitration must be filed by the Union with the Company's Human Resources Director or her designee within fifteen (15) workdays after receipt of the Company's Step IV grievance answer. Failure to file such appeal within the stated time shall result in the Company's Step IV answer being accepted and the grievance shall be forever waived.

16.09 The parties shall have the authority to resolve the grievance or appeal it to arbitration, Providing such appeal to arbitration is submitted to the Company by rejection of the answer as provided under Step IV within fifteen (15) work days following receipt of this answer.

16.09.a The parties, within ten (10) work days of receipt of the notice of desire to arbitrate, will request the Federal Mediation and Conciliation Service (FMCS) to submit a list of seven (7) arbitrators. Such request to the FMCS shall be originated by the party requesting arbitration. Within ten (10) workdays of receipt of the list of arbitrators, the parties shall select one (1) of the seven (7) as an arbitrator. Failing to mutually agree to an arbitrator, each party shall alternately strike off a name until one (1) name remains on the list.

16.09.b The written decision of the arbitrator shall be final and binding on all parties. The Union and the Company shall share the fees and expenses of the arbitrator equally. The Company and the Union shall each pay its own fees, costs and expenses incidental to the arbitration.

16.09.c The arbitrator's powers shall be limited to the application and interpretation of this Agreement and he shall have no authority to add to, subtract from, modify or amend in any way, the terms or conditions of this Agreement.

16.10 The Company and Union agree that the parties may, by mutual written agreement, waive any step(s) of the grievance and arbitration procedure and/or extend any of the time limits by mutual written agreement of the parties.

16.11 It is understood and agreed that an employee covered hereby may be represented by the Steward, or another authorized officials of the Union, at any and all conferences with the Company arising from the processing of any formal grievance, provided, however, that such representation shall be limited at any one time to no more than one (1) Steward who is employed by the Company.

16.12 Nothing in this Agreement shall prevent supervisory or other Company officials from discussing any matter with an employee. However, if disciplinary action is to be taken, the employee shall have the right to Union representation.

Article 17.00 - DISCHARGE AND DISCIPLINE

17.01 It is understood and agreed the Company may only discipline or discharge any employee covered hereby for just cause. Should an employee feel such action improper and in violation of the employee's rights under this Agreement, the employee shall be extended all the rights and privileges accorded by the Grievance and Arbitration procedures contained herein, provided the employee has completed the probationary period defined in the seniority article of this Agreement.

17.02 A letter of warning or reprimand and suspensions shall no longer have any future effect after a period of one year.

17.03 It is understood and agreed that any disciplinary action issued to an employee by the Company shall be issued within twenty (20) calendar days following knowledge by the Company of the

occurrence of the alleged violations. The above specified time limit may be extended by written mutual agreement of the parties.

- 17.04 In all cases where an employee is being discharged, suspended, or will be receiving a written warning notice or written reprimand, the employee shall have the right to have a Union Steward present. The Company will honor such requests. In cases involving suspension or discharge, the employee shall be provided a reasonable amount of time to discuss the matter with his/her Steward prior to leaving the premises, except in the cases where a Steward is not available at the site, or the continued presence of the employee would be disruptive.
- 17.05 In all cases of discharge, demotion or other discipline, the employee involved and the proper Union official shall be notified, in writing, of the action and the reason for such action. Whenever possible, such notification shall be in advance of the discharge, demotion or other disciplinary action.
- 17.06 Prior to deciding on the discharge of an employee, the Company will first suspend the employee for a period not to exceed five (5) workdays. Within that period and before the Company makes its decision final, a hearing shall be held at which time the Union may present any facts or other information which it wishes the Company to consider.
- 17.07 Should there be any dispute between the Company and the Union concerning the existence of just and sufficient cause for discharge, demotion or discipline, such dispute shall be adjusted in accordance with Grievance and Arbitration provisions in this Agreement.
- 17.08 In the event it is found that an employee has been discharged without just and sufficient cause, such employee shall be reinstated to his former position and compensated for all time lost at his average hourly earnings. The period of unjust discharge shall not affect the employee's seniority rights or his right to the other benefits agreed to herein.

Article 18.00 – TRAINING

- 18.01 As determined by the Company, bargaining unit employees may be transferred to other assignments within the bargaining unit for the purpose of direct training of employees in the operation and/or maintenance and/or equipment involved.
- 18.02 The Company will determine the need and the number of employees to be trained and will arrange such direct training as appropriate, by seniority and classification, subject to customer funding. The Company will ensure that employees receive training to perform their assigned duties as determined by VSE, including CDL training, if required.
- 18.03 The company will obtain a correctly classified CDL (Commercial Driver's License) for employee /employees at no cost to the employee/employees that require vehicles to be driven on public roadways. The company will also provide employees that have commercial driver's licenses with an approved DOT physical card or medical card.
- 18.04 The company will obtain a minimum of a NCCCO certification for employees that are required to operate any type of crane including a 7.5 ton and above. The company will also have a certified rigger with the crane operator.
- 18.05 The Company and the Union agree that it is mutually beneficial to both parties to have a highly skilled and trained work force capable of performing work on current platforms as well as any future new or changed work packages at VSE. To that end, the parties will meet at the request of either party to research and discuss joint education programs that prepare employees for opportunities within the industry.

Article 19— BEREAVEMENT LEAVE AND JURY DUTY

- 19.01 An employee will be granted up to four (4) days paid leave to attend the funeral of immediate family members as follows:
Mother, father, or legal guardian (i.e. step-mother, step-father), sister, brother, spouse, daughter, son, grandparent, grandchild, stepdaughter or stepson. The Company may require the employee to submit proof of death and familial relationship.
- 19.02 Employees may use PTO for which they are eligible in lieu of unpaid Bereavement days.
- 19.03 Employees absent due to jury service shall be paid at their current rate of pay including all premiums. This pay shall not exceed forty-five (45) days in any twelve (12) month period unless required by applicable laws. To be eligible for jury duty pay, the employee must present a statement from a court official attesting to the dates and times of such service and the fee or compensation paid by the court less transportation and meal cost. In no event shall such pay for time lost be made for jury duty performed on the employee's regularly scheduled day off, holidays as defined herein or for hours in excess of eight (8) or ten (10) hours per regular work day or hours in excess of forty (40) per week.
Employees required to serve on jury duty will be considered to be on day shift for all days served on jury duty and will not be required to return to work on either the swing or graveyard shift.
- 19.04 When an employee is summoned for jury duty, he will notify the Company as soon as possible and will not be required to work and will be excused for the entire day(s) he is required to report and be available, unless the employee is excused from jury service and there are at least four (4) hours remaining in the employee's regular work shift. The employee shall be granted pay for his regular work shift; less any fee or other compensation paid to the employee by the court. Pay for such time lost shall be up to eight (8) hours per day and forty (40) hours per week. Payment shall not be for Jury Duty on scheduled days off or holidays. An employee must present to the Company a statement from an official of the court attesting to dates served; time served and fees paid before any jury duty payment will be made.

Article 20.00 – GENERAL

- 20.01 It is understood and agreed that this Agreement shall supersede any and all agreements, existing or previously executed between the Company and any individual covered by this Agreement.
- 20.02 The waiver of any breach of any of the provisions or terms of this Agreement by either party does not constitute a precedent for future waiver or enforcement of such breach.
- 20.03 In the event that any provision of this Agreement shall be or becomes invalid by reasons of any Federal, State, county, municipal or, military law or regulation or a court of competent jurisdiction, it shall be suspended while such law, regulation or court decree is in force and the remaining provisions of the Agreement shall not be affected thereby.
- 20.04 Employees covered by this Agreement shall be governed by all Company rules, regulations and policies (including the Company's substance abuse policy dated September 7, 2011, see MOU 2) which are not in conflict with the terms and conditions of this Agreement. The Union will be given notice of new or amended rules or policies and given an opportunity to meet and confer concerning said rules or policies.
- 20.05 The parties acknowledge that during the negotiations which resulted in this Agreement, each had the right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from collective bargaining and that the agreements arrived at by

the parties are set forth in this Agreement. Therefore, the parties, for the life of this Agreement, agree that the other shall not be obligated, except as provided in this Agreement, to bargain collectively with respect to any subject referred to or covered in this Agreement. Furthermore, the parties waive the right and each agrees that the other shall not be obligated to bargain collectively with respect to any subject matter not referred to or covered by this Agreement, even if such subject may not have been known or contemplated of any of the parties at the time this Agreement was negotiated or signed.

- 20.06 Neither the Company nor the Union will limit, segregate or classify employees in any way to deprive any individual employee of employment opportunities or otherwise discriminate against any individual with respect to hiring, compensation, terms or conditions of employment, because of race, religion, sex, age, national origin, veteran status, union membership, color or that prohibited by state, federal or municipal law, including the American's with Disabilities Act (ADA) and Family Medical Leave Act (FMLA).
- 20.07 Employees may wear IAM Union or VSE logos on their clothing. Union or VSE stickers may be placed on hard hats.
- 20.08 The Company will be in compliance with all applicable federal and state regulations.

Article 21.00 - WAGE RULES

- 21.01 The Company shall pay the scale of wages included in Appendix A made a part hereof.
- 21.02 For the purpose of this Agreement, an employee's straight time hourly rate of pay is defined as the employee's base hourly rate of pay as listed in Appendix A plus all premiums and differentials agreed to in this Agreement.
- 21.03 Employees promoted or temporarily assigned to a higher job classification shall receive the rate of that job classification. If temporarily assigned, they shall upon return to their prior classification, assume the rate held prior to the temporary assignment, as directed. An employee temporarily assigned to a lower paying job will continue to receive their normal rate of pay.

Article 22.00 TEMPORARY DUTY ASSIGNMENTS

- 22.01 Bargaining unit employees on TDY assignment will be covered under the current Collective Bargaining Agreement as if working at Hamel, Illinois.
- 22.02 Employees on TDY assignment will be paid in accordance with the Government Joint Travel Regulation (JTR). Travel receipts are required to ensure compliance with reimbursement procedures.

Article 23.00 HEALTH AND SAFETY

- 23.01 The Company will provide required safety equipment including but not limited to hearing protection, head protection, clear and tinted non-prescription safety glasses, goggles and gloves. Employees will be allowed to provide their own safety equipment as long as it is approved by the appropriate safety standards. The Company will comply with applicable state workers' compensation laws as applies to on-the-job injuries. It is the intent of the Company to maintain safe and healthy conditions as required by law to protect employees from injury, and it is the desire of the parties to maintain high standards of safety in order to eliminate, as far as

- possible, industrial accidents and illnesses.
- 23.02 The Company, will reimburse each employee for the purchase of safety shoes, up to \$125.00 for footwear purchases up to one (1) time a year. Receipts must be presented to the employees' supervisor for reimbursement.
- 23.03 The Company will reimburse each employee up to \$150.00, every two (2) years, for the purchase of prescription Safety Frames, and up to \$150 for Safety Lenses yearly. As per Company Policy. Receipts must be presented to the Employee's supervisor.
- 23.04 The Company will provide required specialty safety equipment.
- a. Welders.
Full face welding helmets, full face respirators, all leathers, welding gloves, and any other safety attire needed
 - b. Painters.
Full face respirators, half face respirators, tyvex suits, latex gloves, and any other safety attire needed.

Article 24.00 — TEMPORARY ALTERNATE WORK

- 24.01 The Company may provide a Temporary Alternate Work (TAW) program to Bargaining Unit employees who are unable to perform their normal work assignments due to an illness/injury. The intent of the TAW is to assist Bargaining Unit employees, by providing them with an opportunity to continue gainful employment under the provision of the Collective Bargaining Agreement, but not to impede the recovery process of their illness or injuries, provided the Company has the work available and is able to accommodate the employee's medical restriction/restrictions.
- 24.02 The TAW assignment may be Bargaining Unit or Non-Bargaining Unit work. The employee will receive his standard contractual hourly wage and benefits regardless of work performed. The employee's start time will be in accordance with the collective Bargaining Agreement. Employees on TAW will not displace other employees or adversely affect their seniority.
- 24.03 The Company, including the Site Supervisor, Human Resources personnel and corporate Workers' Compensation personnel will continue the Company's practice of working with employees and their physicians to attain the intent of this Article.

UNION PROPOSAL#

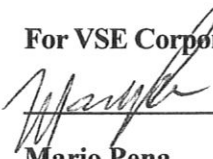
DATE PROPOSED:

Article 25.00 - DURATION

25.01 These articles constitute the complete Agreement between the Company and the Union. Neither changes nor amendments to this Agreement shall be effective unless such changes or amendments are reduced to writing and signed by appropriate representatives of the parties. Any additions, deletions, changes, amendments or waivers whatsoever affecting the terms of this Agreement shall only be discussed by mutual agreement of both parties in writing and shall otherwise not be subject to negotiation. Further, provided that any such modification to this Agreement shall be mutually agreed upon and signed by authorized representatives of both parties and shall be terminated with this Agreement.

25.02 This Agreement shall be effective the 05 day of November, 2012, and shall continue in full force and effect through the 08 day of November, 2015, and thereafter from year to year unless sixty (60) days written notice is given by either party to the other, prior to the expiration date of this Agreement. Such notice will be sent registered mail and will state its intent to amend, modify or terminate the Agreement.

For VSE Corporation

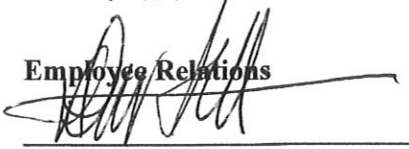


Mario Pena

Human Resources

Date: 10/31/12

Employee Relations

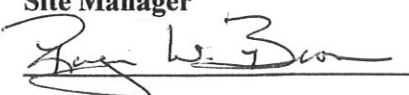


Dennis Scott

Dennis Scott

Date: 10-31-12

Site Manager

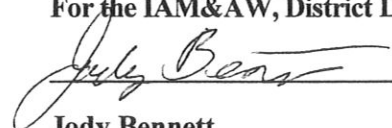


Roger Brown

Roger Brown

Date: 31 OCT 12

For the IAM&AW, District Lodge 837

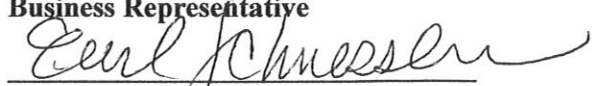


Jody Bennett

Aerospace Coordinator

Date: 11-1-12

Business Representative

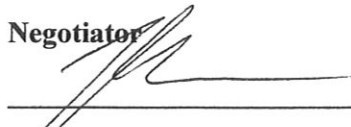


Earl Schuessler

Earl Schuessler

Date: 11-1-12

Negotiator



Vincent Masters

Vincent Masters

Date: 11-1-12

Shop Steward



Jason Hampton

Jason Hampton

Date: 11-1-12

**APPENDIX A
WAGE RATES**

Current Minimum Wage Rates and Across-the Board Increases

| Effective Date | November 5, 2012 | November 1, 2013 | November 1, 2014 |
|----------------------------|--|--|--|
| Production Control Clerk 1 | \$24.00 | \$24.96 | \$25.96 |
| Production Control Clerk 2 | \$21.56 | \$22.42 | \$23.32 |
| Welder | \$24.14 | \$25.11 | \$26.11 |
| Supply Technician | \$23.29 | \$24.22 | \$25.19 |
| Working Team Lead | \$1.00 per hour over classification being led. | \$1.00 per hour over classification being led. | \$1.00 per hour over classification being led. |
| Heavy Equipment Mechanic | \$24.14 | \$25.11 | \$26.11 |
| Painter | \$23.95 | \$24.91 | \$25.91 |

*Employees assigned to perform work as a Heavy Equipment Operator and Rigger will receive \$2.00 an hour above their rate of pay for that day for the duration of the work day.

Education Reimbursement

1. The Company will provide employees reimbursement of approved educational expenses as per Company Policy.
2. The Company recognizes the importance of a well trained workforce to successfully support the Customer and will work with the employees to identify areas where training is necessary or beneficial. Those requirements will be presented to the customer, and if approved and funded employees whose job duties would benefit from training will receive it.

Government Request for Proposal

The Parties agree that, should a Request for Proposal (RFP) issued by the Government for the follow-on contract to the present contract between the Company and the Government contain any requirements which are inconsistent with any provision of this Agreement, they will meet to discuss such requirements. The parties will earnestly seek solutions to any identified inconsistencies between the RFP and this Agreement.

Guide Dogs of America

Upon receipt by the Company of a signed voluntary authorization by an employee, on a form approved by the Company, requesting that there be deductions made from the employees' wages, in a monthly amount designated by the employee, such deductions to be forwarded to the Union. Such authorization will remain in effect for the duration of this Agreement, unless earlier canceled in writing by the employee.

Machinist's Non Partisan Political League (MNPL)

1. The Company agrees during the term of this Agreement to deduct from the employee's wage and turn over to the Treasurer of the Machinist's Non Partisan Political League (MNPL) contributions by any employee who desires to make such contributions to said MNPL and who individually and voluntarily authorizes the Company in writing on an authorization form mutually agreed to between the Company and the Union to make such deductions. All funds so deducted shall be forwarded monthly to the Treasurer of the Union as soon as reasonably possible after the end of each month in which deductions are made accompanied by a record stating the name of the employee, social security number, and amount contributed and so deducted.
2. Such deductions shall be made in accordance with instructions on said authorization cards which have been delivered by the Union to Human Resources.
3. Authorization(s) must be received by the Company no later than fourteen (14) days prior to the end of the pay period in order for such voluntary contributions to be deducted from such pay period. Contributions to be deducted as a result of authorizations not received fourteen (14) calendar days prior to the end of the pay period will be started effective the following pay period.
4. Such deductions shall be made monthly from the employees paycheck.
5. If an employee does not have sufficient earnings in any payroll period to cover such contributions for the payroll period, the Company shall have no further responsibility for collection of contributions for that payroll period.

MEMORANDUM OF UNDERSTANDING #1

November 5, 2012 Re: Sub Contracting

Due to the nature of the contractual work to be performed, employees may be brought in from other locations to perform specific assignments at the Hamel, IL site as the need arises, so long as there are no employees, in the classification in which the work is to be performed, on layoff who are qualified to perform the assignments. Such action shall not cause the layoff of any employee within the classification in the bargaining unit who is qualified to perform the work. The Company shall meet with the Union and inform them of the reasons for such work. If there are qualified employees in the classification on layoff and the Union disagrees with the reasons for such work, the issue may be submitted by the Union to the grievance procedure.

MEMORANDUM OF UNDERSTANDING #2

Company Substance Abuse Policy #5011

VSE CORPORATION

CONSOLIDATED GENERAL POLICY MEMORANDUM NO. 5011

DATE: September 7, 2011

SUBMITTED: T. Bailey, VP of Human Resources

APPROVED: M. A. Gauthier, CEO/President/COO (*Signature on File*)

SUBJECT: Substance Abuse Policy

REVISION STATEMENT: This memorandum supersedes and replaces Consolidated General Policy Memorandum No. 5011, revision 2.0.

BACKGROUND

This memorandum provides guidance and procedures for the implementation of VSE Corporation's policy for its compliance with the Drug-Free Workplace act of 1988 Department of Defense Drug-Free Workforce Rule of 1988 and Drug and Alcohol Testing Programs required by the Department of Transportation, Department of Energy and other regulations as required by contract.

POLICY STATEMENT

VSE Corporation (hereafter referred to as "VSE", and which includes VSE and all of its subsidiaries) is committed to providing a safe, drug-free work environment and compliance with applicable federal laws, regulations, executive orders, and the terms of the contracts entered into by the company. In order to promote a safe and productive workplace for employees, VSE has established drug and alcohol free workplace. Specifically, it is the policy of VSE that the use, sale, purchase, transfer, possession or presence in one's system of any prohibited substance (except medications prescribed by a licensed physician), including alcohol, by any employee while on VSE premises, while engaged in VSE business, while operating VSE equipment, or while under the authority of VSE is strictly prohibited. All employees are expected to be fit for duty and capable of performing their assigned responsibilities in a safe and productive manner. VSE encourages employees engaged in substance abuse or the illegal use of drugs or inappropriate use of alcohol to obtain treatment or seek employment elsewhere. VSE will notify and cooperate with law enforcement agencies in the investigation of any employee suspected of trafficking in illicit or inappropriate drugs. Any employee arrested for on-the-job possession of or trafficking in illicit or inappropriate use of drugs, prescription or otherwise, *will be terminated*. VSE expects the full support of this policy by all employees and all persons doing business with the Company. Every effort will be made to maintain the dignity of Employees or Employee-Applicants involved, and will protect the confidentiality of

- iii. The use of alcohol or any legal drug or other substance in such a way that the user performance is impaired.

Impaired: shall mean that a person's mental or physical capabilities are reduced below their normal levels (with or without any reasonable accommodation for a disability).

Probable Cause: shall mean that when the facts and circumstances surrounding an investigation, and within VSE's knowledge, come from a reasonable and trustworthy source, would lead a reasonable individual to believe that an inappropriate or illegal use of prescribed or illicit substances has been or is being committed.

Reasonable Suspicion: shall mean that evidence which forms a reasonable basis for concluding that it is more likely than not that a person has engaged in substance abuse or alcohol consumption. Such evidence must be objective, contemporaneous and articulable. Facts which could give rise to reasonable suspicion include, but are not limited to:

- i. The odor of alcohol or drugs; Impaired behavior such as slurred speech and decreased motor coordination;
- ii. Marked changes in personality or job performance; and - unexplained accidents.
- iii. Any combination of the above factors.

Audit Testing: are substance abuse tests which are initiated by the Office of Internal Controls. Audit testing will typically be conducted through random selection in order to test process controls and drug testing procedures. Additionally, the Office of Internal Controls may initiate a request for probable cause testing in conjunction with General Counsel and the VP of HR, as much as is practicable, in the event that an ethics or ethics hotline investigation reveals evidence suggesting probable cause exists in relation to VSE's substance abuse policy.

COUNSELING AND REHABILITATION

It is recognized and accepted that early treatment is the key to rehabilitation for substance abusers. Employees are encouraged to voluntarily request counseling or rehabilitation before their substance abuse leads to disciplinary or work related problems or criminal charges. VSE has established and maintains an employee assistance program (EAP) as an adjunct to the VSE medical benefits plan to provide confidential professional assistance to employees and members of their families concerning personal or emotional problems, including drug and substance abuse. Voluntary submission for counseling or treatment through the EAP will be a private matter between the employee and the treatment provider unless the employee specifically and voluntarily authorizes the release of this confidential information to his or her supervisor. However, participation in a treatment or recovery program will neither relieve an employee from the

employees and their testing results. Disciplinary action up to an including termination of employment (see section Discipline/Appeal of Test Results) will, however, be taken as necessary.

All employees are advised that remaining drug-free and medically qualified to perform assigned duties safely are conditions of continued employment or service with the VSE.

DEFINITIONS

Covered employees: shall mean all employees of VSE and its subsidiaries.

Company premises or company facilities: All property of VSE including, but not limited to, the offices, facilities, and surrounding areas on VSE-owned or leased property, parking lots, and storage areas. The term also includes VSE-owned or leased vehicles and equipment wherever located.

Designated agent: An individual or independent contractor authorized by the company to administer the company testing program on behalf of the company, including receipt and processing of individual test results.

Alcohol test: A test using an evidential breath testing device (EBT) or a non-evidential breath testing device (such as a saliva test), blood test, or any other analytical process used to detect the level of alcohol, which complies with applicable law and/or regulation.

Drugs: Substances controlled under the Federal Controlled Substances Act (CSA) as amended. VSE will generally screen for the Standard 5 Drug Screen Panel (such as amphetamines, cocaine metabolites, opiate metabolites, marijuana metabolites, and phencyclidine), as well as adulterants. VSE will additionally test for other drugs or alcohol when necessary, or as otherwise required by its clients and/or business partners.

Positive drug test: shall mean any drug test whose results indicate that the employee has committed substance abuse, according to the current NIDA standards and the definitions in this policy. (possibly insert statement about positive results once the final determination is made by the MRO).

Negative drug test: shall mean any drug test whose results do not indicate a positive drug test.

Substance abuse shall mean:

- i. The use or possession of any drug in a manner prohibited by law; and
- ii. The excessive use, misuse, or illegal use of drugs of any kind, including prescription drugs or excessive use or misuse of alcohol.

requirement of satisfactory job performance, nor insulate an employee from adverse management action should the employee be found to have engaged in illegal drug-related behavior.

PRE-EMPLOYMENT SCREENING

VSE employment offers are contingent upon the applicant's compliance with VSE's drug screening requirements. All applicants who receive an offer of employment with VSE shall be required to submit to a drug test within 48 hours of acceptance of offer and pass the test prior to starting work with VSE. Applicant/candidates will be directed to a designated facility and follow a chain of custody procedure to collect the specimen. All applicants shall be provided both written and verbal notice of the test requirement and a copy of any positive test results. All test results shall be maintained confidentially.

Offers of employment are made contingent upon passing the designated agent medical review, including the drug tests. Employee-Applicants who have received a verbal or written employment offer are to be cautioned against giving notice at their current place of employment or incurring any costs related to accepting employment with VSE until after medical clearance has been received.

Employee-Applicants will be specifically notified of the test results provided he/she submits a written request for such results within 60 days of being notified of the disposition of his/her application.

Employee-applicant testing shall follow the collection, chain-of-custody and reporting procedures as set forth in federal guidelines or applicable state law.

Individuals who fail the pre-employment drug screening requirement are not eligible to perform work for VSE in any capacity (that is, as employees, temporaries, independent contractors, or consultants) for a minimum of 1 year from the date the specimen was provided. The individual may then be required to successfully complete VSE's drug-screening process and provide written consent to take up to three unannounced urinalysis drug-screening tests within 24 hours of notification during the following 12 months of employment. The individual also must agree that continued employment will be contingent upon complying with such tests, and that each test result must be negative for the presence of illegal drugs.

Unless authorized by the CEO, pre-employment screening will not be required for individuals who become employed by VSE as a result of a merger, acquisition of a business or enterprise, or taking over an incumbent workforce. Any individual hired as a result of one of these 3 categories will be responsible for adhering to VSE's drug and substance abuse policy.

Pre-employment screening may be applicable in the case of individuals who are employed by VSE in a foreign country where such testing is contractually required and not otherwise prohibited by applicable law.

Applicants may NOT begin work at VSE until after a negative test result has been confirmed and received from the Medical Review Officer (MRO).

REHIRE SCREENING

Former employees seeking employment with VSE are subject to pre-employment screening requirements (see section PRE-EMPLOYMENT SCREENING).

RANDOM TESTING FOR ALL EMPLOYEES

An important part of maintaining a drug and alcohol free workplace is the process of random employee testing. Where permitted or required by law, all employees will be subject to random (unannounced or suspicionless) alcohol and/or drug tests. This policy applies to all employees regardless of rank or position and includes temporary and part time employees. VSE's designated agent will select the employee using a lottery based on the last digit of employee's social security number. (i.e. for a particular location, all employees whose SSN ends with the number 0 will be required to be tested). The employee will be notified by VSE Human Resources of the selection and provided with information on completing the test within 32 hours. It is possible, that an employee may be selected more than once a year based on this system.

As required by state law, costs associated with required tests and/or the time required for performing a test, including the reasonable cost of transportation to a test site other than the employee's normal work site, shall be borne by VSE. Cost associated with non-required tests (e.g. independent confirmation - split sample test) shall be the responsibility of the employee.

An employee must report for testing immediately after receiving notice that he/she has been selected for random testing and the testing must be completed within the time provided by federal guidelines.

Random Testing may be subject to **audit testing** by the Office of Internal Controls.

EMPLOYEE POST-ACCIDENT TESTING

All employees operating company-owned or customer-owned vehicles or equipment who are involved in any accidents while on company time may be subject to alcohol and drug testing as soon after the accident as is safely possible.

An employee will be required to complete alcohol and drug testing involved in any of the situations below:

- i. A death occurs, or is likely to result, from the accident;
- ii. Where the employee has been ticketed for a moving violation or while operating equipment is involved in an incident including the following:
 - an injury is sustained by anyone involved in the accident requiring medical attention away from the scene; or
 - any vehicle involved in the accident is towed from the scene.

EMPLOYEE POST-INJURY TESTING (Post-Incident??)

Any employee injured on duty may be requested to submit to alcohol and/or drug testing where the injury requires medical attention away from the scene of the injury, the incident may be reported to any governmental body if there has been damage to property in excess of an estimated \$500.00 or more.

Post-accident/injury **drug** testing will occur no later than 32 hours after the occurrence of an incident meeting the above criteria. **Alcohol** testing must occur as soon after the incident as is practical, but no later than eight (8) hours after the accident/injury has occurred. Employees are prohibited from using alcohol for at least eight hours after the accident/injury or until tested.

Any Employee suspected of unnecessarily delaying the test process will be considered to have refused to submit to testing.

REASONABLE SUSPICION SCREENING

Screening, which may include a fitness-for-duty examination, will be required of an existing employee when VSE management (in coordination with group HR offices; VSE's Corporate Legal, VP of HR and Group Vice president) determines that a reasonable suspicion exists, that an employee may be involved with illegal drugs, or may be under the influence of illegal drugs or substance use while at work. Such suspicion is determined on a case-by-case basis based upon the specific facts and circumstances involved. Reasonable suspicion may be inferred from, among other things:

Involvement by the employee in a workplace accident or an incident or other circumstances which result in, or could have resulted in, personal injury or damage to property, and in which a supervisory employee reasonably suspects that the employee was impaired by illegal drugs or substance abuse at the time the acts or omissions contributed to the occurrence of the accident, incident, or circumstances.

Evidence of illegal drug involvement or behavior of an employee that causes a supervisory employee to have reasonable belief, based upon observation of the employee's speech, hearing, motor coordination, judgment, appearance, odor, or other observable or objective factors, that the employee is impaired by or involved with illegal drugs or substance abuse. In all instances where this belief

is based primarily on the observations of someone other than a supervisor, that supervisor should make every reasonable effort to confirm these observations directly.

PROBABLE CAUSE TESTING:

Probable cause testing may be required of an employee(s) when it is determined that sufficient evidence or circumstances exist to lead a reasonable individual to believe that the use of illicit substances or misappropriate use of prescription substances has been or is being committed. The evidence in such situations need not be particularly linked to an individual(s), but rather, the evidence suggests that a sufficient hazard to VSE personnel exists or that a direct violation of VSE's drug-free work practices has been or is occurring. Such facts and circumstances include:

- i. The presence of drugs and alcohol on a secure VSE-owned or client-owned facility.
- ii. The discovery of drugs or drug paraphernalia on a secure VSE-owned or client-owned facility.

The Office of Internal Controls may initiate a request of probable cause testing when an ethics investigation or ethics hotline investigation lead the Manager of Internal Controls, in conjunction with General Counsel and the VP of HR, as much as is practicable, to evidence that suggests that illicit substance abuse or the inappropriate use of prescription substances has been or is being committed.

ALCOHOL TESTING PROCEDURES

Alcohol: Those Employees suspected of consuming alcohol at any time prohibited under this policy, or found to be in possession of alcohol while on VSE premises or while operating VSE equipment, will be required to submit to alcohol testing conducted in accordance with the rules adopted (or amended) by this policy.

A positive alcohol test is any result reported at, or above 0.05. Anyone found positive for alcohol will not be allowed to perform any assigned task and will be subject to discipline, up to and including termination.

All alcohol tests will be conducted in strict compliance with the rules adopted by federal or state guidelines.

No medical review of an alcohol positive or split specimen procedure will occur.

PRESCRIPTION MEDICATION

Employees are allowed to use prescription medication while on duty only when such use is in accordance with a physician's directions and when that physician has assured the employee that such use will not adversely affect the employee's ability to perform their job functions safely and securely. Employees are urged to

inform VSE Human Resources regarding their use of prescription medication if it will have an effect on their job duties. Before taking a controlled substance test, drivers may write down or photocopy all prescriptions and non-prescription medications the employee has ingested.

SEARCHES ON COMPANY PREMISES

VSE reserves the right to enter, search, and inspect all personal hand-carried articles as well as company property, including but not limited to lockers, desks, company vehicles, and any materials transmitted in company mail or shipment channels, whether sealed or locked, at any time, on company owned or controlled (for example, leased or customer-supplied) premises, including common areas such as grounds and parking lots, without the employee's consent.

REPORT OF CONVICTIONS

Employees must notify their Human Resources POC or supervisors of any conviction of a criminal drug law, based on conduct occurring in or outside of the workplace; or an alcohol beverage control law or law that governs driving while intoxicated, based on conduct occurring in the workplace. Notification of a conviction must be made in writing and delivered no later than five calendar days after such conviction. An employee's appeal of a conviction does not affect the employee's obligation to report the convictions.

DISCIPLINE / APPEAL OF TEST RESULTS

Where violations of this Policy occur, VSE will apply the following guidelines:

- i. The terms of this Policy are a condition of employment, and any violation of this Policy is grounds for disciplinary action up to and including termination.
- ii. If a test result is positive, in most cases, the employee will be terminated. The employee can request a second test but it is at their own expense and the employee will be placed on unpaid administrative leave until a negative test is shown. Must be within 72 hours of original test.
- iii. Termination of employment also will normally occur in the following circumstances:
 - Failure to cooperate with a search.
 - Refusal to consent to a substance abuse test or evaluation and the VSE requirements for release of the results.
 - Failure to comply with rehabilitation and/or other follow-up requirements (e.g. further medical evaluation, treatment and/or counseling).
 - If there is a positive test or return to substance abuse after an earlier identification of a substance abuse problem, except as provided in this policy.

- iv. Drugs: Any Employee testing positive for the presence of a prohibited controlled substance will be subject to discipline in accordance with the Guidelines set forth above.

Any Employee testing positive for the presence of a prohibited substance will be contacted by the designated agent's Medical Review Officer (MRO). The employee will be allowed to present medical documentation to explain any permissible use of a drug. All such discussions between the employee and the MRO will be strictly confidential. VSE will not be a party to or have access to matters discussed between the employee and the MRO. Until the employee contacts the MRO, or 5 days have lapsed after the employee was asked to contact the MRO, VSE will not be advised of the test result. If legitimate, medically supportable reasons exist to explain the positive result, the MRO will report the test result to VSE as a negative. If there is no legitimate medically supportable reason for the positive test result, the MRO will report the test result as positive. VSE will then notify the Employee of the positive result of a periodic, random, post-accident or suspicion-based test and the substances detected.

If, during the course of an interview with an employee who has tested positive, the MRO learns of a medical condition, which could, in the MRO's reasonable medical judgment, pose a risk to safety, the MRO may report that information to the Department of Transportation or to VSE.

- v. If an employee believes the test results were caused by some legitimate medical explanation, that individual must notify VSE of the claim with supporting medical documentation within three (3) working days. The designated agent's MRO will determine if a legitimate medical explanation for the results exist. If the employee's claim is substantiated, no adverse action will be taken. If the claim is not substantiated, the individual's services will be terminated.
- vi. Any employee testing positive for a controlled substance (not alcohol) has a right to request that the MRO direct the "B" or split sample be sent to another DHHS-certified laboratory of the employee's choosing. The employee is responsible for the costs of such testing. The employee is required to make the request of the MRO within 72 hours of being notified that the initial specimen is positive.

If the split specimen is reported as "not found" (meaning the drug detected by the initial lab is not detected) then both are canceled. Depending on the purpose for the initial test, (i.e. pre-access), the employee may be required to submit to testing as soon as possible before continuing to perform a safety sensitive function for VSE or a VSE customer.

COLLECTION OF SPECIMENS AND LABORATORY ANALYSIS

- i. **Specimen Collection:** Specimen collection will be conducted in accordance with applicable state or federal law(s). The collection procedures will be designed to ensure the security and integrity of the specimen provided by each Employee, and those procedures will strictly follow federal chain-of-custody guidelines. Moreover, every reasonable effort will be made to maintain the dignity of each employee submitting a specimen for analysis in accordance with these procedures.
- ii. **Laboratory Analysis:** As required by this policy, only a laboratory certified by the Federal Department of Health and Human Services to perform tests for the detection of the presence of prohibited substances will be retained by the Company. The laboratory will be required to maintain strict compliance with federally approved chain-of-custody procedures, quality control, maintenance and scientific analytical methodologies.

CONFIDENTIALITY

VSE will attempt to keep all information and records concerning an individual's medical history, or any problematic or positive drug-screening result, confidential and maintained separate from employee personnel files. Access to the individual's medical, problematic or positive drug screen result will be available only to the designated group HR manager, to others with a need to know, or as required by applicable law and/or regulation. However, the pre-employment drug-screening negative test result will remain a part of the individual's personnel file to validate compliance with VSE's drug screening policy.

DISCLAIMER

Neither this policy nor any of its terms are intended to create a contract of employment, nor alter the existing employment or contractual relationship in any way.

Unless otherwise limited, VSE retains the sole right to change, amend or modify any term or provision of this policy without notice. This policy is effective September 8, 2009 and supersedes all prior policies and statements relating to prohibited substances.

Any exception to the policy guidelines outlined in this memorandum must receive prior approval of the VP of Human Resources and CEO or his/her designee.

RESPONSIBILITY: Manager assigned responsibility for the timely updating of this memorandum: VP of Human Resources

DISTRIBUTION: Standard Distribution

**IAM NATIONAL PENSION FUND
NATIONAL PENSION PLAN
MEMORANDUM OF UNDERSTANDING #3
PENSIONS**

- A. The Employer shall contribute to the IAM National Pension Fund, National Pension Plan for each hour/day or portion thereof for which employees in all job classifications covered by this Agreement are entitled to receive pay under this Agreement as follows:

\$ 1.00 per HOUR effective January 1 2013

\$ 1.00 per HOUR effective January 1 2014

\$ 1.00 per HOUR effective January 1 2015

If the employee is paid only for a portion of an hour/day, contributions will be made by the Employer for the full hour/day.

- B. The Employer shall continue contributions based on a forty (40) hour work week while an employee is off work due to paid vacations or paid holidays. The Employer shall also make contributions whenever an employee is on workers compensation, receives severance pay, vacation pay at termination, or vacation pay in lieu of time off.
- C. Contributions for a new, temporary, probationary, part-time and full-time employee are payable from the first day of employment.
- D. The IAM Lodge and Employer adopt and agree to be bound by, and hereby assent to, the Trust Agreement, dated May 1, 1960, as amended, creating the IAM National Pension Fund and the Plan rules adopted by the Trustees of the IAM National Pension Fund in establishing and administering the foregoing Plan pursuant to the said Trust Agreement, as currently in effect and as the Trust and Plan may be amended from time to time.
- E. The parties acknowledge that the Trustees of the IAM National Pension Fund may terminate the participation of the employees and the Employer in the Plan if the successor collective bargaining agreement fails to renew the provisions of this pension Article or reduces the Contribution Rate. The parties may increase the Contribution Rate and/or add job classifications or categories of hours for which contributions are payable.
- F. This Article contains the entire agreement between the parties regarding pensions and retirement under this Plan and any contrary provisions in this Agreement shall be void. No oral or written modification of this Agreement shall be binding upon the Trustees of the IAM National Pension Fund. No grievance procedure, settlement, or arbitration decision with respect to the obligation to contribute shall be binding upon the Trustees of the said Pension Fund.

Neutrality

The Company places a high value on the continuation and improvement of its relationship with the Union, as well as with all of its employees. The Company also knows from experience that when both parties are involved in an organizing campaign directed at unrepresented Company employees, there is a risk that election conduct campaign activities may have a harmful effect on the parties' relationship. Therefore, it is incumbent on both parties to take the appropriate steps to insure that all facets of

organizing campaigns will be conducted in a constructive and positive manner which does not misrepresent to employees the facts and circumstances surrounding their employment and in a manner which neither demeans the Company or the Union as organizations nor their respective representations as individuals.

New Jobs

When new jobs are required that cannot be properly encompassed within an existing job specialty, the Company will notify the Union of the requirements and will endeavor to discuss with the Union the rate of pay prior to the Company establishing the new classification and rate of pay. The Union shall have thirty (30) days from the date of establishment in which to challenge the rate of pay. If necessary, this matter is subject to the grievance procedure up to and including arbitration.

The Company has the right to determine the job qualifications. Copies of job descriptions and required qualifications shall be retained in the Program Manager's Office and shall be made available to employees upon request. The Union shall be advised, in writing, of any revisions or modifications of job descriptions or qualifications.

Scope of Agreement

Should the Company establish any new facilities that results in work or services presently performed under this Agreement being transferred, the Company agrees to consult with the Union and offer employees who are adversely affected job opportunities that may be available at the new facilities.

This Agreement shall be binding upon the parties hereto, their successors, administrators, executors, and assigns. On the sale, transfer or lease of any facility and/or equipment only the specific provisions of this Agreement, including supplements or other conditions shall prevail. The Company shall give notice of the existence of this Agreement to any purchase, transferor, lessee, assignee, etc. of the operation covered by this Agreement or any part thereof. Such notices shall be in writing with a copy to the Union at the same time the seller, transfer, lessors executes a contract of transactions as herein described.