

Compensation, Bonus and Profit Use Plan

- I. **Retirement Plan:** As a commitment to each Associate’s *financial growth* as outlined in Redland’s “Cultural Matters” document, Redland contributes **2%** of an Associate’s base salary to the firm’s qualified retirement plan. Redland’s contributions are made whether an Associate participates in the plan themselves or not and are immediately 100% vested.

- II. **Base Salary:** Redland provides each Associate with an aggressive base salary within their respective field.

- III. **Bonus Plan:** Redland is committed to attracting and retaining the best professionals and shares profits with all who help earn it. This commitment to our Associates is the demonstration of Redland’s goals for *mutual success* and *financial growth* as outlined in Redland’s “Cultural Matters” and “Values with Purpose” documents. Below is a table showing how company profits will be used:

<u>Funding Priority</u>	<u>Profit Usage</u>	<u>Total Profit Distribution Breakdown</u>
1	Performance Bonus Pool	30 – 34%
2	Retained Earnings	24 – 28%
3	Executive Bonus Pool	10 – 12%
4	Community Involvement Pool	1 – 2%
5	Star Performer Bonus Pool	2 – 4%
6	Shareholder Bonus Pool	26 – 30%

Bonus Pool distributions take place twice per year on December 15th and June 15th.

a. Performance Bonus Pool

Project Manager Bonus Description

An individual with client management, project delivery and financial performance responsibilities for their projects will receive **15%** of the profit they produce.
(Example: Over a six month period a PM completes \$500,000 of work at an 18% profitability rate. That individual would receive \$13,500 for the six month period or \$26,000 in one year if their annual revenues were \$1,000,000 at the same 18% profitability rate.)

Key Associates Bonus Description

Key Associates will be rewarded based on Redland’s profitability and the Performance Pool Funding Level (PPFL) Table listed below:

Performance Pool Funding Level (PPFL) Table

Redland’s Profitability	PPFL
Less than 4%	0%
4% to 7.99%	25%
8% to 11.99%	50%
12% to 15.99%	75%
16% to 19.99%	100%
20% to 23.99%	125%
24% +	150%



Key Associate Positions & Target Bonus Amounts (Annual)

<u>Position</u>	<u>Target Bonus Amount and Description (**see Note below)</u>		
Project Engineer (PE)	\$8,000 X PPFL or as Project Manager , whichever is greater. This bonus model is to support (PE's) on their way to becoming (PM's).		
Engineer III	\$4,500 X PPFL	Marketing Director	\$4,000 X PPFL
Engineer II	\$4,000 X PPFL	Accounting	\$3,500 X PPFL
Engineer I	\$3,500 X PPFL	Systems Administrator	\$4,000 X PPFL
Designer	\$2,800 X PPFL	Human Resources	\$4,600 X PPFL
Technician III	\$2,000 X PPFL	Office Manager	\$5,000 X PPFL
Technician II	\$1,600 X PPFL	Administrative Assistant	\$1,600 X PPFL
Technician I	\$1,200 X PPFL		

Note: From the PPFL Table on the previous page, funding levels can reach **150%** of the Target Bonus Amounts listed above. Positions not listed above will have target bonus amounts established which are approximately 50% greater than the industry average.

b. Retained Earnings

Consistent with our commitment to *conduct our business in a responsible, solvent and disciplined way* as outlined in Redland's "Values with Purpose" document, Redland will maintain financial reserves for key strategic investments into new service lines and geographic markets as well as for unforeseen circumstances.

c. Executive Bonus Pool

As a reward to each Executive for their contribution towards advancing the firm's strategic, operational and efficiency matters, Redland will allocate profits to the Executive Bonus Pool for Associates who spend a majority of their time on strategic and high-level operational matters including: CEO, President, Vice President, COO, CFO and others.

d. Community Involvement Pool

As a commitment to our *communities* as outlined in our "Values with Purpose" document, Redland will allocate profits to the Community Involvement Pool to support Associates who participate in programs like; kids athletics, community outreach, scouting, volunteering, etc.

e. Star Performer Bonus Pool

This bonus pool will be used to reward Associates who are "Star Performers." A Star Performer is someone who goes above and beyond the call and was not adequately compensated through the Performance Bonus Pool. Each Star Performer is eligible to receive **\$4,000** annually from this pool.

f. Shareholder Bonus Pool

This bonus pool will be used to reward Shareholders who have financially invested in Redland.