

PAID TIME OFF PLAN
AND SUMMARY PLAN DESCRIPTION
FOR
EMPLOYEES OF
NEW ENTERPRISE STONE & LIME CO., INC.
HEAVY HIGHWAY CONSTRUCTION AND HOT MIX ASPHALT
CONSTRUCTION (HHC/HMAC) WORKING ON DAVIS BACON OR PREVAILING WAGE
PROJECTS

AS REVISED EFFECTIVE FEBRUARY 26, 2017

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GENERAL INFORMATION

This document, which is referred to as the “Plan” throughout this booklet, describes the paid time off program and benefits provided by New Enterprise Stone & Lime Co., Inc. (which is referred to either as the “Employer” or the “Plan Sponsor” throughout this booklet) under the Plan for its eligible employees.

This booklet describes the benefits that eligible employees can earn and should be kept for future reference. The table of contents will assist you in locating specific provisions of the Plan.

This version of the Plan document and Summary Plan Description is applicable only to eligible employees who are classified by the Employer as non-represented, non-exempt hourly employees of New Enterprise Stone & Lime Co., Inc. assigned to Heavy Highway Construction and Hot Mix Asphalt Construction (which is referred to as “HHC/HMAC” Employees working on Davis Bacon or Prevailing Wage Projects).

I. INTRODUCTION

A. About this Document

NOTE: This version of the Plan document and Summary Plan Description is applicable only to eligible employees who are classified by the Employer as non-represented, non-exempt hourly employees of New Enterprise Stone & Lime Co., Inc. assigned to Heavy Highway Construction and Hot Mix Asphalt Construction working on Davis Bacon or Prevailing Wage Projects.

Part I of this Plan gives a general overview of the Plan, details Plan Administrator information and discusses general pay information.

Part II describes the requirements for eligibility in the Plan.

Part III describes the Holiday Benefit within the Paid Time-Off Account. In this section the funding of your account and how payments are made are discussed.

Part IV describes the Vacation Benefit within the Paid Time-Off Account. In this section your entitlement to time off for vacation and the requirements and procedures to withdraw from your account are explained. In addition, the vacation credit is also explained.

Part V describes the Sick Time Benefit within the Paid Time-Off Account.

The remaining sections contain administrative information about the Plan and your rights.

B. General Information

New Enterprise Stone & Lime Co., Inc. is the Plan Administrator for the Plan. Service of legal process may be made upon the Plan Administrator. The Plan Administrator can be contacted at PO Box 77, 3912 Brumbaugh Rd, New Enterprise, PA 16664. The telephone number for the Plan Administrator is (814) 766-2211.

The Plan Administrator is responsible for the management, operation, and administration of the Plan. In exercising its responsibilities, the Plan Administrator has the authority and discretion to interpret and to decide all questions concerning the Plan, including interpreting the Plan and construing any missing or ambiguous provisions, determining any questions of fact and/or law, determining whether any individual is eligible for benefits under this Plan and determining the amount of benefits, if any, an individual is entitled to under this Plan. The Plan Administrator's decision is binding upon any individual claiming benefits under this Plan.

The "Plan Year" for the Plan is the 12-month period beginning March 1st and ending February 28th of each year.

C. Purpose of the Plan

The Plan is designed to provide time off benefits, including vacation and holiday to eligible employees. The details of the program, the eligibility requirements, and the conditions

under which an employee participating in the program may become entitled to receive paid time off benefits are described in this booklet. Subject to the limitations on benefits and the conditions of this Plan, eligible participants will receive time off according to the holiday and vacation schedule. A Paid Time-Off Account is automatically established for each eligible participant.

Circumstances obviously may change and result in a need to modify the Plan. Accordingly, the Plan can be amended by the Plan Sponsor from time to time in its sole and absolute discretion. Although the Plan Sponsor intends to continue the Plan on a permanent basis, future business conditions cannot be foreseen. The Plan Sponsor, therefore, reserves the right to terminate the Plan at any time in its sole and absolute discretion.

D. Your Pay

An employee's pay for purposes of the Plan is composed of two pieces: 1) your "base rate" which is the rate established by either Davis-Bacon and Prevailing Wage qualifying projects or by the Employer as "base rate" or "quarry rate," and 2) your "fringe benefit package" which is the rate established by either Davis-Bacon and Prevailing Wage qualifying projects or the amount established by the Employer to pay on your behalf health benefits, welfare benefits, retirement benefits and time off such as holiday and vacation.

E. Fringe Benefit Package

The "fringe benefit package" consists of the following, taken in order per hour worked:

1. Health and Welfare benefits;
2. The \$0.90 retirement plan contribution;
3. Your \$0.90 Holiday Credit (to the extent funds are available in the "fringe benefit package"), as described herein;
4. Your \$0.90 Vacation/Sick Credit times the number of vacation weeks awarded (to the extent funds are available in the "fringe benefit package"), as described herein;
5. *Davis Bacon/Prevailing Wage Only*: Any excess remaining in the "fringe benefit package" is contributed to your retirement plan account, up to a total contribution (including item #2) of 15% of your base rate; and
6. Any excess funds after these credits will be held in escrow to fund future Supplemental Unemployment and/or additional retirement plan benefits (subject, in all respects, to the terms of those plans).

II. ELIGIBILITY FOR THE PLAN

A. Eligible Employee

An Eligible Employee is a regular, full-time non-represented and non-exempt hourly employee who has successfully completed his or her eligibility waiting period. Part-time employees, including those classified as “flagger,” are **NOT** eligible for items 1 thru 5 of the Fringe Benefit Package above.

Some NESL employees are members of a bargaining unit and are represented by union(s). These bargaining units and collective bargaining agreements (CBA) were established via the United States National Labor Relations Act. Paid vacation time amounts and the respective vacation administration procedure(s) are negotiated and detailed in the respective CBA. This policy does not cover these NESL employees and is not meant to establish a starting point for said negotiations. Each collective bargaining agreement re-starts the compensation and benefits structure of the respective employee group.

Effective February 26, 2017, all HHC/HMAC Employees will be eligible for vacation via this policy. Any prior vacation or paid time off policy is hereby voided and superseded. The maximum vacation is four (4) weeks, and vacation cannot be carried over from one fiscal year to the next.¹

Any unused vacation time as of the last day of February in the respective fiscal year will no longer be available for use and will be paid to the employee as described herein.

III. THE HOLIDAY PROGRAM

A. Funding Your Holiday

The Company will deduct from your fringe benefit package the value specified in I.E.3. for each hour worked. At no time will money be deducted from an employees' base rate to fund the Holiday portion of the Paid Time-Off Account.

B. Qualifying for Holiday Payment

An eligible employee qualifies for Holiday Pay by working the last scheduled day before and the first scheduled day after any designated holiday.

C. Account Withdrawals

1. Holiday Payments from your Paid Time-Off Account: You will receive eight (8) hours pay at your base rate for each holiday that falls within a pay period for which you qualify. This payment will be withdrawn from your Paid Time-Off Account automatically to the extent funds are

¹ * Only those employees grandfathered under previous policies are eligible to retain a fifth week of vacation.

available. If funds are not available in your Paid Time-Off Account, the shortfall will be withdrawn from future contributions to your Paid Time-Off Account during the same fiscal year. If a shortfall remains at the end of the fiscal year, the Company will NOT recover the shortfall from any other Plan funds (you start the next fiscal year fresh).

2. End of Year Account Balances: Any Paid Time-Off Account balance remaining at the end of a fiscal year will be paid to the employee prior to the end of the fiscal year, along with any remaining Vacation balance.
3. Termination of Employment: Any Paid Time-Off Account balance remaining upon termination of employment will be paid to eligible employees as soon as administratively practicable.
4. Payments Treated as Taxable Income: All payments from the employee's account will be treated as taxable income to the employee when paid.

D. Holiday Time Off

1. Each active employee who is eligible to participate in the Plan will be entitled to holiday time off for the following days:
 - New Year's Day
 - Good Friday
 - Memorial Day
 - Independence Day
 - Labor Day
 - Thanksgiving Day
 - Christmas Day
2. In the event any designated holiday falls on a Saturday or Sunday, either the preceding Friday or the following Monday, as determined by the Employer in its sole discretion, will be recognized as the designated holiday.
3. If you are required to work on a designated holiday, you will be paid at your regular straight time rate for time worked, in addition to your holiday payment; provided, however, that if the applicable Davis-Bacon or Prevailing Wage qualifying project requires a different prescribed rate of pay for a designated holiday, then that rate of pay will apply.

IV. THE VACATION PROGRAM

A. Year of Hire & NESL Service Time

A NESL Employee will earn vacation on a prorated basis. The prorating will occur based on the amount of time worked during the fiscal year as outlined herein. NESL employees in their first year of employment are awarded vacation time on a prorated basis as indicated below. The company will credit from your fringe package the value specified in I.E.4. for each hour worked times the number of vacation weeks awarded.

NESL New Hire Employee Vacation Day Award Proration Table			
Month Hired	Days of Vacation	Month Hired	Days of Vacation
March	5	September	2
April	5	October	2
May	4	November	1
June	4	December	1
July	3	January	0
August	3	February	0

B. Vacation Schedule

Commencing March 1st immediately following the date of hire, employees will be eligible for vacation according to the schedule below;

<u>Years of Service</u>	<u>Vacation Granted</u>
1 st full fiscal year ²	1 week
2 nd full fiscal year	2 weeks
After 7 years	3 weeks
After 15 years	4 weeks

Certain NESL Employees are eligible for the 5th week of vacation if he/she is grandfathered.

EXAMPLES:

Josephine is hired on May 1, 2017, she is granted 4 days in the fiscal year ended February 28, 2018. On March 1, 2018, she is eligible for 2 weeks² (due to hire date being PRIOR to September 1, one year of service is earned as of the fiscal year ended February 28, 2018)

²If hire date is prior to September 1, the first full fiscal year is waived.

Joe is hired on September 2, 2017, he is granted 2 days in the fiscal year ended February 28, 2018. On March 1, 2018, he is eligible for 1 week. On March 1, 2019, he will be eligible for 2 weeks (due to hire date being AFTER September 1 of first year of employment, one year of service is NOT earned until February 28, 2019).

C Vacation Procedure

- Generally, vacation time should be used prior to requesting time/leave without pay. Vacation time cannot be used when an employee is on any type of other paid leave such as short term disability, etc. Exceptions to the use of vacation time while an employee is on another paid leave must be requested by the Vice President of the respective department and approved by the Manager of Employee Benefits and the Vice President of Human Resources.
- Employees may elect to take up to 5 days of their vacation time as single days. With prior approval by a department manager/supervisor, an employee may choose to take the balance of a partial day without pay. The Department Manager/Supervisor must monitor vacation time so that the job has adequate coverage throughout the work season. SEE APPENDIX A
- Employees may only use one week of vacation between May 1st and December 1st.
- When counting years of service, it should be noted that any employee hired on or after September 1 will not receive credit for that year of service.

D. Pay Only Options

- Employees participate in the Paid Time-Off Account (heretofore PTOA), with bona-fide benefits as part of the Paid Time Off Plan and includes a combination of vacation and holiday time off work. Amounts established by the Employer for each hour worked from jobs that are subject to the Davis-Bacon Act and Prevailing Wage qualifying projects are contributed to fund his/her Paid Time Off Account.
- An eligible employee can withdraw funds from the PTOA for vacation leave, up to five (5) times per fiscal year. Two weeks' notice is required for a withdrawal. The amount that may be withdrawn cannot exceed the balance in an employee's account as of the most recent valuation date. The Plan Administrator may establish minimum amounts for withdrawals, which may be changed from time to time. SEE APPENDIX A
- Any PTOA balance remaining at the end of the fiscal year will be paid to the employee at the end of the fiscal year.

- Employees are entitled to take vacation time, even if he or she does not have funds in the PTOA. However, if funds are not available in the PTOA when taking vacation (later described), no payments will be made.
- All payments) from the employee's account will be treated as taxable income to the employee when paid.

E. Payout Of Unused Vacation Upon Termination Of Employment

If an employee resigns employment having properly given two weeks' notice or is involuntarily terminated, unused vacation will be paid out on the final paycheck.

F. Scheduling Vacation

All employees who are eligible for vacation must schedule time off with their supervisor sufficiently in advance of the time they wish to take time off to avoid disruption or inconvenience to the work place, co-workers and the Employer. Requests for time off will be reviewed based on various relevant factors, including the desires of the employee, the date the request was filed, the needs of the Employer, and any absences or time off requests of other employees. If the Employer deems all other factors equal, time off requests by two or more employees will be resolved based on seniority.

The supervisor must approve time off in advance of the start of the absence in order for an employee to take time off. The supervisor or the Employer may also require time off to be taken for any employee at a specific time if it determines that such action is appropriate or necessary for any reason. However, neither the supervisor nor the Employer has the responsibility to require employees to take time off or to make certain that employees use all available time off each year. It is your personal responsibility to schedule and take your time off. Employees are required to use vacation time for time off except in the case of excused illness or other time specifically outlined in the employee handbook. See the sample form at the end of this document that you need to complete with your supervisor when requesting vacation time off and/or vacation pay.

All employees must use vacation prior to the end of the fiscal year. Any unused vacation time as of the last day of February in the respective fiscal year will no longer be available for use.

V. SICK TIME

All NESL Employees that qualify for this policy will be granted 24 hours of paid sick time to be used in case of a short term illness, doctor appointments, or to care for/assist an immediate family member (spouse, child) with the same. This time will be awarded on March 1 of each year and will be credited to your Paid Time-Off Account. Unused sick time cannot be carried over from year to year and will be paid out at the end of the fiscal year. New hires will qualify for sick days after one year of service has been

earned, subject to the date of hire consistent with the rules applicable to vacation benefits (refer to “Examples” in Section IV.B.).

VI. GENERAL RULES FOR HOLIDAY, VACATION, and SICK TIME

A. Overtime

Time off for holidays, vacations, and sickness (whether or not paid) will **not** be counted as hours worked for the purpose of computing overtime for hours worked in excess of forty (40) hours during any week.

B. Prohibition of Carry-Overs:

Under no circumstances will an employee be permitted to carry over accrued and unused vacation or sick time from year to year.

C. Working Before and After the Holiday:

Note that you must work the scheduled workday immediately before the holiday, and scheduled workday immediately after the holiday, in order to receive holiday payment. If you do not receive a holiday payment, the money in your Paid Time Off Account will remain in the account – it is not forfeited. You will receive any remaining Paid Time Off Account balance when your remaining Vacation Account is distributed at the end of the fiscal year or upon termination of employment.

D. Different Plan Benefits:

Notwithstanding Articles III, IV and V, if your fringe benefit package under an applicable Davis-Bacon or Prevailing Wage qualifying project requires different holiday, sick, or vacation benefits than as set forth above. The Holiday, Sick, and Vacation benefits provided to you may be revised consistent with such requirements as determined by the Employer.

VII. LIMITATION ON PARTICIPANTS’ RIGHTS

Participation in the Plan does not give any employee the right to employment or to continued employment. Employment with the Employer is at the mutual consent of the employee and the Employer. Accordingly, either the employee or the Employer can terminate the employment relationship at will, at any time, with or without cause or advance notice.

VIII. CONTROLLING DOCUMENTS

If there is any real or perceived conflict between this summary plan description and any prior policies or documents that describe vacation, holiday, or sick benefits offered by the Employer, the provisions of this document will govern and control over such other policies and documents.

IX. FUNDING

The Plan will be unfunded. Benefits payable hereunder shall be payable out of the general assets of the Company. Individual accounts for each eligible employee will be established on the books of account of the Company to which amounts will be credited, including certain amounts withheld from eligible employees' wages on a pre-tax basis at the written direction of such employees. Such separate accounts are for the purposes of record keeping only.

X. EMPLOYER

For purposes of this Plan, "Employer" means New Enterprise Stone & Lime Co., Inc. and any of its affiliates or subsidiaries that adopts this Plan by action of the board of directors of such affiliate or subsidiary, with the consent of the board of directors of New Enterprise Stone & Lime Co., Inc. The board of directors of each subsidiary or affiliate that has adopted the Plan may vote at any time to withdraw from participation in the Plan.

XI. ADMINISTRATION

A. Claims Procedure

In the event that a dispute arises in connection with the denial of any benefits under the Plan, in whole or in part, any claim for the disputed benefits should be submitted in writing to Plan Administrator, New Enterprise Stone & Lime Co., Inc. Attn: Paid Time Off Plan, PO Box 77, 3912 Brumbaugh Rd, New Enterprise PA 16664. After reviewing the claim, the Plan Administrator will provide notice to any individual whose claim for benefits has been denied. This notice will be provided in an understandable manner and will include (a) the specific reasons for denial, (b) specific references to the Plan provisions on which the denial is based, (c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefit, and (d) a description of the voluntary appeal procedures under the Plan and the claimant's right to obtain information about such procedures.

The Plan Administrator will send this notice within 90 days after receiving a claim or will notify the claimant with that period that an extension is necessary to process the claim. Any notice that an extension is needed will indicate why the extension is needed and when the Plan Administrator expects to issue a final decision. The final decision generally will be issued within 90 days from the date that the original notification would have been due had the period not been extended.

In addition, a claimant whose claim for benefits is denied will be given an opportunity for a full and fair review of the decision denying the claim. After being notified of the denial of his claim, the claimant or his duly authorized representative has 60 days to send a written request for a review to the Plan Administrator. The claimant will have the opportunity to review pertinent documents, and to submit issues and comments in writing. The decision on review will be completed and furnished to the claimant in writing within 60 days after receipt of the claimant's request for such review, unless special circumstances require an extension of time for processing the request for review. If such an extension is required, the decision will be completed and forwarded to the claimant as soon as possible, generally no later than 120 days after receipt of the claimant's request for review.

The decision will specify the reasons on which it is based in a manner that is understandable by the claimant. The decision will also contain specific references to the Plan provisions on which it is based. If any action described above is not taken within the time limits stated above, the claim should be considered denied as of the latest date by which the action should have been completed if it were completed within the time limits described above.

B. Rules and Decisions

The Plan Administrator may adopt such rules, as it deems necessary, desirable, or appropriate. All rules of, and actions taken by, the Plan Administrator involving discretion on its part in determining an employee's rights or benefits under the Plan shall be handled in a non-discriminatory manner, and all employees in similar circumstances shall be treated in a uniform and consistent manner. When making a decision or calculation, the Plan Administrator shall be entitled to rely upon information furnished by the employee, the Employer or the legal counsel of the Employer. The Plan Administrator shall have the power of full and final determination as to all issues concerning Plan interpretation and eligibility for benefits under the Plan.

C. Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial. If you have a claim for benefits which is denied or ignored, in whole or in part, you may legally enforce your rights by filing suit against the Plan Administrator.

XII. PARA EMPLEADOS QUE HABLAN ESPANOL

Si tiene cualquier pregunta con relacion a la informacion contenida en este fomulario, dirijase a su superior para su ayuda.

APPENDIX A



Vacation/Sick Time Off Request Form For Heavy Highway and Hot Mix Asphalt Construction Date: _____

Employee Name: _____ Employee No.: _____

SECTION 1: Completed by the Employee

Vacation/sick requests must be submitted in advance (when applicable) to your supervisor for approval. Requests are not valid unless signed by both the employee and the supervisor. Requests for vacation/sick pay must be submitted on the Vacation/Sick Dollar Request form.

Date(s) Requested: _____
(Please list requested vacation/sick date(s) from and to or specific dates during one a one week period.)

Vacation date(s) listed above are: (check the box)

- New Request for Vacation Days New Request for Sick Days
 Vacation Date Change (include reason) _____

EMPLOYEE SIGNATURE: _____

SECTION 2: Completed by the Supervisor

- Approved Days/Hours available after this request _____
 Disapproved _____

SUPERVISOR SIGNATURE: _____



New Enterprise Stone & Lime Co., Inc.
 Vacation/Sick Dollar Request
 For Heavy Highway and Hot Mix Asphalt Construction

This form is for Heavy Highway or Hot Mix Asphalt Construction employees that work on Davis Bacon or Prevailing Wage projects. Complete this form when requesting vacation/sick dollars to be paid as a lump sum payment. Please note that requests for vacation/sick “days” is submitted on a separate form to your supervisor. Requests for a lump sum payment must be signed by the employee as authorization for the payment. Please see the Paid Time Off (PTO) Plan and Summary Description for more information. Return original completed Vacation/Sick Dollar Request forms to the Payroll Department.

Employee #:	Employee Name:
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Vacation/Sick Dollar Request (dollar amount only, a separate form is submitted for requested vacation days)

Please pay \$ _____ dollars as a lump sum payment.

Vacation Pay Sick Pay

I would like to receive this payment on Check Date, Friday ____/____/____.

If your request is received after the deadline it will be paid the next payroll cycle.

Authorization

I request payment of the amount indicated above to be processed for the amount and check date stated above.

Signature of Employee

Date Signed

Vacation/Sick requests for payments must be received two (2) week in advance of the requested check date. If your request is not received within the deadline, your payment will be moved to the next applicable check date and may not be received on the check date you requested. All requested check dates must be a Friday date. If a check date is not specified or the date is not on a Friday, the next Friday pay date will automatically be selected for payment.

If the amount you are requesting is more than the balance on record, only the remaining balance will be paid.

Forms must be signed by the employee for authorization of payment and sent to the Payroll Department within the allotted timeframe before payment can be made.

You can withdraw vacation funds up to five (5) times per year. You can withdraw sick funds at a minimum of 4 hours at a time. Requests can be made between the second payroll date and the next-to-last payroll date of the fiscal year. Any vacation/sick balances remaining at the end of the fiscal year will be paid out.

All applicable taxes and payroll deductions will be applied to payments.

Please contact the Payroll Department, if you have any questions.

Forms can be emailed to payroll@nesl.com.

Office Use
Received Date: _____
Processed By: _____
Check Date: _____