

Staffing Agreement

Employer Solutions Staffing Group, LLC (“ESSG”), in association with Corporate Management Group, Inc. (“CMG”), and Kratos Industries, LLC. (“Client”) agree to the terms and conditions set forth in this Staffing Agreement (the “Agreement”).

ESSG’s Duties and Responsibilities

1. ESSG will—
 - a. By and through the services of CMG, recruit, screen, interview and assign its employees (“Assigned Employees”) to perform the type of work described on Exhibit A under Client’s supervision at the locations specified on Exhibit A.
 - b. Pay Assigned Employees’ wages.
 - c. Pay, withhold and transmit payroll and income taxes; provide unemployment insurance and workers’ compensation benefits; and handle unemployment and workers’ compensation claims involving Assigned Employees.
 - d. Offer affordable, minimum essential healthcare coverage to all ESSG’s assigned employees who are anticipated to work or who actually do work 120 hours in a month, so that neither ESSG nor Client shall be responsible for a penalty under Section 4980(H) of the Internal Revenue Code. ESSG shall offer coverage in compliance with the Patient Protection and Affordable Care Act, Pub. L. No. 111-148 (2010), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152 (2010), and Section 4980(H) of the Internal Revenue Code, the final regulations, and guidance thereunder. ESSG shall offer this coverage within 90 days of the date the ESSG Assigned Employee is initially employed by ESSG, unless the Assigned Employee qualifies as a bona fide variable hour employee under controlling law. If ESSG fails to offer such coverage as described herein, ESSG shall indemnify and defend Client against any taxes, penalty, claim, or damages alleged or assessed against Client as a result of such failure.

Client’s Duties and Responsibilities

2. Client will—
 - a. Properly supervise Assigned Employees performing its work and be responsible for its business operations, products, services and intellectual property.
 - b. Properly supervise, control, and safeguard its premises, processes, or systems, and not entrust Assigned Employees with unattended premises, cash, checks, keys, credit cards, merchandise, confidential or trade secret information, negotiable instruments, or other valuables without ESSG’s express prior written approval or as strictly required by the job description provided to ESSG. Client shall not permit ESSG’s employees to operate motor vehicles without express permission from ESSG. ESSG’s Insurance does not cover loss or damage caused by ESSG’s employees’ operating the Client’s owned or leased motor vehicle(s),

and the Client therefore accepts full responsibility for and will indemnify ESSG from any and all claims, including the defense thereof, involving bodily injury, property damage, fire, theft, collision, cargo damage or public liability damage sustained or incurred as a result of an employee operating such vehicles(s), or arising out of or involving violation by the Client of this Paragraph.

- c. Provide Assigned Employees with a safe work site and provide appropriate information, training, and safety equipment with respect to any hazardous substances or conditions to which they may be exposed at the work site. Client agrees that it has primary responsibility for compliance with state and federal OSHA laws and regulations to the extent those laws apply to ESSG employees assigned to Client's worksite. Client further agrees to provide such assigned employees the proper specific safety training needed to do the assigned jobs and tasks as well as to provide properly fitted and necessary personal protective equipment required to provide adequate protection to such assigned employees. ESSG and ESSG's workers' compensation carrier shall have the right to inspect Client's premises during normal business hours and to make recommendations pertaining to job safety and loss control. It is agreed that ESSG, by inspecting such premises or by not inspecting such premises, assumes neither liability nor responsibility for any unsafe working condition that may exist. Client further agrees that it will comply with all the requirements and obligations in Exhibit C.
- d. Not change Assigned Employees' job duties without ESSG's express prior written approval.
- e. Exclude Assigned Employees from Client's benefit plans, policies, and practices, and not make any offer or promise relating to Assigned Employees' compensation or benefits.

Payment Terms, Bill Rates and Fees

3. Client will pay for performance at the rates set forth on Exhibit A and will also pay any additional costs or fees set forth in this Agreement. Client will be invoiced on a weekly basis for services provided under this Agreement. Payment is due 30 days from receipt of invoice and must be sent to the address indicated on the invoice. Client agrees to pay the costs of collection, including attorneys' fees and costs, if Client fails to pay amounts that are due and outstanding under this Agreement.
4. If at any time during the term of this Agreement, CMG/ESSG is required to increase an Assigned Employee's wages (due to increase in minimum wage rates or mandatory benefits requirement) or incurs an increase in its payroll burden costs (such as FICA, FUI, SUI, or government-mandated paid leave or time off or other benefits programs) as a direct result of any law, determination, order or action by a governmental authority or government insurance benefit program, Client agrees that CMG/ESSG may increase the bill rates proportionately so as to place CMG/ESSG in the same position it was in prior to such law, determination, order or action. CMG/ESSG shall provide Client with 30 days' prior notice of any such increase.

AGREED TO:

Client:

Name Print: Mike Brown

Name Sign: Mike Brown

Title: CFO

Date: 4/26/23

Address: 14352 W 44th Ave

Golden, CO 80403

Corporate Management Group, Inc.

By: 

Title: President

Date: 4/26/23

1501 W 124th Ave Unit 500 Westminster, CO 80234

Employer Solutions Staffing Group, LLC

By: 

Title: CEO

Date: 4-26-23

PO Box 46270 Minneapolis, MN 55344

**Exhibit A
Rate Schedule**

	Hours worked
Recruited Rate	1.41
Payrolled Rate	1.39

Payment is due 30 days from receipt of invoice.

Early Conversion Fee:

Client agrees to pay a conversion fee for converting an employee prior to working 90 days. The fee is based on an assigned employee's annualized compensation according to the following schedule:

- 1-30 days - 15%
- 31-60 days - 10%
- 61-90 days - 5%
- 91+ days - No fee

Work description: Manufacturer of power switching and control equipment.

Location: Golden & Arvada, CO

CMG agrees to pay employees for six (6) holidays per year once the employee has worked 1500 regular hours. Those holidays are: New Years, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Client agrees to pay costs associated with Vacation/PTO hours at the respective regular rate noted above. Client will determine the rules for vacation/PTO accrual and use.

Additional Fees:

Physicals, Drug tests or DOT checks will be billed to CLIENT as a "pass-thru cost" at the same rate/amount as charged to CMG/ESSG. Standard Background checks are included in the above bill rate.

Assigned Employees who select health coverage that requires an employer contribution, the Client agrees to pay the amount of employer contribution

Government mandated PTO, Sick Time, Parental Leave or any other type of leave, if required in the Client's State or municipality, shall be billed at the regular hourly bill rate for such hours.

AGREED:

Client:

By: Mike Brown

Title: CFO

Date: 4/26/23

Exhibit B
ESSG Customer Safety Partnership

ESSG places a strong emphasis on the safety of ESSG workers and ensuring they are afforded a hazard free work environment at all times. This commitment to safety allows us to provide the best possible service to each Client at a reasonable cost.

Throughout many industries, the cost of workers' compensation insurance is rapidly increasing. There are many factors contributing to these high costs, some of which we cannot directly control, but others we can.

ESSG's goal is to establish a partnership with each Client to reduce and/or eliminate any unnecessary injuries and lost-time accidents caused by carelessness or an unsafe work environment. **In accordance with OSHA 300 log compliance, our Clients recognize their responsibility in keeping these logs as the host employer and will partner with ESSG to report these recordable incidents in a timely manner to CMG and/or the ESSG Work Comp Department.**

We would like to foster a mutual partnership and understanding of the following safety and on-the-job injury procedures, practices and philosophies:

- Unless the Client has obtained prior written consent from ESSG, the Client agrees that all ESSG employees will only perform the job activity assigned without deviation from that assignment and will not be asked to perform any activity that has not been previously agreed upon. Any variance from that agreed upon assignment must be reported to ESSG before work begins.
- It is important to have an understanding of your operations in order to provide workers who meet your standards. This includes the physical abilities to fulfill the essential job functions as well as the skill sets that are consistent with your operations.
- ESSG employees will be provided proper safety orientation training in all safety, hazardous communication and operational instructions in the same manner as any of your direct employees.
- ESSG employees will be provided and required to wear all appropriate Personal Protective Equipment (PPE) at all times.
- Client agrees to notify CMG and/or ESSG as soon as possible following the event of an accident or injury of one of ESSG employees.
- Client agrees to adhere to ESSG's Substance Abuse Policy and notify ESSG in the event of any employee acting intoxicated or in a suspicious manner.
- ESSG employees will be allowed to participate in a Light Duty work program if one is in place for direct employees.
- Client agrees to implement and follow all aspects of ESSG Safety Policies and Procedures.

These areas of agreement are intended to insure a safe and productive partnership and reduce your liability to a minimum. In the event that an accident does occur, Client should contact CMG and/or the ESSG Workers' Compensation Department to report the required information.

Client: Kratos Industries, LLC

By: *Mike Brown*

Title: CFO

Date: 4/26/23