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UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA

In re SULLIVAN INTERNATIONAL GROUP, INC., Debtor.	CASE NO. 15-02281-LT11 Chapter 11 **DECLARATION OF STEVEN E. SULLIVAN IN SUPPORT OF EMERGENCY "FIRST DAY" MOTION FOR INTERIM ORDER AUTHORIZING INSIDER COMPENSATION** Ctrm: Dept. 3, Room 129 United States Bankruptcy Court 325 West "F" Street San Diego, CA 92101-6991 Judge: Hon. Laura S. Taylor

I, Steven E. Sullivan, declare as follows:

1. I am an individual over the age of majority and am competent to testify as to the facts set forth in this declaration.

2. I own a 66.37 percent interest in Sullivan International Group, Inc. (the "Debtor"), the debtor and debtor in possession herein, in the form of common stock. I am also the Debtor's Chief Executive Officer. In my capacity as Chief Executive Officer, I manage the Debtor's operations and implement business strategy, and am familiar with the Debtor's books and records maintained in the normal course of

business. The facts and matters set forth herein are true upon my own personal knowledge, except for where based on the records of the Debtor maintained in the normal course of business, and, if called to testify, I could and would competently testify thereto.

3. I make this declaration in support of the Debtor's Emergency "First Day" Motion for Interim Order Authorizing Insider Compensation (the "Motion"). Capitalized terms not otherwise defined herein shall have the meaning given them in the Motion.

A. Background on the Debtor's Business Operations

4. The Debtor is an applied science, environmental, and technology company that has been serving both the commercial and governmental sectors since its inception in November 1998. It is headquartered in San Diego, California, with regional and project office locations throughout the United States. The Debtor is a Service Disabled Veteran Owned Business ("SDVOB"), which qualifies it to receive "set aside" contracts under federal law.

5. The Debtor's core competencies include Environmental Services, Remediation and Construction, Environmental Technology, and Mission Services. The Debtor provides solutions for environmental multi-media consulting, environmental restoration, brownfield redevelopment, water resources management, and industrial infrastructure. Since its inception, the Debtor has completed thousands of projects with project fees ranging from $5,000 to $30,000,000, and aggregate revenue of more than $350,000,000. Specific project contracts can range from three months to 10 years, and can include remediation work (such as the removal of heavy metal contaminants at a de-commissioned zinc ore mine), the repair and the construction of a levee, large-scale demolition, excavation activities, removal of contamination affecting water quality, and sediment dredging. The Debtor contains all licenses and permits necessary to perform its obligations under its contracts of work.

6. In 2005, the Debtor discontinued its clean construction division because

of a $4,000,000 loss on a problem project, which resulted in a substantial decrease in working capital and the need to settle with one of its creditors and contract parties (Tetra Tech), which matures in 2018. As of the Petition Date, the Debtor owes Tetra Tech $1,660,069.44.

7. The Debtor presently employs 180 employees and has the capability to scale up to 500 personnel. Approximately 60 percent of the Debtor's professionals hold advanced degrees. Services are provided directly by the Debtor's personnel or through subcontractors retained on specific jobs. The Debtor's core expertise is providing innovative environmental and engineering solutions. It frequently employs subcontractors for specific work or task assignments. A significant amount of the Debtor's business is with the federal government, which provides large multi-year contracts that generate the Debtor's core revenues. In 2013, management moved to increase existing services in the private sector after the Debtor acquired Analytical Services Incorporated (ASI) for $900,000. ASI is a leader in specialty energy management and construction for the telecom industry and has over 20 years of experience in this niche service, and a portfolio of Fortune 500 clients.

8. The Debtor has been able to develop long-term relationships and secure large multi-year contracts with multiple federal government agencies based on its prior dealing and dependable delivery of products and services. It is a proven prime contractor to agencies including the United States Navy, Army, and Air Force; the Army Corps of Engineers; the Environmental Protection Agency; the United States Forest Service; and the General Services Administration (GSA); and other federal prime contractors nationwide. The Debtor's proven past performance, along with its SDVOB status, has enabled the Debtor to win contracts both as a prime contractor and subcontractor. In many instances, large multi-billion dollar prime contractors will enter into teaming arrangements with the Debtor to increase their collective competitive position to win new contracts.

9. In addition to the Tetra Tech loss described above, the Debtor's financial

position was severely affected by the federal sequestration (which began in March 2013), and the following government shutdown (in October 2013), resulting in numerous project and contract delays. Specific impacts are described below.

B. Impact of Federal Sequestration and Shutdown on New Contracts

10. As a result of the federal sequestration and shutdown, the Debtor has experienced a substantial decrease in the number of new contracts awarded, with many agencies eliminating programs that are not critical to their missions. The types of contracts awarded have changed as well, as agencies have moved to place a larger risk burden on the contractor to support cost reductions throughout the government. For example, agencies have moved away from cost-reimbursement and labor-hour contracts and have been relying heavily on company fixed-price, lowest-price, technically acceptable (LCTA) contracts that provide the government with a greater degree of cost certainty. While the government continues to use indefinite delivery/indefinite quantity contracts, the LCTA philosophy has also flowed down to the task order level.

C. Impact of Federal Sequestration and Shutdown on Claims Litigation

11. The stress of the overall sequestration has generated numerous requests for equitable adjustments (REAs) and additional claims for reimbursement for government-initiated actions, which impact the Debtor's contracts in the form of constructive acceleration, stop-work orders, government delays, and deductive change orders. In addition, with less work available and limited client budgets, the Debtor has also seen "scope creep" on a number of existing contracts and task orders that have eroded overall project financial performance.

12. These same issues have also flowed down into joint venture and teaming partner relationships, where disputes over work-splits, contract scope, and other project financial issues have become routine. Until 2013, the Debtor had never been sued or had to resolve a contract or project dispute by litigation. Since January 2013, the Debtor has had to deal with multiple legal issues that can all be traced back to the

influence of the sequestration on the Debtor.

13. The largest of these lawsuits, one in which the Debtor prevailed, included a joint venture arbitration that lasted over a year and cost the Debtor over $300,000 in legal fees and negatively impacted its overall operation.

D. Continuing Impact of the Federal Sequestration and Shutdown

14. In 2014, the Debtor experienced some improvement in both operational performance and new task order awards. However, the Debtor did not win any prime contracts in 2014. Moreover, the Debtor did not gather enough operational momentum to overcome the negative financial impacts from the sequestration and endure another brutal winter in the Midwest and Northeast, where a large portion of the Debtor's work is currently being performed.

E. Reduction in Liquidity

15. From the periods 2010, 2011, and 2012, the Debtor produced revenues totaling $41MM, $42MM and $48MM, respectively. Gross margins averaged 32 percent and operating profit totaled $2.3MM, $2.1MM and $2.2MM, respectively. Cash generated during this period bolstered the Debtor's liquidity and incrementally improved its balance sheet. As previously discussed, in 2013, the Debtor experienced an unexpected decrease in revenues as many projects were delayed when the federal government was shut down and projects were sequestered. In addition, the severe 2013, 2014 and 2015 winter weather caused numerous projects in the New England and Midwest regions to experience lengthy delays. As a consequence, gross margin decreased and a loss was recognized in 2013 and 2014. Historically, approximately 60 percent of the Debtor's revenues are based on "cost-plus" or "time & material" type agreements, thereby increasing the certainty that gross margins will be achieved in a predictable manner as demonstrated during 2010 through 2012.

16. The remaining balance of the Debtor's revenues is "fixed price" contracts, where controlled overhead costs typically generate profits as long as revenues exceed breakeven levels. Before the federal government shutdown,

quarterly revenues ranged between $7.3MM and $16.1MM and gross margin ranged between 24.4 percent and 41.1 percent. Indirect expenses or overhead are primarily SG&A and rent expenses. Such expenses are carefully monitored.

17. The federal government sequestration and subsequent shutdown caused a significant slowdown in payment for invoiced services, delays in obtaining approval for payments, and a decrease in revenues as many projects were suspended in 2013 and 2014. Additionally, and mentioned above, revenues were also affected due to the extremely cold winter in the Midwest and New England areas. Collectively, these factors resulted in the Debtor experiencing a significant reduction in liquidity. Since 60 percent of the Debtor's employees have advanced degrees and recruitment and replacement costs are high, management decided to not immediately reduce staffing levels during this timeframe. Many of these individuals possess unique skills and are very expensive to replace. Moreover, management expected that contracted work would return and did not want to encounter a "brain drain" that could have produced longer term negative consequences for the business.

F. <u>Efforts to Increase Liquidity</u>

18. In December 2014, the Debtor retained the services of 3C Advisors & Associates, Inc. ("3C"), a financial advisory firm, to help focus on its original concern – the Debtor's arrearage on its accounts payable compounded by the increase in payables moved to long-term notes with specific and demanding repayment schedules. Those liabilities were on top of the Debtor's existing long-term notes to joint venture partners and former shareholders.

19. The Debtor and 3C have reviewed the status of various creditors and the impact of those obligations on the Debtor's cash flow. The Debtor has worked with 3C to negotiate and communicate with its creditors. The Debtor had to cease certain payments based on an assessment by the Debtor and 3C of the Debtor's cash position and liquidity, or lack thereof.

20. In early January, the Debtor and 3C worked to develop a 2015 business

plan, which included projected financial results of operations for the fiscal year 2015 and an overview of the Debtor for potential capital sources. 3C introduced the Debtor to several potential new sources of capital to improve the Debtor's negative working capital position.

21. The Debtor and 3C also identified potential sources of lending as an alternative to Bridge Bank as the Debtor's senior secured lender. However, all identified sources have thus far declined interest in lending to the Debtor on terms more favorable than Bridge Bank.

22. The Debtor and 3C have also been working on the potential sale of the Debtor's core operating assets as an ongoing concern. The Debtor has disclosed to potential buyers that the most likely process for the sale of the Debtor's assets will be a Section 363 sale in a Chapter 11 proceeding to be filed by the Debtor in the U.S. Bankruptcy Court of the Southern District of California. The Debtor will continue to work with 3C to find a suitable purchaser for its core business operating assets.

23. Between potential lenders and purchasers, over 40 separate sources were contacted for the sale of the Debtor's assets. While previously not revealing its actual financial position to the industry, in light of its Chapter 11 petition, the Debtor has begun contacting industry competitors (or near competitors) to give them also the opportunity to perform due diligence aimed at acquiring the Debtor's core business operating assets.

24. Additionally, the Debtor has also worked on substantial cost-cutting measures to more efficiently manage its business. Substantial reductions in its workforce have taken place over the past two years and the Debtor continues to review operations for additional cost-cutting measures. Unfortunately, the Debtor's lack of cash and pending schedule of payments to current creditors required the Debtor to file a Chapter 11 proceeding. 3C has assisted the Debtor in preparation of the Chapter 11 filing.

25. Based on a $75 million backlog of contracts – which represents almost

two years of revenues for work and projects that are in the realm of Debtor's core consulting business – management is confident that, with appropriate financing, revenues could be returned to historic levels. That said, given the impact on cash-flow from trailing debt, decreased availability relative to the current Bridge Bank line of credit, and additional losses anticipated on several of the Debtor's fixed-price projects in 2015, the Debtor has determined that the best way to preserve existing assets for its creditors is to file a Chapter 11 bankruptcy, with the intent to sell the majority of its core operation assets to satisfy existing creditor debt investment capital or alternative financing can be secured for the Debtor in the near term.

G. Services and Compensation of Insiders of the Debtor

26. Each of the Insiders is highly skilled and educated and provides critical services to the continued operation of the Debtor's business in this Chapter 11 case.

Steven Sullivan, CEO & 66.37 Percent Interest Holder

27. As the Debtor's Chief Executive Officer, I am the senior officer of the Debtor and am responsible for the overall health, performance, and behavior of the entire enterprise, including the Debtor's relationships with key stakeholder groups—society, partners, investors, customers, and employees. I establish the overall positioning of the Debtor, maintain key client relationships, and clarify the overall strategic direction for the Debtor. A more complete description of my essential duties and responsibilities is attached as Exhibit "1" hereto.

28. My duties as the Debtor's Chief Executive Officer require approximately 60 hours per week on my part. I will continue to perform my duties as the Debtor's Chief Executive Officer during the bankruptcy case.

29. Prior to the Petition Date, the Debtor paid me weekly compensation as follows for the services I provided as its Chief Executive Officer:

- $3,365.60 from March 21, 2014 through January 16, 2015; and
- $4,520.00 from January 17, 2015 through the Petition Date.

30. This year and in years past, the Debtor has elected to be taxed under

Subchapter S of Chapter 1 of the Internal Revenue Code. Therefore, the Debtor's income or losses are divided among and passed through to its shareholders, including Mr. Quattrone and me, for tax purposes. Historically, the Debtor has reimbursed Mr. Quattrone and me for any negative tax consequences resulting from its S Corporation election.

Bruce Quattrone, Executive V.P. & 30.05 Percent Interest Holder

31. Bruce Quattrone is the Debtor's Executive Vice President. He owns a 33.05 percent interest in the Debtor in the form of common stock.

32. As the Debtor's Executive Vice President, and together with me, Mr. Quattrone plans, develops, and establishes the Debtor's policies and objectives in accordance with the Debtor's approved annual business plan. Mr. Quattrone communicates with and educates all staff about the Debtor's strategy and operational management, provides strategic reports to senior management, and supports the Debtor's senior management team members by handling day-to-day issues facing the Debtor. Mr. Quattrone is responsible for supporting the execution of the Debtor's annual business plan to ensure that the Debtor is meeting all companywide goals and objectives to achieve profitability and proper backlog. A more complete description of the essential duties and responsibilities of Mr. Quattrone is attached as Exhibit "2" hereto.

33. Mr. Quattrone's duties as the Debtor's Executive Vice President require approximately 60 hours per week on Mr. Quattrone's part. Mr. Quattrone will continue to perform his duties as the Debtor's Executive Vice President during the bankruptcy case.

34. Prior to the Petition Date, the Debtor paid Mr. Quattrone weekly compensation as follows for the services he provided as Executive Vice President:

- $1,442.40 from March 21, 2014 through June 27, 2014;
- $2,250.00 from June 28, 2014 through January 16, 2015; and
- $3,846.00 from January 17, 2015 through the Petition Date.

Mark Smith, COO

35. Mark Smith is the Debtor's Chief Operations Officer. In his role as Chief Operations Officer, Mr. Smith is responsible for management and oversight of the Debtor's day-to-day operating activities, including monthly, quarterly, and annual financial goal management. He is also responsible for management and execution of the Debtor's annual business plan. He directs the Debtor's operations to meet budget and other financial goals to include short-term and long-range planning and budget development to support overall strategic business goals. He assists in increasing overall company profitability and long-term shareholder value. A more complete description of the essential duties and responsibilities of Mr. Smith is attached as Exhibit "3" hereto.

36. Mr. Smith's duties as the Debtor's Chief Operations Officer require approximately 60 hours per week on Mr. Smith's part. Mr. Smith will continue to perform his duties as the Debtor's Chief Operations Officer during the bankruptcy case.

37. Prior to the Petition Date, the Debtor paid Mr. Smith weekly compensation as follows for the services he provided as Chief Operations Officer:

- $3,644.40 from November 21, 2014 through February 13, 2015; and
- $3,200.00 from February 14, 2015 through March 30, 2015.

On March 31, 2015, the Debtor restored Mr. Smith's salary to $3,644.40 per week based on the Debtor's forecasted ability to pay going forward and to keep it in line with Chief Operations Officer salaries in the industry.

Kevin Hayford, Human Resources Director & Spouse of Steven Sullivan

38. Kevin Hayford is employed by the Debtor as its Human Resources Director. He is my spouse.

39. In his role as Human Resources Director, Mr. Hayford plans, directs, and controls the Debtor's human resources management and administrative practices, as well as the Debtor's relationships with auditors, benefits brokers, and 401(k) brokers,

affirmative action vendors, and the human resources community. A more complete description of the essential duties and responsibilities of Mr. Hayford is attached as Exhibit "4" hereto.

40. Mr. Hayford's duties as the Debtor's Human Resources Director require approximately 60 hours per week on Mr. Hayford's part. Mr. Hayford will continue to perform his duties as the Debtor's Human Resources Director during the bankruptcy case.

41. Prior to the Petition Date, the Debtor paid Mr. Hayford weekly compensation as follows for the services he provided as Human Resources Director:

- $2,900.00 from October 25, 2014 through October 31, 2014;
- $2,954.38 from November 1, 2014 through November 7, 2014;
- $2,900.00 from November 8, 2014 through December 26, 2014;
- $1,885.00 from December 27, 2014 through January 2, 2015;
- $2,682.50 from January 3, 2015 through January 9, 2015;
- $3,063.13 from January 10, 2015 through January 16, 2015; and
- $2,610.00 from January 17, 2015 through the Petition Date.

H. Postpetition Compensation of Insiders is Necessary and Appropriate

42. Utilization of the Insiders' experience and knowledge is necessary for the Debtor to continue to function smoothly during the bankruptcy case until a plan is confirmed, especially during the early stages of the case. The Insiders' primary incentive in continuing to work for the Debtor will be the receipt of their salaries.

43. Their respective experience and expertise render them uniquely qualified for their positions, and their services and contributions add considerable value to the estate during the pendency of this Chapter 11 case for the benefit of all parties in interest.

I. The Debtor's Ability to Pay Insiders Compensation

44. On April 13, 2015, the Debtor filed an Emergency "First Day" Motion as docket no. 16, requesting approval of an Interim Stipulation Authorizing Debtor's Use

of Bridge Bank N.A.'s Cash Collateral and Postpetition Borrowing ("Stipulation"). The Debtor and Bridge Bank, N.A. agreed to a proposed first budget ("Budget"), which is attached as Exhibit "A" to the Stipulation. The Budget includes the proposed compensation. On April 15, 2015, the Court entered an order approving the Stipulation, authorizing the use of cash collateral per the Budget, and authorizing the post-petition financing set forth in the Stipulation, pending a final hearing on the motion on May 21, 2015. Assuming the Court continues authorization of the Debtor's post-petition financing pursuant to the terms of the Stipulation, the Debtor will have sufficient cash on hand to pay the insider compensation requested herein and is expected to continue to be able to do so from its operations during the bankruptcy case.

J. <u>Personal Financial Information</u>

45. Other than my $4,520.00 weekly salary, the only other income I personally receive is $2,300.00 in monthly retirement income and a tax reimbursement payment for taxes I incur as a result of the Debtor's election to be treated as an S Corporation. As explained above, my spouse, Kevin Hayford, receives $11,250.00 a month in income from the Debtor. After payroll deductions, our cumulative monthly take-home pay is $20,638.00.

46. From our monthly take-home pay of $20,638.00, my husband and I spend $25,043.00 for payment of monthly expenses, as follows:

a.	Mortgage Payments (two houses)	$ 8,100.00
b.	Real Estate Taxes	$ 1,085.00
c.	Real Estate Insurance	$ 520.00
d.	Home Maintenance	$ 650.00
e.	HOA Dues	$ 600.00
f.	Utilities	$ 930.00
g.	Food and Household Supplies	$ 2,000.00
h.	Clothing, Laundry, etc.	$ 450.00

i.	Personal Care Products and Services	$ 300.00
j.	Medical and Dental Expenses	$ 150.00
k.	Transportation	$ 200.00
l.	Entertainment, Clubs, Recreation, Newspapers, Magazines, and Books	$ 1,850.00
m.	Charitable Contributions and Religious Donations	$ 350.00
n.	Life Insurance	$ 83.00
o.	Vehicle Insurance	$ 350.00
p.	Car Payments (two cars)	$ 1,375.00
q.	Rent in San Diego	$ 2,800.00
r.	Other (accountant, visa card, line of credit, storage)	$ 3,250.00
	TOTAL:	**$25,043.00**

47. I currently have one of my two houses for sale, which would reduce the above mortgage expenses and related expenses by $5,265.00. However, the house was listed in 2014 for several months and did not sell at that time. Subtracting our monthly expenses from our monthly income, my husband and I have a monthly net income of ($4,405.00).

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 15, 2015.

Steven E. Sullivan

Exhibit Table

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EXHIBIT "1"

Honesty • Appreciation • Knowledge • Communication • Community • Collaboration

Name: Steven Sullivan

Title: Chief Executive Officer

SUMMARY

Mr. Sullivan is the senior officer of Sullivan International Group, Inc. (SIG) and is responsible for the overall health, performance and behavior of SIG, including SIG's relationships with key stakeholder groups—society, partners, investors, customers and employees. He establishes the overall positioning of SIG, maintains key client relationships, and clarifies the overall strategic direction for SIG.

ESSENTIAL DUTIES AND RESPONSIBILITIES

Mr. Sullivan's core duties include:

- creating SIG's Vision, Mission, and Core Values (VMC) and Strategic Plan and regularly communicating this to staff, business partners, and our valued clients;
- approving SIG's annual business, which defines specific strategic initiatives, financial benchmarks, operational budgets, key clients, new offices proposed and other strategic aspects of the business planning process;
- supervising and supporting SIG's president and senior management team (SMT);
- representing SIG to top leadership among clients, competitors, acquisition targets, communities, and governments;
- establishing a strategy for growth of SIG, which includes advanced acquisition strategy and positioning for operating groups (e.g. working with SMT to determine the priority markets, primary clients, service offerings, mentor protégés programs, and geographical focus);
- communicating at the highest levels of all client organizations;
- developing and maintaining corporate brand and marketplace position;
- managing the annual Mergers and Acquisitions (M&A) plan to include key hires that align with SIG's business plan and current or new perspective service offerings; and
- identifying and acting as lead contract for prospective M&A targets.

In general, Mr. Sullivan:

- develops strategic planning and authorizes all joint venture agreements;
- oversees SMT;
- develops marketing and business on an annual basis;
- provides bid decisions on all SIG strategic leads and all leads for bonded construction contracts with a contract face value of $500K – $15M;
- approves proposal budgets on all SIG strategic leads and all leads for bonded construction contracts with a contract face value of $500K – $15M;
- assists in developing contractual agreements;
- authorizes annual company-wide budgets;

- assists in determining and disseminating employee merit increases and bonuses;
- leads top level recruitment efforts and participates in key staff recruitment; and
- develops all policies, procedures, and CEO controlled documents.

EXHIBIT "2"

Name: Bruce A. Quattrone

Title: Executive Vice President

SUMMARY

In union with the Chief Executive Officer (CEO), Mr. Quattrone plans, develops, and establishes Sullivan International Group, Inc.'s (SIG) policies and objectives in accordance with SIG's approved annual business plan. Mr. Quattrone communicates with and educates all staff about SIG's strategy and operational management. He provides strategic reports to senior management. He supports senior management team members, handling day-to-day issues facing SIG. He is responsible for supporting the execution of the annual business plan to ensure SIG is meeting all companywide goals and objectives to achieve profitability and proper backlog. He partners with and mentors managers and supervisors to facilitate the embracement of SIG's Vision, Mission, and Core Values (VMC). He serves as the authority regarding the development and execution of SIG's Key Performance Indicators (KPIs) in collaboration with the Chief Operations Officer (COO).

ESSENTIAL DUTIES AND RESPONSIBILITIES

Mr. Quattrone's core duties include:

- collaborating with the CEO on support services and operational alignment;
- driving contract development/fill on existing contract vehicles;
- executing the annual business plan;
- actively communicating and collaborating with the CEO;
- improving SIG's product and service quality;
- ensuring the VMC is embraced by all employees, emphasizing the importance of SIG's core values and how they interrelate with SIG's vision;
- participating in the development of SIG's plans and programs;
- in collaboration with the COO and Controller, serving as the authority for financial forecasts and projections to determine if SIG is on track to meet or exceed business plan performance; and
- in collaboration with the COO, Controller, and program managers, serving as the authority for preparing program and project proposal cost estimates and pricing.

In general, Mr. Quattrone:

- plans, develops, organizes, implements, directs and evaluates SIG's fiscal function and performance;
- evaluates and advises on the impact of long range planning, the introduction of new programs and strategies, and regulatory action;
- provides timely and accurate analysis of budgets, reports, and trends to assist senior executives in performing their assigned responsibilities;
- develops and signs all policies, procedures, and controlled documents governed by the Executive Vice President;

- provides strategic financial input and leadership on decision making issues affecting SIG (i.e., evaluation of potential alliances, acquisitions and/or mergers, pension funds, and investments);
- collaborates with the CEO in optimizing the handling of bank and deposit relationships and initiates appropriate strategies to enhance cash position;
- supports the Corporate Controller in developing a reliable cash flow projection process and reporting mechanism, which includes minimum cash threshold to meet operating needs;
- provides advice and guidance on contracts into which SIG may enter;
- evaluates SIG's structure and team plan for continual improvement of efficiency and effectiveness as well as provides individuals with professional and personal growth with emphasis on opportunities, retention plans and overall professional development;
- supports the administration of all stock-related transactions, such as stock offerings and stock redemptions; and
- in conjunction with the CEO, reviews annual company-wide budgets.

EXHIBIT "3"

Name: Mark Smith

Title: Chief Operations Officer

SUMMARY

Mr. Smith reports to the Chief Executive Officer (CEO) and is responsible for management and oversight of Sullivan International Group, Inc.'s (SIG) day-to-day operating activities, including monthly, quarterly and annual financial goal management. He is also responsible for management and execution of the annual business plan via the applicable business groups, achievement of the annual goals as measured by SIG's Key Performance Indicators (KPIs), as specified in the plan. He directs company operations to meet budget and other financial goals to include short-term and long-range planning and budget development to support overall strategic business goals. He collaborates with business development (BD) and participates in the strategic leadership of SIG. He assists in increasing overall company profitability and long-term shareholder value. He collaborates with managers and supervisors to facilitate both embracement of SIG's Vision, Mission, and Core Values (VMC) and achievement of SIG's Key Performance Indicators (KPIs).

ESSENTIAL DUTIES AND RESPONSIBILITIES

Mr. Smith's core duties include:

- ensuring successful delivery of products (reports) and services companywide;
- collaborating with the Controller on financial forecasts and projections to meet or exceed business plan performance;
- developing monthly financial forecasts with a goal of 95 percent accuracy;
- working on business development;
- preparing program/project proposal cost estimates and pricing;
- overseeing the business development portions of SIG's annual business plan;
- ensuring integration of SIG's quality objectives into product and service fulfillment;
- developing policies, procedures, and controlled documents governed by operations;
- ensuring necessary safety programs, policies, and systems are included in the management, oversight, and delivery of all products and services;
- ensuring all technical requirements meet or exceed industry standards;
- ensuring accurate and timely resource forecasting of new employees, equipment, space, and training;
- in collaboration with the Controller, acting as the authority for conducting program and project reviews and operational resource assessments;
- developing short and long term pipeline forecasts with a goal of 95 percent accuracy; and
- directing project managers.

In general, Mr. Smith:

- reports progress toward the achievement of the business plan and financial goals to the CEO and other senior managers on a monthly basis;
- takes corrective action to ensure branches of SIG meet or exceed specified corporate performance goals;
- hires and manages the development of a professional team within operations;
- manages the technical aspects of client and supplier relations, including project subs and teaming partners;
- communicates with middle level managers and the senior management team;
- carries out supervisory responsibilities in accordance with SIG's policies and applicable laws, including interviewing, hiring, and training employee; planning, assigning, balancing, and directing work; appraising performance; rewarding and disciplining employees; and addressing complaints and resolving problems;
- assists in developing annual company-wide budgets;
- authorizes annual operational overhead budgets;
- assists in developing position requests;
- authorizes certain human resource activity; and
- assists in developing contractual agreements.

EXHIBIT "4"

Name: Kevin Hayford

Title: Human Resources Director

SUMMARY

Mr. Hayford plans, directs, and controls Sullivan International Group, Inc.'s (SIG) human resources (HR) management and administrative practices, as well as its relationships with auditors, benefits brokers, and 401(k) brokers, affirmative action vendors, and the human resources community. He communicates with and educates all staff about HR strategies and management. He provides strategic reports to senior management. He participates as a member of the Senior Management Team (SMT), which handles the day-to-day issues facing SIG. He oversees HR and participates in the strategic leadership of the firm. He possesses and applies a broad-knowledge of HR principles, practices, and procedures. He collaborates with SIG managers and supervisors to facilitate both an embracement of SIG's Vision, Mission, and Core Values (VMC) and achievement of SIG's Key Performance Indicators (KPIs).

ESSENTIAL DUTIES AND RESPONSIBILITIES

Mr. Hayford's core duties include:

- reviewing and making recommendations on policy to senior staff to maintain regulatory compliance;
- ensuring best candidates available to business while being EEOC-compliant;
- ensuring sufficient training of staff to effectively perform their jobs;
- evaluating performance and managing development of team members;
- partnering with SMT and other operational managers to determine staffing needs, determine position requirements, and identify optimum recruitment sources;
- developing, implementing, and managing programs and policies that support the retention of key SIG personnel and the overall increase of employee retention rates companywide that foster employee job satisfaction and high morale;
- supporting the Chief Executive Officer (CEO) and Chief Operations Officer (COO) on the forecasting of new hires relative to ongoing strategic business development (BD) efforts (over-the-horizon hires);
- developing, implementing, and controlling SIG's performance management system to include performance development plans (PDPs) and employee development programs.
- collaborating with managers and supervisors to facilitate timely completion of performance reviews that align with the annual business plan KPIs;
- in support of the CEO, regularly reviewing and maintaining HR programs, policies, procedures, and controlled documents to ensure they are in compliance with current legislation (local, state and federal) affecting SIG's overall HR management program;
- Developing, implementing, and overseeing administration of an in-house employee training system that addresses company training needs, including a companywide training needs assessment;

- providing recommendations to SMT on the selection and contracting of external training programs and consultants;
- providing necessary education and materials to managers and employees including workshops, manuals, employee handbooks, and standardized reports;

In general, Mr. Hayford:

- develops, implements and controls policies for hiring, oversight and adherence to EEOC and affirmative action programs and diversity goals set by SIG;
- collaborates with SMT and other managers to resolve employee relations and performance management issues, ensuring legal compliance and protection of SIG's assets;
- provides consultation to COO and managers in developing HR-related service line goals, objectives, and systems;
- develops, implements, and oversees administration of SIG's compensation system;
- manages and oversees employee benefits and worker compensation programs, ensuring employees are provided information on existing and new benefits offered;
- ensures employee-related data bases and records are maintained in compliance with state and federal regulations and are secure from unauthorized access;
- provides supervisory direction to staff in accordance with SIG's policies and applicable laws;
- assists in overseeing the HR portions of SIG's annual business plan; and
- assists in determining and disseminating employee merit increases and bonuses.