

**Charter of the Audit Committee  
of the Board of Directors  
Amended December 6, 2016**

**I. Purpose**

The Audit Committee ("Committee") is appointed by the Board of Directors ("the Board") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are the oversight and monitoring of:

- The integrity of the Company's financial reporting process, financial internal control systems, accounting and legal compliance and the integrity of the financial reporting of the Company.
- The qualifications, independence and performance of the Company's independent auditors.
- The compliance by the Company with applicable legal and regulatory requirements.
- The maintenance of an open and private, if necessary, communication among the independent auditors, management, legal counsel and the Board.

The Committee has the authority to conduct any appropriate investigation to fulfill its duties and responsibilities and it has direct access to the independent auditors as well as anyone in the Company. The Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

**II. Composition and Meetings**

The Committee shall be comprised of at least three independent, outside directors appointed by the Board and will designate one such member to serve as the Chairman of the Committee. Each member shall meet the regulations by the Securities and Exchange Commission ("SEC"), the Nasdaq Stock Market or other appropriate authorities and be free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall be financially literate and at least two members of the Committee shall have substantial knowledge and experience regarding GAAP and SEC financial reporting regulations and guidelines and will have accounting or related financial management experience that meets the SEC definition of a "financial expert". If an audit committee member serves on the audit committees of more than three public companies, the Board shall confirm that this simultaneous service will not impair the committee member's ability to effectively serve on the Company's Committee.

The members of the Committee shall be appointed by the Board annually (normally immediately following the Company's annual meeting of shareholders). Each member of the Committee shall serve until his or her successor has been duly appointed and qualified or until his or her earlier resignation or removal. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet as necessary to enable it to fulfill its responsibilities and duties as set forth herein. The Committee shall report its actions to the Board and keep written minutes of its meetings which shall be recorded and filed with the books and records of the Company.

At each meeting the Committee will have the opportunity to meet privately in executive session with management, the independent auditors and as a committee to review and resolve any matters that the Committee or each of these groups believes should be discussed. The Committee may meet as many additional times as the Committee deems necessary or appropriate to exercise active and effective oversight. The Committee may request any officer or employee of the Company, the Company's outside counsel or independent accountants to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### **III. Responsibilities and Duties**

#### **A. Review Procedures**

1. Review and assess the adequacy of this Charter at least annually. Submit the charter to the Board for approval and have the document published in accordance with the regulations of the SEC.
2. Review and discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
3. On at least a quarterly basis:
  - Review required communications by the independent auditors.
  - Discuss any significant recommendations that the independent auditors may have and receive follow-up reports on remediation actions.
4. On at least an annual basis:
  - Review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
  - Review with the independent auditors the Company's internal control program (procedures, personnel, adequacy and effectiveness) and compliance with applicable laws and regulations, and elicit any recommendations for the improvement of the Company's internal control program.
  - Review policies required by the appropriate regulatory agencies.
  - Discuss significant financial risks and exposures and steps management has taken to monitor, minimize and report such risks and exposures.
  - Perform a self-assessment of Audit Committee performance.

- Review policies regarding the Company hiring employees and former employees of the independent auditor.

## **B. Financial Reporting Process**

In consultation with management and the independent auditors, review and discuss:

1. The Company's internal controls. The Committee will review and discuss the Company's disclosure controls and procedures, and the quarterly assessments of such controls and procedures by the Chief Executive Officer and the Chief Financial Officer. Review significant findings prepared by the independent auditors together with management's responses.
2. Critical accounting and reporting principles, practices and policies applied by the Company in preparing its financial statements, including areas where estimates and significant judgments may affect the financial results, specifically including revenue recognition guidance for construction-type and production-type contracts, and any recommendations to improve existing practices. Review any major issues identified by the independent auditors during the review of critical accounting and reporting principles, practices and policies.
3. The Company's annual audited financial statements, including the auditor's reports on the financial statements and the Company's internal control over financial reporting, related footnotes, financial information and the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to filing of the Company's annual audited financial statements with the SEC. Discuss any significant changes to the Company's accounting principles or practices and any items required to be communicated by the independent auditors.
4. The Company's quarterly financial results, related footnotes, financial information and the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to the filing of the Company's quarterly financial statements with the SEC. Discuss any significant changes to the Company's accounting principles or practices and any items required to be communicated by the independent auditors. The Chair of the Committee may represent the entire Audit Committee for purposes of this review.
5. Significant changes from the original independent auditor's financial and internal control audit plan and scope and any disputes or difficulties with management encountered during the audit, even if it was resolved. Discuss the effectiveness of any special auditing steps adopted in light of identified control significant deficiencies or material weaknesses.
6. All alternative disclosures or treatments or significant changes in the Company's selection or application of accounting principles. Review the ramifications of using the alternative disclosures or treatments and the treatment preferred by the independent auditor.

7. All other material written communications between management and the independent auditors, including the management representation letter, report on observations and recommendations on internal controls, schedule of unadjusted differences, schedule of aggregated deficiencies and a listing of adjustments and reclassifications not recorded.

### **C. Independent Auditors**

1. The independent auditors are accountable to the Committee and the Board. The Committee shall review the independence and performance of the auditors, annually appoint the independent auditors and replace the independent auditors when circumstances warrant.
2. The Committee shall approve in advance all audit engagement fees and the terms of all audit services to be provided by the independent auditors.
3. The Committee will establish policies and procedures for the engagement of the independent auditors to provide permissible non-audit services, which shall include pre-approval of permissible non-audit services to be provided by the independent auditors. The Committee shall approve in advance all permissible non-audit services to be provided by the independent auditors.
4. On an annual basis, the Committee should require the independent auditors to deliver a formal written report describing all significant relationships that the independent auditors have with the Company that could impair the auditors' independence and review, discuss and take appropriate action with respect to such report.
5. Review the independent auditors' financial and internal control audit plans, covering at a minimum their scope, staffing, critical accounting policies, areas of risk, locations, reliance upon management and the general audit approach.
6. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
7. Review annually a report by the independent auditor describing: the firm's internal quality control procedures; any material issues raised by the most recent internal quality-control review or peer review; and any material issues raised by any inquiry or investigation by governmental or professional authorities, within the preceding five years and any steps taken to deal with any such issues. Assure the regular rotation of the lead audit partner, as required by law. Based on the foregoing report, the independent auditor's work throughout the year and the opinions of management, the Committee will report to the Board its conclusions with respect to the independent auditors' qualifications, performance and independence.
8. Discuss with the independent auditors the quality of the Company's financial, accounting and auditing personnel.

#### **D. Other Audit Committee Responsibilities**

1. Annually prepare a report to shareholders for inclusion in the Company's annual proxy statement as required by the regulations of the SEC.
2. Perform any other activities consistent with this Charter, the Company's bylaws, and governing law, as the Committee or the Board deems necessary or appropriate.
3. Review the findings of any examinations of the Company or its operations as conducted by any state, federal, or other agency.
4. Periodically report to the Board of Directors on significant issues that result from the responsibilities and duties of the Audit Committee.
5. Establish procedures that meet the SEC requirements to receive, retain and treat complaints from employees and others about accounting, internal accounting controls or auditing matters through a confidential and anonymous submission process.
6. Review and approve all related party transactions. "Related party transactions" shall refer to transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404.

#### **E. Limitation of Audit Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.