

Division of Corporations
P93000036117 Page 1 of 1

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**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
(the "Articles")
OF
NELSON ENGINEERING CO.**

ARTICLE I *P93000036117*

The name of the corporation is Nelson Engineering Co. (the "*Corporation*").

ARTICLE II

Section 1. Incorporation. The Corporation has been formed pursuant to the Florida Business Corporation Act (the "*BCA*").

Section 2. Purpose. The purpose or purposes for which the Corporation has been formed is to engage in any lawful act or activity for which corporations may be organized under the *BCA*.

ARTICLE III

The principle executive office of the Corporation is 5335 North Courtenay Parkway Merritt Island, FL 32953 and is located in the County of Brevard, Florida.

ARTICLE IV

Section 1. Classes of Stock. This Corporation is authorized to issue two (2) classes of stock, to be designated, respectively, "Class A Common Stock" and "Class B ESOP Stock". The total number of shares that this Corporation is authorized to issue is 200,000 shares: 100,000 shares shall be Class A Common Stock, par value \$.001 per share ("*Common Stock*"), and 100,000 shares shall be Class B ESOP Stock, par value \$.001 per share ("*Class B ESOP Stock*").

Section 2. Common Stock.

(a) Voting Rights. Except as may be otherwise required by law or these Articles, each holder of Common Stock shall have one (1) vote in respect of each share of such stock held by such holder with respect to every matter coming before any meeting of, or otherwise to be acted upon by, the shareholders of the Corporation, including, without limitation, the election of the board of directors of the Corporation (the "*Board*").

(b) Dividends and Distributions. Except as otherwise provided herein, after payment in full of any accrued Discretionary Class B Dividends (as defined herein) to the holders of issued and outstanding Class B ESOP Stock, the holders of the issued and outstanding Common Stock shall share equally and ratably in any dividends paid or declared and set aside for payment (when and if declared by the Board).

(c) Liquidation Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, following (in order of priority) (i) payment of the Class B Liquidation Payment, as defined herein (or if the Class B Liquidation Payment is zero (0)), then (ii) the holders of Common Stock shall be entitled to participate, on the same basis, share for share, as the holders of Class B ESOP Stock, in the distribution of the balance of the assets of the Corporation available for distribution to the Corporation's shareholders.

(d) No Preemptive Rights. The shares of Common Stock shall have no preemptive or subscription rights.

Section 3. Class B ESOP Stock. The powers, preferences, rights, qualifications, limitations and restrictions of the Class B ESOP Stock are as follows:

(a) Designation of Series; Restrictions on Issuance. Any share of Class B ESOP Stock that is transferred to any person or entity other than the Nelson Engineering Co. Employee Stock Ownership Trust (the "ESOT," or the "Holder") created pursuant to the Nelson Engineering Co. Employee Stock Ownership Plan (the "ESOP") shall automatically be converted into shares of the Corporation's Common Stock at a rate equal to the Conversion Ratio (as defined below) then in effect. All references to the holder or holders of the shares of the Class B ESOP Stock shall mean the ESOT. Notwithstanding the foregoing provisions of this Section 3(a), shares of the Class B ESOP Stock may be converted into shares of Common Stock pursuant to the terms of Section 3(f) hereof, and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law. After their initial issuance to existing common shareholders and subsequent sale by such shareholders to the ESOT, the ownership of all outstanding shares of the Corporation's Class B ESOP Stock shall be restricted to employees or to a trust described in Section 401(a) of the Internal Revenue Code of 1986, as amended.

(b) Voting Rights. Except as may be otherwise required by law or these Articles, each holder of Class B ESOP Stock shall have one (1) vote in respect of each share of such stock held by such holder with respect to every matter coming before any meeting of, or otherwise to be acted upon by, the shareholders of the Corporation, including, without limitation, the election of the Board, and in any case the voting rights of each holder of Class B ESOP Stock shall be equal to the voting rights of each holder of Common Stock.

(i) Amendment or Waiver. No action that would affect the powers, preferences, rights, privileges or other terms of the Class B ESOP Stock in an adverse manner shall be taken by the Corporation (including amending or modifying any of the terms hereof) without (i) the consent or waiver in writing of the Holder or (ii) by the vote, at a meeting called for such purpose, of the holders of at least a majority of the shares at the time outstanding of the Class B ESOP Stock entitled to vote (voting as a class) at such meeting.

(ii) Pari Passu Stock, Senior Stock. No modification to these Articles of the Corporation or any action of the Board shall establish, create or authorize any series or class of stock of the Corporation that ranks senior to or *pari passu* with the Class B ESOP Stock (such senior stock, the "Senior Stock") in respect of the right to receive dividends or in respect

of the right to participate in any distribution upon liquidation, dissolution or winding up of the affairs of the Corporation without (i) the consent or waiver in writing of the Holder, or (ii) by the vote, at a meeting called for such purpose, of the Holder at such meeting.

(c) Dividends

(i) Discretionary Class B Dividends. The Holder shall be entitled to receive, when and as declared by the Board out of funds legally available therefor, such other amounts as the Board may declare from time to time, in its sole discretion, as a dividend payable solely on the issued and outstanding shares of Class B ESOP Stock ("*Discretionary Class B Dividends*").

(ii) Restrictions on Dividends. So long as the Corporation is in arrears in the payment of any declared but unpaid Discretionary Class B Dividend, the Corporation shall not, directly or indirectly, declare or pay any dividend on, or make any distribution to the holders (as such) of, any Common Stock or any other class or series of stock of the Corporation that is not Senior Stock.

(iii) Pro Rata Share of Other Dividends. In the event that the Board shall, subject to Section 3(c)(ii) above, elect to pay or declare and set apart for payment any cash dividend on shares of the Common Stock out of funds legally available therefore, the Holder of the Class B ESOP Stock shall also be entitled to receive dividends payable in an amount per share equal to the per share amount payable on the Common Stock on an as-converted basis, except to the extent provided to the contrary in the Limitation Agreement between the Corporation and the Trustee of the ESOP as in effect from time to time.

(d) Redemption at Option of Corporation.

(i) Optional Redemption. Subject to the conversion rights set forth in Section 3(f), the Class B ESOP Stock shall be redeemable, in whole or in part, at the option of the Corporation at any time. The redemption price paid for each share of Class B ESOP Stock to be redeemed (the "*Redemption Price*") shall equal (i) one share of Common Stock (subject to appropriate adjustments to the Conversion Ratio) plus (ii) \$11.11, less any discretionary dividends already paid to holders of Class B ESOP Stock (unless the entire principal amount and interest owed under all promissory notes issued to finance (or refinance) the acquisition of the Class B ESOP Stock shall have been paid in full, in which event clause (ii) will equal zero (\$0)). From and after the Redemption Date (as defined below) and payment in full of the Redemption Price, dividends on shares of Class B ESOP Stock called for redemption shall cease to accrue and such shares will no longer be deemed to be outstanding and all rights in respect of such shares of the Corporation shall cease.

(ii) Notice of Redemption. Unless otherwise required by law, notice of redemption pursuant to this Section 3(d) (the "*Redemption Notice*") shall be sent to the Holder at the address shown on the books of the Corporation by first class mail, postage prepaid, mailed not less than 90 days nor more than 120 days prior to the Redemption Date. Each such notice shall state: (i) the date that the Redemption Price will be paid (the "*Redemption Date*"); (ii) the total number of shares of Class B ESOP Stock to be redeemed and, if fewer than all of the shares

held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the Redemption Price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; (v) that dividends on the shares to be redeemed will cease to accrue on the Redemption Date; and (vi) the conversion rights of the shares to be redeemed and the period within which such conversion rights may be exercised, and the Conversion Ratio in effect at the time in accordance with Section 3(f). Upon surrender of a certificate or certificates for any shares so called for redemption, such shares shall be redeemed by the Corporation on the Redemption Date and at the Redemption Price specified in Section 3(d)(i). If a certificate or certificates representing the shares to be redeemed are not surrendered on or prior to the Redemption Date, the Corporation shall send payment of the Redemption Price to the Holder at the address of such holder shown in the records of the Corporation and the certificate or certificates for such shares shall be deemed automatically cancelled as of the Redemption Date.

(e) Liquidation, Dissolution or Winding Up.

(i) Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation prior to the payment of dividends in the aggregate of \$1,000,000 on the Class B ESOP Stock, the Holder shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders, an amount equal to \$11.11 per share on each outstanding share of Class B ESOP Stock less the aggregate amount of dividends previously paid on such shares prior to the date fixed for liquidation (the "*Class B Liquidation Payment*"), allocated *pro rata* among the outstanding shares of Class B ESOP Stock, before any payment shall be made or any assets distributed to the holders of the Common Stock. Notwithstanding any provision herein to the contrary, the Class B Liquidation Payment shall equal zero (\$0) at such time as the entire principal amount and interest owed under that certain ESOP Note made by Nelson Engineering Co. Employee Stock Ownership Trust in favor of the Corporation shall have been paid in full. After payment of the Class B Liquidation Payment (or if the Class B Liquidation Payment is equal to zero (0)), the holders of Class B ESOP Stock shall then be entitled to participate, on the same basis, share for share, calculated with regard to the number of shares of Common Stock into which a share of Class B ESOP Stock is convertible at the Conversion Ratio (as defined in Section 3(f)(i)) then in effect, in any distribution to holders of Common Stock of the balance of the assets of the Corporation available for distribution to the Corporation's shareholders in connection with such liquidation, dissolution or winding up. If the value of the assets of the Corporation available for distribution to the Corporation's shareholders is less than the Class B Liquidation Payment, upon any liquidation, dissolution or winding up of the Corporation (whether voluntary or involuntary), all of the assets of the Corporation available for distribution to the Corporation's shareholders shall be distributed to the holders of the Class B ESOP Stock.

(ii) Deemed Liquidation. For purposes of this Section 3(e), a liquidation, dissolution or winding up of the Corporation shall be deemed to include the occurrence of any of the following events, unless the preferences applicable to the Class B ESOP Stock (including the dividends per share for the periods provided herein) remain unaffected in such transaction or prior thereto, such transaction shall have been approved by the Holder: (x) the Corporation shall have merged into or consolidated with another corporation, or another corporation shall have merged into the Corporation, the result of which is that less than 50% of

the total voting power of the surviving corporation is represented by shares held by shareholders of the Corporation (or parties under common control with them) immediately prior to such merger or consolidation, (y) a transaction whereby the Corporation shall have sold or leased all, or substantially all, of its assets to another corporation or other entity or person.

(f) Conversion.

(i) Optional Conversion. The Holder shall be entitled, at any time, to cause any or all of the shares of Class B ESOP Stock held by such Holder to be converted into shares of Common Stock at a 1:1 ratio, being one share of Common Stock to one share of Class B ESOP Stock (as adjusted pursuant to Section 3(g), the "Conversion Ratio"); provided, however, if the Corporation elects to redeem any shares of Class B ESOP Stock and, following notice of such redemption, the Holder elects to exercise its conversion rights, then the Holder must exercise its conversion rights prior to the close of business on the date 30 days before the date fixed for redemption by the Corporation. At the time of such conversion, an amount equal to the aggregate amount of accrued but unpaid dividends due through the date of conversion on the shares of Class B ESOP Stock to be so converted shall be paid in cash by the Corporation to the Holder.

(ii) Notice of Conversion. To convert shares of Class B ESOP Stock into shares of Common Stock, the Holder shall give written notice to the Corporation (the "Conversion Notice") of the Holder's election to convert a stated number of shares of Class B ESOP Stock (the "Conversion Shares") into shares of Common Stock on the date specified in the Conversion Notice (which date shall not be earlier than 30 days after the date of the Conversion Notice), and by surrender of the certificate or certificates, duly assigned and endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto) representing such Conversion Shares. Promptly after the receipt of the Conversion Notice and surrender of the Conversion Shares, the Corporation shall issue and deliver, or cause to be delivered, to the Holder, a certificate or certificates for the number of shares of Common Stock issuable upon the conversion of such Conversion Shares. Such conversion shall be deemed to have been effected as of the close of business on the date specified in the Conversion Notice, and the Holder shall be treated for all purposes as the holder or holders of record of the shares of Common Stock issuable upon such conversion, and shall not be treated as a holder of Class B ESOP Stock, as of the close of business on such date.

(iii) Reservation of Shares. The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock, solely for issuance upon the conversion of shares of Class B ESOP Stock as herein provided, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all of the shares of Class B ESOP Stock at the time outstanding.

(iv) Cancellation and Reissuance of Converted Shares. Any shares of the Class B ESOP Stock acquired by the Corporation by reason of the conversion of such shares as provided hereby, or otherwise so acquired, shall be cancelled as shares of Class B ESOP Stock and restored to the status of authorized but unissued shares of preferred stock of the Corporation, undesignated as to series, and may thereafter be reissued as part of a new series of such preferred stock as permitted by law.

(v) Stock Transfer Taxes. The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of the Class B ESOP Stock or shares of Common Stock or other securities issued on account of the Class B ESOP Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of the Class B ESOP Stock or Common Stock or other securities in a name other than that in which the shares of the Class B ESOP Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(g) Adjustment of Conversion Ratio.

(i) Organic Changes. If the Corporation shall (i) subdivide the outstanding shares of Common Stock or (ii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares or recapitalization of the Corporation, the Conversion Ratio in effect immediately prior to such action shall be adjusted by multiplying such Conversion Ratio by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such event.

(ii) Subsequent Issuances. If the Corporation shall issue, sell, or exchange shares of Common Stock or options, warrants, or other rights to acquire shares of Common Stock ("*Common Securities*") (each such event, an "*Issuance*", and the date of such Issuance, the "*Issuance Date*"), in any such case at a purchase price or exercise price per share, as applicable, that is less than the Fair Market Value on the Issuance Date, then the Conversion Ratio in effect immediately prior to such Issuance shall be adjusted by multiplying such Conversion Ratio by a fraction, the numerator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately before the Issuance and (2) the number of shares of Common Stock so issued, or the maximum number of shares of Common Stock that could be acquired upon exercise in full of all Common Securities so issued, and the denominator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately before such Issuance and (2) the number of shares of Common Stock that could be purchased at the Fair Market Value of a share of Common Stock on the Issuance Date for the maximum aggregate consideration paid for the Common Stock received in such Issuance or payable for the maximum number of shares of Common Stock upon the exercise in full of all such Common Securities received in such Issuance.

(iii) No De Minimis Adjustments. Notwithstanding any other provisions of this Section 3(g), the Corporation shall not be required to make any adjustment of the Conversion Ratio unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Ratio. Any lesser adjustment shall be carried forward, and

shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Ratio.

(h) Notices to Holder.

(i) Notice of Adjustment. Whenever an adjustment to the Conversion Ratio of the Class B ESOP Stock is required pursuant to Section 3(g), the Corporation shall forthwith place on file with the Secretary of the Corporation a statement signed by an officer of the Corporation stating the adjusted Conversion Ratio determined as provided herein. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment. Promptly after each adjustment to the Conversion Ratio of the Class B ESOP Stock, the Corporation shall mail a notice thereof and of the then prevailing Conversion Ratio to the Holder at the address shown on the books of the Corporation. However, except as may be otherwise required by law, the failure to give the notice required by this Section 3(h) or any defect therein shall not affect the legality or validity of any distribution, right, option, warrant, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any action.

(ii) Address of Holder. If the Holder shall not by written notice designate the address to which the certificate or certificates representing shares of Common Stock to be issued upon conversion of such Class B ESOP Stock should be sent, the Corporation shall be entitled to send the certificate or certificates representing such shares, or such payment, to the address of such Holder shown on the books of the Corporation.

(i) Exclusion of Other Rights. Except as may otherwise be required by law, the shares of Class B ESOP Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in these Articles of the Corporation. The shares of Class B ESOP Stock shall have no preemptive or subscription rights.

Section 4. General Provisions.

(i) Headings. The headings of the various sections hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(ii) Invalidity. If any right, preference or limitation of the Class B ESOP Stock set forth in these Articles is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

(iii) Definitions. For the purposes of these Articles the following terms shall have the meanings indicated:

"Business Day" shall mean each day that is not a Saturday, Sunday or a day on which state or federally chartered banking institutions in Orlando, Florida are required or authorized to be closed.

"Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Corporation, the average of the closing prices of such security's sales on all securities exchanges on which such security may at the time be listed, or, if there has been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of each day, or, if on any day such security is not so listed, the average of the representative bid and asked prices quoted in the NASDAQ System as of 4:00 P.M., New York time, or, if on any day such security is not quoted in the NASDAQ System, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of 21 days consisting of the day as of which "Fair Market Value" is being determined and the 20 consecutive Business Days prior to such day. If at any time such security is not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, "Fair Market Value" shall mean the fair market value thereof as determined by the most recent valuation of the Corporation's Class B ESOP Stock performed in connection with the administration of the ESOP or, if fair market value is being determined in connection with the redemption of the Class B ESOP Stock, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities, selected in good faith by the Plan Administrator of the ESOP or a committee thereof, and taking into account in determining such value, whether the number of shares into which Class B ESOP Stock is convertible would entitle the holder thereof to voting control of the Corporation at such time.

ARTICLE V

The Corporation's registered agent is Blain L. Nelson whose address is 5335 North Courtenay Parkway, Merritt Island, FL 32953 located in Brevard County, Florida.

ARTICLE VI

The duration of the Corporation shall be perpetual.

ARTICLE VII

A director of the Corporation shall, to the full extent permitted by the BCA as it now exists or as it may hereafter be amended, not be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of these Articles inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article VII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VIII

The Corporation shall indemnify to the fullest extent permitted by the BCA, as amended from time to time, each person that the BCA grants the corporation the power to indemnify. Any amendment, repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection of a director, officer, agent, or other person existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal or modification.

ARTICLE IX

These Articles and the amendments hereto were adopted and approved on July 30, 2014 by the unanimous consent of the Corporation's shareholders and board of directors, which is sufficient for approval.

[Signature Contained on Following Page]

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In witness whereof, these Articles are hereby executed as of July 31, 2014.


Blain L. Nelson, President

[Signature Page to Nelson Engineering Co. Articles]