

LETTER OF UNDERSTANDING

BETWEEN:

HAZELWOOD CONSTRUCTION SERVICES INC.

Signatory to or working under the Road Building Industry Standard Agreement – Utility

AND

INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 115

The above referenced parties have agreed to invoke the enabling clause of the Road Building Industry Standard Agreement to cover the geographical area – Vancouver Island.

The parties agree that all terms and conditions of the referenced Agreement shall continue to apply except those specifically modified and contained solely within this document as follows:

1. Duration of this enablement shall be March 1, 2004 to and including February 28, 2007 and all items contained herein shall sunset upon expiry on February 28, 2007.
2. Article 5: Hours of Labour, Shifts and Call-Out Time

Work Week:

- (a) A regular work week shall consist of forty hours – Monday through Friday. Eight hours shall constitute a day's work.

Call-Out Time

An employee will be paid for hours worked. Four hours shall be the minimum pay when work is performed.

3. Article 6: Overtime

All hours worked in excess of eight (8) hours Monday through Friday, shall be paid at time and one half the hourly rate. All hours on Saturday up to ten (10) hours shall be paid at time and one half the hourly rate.

All hours worked in excess of ten hours Monday through Saturday, shall be paid at double the hourly rate.

All hours worked on Sunday or General Holidays shall be paid at double the hourly rate.

4. Article 7: Transportation

Employees commencing employment or upon termination shall be paid cost of transportation and if delayed for reasons beyond the employees control, receive costs of meal and accommodation.

No time shall be paid for employees traveling to the job upon hiring or upon termination.

Local Transportation:

(a) Cities, Towns or Villages

On all jobs situated within fifty kilometers of the center of any city, town or village in which an employee residing or accommodates, such employee will travel daily to and from such jobs at no cost to the Employer. For all travel in excess of fifty kilometers each way, the actual time spent traveling beyond fifty kilometers will be paid at straight time rates, in increments of fifteen minutes.

(b) Camps

Where camps or room and board are not provided, a living-out allowance shall be negotiated prior to the job commencing. If an allowance is not established prior to commencement, free room and board shall be supplied.

Where camps are provided or free room and board and the Employer requests the Employee to check out of his room, then the checkout provision contained in this Agreement shall apply. However, if an employee of his own volition checks out then the checkout allowance shall

not apply. Where the Employer requests the employee to check out of his room, a storage room shall be supplied where the employee may store his belongings.

(c) Metropolitan Areas: Metro travel is waived

5. Article 11: Union Shop

The Company shall have the right to name request any booked in, available, paid up (dues) Operating Engineers, Local 115 member.

6. Schedule "A"

The Contractor / Employer may or may not have a non-working or working foreman. If there is one, then the rate percentage shall be as per the Road Builders Standard Agreement.

(a) Schedule of Total Employer / Employee Contributions

	May 8, 2004	March 1, 2005	March 1, 2006
Benefits Plan	1.75	1.80	1.85
Pension Plan	2.90	3.05	3.20
Apprenticeship Plan	0.38	0.38	0.38
Union Dues: Checkoff	0.47	0.48	0.49
O.E. Advancement Fund	0.155	0.155	0.155
Rehabilitation Fund	0.02	0.02	0.02
Tool Allowance Fund	0.08	0.08	0.08
Total	5.755	5.965	6.175

* See attached Letter of Understanding for members of the Labourers Union, Local 1611

(b) Schedule "A" Hourly Wage Rates

Group 1

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	23.15	23.50	23.85
Benefits	1.75	1.80	1.85
Pension	2.90	3.05	3.20
Holiday Pay (12.5%)	2.89	2.94	2.98
Total	30.69	31.29	31.88

Group 2

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	22.92	23.27	23.62
Benefits	1.75	1.80	1.85
Pension	2.90	3.05	3.20
Holiday Pay (12.5%)	2.87	2.91	2.95
Total	30.44	31.03	31.62

Group 3

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	22.61	22.96	23.31
Benefits	1.75	1.80	1.85
Pension	2.90	3.05	3.20
Holiday Pay (12.5%)	2.83	2.87	2.91
Total	30.09	30.68	31.27

Group 4

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	22.50	22.85	23.20
Benefits	1.75	1.80	1.85
Pension	2.90	3.05	3.20
Holiday Pay (12.5%)	2.81	2.86	2.90
Total	29.96	30.56	31.15

Group 5

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	22.14	22.49	22.84
Benefits	1.75	1.80	1.85
Pension	2.90	3.05	3.20
Holiday Pay (12.5%)	2.77	2.81	2.86
Total	29.56	30.15	30.75

Group 6

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	21.59	21.94	22.29
Benefits	1.75	1.80	1.85
Pension	2.90	3.05	3.20
Holiday Pay (12.5%)	2.70	2.74	2.79
Total	28.94	29.53	30.13

Drivers

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	18.10	18.45	18.80
Benefits	1.75	1.80	1.85
Pension	2.90	3.05	3.20
Holiday Pay (12.5%)	2.26	2.31	2.35
Total	25.01	25.61	26.20

Labourer

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	21.30	0.55	0.55
Benefits	1.86	increase	increase
Pension	2.50	to	to
Holiday Pay (12.5%)	2.66	be	be
Total	28.32	determined	determined

Grademan

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	22.88	0.55	0.55
Benefits	1.86	increase	increase
Pension	2.50	to	to
Holiday Pay (12.5%)	2.86	be	be
Total	30.10	determined	determined

Pipelayer

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	21.52	0.55	0.55
Benefits	1.86	increase	increase
Pension	2.50	to	to
Holiday Pay (12.5%)	2.69	be	be
Total	28.57	determined	determined

Foreman

	May 8, 2004	March 1, 2005	March 1, 2006
Hourly Wage	24.57	0.55	0.55
Benefits	1.86	increase	increase
Pension	2.50	to	to
Holiday Pay (12.5%)	3.07	be	be
Total	32.00	determined	determined

*Contributions to the Plans shall be for each hour wages are payable, in other words, on overtime, hourly contributions shall be at straight time.

First Aid Man:

When an employee is designated as First Aid Man by the Company, he shall have his regular hourly rate increased by the following schedule:

Level 3	82¢ per hour
Level 2	82¢ per hour
Level 1	45¢ per hour

7. All work in the Pulp Mills will be performed as per the Heavy Construction Agreement or Standard Road Building Agreement as applicable.

Signed this _____ day of _____, 2004.

**HAZELWOOD CONSTRUCTION
SERVICES (1999) INC.**

**INTERNATIONAL UNION OF OPERATING
ENGINEERS, LOCAL 115**

LETTER OF UNDERSTANDING #1

By and Between:

Hazelwood Construction Services (1999) Inc.

And

International Union of Operating Engineers, Local 115

RE: Benefit Contributions to Construction and Specialized Workers' Union,
Local 1611

It is agreed that those employees who are members of Local 1611, the Company shall remit to Local 1611 Benefits office the following schedule:

SCHEDULE TOTAL EMPLOYER/EMPLOYEE CONTRIBUTIONS

	March 1, 2004	March 1, 2005	March 1, 2006
Benefits	1.86	Rates	Rates
Pension	2.50	To	To
Training	0.17		
Labourers Advancement Fund	0.155	Be	Be
Union Dues Checkoff	0.50		
Rehabilitation Fund	<u>0.02</u>	Determined	Determined
Total	5.205		

Signed this _____ day of _____, 2004

INTERNATIONAL UNION OF
OPERATING ENGINEERS, LOCAL 115

HAZELWOOD CONSTRUCTION
SERVICES (1999) INC.

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