

OWNER-OPERATOR

COLLECTIVE AGREEMENT

BETWEEN

ARROW RELOAD SYSTEMS INC.

AND

TEAMSTERS LOCAL UNION No. 213

December 31st, 2003 - April 1st, 2006

**DON MCGILL
Secretary-Treasurer**

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OWNER OPERATOR AGREEMENT

THIS AGREEMENT EFFECTIVE THE 31ST DAY OF DECEMBER, 2003.

BETWEEN: **ARROW RELOAD SYSTEMS INC.**
R.R. #2, S-12 C-7
Kamloops, B.C. V2C 2J3

(hereinafter called the "EMPLOYER")

AND: **TEAMSTERS LOCAL UNION No. 213,**
affiliated with the International
Brotherhood of Teamsters

(hereinafter called the "UNION")

WHEREAS, it is the intention and purpose of the Employer and the Union to promote and foster harmonious industrial relations between the Employer and its Owner Operators.

NOW THEREFORE, the Parties agree hereto as follows:

ARTICLE 1. BARGAINING UNIT

Bargaining Unit Work:

1:01 This Agreement shall apply to all Owner Operators at and out of the Campbell Creek Reload Facility. The Employer recognizes the Union as the bargaining agent for those Owner Operators.

ARTICLE 2. UNION SECURITY

Membership:

2:01 All Owner Operators and drivers covered by this Agreement must be members in good standing with the Union.

2:02 Any Owner Operator or driver who does not remain a member in good standing shall not be retained in the employment of the Employer.

Authorization of Deductions:

2:03 New Owner Operators and drivers shall be required to sign authorization cards for deductions of initiation fees, dues and assessments as required by the By-Laws of the Union. Such deductions shall be forwarded to the Union

not later than the last business day of the month in which these deductions were made. It is understood that dues are payable either monthly or quarterly in advance, and that the payment schedule is to be determined by the Union. Dues shall be deducted from the second pay of the month previous to the period for which they are applicable.

Picket Lines:

- 2:04 It shall not be a violation of this Agreement, cause for discharge or other disciplinary action if an Owner Operator or driver refuses to cross a picket line which has not been declared illegal by the Labour Relations Board.
- 2:05 During the term of this Agreement, there shall be no lockout by the Employer and no strike, stoppage of work or slow-down, either partial or general, authorized by the Union.

Shop Stewards:

- 2:06 Shop Stewards shall be recognized by the Employer and shall not be discriminated against. The Employer shall be notified by the Union of the name or names of such Shop Stewards. Reasonable time shall be given to the Shop Steward to carry out his duties. The Union shall be notified in writing if a Shop Steward is discharged for cause and such cause shall be stated in the reasons for dismissal. Executive Officers of the Union or Shop Stewards, who are required to attend meetings at the call of the Union, shall be allowed time off by the Employer, it's understood that time off as provided in this clause is without compensation from the Employer.
- 2:07 Shop Stewards may be requested whenever an Owner Operator or driver is being interviewed over a disciplinary matter. Union Shop Stewards shall be informed prior to the disciplinary review.

Business Representatives of the Union:

- 2:08 In the carrying out of regular duties, Business Representatives of the Local Union shall have access to Employer premises covered by this Agreement. Notice is to be given to the available manager, superintendent or foreman prior to visiting the Employer's premises.

ARTICLE 3. RATES AND EFFECTIVE DATES

- 3:01 The rates of remuneration for Owner Operators shall be in accordance with Schedule "A" attached to this Agreement.

ARTICLE 4. DISCIPLINE OF OWNER OPERATORS

- 4:01 Owner Operators may only be disciplined or discharged by the Employer for just cause. Owner Operators shall be notified in writing the reasons for discharge with a copy to the Union. This notice shall be given with their final cheque. Failure to provide reasons renders the discipline null and void.

ARTICLE 5. MANAGEMENT RIGHTS

5:01 The management of, and operation of, and direction and promotion of its working forces are the responsibility of the Employer. The Employer shall exercise its management rights consistent with the provision of this Agreement.

ARTICLE 6. LABOUR MANAGEMENT COMMITTEE

6:01 On the request of either Party, the Parties shall meet for the purpose of discussing issues relating to the workplace that affect the Employer or an Owner Operator bound by this Agreement. Within two (2) weeks of the effective date, each Party will notify the other Party in writing of the persons who will represent the Party on the Committee.

ARTICLE 7. SENIORITY

7:01 Seniority shall be assigned to the Owner Operators and drivers who perform bargaining unit work.

7:02 Non Owner drivers who switch employers within the bargaining unit will forfeit their current seniority. Their new seniority will commence on the date of rehire.

7:03 In the event that a non Owner driver purchases the vehicle he is currently operating, he will retain his present seniority position.

7:04 The Employer shall keep posted on a suitable notice board a seniority list with the name of the Owner Operator and driver, seniority number and the date of commencement. The list shall be updated at least every six (6) months. The Employer shall forward a copy of each posted list to the Union.

Access to Work:

7:05 The Employer shall recall laid off Owner Operators and drivers in order of their seniority.

7:06 All Owner Operators and drivers who are laid off shall retain their seniority for a period of twelve (12) months from the date of lay off.

7:07 Within five (5) days of receipt of the Notice, the Owner Operator or driver shall report to work unless permission is otherwise granted by the Employer. The Employer shall grant permission where reasonable, including where leaves of absence have been arranged prior to the receipt of Notice of Recall.

- 7:08 Where a leave of absence is granted an Owner Operator or driver shall have right upon expiry of the leave to be recalled to work in accordance with the Owner Operator's or driver's seniority even if it results in the bumping of a recalled junior Owner Operator or driver.
- 7:09 It will not be cause for discipline or discharge for an Owner Operator or driver to seek and/or accept gainful employment while on lay-off, however, the Employer must be notified under such circumstances.
- 7:10 Any Owner Operator or driver who has been laid off for any reason and who does not retain his membership in the Union will not retain his seniority with the Employer unless the Owner Operator or driver restores his membership within fifteen (15) days of notice of dues or assessment of delinquency from the Union.

New Owner-Operators:

- 7:11 Owner Operators and drivers must perform ninety (90) consecutive days of bargaining unit work before being assigned a seniority number which shall be given based on the first day of work.

ARTICLE 8. GENERAL WORKING CONDITIONS AND RULES

Industry Health and Safety Meetings:

- 8:01 The Employer shall establish or continue an Industrial Health and Safety Committee on which management personnel shall not outnumber Union members. This Committee shall operate as required by the Workers' Compensation Board Regulations.

Leave of Absence:

- 8:02 A leave of absence may be granted at the reasonable discretion of the Employer. All applications for leave of absence shall be made in writing. All applications will be replied to in writing and a copy of such shall be provided to the Union. During the leave of absence, Owner Operators and drivers must maintain payment of their Union dues and assessments.

ARTICLE 9. GRIEVANCE PROCEDURE

- 9:01 All differences between the Parties over the interpretation, application, operation, or violation of this Agreement shall be resolved under this grievance provision as follows:

STEP 1: The affected Owner Operator shall first discuss the grievance with his immediate supervisor and attempt to resolve it within

fifteen (15) days of the incident (or, in the case of payroll issues, thirty (30) days).

- STEP 2:** If the difference is not resolved at STEP 1, the grievance will be referred to the Union's Grievance Committee that shall meet with the Employer's Representative to discuss and resolve the grievance within five (5) days of the completion of STEP 1, or as soon thereafter as they can mutually arrange to meet.
- STEP 3:** Failing resolution of the grievance at STEP 2, the Union's Business Agent and Union Representative shall meet with the Employer's Representative within a further ten (10) days to present the grievance in written form and to have further discussions to resolve the grievance. If the grievance is not resolved, the Employer's Representative shall provide in writing to the Union at that meeting the specific reasons why the Employer does not accept that the Agreement has been violated.

STEP 4: Within a further five (5) days, the Union shall elect whether to refer the grievance to arbitration by providing notice to the Employer.

STEP 5: Where a grievance is referred to arbitration, the parties shall notify each other of its nominee to the arbitration panel within five (5) days of the completion of STEP 4. Those nominees shall agree upon a Chairman of the panel within a further three (3) days, failing which each Party may apply to the Minister of Labour for the appointment.

9:02 All Union policy grievances, or Employer grievances, will be commenced at STEP 3. Union group grievances will commence at STEP 2.

9:03 All time limits in this Article are directory not mandatory.

9:04 The expenses and remuneration of the Chairman shall be equally shared between the Parties.

9:05 Within ten (10) days of completion of the arbitration hearing, the panel shall be required to issue a decision, with reason or reasons to follow.

ARTICLE 10. ACCIDENT PREVENTION

10:01 It is understood and agreed that the Parties to this Agreement shall at all times comply with the accident prevention regulations of the Workers' Compensation Act and any refusal on the part of a member to work in contravention of such regulations shall not be deemed to be a breach of the Agreement. Further, no member shall be discharged because he fails to work under unsafe conditions as set out in the regulations. Any refusal of a member to abide by Workers' Compensation Board Regulations or posted Employer Safety Regulations, after being duly warned, may be cause for discipline.

10:02 Any Owner Operator or driver may refuse to work where, in his opinion, adequate safety precautions have not been provided. The operator of a vehicle or piece of equipment may refuse to drive or operate such vehicle or equipment if, in his opinion, there is any reasonable doubt as to the safety of the unit or if he feels it is improperly loaded. He may not be ordered to operate said vehicle or equipment until he has been satisfied any defects have been corrected.

ARTICLE 11. OPERATING RULES & REGULATIONS

11:01 The Employer and the Owner Operator and drivers shall abide by the Operating Rules and Procedures as set out in Appendix "A" "Operating Rules & Procedures for Arrow Reload Trucking".

APPENDIX "A"

OPERATING RULES AND PROCEDURES FOR ARROW RELOAD TRUCKING DIVISION OWNER-OPERATOR EQUIPMENT REQUIREMENTS

TRACTOR SPECIFICATIONS

1. Prior to the purchase of a new tractor the Owner Operator will meet with the Operations Manager to review specs. The Company agrees to apply reasonable criteria.

Each tractor:

2. Will be painted Company colours when work is steady or within six (6) months of starting, whichever occurs first.
3. Will display Company markings and unit numbers.
4. Will be equipped with a Company approved monitoring device (i.e. Traxis). Company to supply and maintain at no cost to the operator.
5. Will have a two-way radio that is compatible with the Company frequency.

OTHER

1. Each Owner Operator will be responsible for his own straps to tie down lumber loads (approximately 22 straps).
2. Each new Owner Operator will be required to remit a three thousand dollar (\$3,000.00) holdback. Five hundred dollars (\$500.00) will be deducted monthly until the full amount is withheld. Interest will be paid on holdback monies at prescribed Company rates. The prevailing interest rates will be posted on a monthly basis for Owner Operators to review.

COMPANY SAFETY POLICY & NATIONAL SAFETY CODE REQUIREMENTS

Each Owner Operator:

1. Hours of work will be established at the maximum legal hours as specified by the National Safety Code.
2. Will submit a driver's abstract on an annual basis.
3. Will fill out a daily log sheet accurately. This will include:
 - Complete Pre-trip Inspection;
 - Unit number and trailer numbers;
 - Duty status changes;
 - Printed name and signature;
 - Odometer readings start and finish.
4. Will clock out their Traxis card and submit a time summary report and a signed log sheet on a daily basis.
5. Will submit a completed Monthly Maintenance Reporting Form.
6. Will regularly submit a copy of the six (6) months C.V.I.P. inspections report.
7. Will report any infractions against his licence (speeding, failing to stop at stop signs, etc.) which took place in a Company vehicle and/or may affect his ability to operate his unit.
8. Will stop at all break checks.
9. Must comply with the Company speed limit of 90KM/hr. or posted speed limit, whichever is less.
10. Will comply with all Company policies and procedures covered in the "Arrow Bulk Group" Operators Manual.
11. Will refrain from negative talk or Company sensitive discussions on two-way radios.

SECOND DRIVERS

In some circumstances, the Company may require Owner Operators to use second drivers on their units in order to meet the requirements of the business.

Under these circumstances Owner Operators will be permitted to use second drivers of their choice, provided the second driver passes Company requirements and has been approved by the Division Manager.

Each second driver will be required to submit to the Company the following prior to operating a unit:

1. A current resume showing experience in hauling lumber with Super "B" trains.
2. A current driver's abstract.
3. Photocopy of driver's licence.
4. Proof of knowledge of Company regulations and the National Safety Code.
5. Second drivers are to be used to supplement the work force and will not hold seniority. They will be dispatched as needed by the Company.
6. All double shifting will be posted and allocated on the basis of seniority.

All second drivers must comply with all the same rules and regulations that apply to Owner Operators.

DISPATCH

Varying customer requirements, which often change on a daily basis, can cause significant difficulties for the dispatching process.

Due to the nature of this business, load assignments and combinations are likely to vary regularly. Dispatching will be done on a daily basis to respond to changing customer needs. Therefore, it is the responsibility of the Owner Operator to check the dispatch daily for the next day's assignment.

The Company will do its best to dispatch with following principles in mind:

1. Ensure that the needs of the customer are met;
2. Maintain equity amongst all regular operators;
3. Respect the principle of seniority in times of excess volume and/or layoff.

Dispatching will be done as follows:

1. All attempts will be made to ensure that loads from and to all destinations will be shared equally amongst all regular contractors. This is done to try to prevent some operators from getting an inordinate amount of difficult loads and an unfair distribution of income.

2. In times of reduced volumes, the dispatcher will try to average three thousand dollars (\$3,000.00) per week per operator or twelve thousand dollars (\$12,000.00) per month per operator. To determine how daily volume should be dispatched, if volumes reduce to a point where the company is unable to maintain a full work force at these minimum levels, the most junior seniority operator(s) will be laid off until volumes increase to sufficient levels. In the unlikely event work loads remain low beyond one (1) month the weekly average revenue target will be increased to three-thousand two hundred and fifty dollars. (\$3,2500.00).
3. If volumes reduce to the point where we are unable to maintain a full work force at the minimum average daily levels, the most junior operator(s) will be laid off until volumes increase to sufficient levels.
4. If an operator feels equity has not been maintained, he may request an audit on a quarterly basis.
5. Dispatch sheets will be posted on a daily basis.
6. A second dispatcher will be trained so as to provide efficient relief to the Operations Manager.

TARPING

1. Each owner-operator will provide his own tarps and will be reimbursed forty-five dollars (\$45.00) for each trailer when required to tarp loads.
2. The Company will replace only Company owned tarps which are lost or stolen provided the Owner Operator has taken all reasonable precautions in attempting to park in secured areas.

RELOAD YARD PROCEDURES

1. All Owner Operators will obey the posted 20 KM yard speed limit at all times.
2. All Owner Operators will wear a hard hat and a high visibility vest while in the Reload yard.
3. All Owner Operators approaching the Reload yard will notify the yard crew by radio and the crew will direct the Owner Operator to the unload destination.
4. Owner Operators will honour the yard crew's coffee and lunch breaks.
5. Units will be unloaded on a first in, first out basis.

6. All outside carriers will be required to abide by the same Reload yard procedures.

MAINTENANCE

Trailers

1. Trailers will be serviced at a facility designated by the Company. The Company will clearly identify this facility to the operators.
2. All trailers will be serviced on a schedule designated by the Company in order to meet operating and regulatory requirements.
3. Owner Operators will be notified as to when and where trailers must be dropped off for regular maintenance. The Company will attempt to integrate the maintenance schedule with the operating schedule of the operators.

Tires

1. All trailers will have tires checked regularly at a designated drop off point. This point will be clearly identified to operators.
2. If a flat tire occurs on any trip, the Owner Operator will stop at the nearest designated shop and have the tire repaired or changed.
3. Owner Operators will be charged for damaged tires if it is found that they neglected taking reasonable steps to have the tire repaired or if operating negligence is found (this would include tire skids, run flats, etc.).
4. It is the Owner Operator's responsibility to be sure that all wheels are turning to avoid tire skids prior to commencing the trip.

WASHING LOADS

1. A pressure washer was installed to eliminate tarping of some loads.
2. All loads will require washing when the roads are slushy and lumber becomes dirty.

For safety reasons, all lifts of lumber being washed must have a minimum of one (1) lumber belt securing it to the truck deck.

3. If an Owner Operator is not sure whether the load should be washed or not, he should ask the Manager for a final decision.
4. Owner Operators will only wash the lumber and not their trucks during busy unloading times to avoid line-ups at the wash station.
5. Owner Operators may wash their units only if they do not interfere with washing lumber.
6. After washing lumber or tractor units, the washer and hoses must be put away neatly to avoid freezing or other units driving over the hose.
7. If Owner Operators notice anything out of the ordinary with the washer, notify Management immediately.

CUSTOMER RELATIONS

Contact with customers or their designates is also to be handled in a polite and accommodating fashion.

Owner Operators will not under any circumstances get involved in any heated discussions with shippers or sawmill personnel. If there is an issue to be addressed, the Owner Operator will contact the Trucking Manager to work on a resolution.

OTHER

The Company will make 5th wheel pin locks available to Owner Operators.

The Company agrees to initiate formalized Owner Operator meetings on a semi annual basis. The meeting will be a forum to discuss flex pricing and the advantage of consolidating buying power and decisions in areas of tractors, tires maintenance, fuel etc.

SCHEDULE "A"

1. OWNER-OPERATOR RATES

(a) All Loaded Miles

Effective Dec. 1, 2000 to Nov. 30, 2001 \$1.58 per mile

(b) All Empty Miles for the term of Agreement \$1.27 per mile.

(c) Owner Operators will be compensated \$50.00 for a split load.

(d) The Adams Lake haul shall be paid at a flat rate of one hundred and fifty dollars (\$150.00) per trip for the term of this Agreement, with no fuel adjustment.

(e) The Company will pay for returning lifts of lumber to a sawmill at eleven dollars (\$11.00) per lift unless it was the mistake of the driver. The empty mileage rate will be paid for the trip as well.

(f) The Company shall provide a rate escalator similar to the fuel escalator on all costs fluctuations listed below throughout the term of this Collective Agreement. (Zero Loss/Gain)

4. I.C.B.C. base rate on \$1000,000.00 tractor effective October 1, 2003.

5. Workers Compensation base rate effective January 1, 2004.

6. Employment Insurance effective January 1, 2004.

7. Canada Pension Plan effective January 1, 2004.

(g) The company shall pay all standby time to each owner-operator at thirty-five dollars (\$35.00) per hour after the first hour when the company is reimbursed by the customer. To be eligible for the standby time the owner-operator must be in his designated load/unload spot for one (1) hour, time in excess will be paid on a minute to minute basis.

(h) The calculation of distance will be as per PC Miler.

2. Hauls that include additional pick up and delivery within the Okanagan Corridor will be compensated with an additional one hundred dollars (\$100.00) above the mileage calculation. For the purpose of this application the Okanagan Corridor extends from CCR East on the Trans Canada Highway to Canoe and South to Osoyoos. Any Merritt trip including a delivery South into the Okanagan Corridor will have the one hundred dollar

(\$100.00) premium applied to the mileage calculation. For the purpose of clarity only trips within the Corridor that requires more than one (1) pick up and delivery will be paid at fifty dollars (\$50.00) per each delivery or each pick up.

3. SIGNING BONUS

The Company will pay a one-thousand dollar (\$1,000.00) signing bonus for any owner-operator who has been employed continuously since January 1, 2004. Those employed after that date will be prorated for each month of service. Payment of the bonus will be by separate cheque within two (2) weeks of ratification.

4. FUEL PROTECTION FORMULA

The Company will provide a fuel protection formula whereby fuel fluctuations costs are a zero gain:

Example#1

Date Fuel Ex G.S.T. Kamloops
 01-Jan 04 0.5400
 01-Feb 04 0.5000

	%Share	KLM/Mo	KLM/Ltr	2ltr/Mo	01-Jan 04	01-Feb 04	Fuel Diff
Empty	41%	5945	2.12		2,804	1,514.29	1402.12(\$112.17)
Loaded	59%	<u>8,555</u>	1.59		<u>5,381</u>	<u>2,905.47</u>	<u>2690.25(\$215.22)</u>
Total		14,500			8,185	4,419.76	4,092.37 (\$327.39)

	Base Rate	Revised	Base Revenue	Revised Revenue
Empty	\$0.8963	\$0.8774	\$5,328.50	\$5,216.33
Loaded	1,1040	1.0788	<u>9,444.72</u>	<u>9,229.50</u>

Total Revenue	\$14,773.22	\$14,445.83
Less Fuel	<u>4,419.76</u>	<u>4,092.37</u>
Net Revenue	10,353.46	10,353.46

Example#2

Fuel Ex G.S.T. Kamloops

Date Card Lock
 01-Jan 04 0.5400
 01-Feb 04 0.4000

	%Share	KLM/Mo	KLM/Ltr	Ltre/Mo	01-Jan 04	01-Feb 04	Fuel Diff
Empty	41%	5945	2.12		2,804	1,514.29	1,121.70 (\$392.59)
Loaded	59%	<u>8,555</u>	1.59		<u>5,381</u>	<u>2,905.47</u>	<u>2,152.20 (\$732.27)</u>
Total		14,500			8,185	4,419.76	3,273.90 (\$1,145.86)

	Base Rate	Revised	Base Revenue	Revised Revenue
Empty	\$0.8963	\$0.8303	\$5,329.50	
Loaded	1,4040	1.0159	<u>9,444.72</u>	<u>8,691.45</u>
			\$4,935.91	
Total Revenue			\$14,773.22	\$13,627.36
Less Fuel			<u>4,419.76</u>	<u>3,273.90</u>
Net Revenue			10,353.46	10,353.46

THINGS THAT ARROW NEEDS

1. 100% PARTICIPATION IN LEASE-OP ASSISTANCE PROGRAM.
2. REGULAR MEETINGS WITH REPRESENTATIVE COMMITTEE AND FEEDBACK ON OUR PERFORMANCE.
3. CONTINUAL COMMITMENT TO HIGH QUALITY SERVICE.
4. INVOLVEMENT IN QUALITY IMPROVEMENT PROCESS.
5. TIMELY HANDLING OF GRIEVANCES AND OPERATIONAL ISSUES.