

LETTER OF UNDERSTANDING

BY AND BETWEEN:

INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 115
(Hereinafter referred to as the "Union")

AND

C.G.L. CONTRACTING LTD.
(Hereinafter referred to as the "Company")

This letter shall constitute a Collective Agreement between the undersigned parties and shall apply to all employees, sub-contractors and owner operators of the Company included in the classification listed herein for all work undertaken by the Company in the Province of British Columbia and the Yukon Territory and shall be binding on the Company and the Unions and their respective successors and assigns.

- 1) This agreement shall be in full force and effect from and including February 28, 2007 to and including February 28, 2009 and shall continue in full force and effect from year to year thereafter subject to the right of either party to this Agreement within four (4) months immediately preceding the date February 28, 2009, or immediately preceding the anniversary date in any year thereafter, by written notice to the other party, require the other party to commence collective bargaining with a view to the conclusion of a renewal or revision of this Collective Agreement or a new Collective Agreement.

Should either party give written notice to the other party pursuant hereto, this Agreement shall thereafter continue in full force and effect until the Union shall strike, or the Employer lockout, or the parties shall conclude a renewal or revision of this Agreement or a new Collective Agreement.

The operations of Section 50 (2) of (3) of the Labour Relations Code of British Columbia is hereby excluded.

- 2) Vacation and General Holidays

Vacation and general holiday pay shall be accrued at the rate of ten percent (10%) of gross earnings (five percent (5%) for annual vacation and five (5%) for general holidays) and shall be paid to the employee upon termination of employment, or when an employee takes his annual vacation.

The recognized holidays are:

New Year's Day	B.C. Day
Heritage Day	Labour Day
(Third Monday in February)	Thanksgiving Day
Good Friday	Remembrance Day
Easter Monday	Christmas Day
Victoria Day	Boxing Day
Canada Day	

3) Hour of Labour, Shifts and Call-Out Time

- a) Eight (8) hours per day, between the hours of 7:00 a.m. and 4:30 p.m., shall constitute a day's work.
- b) Five (5) days, commencing Monday 7:00 a.m. ending Friday 4:30 p.m., shall constitute a work week.
- c) Upon mutual agreement, start time of the shift may be varied by up to one (1) hour.
- d) Ten and Four Shift Schedule: Upon mutual agreement between the Union and a majority of the employees involved the Company may schedule a shift schedule consisting of up to ten (10) consecutive eight (8) hour shifts with four (4) consecutive days off (10 and 4) within a fourteen (14) consecutive day period on out-of-town projects.
- e) Call-Out Time: Where an employee is called and no work is performed employees shall receive a minimum of two (2) hour's pay. Any work performed beyond four (4) hours shall constitute a day's work. If work is performed, employees shall receive four (4) hour's pay.
- f) Overtime:

- i) Five and Two Shift Schedule: All hours worked outside the regular shift and Saturday shall be paid at one and one-half (1½) times the employee's hourly rate up to eleven (11) hours.

All work performed beyond eleven (11) hours in a day, Sundays and General Holidays shall be paid at two (2) times the employee's hourly rate.

- ii) Ten and Four Shift Schedule: All hours worked outside the regular shift and the first day of rest shall be paid at one and one-half (1½) times the employee's hourly rate up to eleven (11) hours.

All worked performed beyond eleven (11) hours in a day, an employee's second, third or fourth day of rest and General Holidays shall be paid at two (2) times the employee's hourly rate.

g) Transportation - Out-of-Town Projects

- i) Employee(s) traveling to out-of-town projects shall be provided with transportation by the Company at no cost to the employee.
- ii) All time spent driving Company vehicles to and from such job(s) shall be considered time worked.
- iii) All time spent riding in Company vehicles, to and from out-of-town projects, shall be at no cost to the Company.

Note: For clarification purpose these employees paid to drive Company vehicles to and from out-of-town projects shall only be compensated for the initial and terminal trips only. Those employees choosing to return home during the course of any out-of-town project will do so at no cost to the Company, however, the Company shall provide transportation at no cost to the employees involved.

h) Local Transportation:

Employee(s) traveling to local job(s) located within one (1) hour travelling time of the centre of Vernon and Kelowna shall travel daily at no cost to the Company, however, the Company shall supply transportation to those employees involved at no cost.

All time spent driving Company vehicles shall be considered time worked.

- i) Room and Board: The Company shall provide for all employees the cost of a room and thirty-five dollars (\$35.00) meal allowance per calendar day on all out-of-town projects.

Note: The parties agree out-of-town accommodation shall be one (1) person per room, where ever possible.

j) Equipment Rentals:

Where the Company rents equipment on an hourly basis, employees shall be paid equivalent number of hours the equipment is worked.

k) Schedule "A" Wages - Employer/Employee Contributions

Operating Engineers (All Groups)

February 28, 2007 to February 27, 2008- \$24.47 per hour

February 28, 2008 to February 28, 2009- \$25.87 per hour

Apr. 17. 2007 11:24AM

No. 6538 P. 2

Lead Hand: Where the Company works three (3) or more employees the Company shall appoint a employee to act as a lead hand and the employee shall be paid a premium of two dollar and fifty cents (\$2.50) per hour over and above the highest classified employee under their supervision.

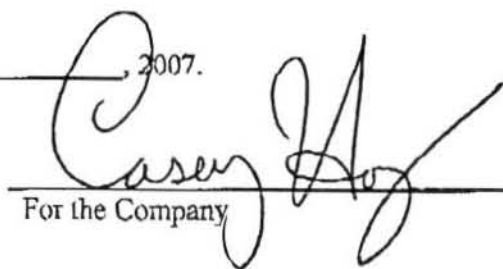
Contributions - Operating Engineers, Local 115

February 29, 2007 to February 27, 2008		February 28, 2008 to February 28, 2009	
Benefits	\$1.805	Benefits	\$1.855
Pension Plan	\$4.10	Pension Plan	\$4.25
Apprenticeship	\$0.38	Apprenticeship	\$0.38
Working Dues	\$0.49	Working Dues	\$0.52
O.E. Advancement Fund	\$0.155	O.E. Advancement Fund	\$0.155
Rehabilitation Fund	\$0.02	Rehabilitation Fund	\$0.02
Tool Allowance Fund	\$0.08	Tool Allowance Fund	\$0.08
TOTAL	\$7.030	TOTAL	\$7.260

- 1) All other terms and conditions shall be in accordance with Road Building Industry Standard Agreement

SIGNED this 2 day of April, 2007.


For the Union


For the Company