

LETTER OF UNDERSTANDING

By and Between:

International Union of Operating Engineers, Local 115
(herein after referred to as the 'Union')

AND

Con-Ex Civil Contractors Ltd.
(herein after referred to as the 'Company')

This letter shall constitute a Collective Agreement between the undersigned parties and shall apply to all employees of the Company included in the classifications 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 Union and their respective successors and assigns.

1. This agreement shall be in full force and effect from and including June 01, 2011 to and including May 31, 2013 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 of May 31, 2013 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.

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

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

The recognized holidays are:

New years day	BC Day
Heritage Day (3 rd Monday in February)	Labour Day
Good Friday	Thanksgiving Day
Easter Monday	Remember Day
Victoria Day	Christmas Day
Canada Day	Boxing Day

3. Hours of Labour, Shifts and Call-out Time

- a. 8 (eight) hours per day, between the hours of 7:00 a.m. and 4:30 p.m. shall constitute a day's work.
- b. 5 (five) days commencing Monday 7:00 a.m. ending Friday 4:30 p.m. shall constitute a workweek.
- c. Upon mutual agreement, start time of the shift may be varied by up to 2 (two) hours.
- d. Four – Ten Hour Days – 40 Hour Shift Schedule:

Upon mutual agreement between the Union and a majority of the employees, the Company may schedule a four day, ten hour per day, shift to be worked at straight time. All hours worked beyond ten hours per day and forty hours per week Monday through Thursday will be paid at the applicable overtime rate. Friday will be at time and one half for the first ten hours and double time thereafter. Saturday and Sunday will be at the double time rate.

- e. Call-out time:

Where an employee is called and no work is performed, employees shall receive a minimum of 2 (two) hours pay. If work is performed, employees shall receive 4 (four) hours pay. Any work performed beyond 4 (four) hours shall constitute a days' work.

- 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 (1 ½) times the employee's hourly rate up to 11 (eleven) hours. All worked performed beyond 11 (eleven) hours in a day, Sundays and general holidays shall be paid at 2 (two) 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 1 ½ (one and one-half) times the employee’s hourly rate up to 11 (eleven) hours. All work performed beyond 11 (eleven) hours in a day, an employee’s second, third or fourth day of rest and general holidays shall be paid at 2 (two) times the employee’s hourly rate.

4. Local Transportation and Definition of Local Resident

On all jobs situated within fifty (50) kilometers of the center of any city town or village, in which an employee is residing or is being accommodated, such employee shall travel daily to and from such jobs at no cost to the employer.

A local resident shall be defined as an employee who has resided at a permanent address within one hundred (100) kilometers by shortest road route for a period of sixty (60) days prior to the commencement of the job.

On all jobs situated beyond fifty (50) kilometers from the center of any city, town or village in which the employee resides or is being accommodated, such employee shall receive forty-four cents (\$0.50) per kilometer each way as a daily travel allowance from fifty-one (51) kilometers up to one hundred (100) kilometers, it is agreed and understood that employees shall not be required to use their vehicles on a new grade construction.

On all jobs beyond one hundred (100) kilometers, free room and board or a living out allowance (determined at either a pre-job or pre-tender meeting) shall be paid.

WAGES AND BENEFITS

Labourer #1

	June 1, 2011	June 1, 2012
	25.94	26.69

Benefits as per the Road Builder’s Agreement

	June 1, 2011	June 1, 2012
Benefits	2.10	2.10
Pension	4.35	4.40
Apprenticeship	0.38	0.38
Working Dues	0.54	0.54

O.E. Advancement Fund	0.155	0.155
Rehabilitation Fund	0.02	0.02
Tool Allowance	0.08	0.08
TOTAL	7.625	7.675

Pipe Layer premium of one dollar (\$1.00) per hour worked above Labourer #1 rate of pay. **To achieve this premium, you must be able to correctly fill out a field book, able to calculate grade as well as using lazer equipment and take shots accurately.**

Labourer #2

Labourer #2 will be considered a training position. This position will have a graduated wage scale as described below. Training not to exceed 48 calendar months.

No benefits to be paid until 90 (ninety) calendar days have been completed from the date of hire other than what is laid out by the British Columbia Labour Code.

Upon completion of the 90 (ninety) day probation period, the following benefits will be paid by the Company on behalf of the employees.

Probation Period must not be abused. In the event of abuse (i.e. employees being laid off without a legitimate reason) the probation clause will no longer be in effect and future employees will be entitled to benefits as per the Labourer #2 classification.

	Calendar Year	Calendar Year
	June 1, 2011	June 1, 2012
0- 6 Months 65%	17.19	17.94
6-12 Months 70%	18.45	19.20
12-24 Months 80%	20.98	21.73
24-30 Months 90%	23.51	24.26
30-36 Months 95%	24.78	25.53

Trainees

As some trainees may have experience, an evaluation shall be done with input from both Management (Direct Supervisor) and the experienced peers they are working with. The Trainee rate of pay and duration time is meant to be minimums, higher rates of pay, and

shorter time durations may be used. For the purposes of Trainee wage calculations, one (1) year will consist of twelve hundred hours (1200). Each Trainee will be evaluated by September 1 of each year for the purpose of pay rates and performance.

	June 1, 2011	June 1, 2012
Benefits	2.10	2.10
Pension	3.30	3.35
Apprenticeship	.38	.38
Working Dues	.54	.54
O.E. Advancement Fund	.155	.155
Rehabilitation Fund	.02	.02
Tool Allowance	.08	.08
TOTAL	6.575	6.625

Employees on probation will pay permit fees in the amount of \$40.00 (forty dollars) per 30 days until they become members of the Operating Engineers Union, Local 115.

OPERATORS

Operators #1

	June 1, 2011	June 1, 2012
Group 1	27.96	28.71
Group 2	27.69	28.44
Group 3	27.30	28.05
Group 4	27.18	27.93
Group 5	26.74	27.49
Group 6	26.08	26.83

	June 1, 2011	June 1, 2012
Benefits	2.10	2.10
Pension	4.35	4.40
Apprenticeship	0.38	.38
Working Dues	0.54	.54
O.E. Advancement Fund	0.155	.155
Rehabilitation Fund	0.02	.02
Tool Allowance	.08	.08
TOTAL	7.625	7.675

Operator #2

June 1, 2011	June 1, 2012
26.04	26.79

Benefits	2.10	2.10
Pension	4.35	4.40
Apprenticeship	0.38	0.38
Working Dues	0.54	0.54
O.E. Advancement Fund	0.155	0.155
Rehabilitation Fund	0.02	0.02
Tool Allowance	0.08	0.08
TOTAL	7.625	7.675

Benefits as per the Road Builders Agreement.

All other Terms and conditions shall be in accordance with the Road Builders Standard Agreement.

Signed this _____ day of _____, 20_____.

For the Union

For the Company