

**The British Columbia Construction Association  
Group Benefit Plan**

**Conveyance and Sponsorship Agreement**

**Dated: September 1, 2004**

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This **CONVEYANCE AND SPONSORSHIP AGREEMENT** is made as of the 1<sup>st</sup> day of September, 2004

**AMONG:**

**THE BRITISH COLUMBIA CONSTRUCTION ASSOCIATION**, a society duly incorporated under the laws of the Province of British Columbia

(the “**BCCA**”)

**AND** (in alphabetical order):

Ken DeRooy, Tim Doucette, Debra Hicks, Blaine Lewis, Bob Liew, Manley McLachlan, Keith Sashaw, Rosalind Thorn, Rick Wautier and Winton Williams

(collectively, the “**BCCA Trustees**”)

**AND** (in alphabetical order):

Ken DeRooy, Tim Doucette, Debra Hicks, Blaine Lewis, Bob Liew, Manley McLachlan, Keith Sashaw, Rosalind Thorn, Rick Wautier and Winton Williams

(collectively, the “**Trustees**”)

**WHEREAS:**

- A. The BCCA is the representative body of four regional construction associations: the Northern B.C. Construction Association, the Southern Interior Construction Association, the Vancouver Regional Construction Association, and the Vancouver Island Construction Association (collectively, the “**Regional Associations**”);
- B. The BCCA currently sponsors a health and welfare plan known as the “British Columbia Construction Association Group Benefit Plan” (the “**Plan**”) which provides health and welfare benefits to the employees of employers who are members of the BCCA or one of the Regional Associations and others;
- C. In order to recognize certain administrative and other efficiencies, the BCCA now wishes to establish a health and welfare trust for the purpose of providing the benefits currently offered under the Plan;
- D. To constitute the health and welfare trust the BCCA desires to convey and assign to the Trustees all of its rights, duties and obligations under and in respect of the insurance arrangements it has entered into in respect of the Plan as well as all other assets it holds in respect of the Plan;
- E. The Trustees have agreed with the BCCA to accept such conveyance and assignment, to assume the BCCA’s liabilities in respect of the Plan and to administer the Plan in

accordance with the terms of a Trust Agreement entered into concurrently with this Conveyance and Sponsorship Agreement;

- F. In a document entitled “Statement of Trust Powers” adopted by the BCCA effective August 29, 1975 it confirmed certain powers it had in respect of the Plan, and constituted a body entitled the “B.C.C.A. Trustees” to exercise and discharge on the BCCA’s behalf certain powers and responsibilities in respect of the Plan;
- G. The BCCA Trustees are the current members of the body so constituted by the BCCA;
- H. Despite their description in the Statement of Trust Powers as “B.C.C.A. Trustees”, the BCCA Trustees have never had title to any trust assets, nor have they had any form of ownership interest in or in respect of the assets described in Recital D;
- I. The BCCA has agreed to promote participation in the Plan by the members of the BCCA and the Regional Associations, and to compensate the BCCA for doing so, and for conveying to the Trustees the assets described in Recital D, the Trustees have agreed to pay the BCCA a sponsorship fee;
- J. The BCCA, the BCCA Trustees and the Trustees wish to enter into this Agreement to confirm the conveyance of the assets described in Recital D to the Trustees, the Trustees assumption of the Plan, and the conditions upon which the Trustees shall pay the BCCA the sponsorship fee.

**THEREFORE THE PARTIES AGREE AS FOLLOWS:**

## **PART 1 - Interpretation**

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### **1.1. Defined Terms**

In this Agreement the following terms have the following meanings:

“**Agreement**” means the Conveyance and Sponsorship Agreement, as amended or supplemented from time to time.

“**BCCA**” means the “British Columbia Construction Association” and includes any successor to this association.

“**BCCA Trustees**” means the persons described as such on the first page of this Agreement.

“**Business Day**” means any day from Monday to Friday, inclusive, except for any day that is a statutory holiday in British Columbia.

“**Consumer Price Index**” means the Consumer Price Index for British Columbia, as published by Statistics Canada under the authority of the *Statistics Act* (Canada).

“**Contributions**” has the meaning set out in the Trust Agreement.

“**Effective Date**” means September 1, 2004.

“**Financial Statements**” means the British Columbia Construction Association Group Benefit Plan Audited Financial Statements for the year ended August 31, 2003 attached as Schedule 2 and the British Columbia Construction Association Group Benefit Plan Interim Unaudited Financial Statements for the 10 month period ended June 30, 2004 attached as Schedule 3.

“**Insurance Policies**” means the insurance policies through which the BCCA currently provides the Plan’s benefits, as more fully described in Schedule 1.

“**NBCCA**” means the Northern B.C. Construction Association, and includes any successor to this association.

“**Other Assets**” means all assets held by the BCCA in respect of the Plan other than the Insurance Policies, including the assets described as such in the Financial Statements.

“**Plan**” means the health and welfare benefits plan entitled the “British Columbia Construction Association Group Benefit Plan” currently provided by the BCCA through the Insurance Policies and which will be provided by the Trustees pursuant to the Trust Agreement.

“**Plan Liabilities**” means the liabilities incurred by the BCCA in respect of the Plan, including the liabilities described as such in the Financial Statements.

“**Plan Year**” means a 12 month period commencing on a September 1<sup>st</sup> and concluding on the subsequent August 31<sup>st</sup>.

“**Prime Rate**” means the rate of interest per annum from time to time publicly quoted by the Royal Bank of Canada, main branch in Vancouver, British Columbia, as being the reference rate of interest (commonly known as its “prime rate”) used by it to determine rates it will charge on loans to its commercial customers of varying degrees of creditworthiness.

“**Real Percentage Change in Contributions**” equals, in respect of a Plan Year, A minus the sum of B and C

WHERE

A = the percentage change (positive or negative) in Contributions payable to the Trustees in respect of the Plan Year as compared to the Contributions payable to the Trustees in respect of the immediately preceding Plan Year,

B = two-thirds of the percentage difference (positive or negative) between:

- i) the monthly Contributions payable to the Trustees in respect of the coverages in force under the Plan as of January 1<sup>st</sup> of the Plan Year based on the premium rates implemented by the Trustees as of that January 1<sup>st</sup>, and

- ii) the amount described in i) determined on the basis of the premium rates in force immediately before the premium rates implemented by the Trustees as of that January 1<sup>st</sup>;

C = one third of the percentage difference (positive or negative) between:

- i) the monthly Contributions payable to the Trustees in respect of the coverages in force under the Plan as of January 1<sup>st</sup> of the immediately preceding Plan Year based on the premium rates implemented by the Trustees as of that January 1<sup>st</sup>, and
- ii) the amount described in i) determined on the basis of the premium rates in force immediately before the premium rates implemented by the Trustees as of that January 1<sup>st</sup>;

**“Regional Association”** means any of the NBCCA, the SICA, the VICA or the VRCA.

**“SICA”** means the Southern Interior Construction Association, and includes any successor to this association.

**“Statement of Trust Powers”** means the document described as such in Recital F.

**“Trust Agreement”** means the trust agreement entered into concurrently with this Agreement pursuant to which the BCCA has constituted a health and welfare trust for the purpose of providing the Plan’s Benefits.

**“Trustees”** means “The Board of Trustees of the British Columbia Construction Association Group Benefit Plan” constituted under the Trust Agreement, the members of which are listed and described as such on the first page of this Agreement.

**“VICA”** means the Vancouver Island Construction Association, and includes any successor to this association.

**“VRCA”** means the Vancouver Regional Construction Association, and includes any successor to this association.

## **1.2. Use of Plural or Gender Specific Terms**

In this Agreement, according to the context:

- (a) gender specific terms include both genders and include a corporation, partnership, society, association or union;
- (b) words in the singular include the plural and words in the plural include the singular; and
- (c) where a word or expression is defined, other parts of speech and grammatical forms of the same word or expression will have corresponding meanings.

### **1.3. Statutory References**

In this Agreement, any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto and promulgated thereunder and any final judicial decisions interpreting the same, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

### **1.4. Headings do not Affect Interpretation**

In this Agreement, using separate Parts and inserting headings are for reference only and will not affect how this Agreement is interpreted.

### **1.5. Schedules**

The following Schedule attached to this Agreement forms part of this Agreement:

Schedule 1	List of Insurance Policies
Schedule 2	British Columbia Construction Association Group Benefit Plan Financial Statements for the Year Ended August 31, 2003
Schedule 3	British Columbia Construction Association Group Benefit Plan Interim Unaudited Financial Statements for the 10 month period ended June 30, 2004



## **PART 2 - Conveyance and Assignment of Insurance Policies and Other Assets**

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### **2.1. Conveyance and Assignment by BCCA**

Effective as of the Effective Date, the BCCA hereby conveys, transfers, assigns and quit claims to the Trustees all of its rights, title and interest, either legal or beneficial (or both) which it has in or in respect of the Insurance Policies and the Other Assets.

### **2.2. Renunciation by BCCA Trustees**

While the BCCA Trustees have never had any form of ownership interest in the Insurance Policies or the Other Assets, for the avoidance of doubt, and effective as of the Effective Date, the BCCA Trustees renounce any interest they may have had in the Insurance Policies or the Other Assets and jointly and severally convey, transfer, assign and quit claim to the Trustees all of the rights, title and interest, either legal or beneficial (or both) which they or any of them have in or in respect of the Insurance Policies and the Other Assets.

### **2.3. Amendment of Group Policies**

The BCCA and the BCCA Trustees shall do all things and sign all documents as may be necessary or desirable to effect the assignment and conveyance of the Insurance Policies to the Trustees. Without limitation, the BCCA shall assign to the Trustees all of its rights, duties and obligations as policyholder of each Insurance Policy.

### **2.4. Transfer of Ancillary Documents**

Without limiting the generality of the foregoing conveyance and assignment, the BCCA and the BCCA Trustees shall each forthwith provide to the Trustees all documents, records and data within their possession or control relating to the Insurance Policies, the Other Assets, the Plan Liabilities or the Plan.

## **PART 3 - Assumption of Plan by Trustees**

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### **3.1. Assumption of Plan and Plan Liabilities**

Subject to Section 3.3, effective as of the Effective Date, the Trustees shall assume all of the rights, duties and obligations of the BCCA and the BCCA Trustees under and in respect of the Plan and the Plan Liabilities, and shall on and after that date continue the program of health and welfare benefits previously provided by the BCCA and the BCCA Trustees.

### **3.2. Revocation of Statement of Trust Powers**

Effective as of the Effective Date, the BCCA revokes the Statement of Trust Powers, and discharges the BCCA Trustees from all duties and obligations in respect of the Plan.

### **3.3. Indemnity to BCCA and BCCA Trustees**

The Trustees hereby agree to indemnify and save the BCCA and the BCCA Trustees harmless from and against all loss, costs, damage or expense whatsoever (including reasonably incurred legal fees and expenses) that the BCCA, the BCCA Trustees or any of them incur or are exposed to in connection with the Insurance Policies, the Other Assets, the Plan Liabilities or the Plan, provided that in respect of claims that do not relate to the Trustees' acts or omissions on or after the Effective Date recourse under this indemnity shall be limited to that portion of the assets held by the Trustees that is not required by the Trustees to discharge the liabilities associated with the Plan's health and welfare benefits, which portion will be as determined from time to time by the Trustees' actuarial consultant.

## **PART 4 - Sponsorship Arrangement**

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### **4.1. Use of BCCA Name and Endorsement of Plan**

The BCCA hereby grants to the Trustees a non-exclusive revocable licence to use its name in the name of the Plan. The BCCA further agrees to exclusively endorse and promote participation in the Plan by the employers who are members of the Regional Associations, the BCCA and others. Without limitation, the BCCA shall not without the prior consent of the Trustees endorse or promote any program relating to health and welfare benefits sponsored by anyone other than the Trustees, including programs relating to health and welfare benefits not currently provided by the Trustees.

### **4.2. Liaison With Trustees**

The BCCA hereby agrees to liaise with the Trustees on all matters relating to the design and delivery of the Plan's benefits.

### **4.3. Annual Sponsorship Fee**

Subject to Sections 4.4 and 4.5, the Trustees hereby agree to pay to the BCCA an annual sponsorship fee calculated as follows:

- (a) for the Plan Year commencing September 1, 2004, \$360,000;
- (b) for each Plan Year commencing after August 31, 2005, the lesser of:
  - (i) 4% of the Contributions payable to the Trustees in respect of the immediately preceding Plan Year; and
  - (ii) the sum of A, B and C,

#### **WHERE**

A = the sponsorship fee determined in respect of the immediately preceding Plan Year in accordance with this Section 4.3,

B = the amount determined in item A multiplied by the percentage change (positive or negative) in the Consumer Price Index over the 12 month period ending on July 31<sup>st</sup> of the previous Plan Year, and

C = the amount determined in A multiplied by the Real Percentage Change in Contributions (positive or negative) determined for the previous Plan Year.

For greater certainty, if either item B or C in subparagraph 4.3(b)(ii) is a negative number, such negative number shall be subtracted from item A in performing the calculation contemplated by subparagraph 4.3(b)(ii).

#### **4.4. Timing, Calculation and Payment of Sponsorship Fee**

Within 90 days of the commencement of each Plan Year commencing after August 31, 2005, the Board shall provide to the BCCA a written report describing the aggregate amount of Contributions payable to the Trustees in respect of the preceding Plan Year as well as the Trustees' determination of the sponsorship fee payable to them in respect of that Plan Year in accordance with Section 4.3. Whenever and as often as the BCCA reasonably requests, the Trustees shall provide to the BCCA such books, records, documents and other information as the BCCA reasonably requires to verify the amount of Contributions payable to the Trustees or their calculation of the sponsorship fee in respect of a Plan Year. The Trustees shall pay the sponsorship fee so determined to the BCCA in equal monthly instalments until the sponsorship fee is next redetermined pursuant to Section 4.3. Subject to Section 4.6, the first monthly instalment in respect of a Plan Year shall be payable as of September 30<sup>th</sup> of the Plan Year and the final monthly instalment in respect of a Plan Year shall be payable on the subsequent August 31<sup>st</sup>.

#### **4.5. Interest**

Whenever and as often as the Trustees fail to pay a monthly instalment on the sponsorship fee to the BCCA, the Trustees will also pay interest at 2 percentage points above the Prime Rate from the date that the monthly instalment is due until the actual date of payment either before or after judgement.

#### **4.6. Adjustment to Monthly Sponsorship Fees**

During the period at the commencement of a Plan Year during which the Trustees and the BCCA are determining the sponsorship fee payable to the BCCA in respect of that Plan Year in accordance with Sections 4.3 and 4.4, the Trustees shall continue to make monthly instalments on the sponsorship fee in the amount determined in respect of the preceding Plan Year. Forthwith after the determination of the sponsorship fee and the monthly instalments payable by the Trustees in respect of the current Plan Year in accordance with Sections 4.3 and 4.4, the Trustees or the BCCA shall make such payment to the other party as is necessary to put the parties in the same position they would have been had the Trustees been paying monthly instalments in accordance with the sponsorship fee determined for the current Plan Year.

#### **4.7. Modification of Sponsorship Fee**

The BCCA and the Trustees may at any time by agreement in writing agree to increase or decrease the amount of the sponsorship fee or the basis for the calculation of that fee or the annual cap provided for in this Part 4.

#### **4.8. Sample Calculations**

For future assistance to the parties, attached to this Agreement as Schedule 4 are two sample calculations of the annual Sponsorship Fee.

## **PART 5 - Termination of Sponsorship Arrangements**

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### **5.1. Notice of Termination**

The Trustees or the BCCA may by written notice to the other terminate the sponsorship arrangements described in Part 4 on no less than 12 months' written notice, or such shorter or longer period as the Trustees and the BCCA agree upon at that time.

### **5.2. Impact of Notice of Termination**

Subject to Section 5.3, any notice of termination given by the BCCA or the Trustees pursuant to Section 5.1 shall, regardless of the party giving notice, be deemed to be the giving of written instructions to the Trustees pursuant to subsection 14.1(a) of the Trust Agreement to terminate the Trust Agreement and the Plan in accordance with Part 14 of the Trust Agreement as of the date indicated in the notice.

### **5.3. Transfer to Successor Trust Fund**

- (a) Despite Section 5.2, but subject to subsection (b), within 30 days of receiving a notice of termination from the Trustees pursuant to Section 5.1, the BCCA may instead direct the Trustees to assign and convey the Plan's assets and liabilities to a Successor Trust Fund (as defined in subsection 11.1(a) of the Trust Agreement). If the BCCA so directs the Trustees, the Trustees are relieved of any obligation under subsection 11.1(b) of the Trust Agreement to evaluate the advantageousness of the transfer directed by the BCCA, and the direction so received shall be deemed to constitute the BCCA's prior approval in writing required by subsection 11.1(e) of the Trust Agreement.
- (b) If the Trustees receive a direction pursuant to subsection (a), the Trustees shall use their reasonable efforts to enter into the agreement with the trustees of the Successor Trust Fund contemplated by subsection 11.1(c) of the Trust Agreement. If despite their reasonable, diligent and good faith efforts to enter into such an agreement, the Trustees are unable to do so within 12 months of the date the BCCA gave its written direction to the Trustees pursuant to subsection (a), the BCCA will be deemed to have given written instructions to the Trustees pursuant to subsection 14.1(a) of the Trust Agreement to terminate the Trust Agreement and the Plan as of the date that is one year after the date that BCCA gave its written direction to the Trustees pursuant to subsection (a).

## **PART 6 - Miscellaneous Provisions**

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### **6.1. Further Assurances**

Each party shall from time to time and at any time hereafter, upon each reasonable written request to do so, make, do, execute and deliver or cause to be made, done, executed and delivered all such further acts, deeds, assurances, things and written instruments as may be necessary in the opinion of any party, for more effectively implementing and carrying out the intent of this Agreement.

### **6.2. Communications**

Any communication required to be given or delivered to the Trustees or the BCCA will be in writing and delivered by hand, sent by facsimile, or sent by prepaid first class mail, addressed to the intended recipient, at the last address or facsimile number shown for the intended recipient in the records of the Board.

### **6.3. Receipt of Communication**

Any communication given under Section 6.2 will be given and received if delivered by hand or sent by facsimile (confirmed by facsimile transmission records) upon receipt. Any communication that is mailed will be deemed given and received on the second Business Day after it has been mailed at any postal station in Canada. Should there be at the time of mailing (or between the time of mailing the actual receipt of a communication) a mail strike or other such dispute which might affect the delivery of such communication, then such communication will only be effective when actually delivered.

### **6.4. Prohibition on Assignment**

None of the Trustees' rights or other entitlements under this Agreement may be assigned without the prior written consent of the BCCA.

### **6.5. Amendment of Agreement**

Any provision of this Agreement may be amended at any time by agreement in writing between the Trustees and the BCCA, provided that no amendment to any provision of Part 2 or 3 relating to the BCCA Trustees may be adopted without their agreement.

### **6.6. Illegality**

If any provision of this Agreement is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of this Agreement or the Plan Text, unless such illegality or invalidity materially prevents accomplishment of the

objectives and purposes of this Agreement and the Plan Text, as determined by the Board.

**6.7. Governing Law**

This Agreement shall be governed by the laws of the Province of British Columbia and those of Canada applicable therein.

**6.8. Binding Effect - Successors**

This Agreement and all amendments thereto shall be binding upon the parties hereunder and their respective beneficiaries, dependents, estates, heirs, executors, administrators, successors and permitted assigns.

**6.9. Counterpart Execution**

This Agreement may be signed in counterparts.

**6.10. Survival of Provisions**

The provisions of this Agreement which, by their context are meant to survive the termination of this Agreement, shall so survive the termination of this Agreement.

**6.11. Time of Essence**

Time shall be of the essence of this Agreement and of every part hereof. All time limits shall be strictly observed.

**6.12. September 1, 2004 Effective Date**

Despite the actual date of execution of this Agreement by each of the parties, this Agreement is effective as of and from September 1, 2004.



**6.13. Execution as Trustee and BCCA Trustee**

Each individual who is a BCCA Trustee is also a Trustee. Accordingly, each such individual shall when signing this Agreement be considered to have executed it in his or her capacity as both a BCCA Trustee and a Trustee.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the dates appearing below.

**BRITISH COLUMBIA CONSTRUCTION ASSOCIATION**

By: Bill Giles Date: 1 December 2004  
Title: WILLIAM GYLES  
DIRECTOR

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**TRUSTEES and BCCA TRUSTEES:**

\_\_\_\_\_  
**Ken DeRooy** Date: \_\_\_\_\_

\_\_\_\_\_  
**Tim Doucette** Date: \_\_\_\_\_

\_\_\_\_\_  
**Debra Hicks** Date: \_\_\_\_\_

\_\_\_\_\_  
**Blaine Lewis** Date: \_\_\_\_\_


\_\_\_\_\_  
**Bob Liew** Date: \_\_\_\_\_

**6.13. Execution as Trustee and BCCA Trustee**

Each individual who is a BCCA Trustee is also a Trustee. Accordingly, each such individual shall when signing this Agreement be considered to have executed it in his or her capacity as both a BCCA Trustee and a Trustee.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the dates appearing below.

**BRITISH COLUMBIA CONSTRUCTION ASSOCIATION**

By:  \_\_\_\_\_  
Title: David Pelletier, Chairman Date: Dec. 8, 2004

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

**TRUSTEES and BCCA TRUSTEES:**

\_\_\_\_\_  
**Ken DeRooy** Date: \_\_\_\_\_

\_\_\_\_\_  
**Tim Doucette** Date: \_\_\_\_\_

  
\_\_\_\_\_  
**Debra Hicks** Date: Dec 8/04

\_\_\_\_\_  
**Blaine Lewis** Date: \_\_\_\_\_

\_\_\_\_\_  
**Bob Liew** Date: \_\_\_\_\_

**6.13. Execution as Trustee and BCCA Trustee**

Each individual who is a BCCA Trustee is also a Trustee. Accordingly, each such individual shall when signing this Agreement be considered to have executed it in his or her capacity as both a BCCA Trustee and a Trustee.

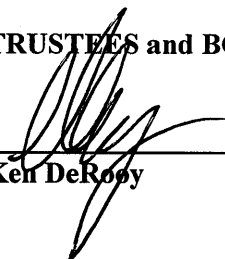
**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the dates appearing below.

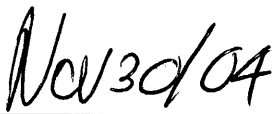
**BRITISH COLUMBIA CONSTRUCTION ASSOCIATION**

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

**TRUSTEES and BCCA TRUSTEES:**

  
\_\_\_\_\_  
Ken DeRooy

  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Tim Doucette

\_\_\_\_\_  
Date

\_\_\_\_\_  
Debra Hicks

\_\_\_\_\_  
Date

\_\_\_\_\_  
Blaine Lewis

\_\_\_\_\_  
Date

\_\_\_\_\_  
Bob Liew

\_\_\_\_\_  
Date

**6.13. Execution as Trustee and BCCA Trustee**

Each individual who is a BCCA Trustee is also a Trustee. Accordingly, each such individual shall when signing this Agreement be considered to have executed it in his or her capacity as both a BCCA Trustee and a Trustee.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the dates appearing below.

**BRITISH COLUMBIA CONSTRUCTION ASSOCIATION**

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

**TRUSTEES and BCCA TRUSTEES:**

\_\_\_\_\_  
**Ken DeRooy** \_\_\_\_\_  
Date \_\_\_\_\_

  
\_\_\_\_\_  
**Tim Doucette** \_\_\_\_\_  
Date NOV 30/04

\_\_\_\_\_  
**Debra Hicks** \_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
**Blaine Lewis** \_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
**Bob Liew** \_\_\_\_\_  
Date \_\_\_\_\_

**6.13. Execution as Trustee and BCCA Trustee**

Each individual who is a BCCA Trustee is also a Trustee. Accordingly, each such individual shall when signing this Agreement be considered to have executed it in his or her capacity as both a BCCA Trustee and a Trustee.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the dates appearing below.

**BRITISH COLUMBIA CONSTRUCTION ASSOCIATION**

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

**TRUSTEES and BCCA TRUSTEES:**

\_\_\_\_\_  
**Ken DeRooy** Date \_\_\_\_\_

\_\_\_\_\_  
**Tim Doucette** Date \_\_\_\_\_

\_\_\_\_\_  
**Debra Hicks** Date \_\_\_\_\_

  
\_\_\_\_\_  
**Blaine Lewis** Date Dec 1, 04

\_\_\_\_\_  
**Bob Liew** Date \_\_\_\_\_

**6.13. Execution as Trustee and BCCA Trustee**

Each individual who is a BCCA Trustee is also a Trustee. Accordingly, each such individual shall when signing this Agreement be considered to have executed it in his or her capacity as both a BCCA Trustee and a Trustee.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the dates appearing below.

**BRITISH COLUMBIA CONSTRUCTION ASSOCIATION**

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_ Date \_\_\_\_\_

**TRUSTEES and BCCA TRUSTEES:**

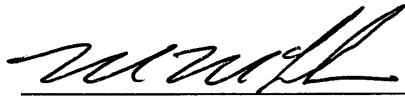
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**Ken DeRooy** Date \_\_\_\_\_

\_\_\_\_\_  
**Tim Doucette** Date \_\_\_\_\_

\_\_\_\_\_  
**Debra Hicks** Date \_\_\_\_\_

\_\_\_\_\_  
**Blaine Lewis** Date \_\_\_\_\_

  
\_\_\_\_\_  
**Bob Liew** Date Nov 30, 2004



**Manley McLachlan**

*Nov 30/04*

Date

**Keith Sashaw**

Date

**Rosalind Thorn**

Date

**Rick Wautier**

Date

**Winton Williams**

Date

\_\_\_\_\_  
**Manley McLachlan**

\_\_\_\_\_  
Date

*Keith Sashaw*  
\_\_\_\_\_  
**Keith Sashaw**

*December 10, 2004*  
\_\_\_\_\_  
Date

\_\_\_\_\_  
**Rosalind Thorn**

\_\_\_\_\_  
Date

\_\_\_\_\_  
**Rick Wautier**

\_\_\_\_\_  
Date

\_\_\_\_\_  
**Winton Williams**

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Date



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**Manley McLachlan**

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Date

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**Keith Sashaw**

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Date

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**Rosalind Thorn**

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*November 30, 2004*  
Date

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**Rick Wautier**

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Date

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**Winton Williams**

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Date

\_\_\_\_\_  
**Manley McLachlan**


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Date

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**Keith Sashaw**

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Date

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**Rosalind Thorn**

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Date

  
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**Rick Wautier**

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DEC 20<sup>th</sup> 2004  
Date

\_\_\_\_\_  
**Winton Williams**

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Date

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**Manley McLachlan**

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Date

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**Keith Sashaw**

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**Rosalind Thorn**

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Date

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**Rick Wautier**

\_\_\_\_\_  
Date



\_\_\_\_\_  
**Winton Williams**

\_\_\_\_\_  
*NOV 30, 2004*  
Date

# Schedule 1

## List of Insurance Policies

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### 1. Industrial - Alliance Pacific Insurance Company:

- (a) Optional Life Insurance Policy (#0485):
- issued June 1, 1981 to British Columbia Construction Association and its Regional Associations as policyholder
  - restated effective January 1, 1986
  - as amended by
    - Amendment No. 7 dated June 26, 2002
    - Amendment No. 6 dated June 14, 1999
    - Amendment No. 5 dated October 27, 1997
    - Amendment No. 4 dated January 9, 1995
    - Amendment No. 3 dated April 3, 1992
    - Amendment No. 2 dated April 25, 1991
    - Amendment No. 1. dated July 9, 1990.
- (b) Voluntary AD &D Policy (# 119-2428)
- issued July 1, 1981 to British Columbia Construction Association and its Regional Associations as policyholder
  - restated effective October 1, 2001
  - as amended by Endorsement No. 1 dated July 1, 2003.
- (c) Basic AD&D Policy (#119-2468)
- issued June 1, 1981 to British Columbia Construction Association and its Regional Associations as policyholder
  - restated September 1, 2001
  - as amended by:
    - Endorsement No. 4 dated September 1, 2003
    - Endorsement No. 3 dated September 1, 2002
    - Endorsement No. 2 dated September 1, 2002
    - Endorsement No. 1 dated September 1, 2001
- (d) Travel AD&D Policy (#119-4987)
- issued March 1, 1988 to British Columbia Construction Association and its Regional Associations as policyholder
  - restated March 1, 2002
  - as amended by:
    - Endorsement No. 5 dated March 1, 2004
    - Endorsement No. 4 dated March 1, 2003

- Endorsement No. 3 effective various dates
- Endorsement No. 2 dated March 1, 2002
- Endorsement No. 1 effective various dates

- (e) Basic AD&D Policy for Employers with Hourly paid employees (#10000836)
- Issued February 1, 1993 to British Columbia Construction Association and its Regional Associations as policyholder
  - Restated February 1, 2002

## **2. Maritime Life Assurance Company**

A single policy (# 901792) provides Group Life Insurance, Short Term Disability, and Long Term Disability. The policy was issued January 1, 1994 to British Columbia Construction Association as policyholder.

## **3. Pacific Blue Cross**

The Pacific Blue Cross Group Benefit Contract (Index # 05095) was issued June 1, 1997 to B.C. Construction Association as Group Contractholder and reissued July 1, 2003, and provides Extended Health Care and Dental Coverage.

## **Schedule 2**

# **British Columbia Construction Association Group Benefit Plan Financial Statements for the Year Ended August 31, 2003**

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**British Columbia Construction  
Association Group Benefit Plan  
Financial Statements**  
For the year ended August 31, 2003

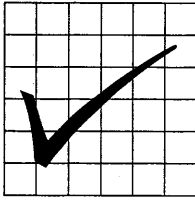
**British Columbia Construction Association Group Benefit Plan**  
**Financial Statements**  
For the year ended August 31, 2003

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<b>Financial Statements</b>	
Balance Sheet	3
Statement of Revenue, Expenses, and Surplus	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	8





*Crawford Paterson Campbell*  
CHARTERED ACCOUNTANTS

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## Auditors' Report

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**To the Board of Trustees of  
British Columbia Construction Association Group Benefit Plan**

We have audited the balance sheet of British Columbia Construction Association Group Benefit Plan as at August 31, 2003 and the statements of revenue, expenses, and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at August 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Crawford Paterson Campbell*

Chartered Accountants

Victoria, B.C.  
February 2, 2004

James C. Crawford, CA\*    David A. Paterson, FCA\*    Kent Campbell, CA\*    Grant McNeill, CA\*

400 - 1208 WHARF STREET, VICTORIA, B.C. CANADA V8W 3B9  
**TELEPHONE: (250) 386-1115    FAX: (250) 386-4797**

\* denotes incorporated



# British Columbia Construction Association Group Benefit Plan Balance Sheet

August 31 2003 2002

## Assets

### Current

Cash	\$	660,020	\$	507,242
Premiums receivable		89,755		57,041
Due from British Columbia Construction Association		-		39,530
Short-term investments (Note 1)		1,719,577		893,827
Claims experience surplus (Note 2)		534,150		211,759
Incurred but not reported and disabled life reserve deposits held by insurers (Note 3)		610,469		1,391,866
		610,469		1,391,866
	\$	3,613,971	\$	3,101,265

## Liabilities and Net Assets

### Current

Accounts payable and accrued liabilities	\$	10,188	\$	11,577
Insurance premiums payable		658,396		638,445
Accrued Hour Bank Program liability		24,571		16,717
Due to British Columbia Construction Association		60,629		-
Due to Hewitt Associates		98,540		91,526
Premiums received in advance		122,217		120,775
Claims experience deficit (Note 2)		-		3,227
Insurer's required incurred but not reported and disabled life reserve deposits (Note 3)		610,469		1,391,866
Reserve for incurred but not reported claims for self-insured benefits (Note 3)		828,577		-
		828,577		-
		2,413,587		2,274,133
<b>Surplus</b>		1,200,384		827,132
	\$	3,613,971	\$	3,101,265

On behalf of the Board:

	Director
	Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## British Columbia Construction Association Group Benefit Plan Statement of Revenue, Expenses, and Surplus

For the year ended August 31	2003	2002
<b>Revenue</b>		
Premiums billed	\$ 9,221,951	\$ 8,734,423
Claims experience gain	322,390	-
Interest	78,732	66,223
	<u>9,623,073</u>	<u>8,800,646</u>
<b>Expenses</b>		
Insurance premiums (Note 5)	7,802,289	7,379,641
Consulting, marketing and administration (Note 6)	1,088,660	1,060,626
BCCA Fees (Note 7)	342,887	242,152
Trustee expenses	7,025	15,857
Claims experience loss	-	18,978
Audit Fees	8,960	8,099
	<u>9,249,821</u>	<u>8,725,353</u>
<b>Excess of revenue over expenditures</b>	<b>373,252</b>	<b>75,293</b>
<b>Surplus, beginning of year</b>	<b>827,132</b>	<b>751,839</b>
<b>Surplus, end of year</b>	<b>\$ 1,200,384</b>	<b>\$ 827,132</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## British Columbia Construction Association Group Benefit Plan Statement of Cash Flows

For the year ended August 31	2003	2002
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 373,252	\$ 75,293
Changes in non-cash working capital balances		
Premiums receivable	(32,714)	(647)
Interest receivable	-	1,681
Due from British Columbia Construction Association	100,159	(6)
Short-term investments	(825,750)	306,593
Claims experience surplus	(322,391)	15,750
Accounts payable and accrued liabilities	(1,389)	2,994
Insurance premiums payable	19,951	52,795
Accrued Hour Bank Program liability	7,854	898
Due to Hewitt Associates	7,014	5,996
Premiums received in advance	1,442	(7,990)
Claims experience deficit	(3,227)	(201,931)
Allowance for incurred but not reported (ASO benefits)	828,577	-
<b>Increase in cash during the year</b>	<b>152,778</b>	<b>251,426</b>
<b>Cash, beginning of year</b>	<b>507,242</b>	<b>255,816</b>
<b>Cash, end of year</b>	<b>\$ 660,020</b>	<b>\$ 507,242</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# British Columbia Construction Association Group Benefit Plan Summary of Significant Accounting Policies

August 31, 2003

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## **Purpose of the Organization**

The British Columbia Construction Association (BCCA) is the representative body of four regional associations. As one of its services, the BCCA sponsors a Group Benefit Plan (the Plan) which offers a Group Benefit Program and an Hour Bank Program for its members and members of the Architectural Institute of British Columbia and the Electrical Contractors Association of British Columbia. Participation in the programs is voluntary. The programs provide a variety of insurance coverage under plans which are purchased from independent carriers. These financial statements present the financial position and operations of the Plan.

## **Short-Term Investments**

Short-term investments are carried at the lower of cost or market value, determined on an aggregate investment basis.

## **Claims experience/ underwriting arrangements**

The underwriting arrangements with the insurance companies refers to the method of determining the difference between the anticipated cost and actual cost of claims and specifies to whom any resulting surplus or deficit is attributed. Benefits are covered under three methods of underwriting arrangements, the fully pooled method, the refund accounting method, and the self-insured method.

### Fully Pooled Method

The insurance company charges a premium and is financially responsible for the payment of all claims. No refunds or dividends are payable to the policyholder in the event the claims are less than anticipated when premium rates are established. Similarly, the insurance company cannot recover losses from the policyholder if claims and expenses exceed the premium paid.

The rate level negotiated under this arrangement represents only the anticipated current benefit costs of the plan, without any surcharges or credits for accumulated losses or profits.

### Refund Accounting Method

The insurance company charges a premium and is responsible for the payment of all claims. Surpluses which develop when premiums exceed the total of claim charges and expenses accrue to the benefit of the policyholder. As long as the contract continues, deficits are the responsibility of the policyholder with payment subject to negotiation with the insurance company.

If the contract terminates, any surplus is refunded to the policyholder. However, the policyholder is not responsible for repaying deficit balances to the insurance company upon termination. The insurance company's charges include an amount for the risk it takes in the event that the contract terminates in a deficit position.

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# British Columbia Construction Association Group Benefit Plan Summary of Significant Accounting Policies

August 31, 2003

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**Claims experience/  
underwriting arrangements  
(continued)**

When surpluses develop, some funds are retained by the insurers to offset potential future deficits. The retained funds are referred to as a "Claims Fluctuation Reserve" ("CFR") and are used to offset deficits or refunded when the Plan is terminated with the insurer. A target level for the CFR is negotiated with the insurer and funds in excess of the target are refundable to the Plan sponsor.

Self-Insured (with contribution rates) Method

The Plan sponsor is financially responsible for all claims. However, the claims adjudication and payment process may be contracted out to an insurance company. The insurer collects monthly contributions based on agreed upon rates, which are set at levels intended to generate revenue equal to the anticipated claims costs for the year. Surpluses or deficits of contributions that accumulate with the insurer are payable by or refundable to the Plan sponsor.

Self-Insured arrangements may include stop loss insurance or high amount pooling. Under the high amount pooling option, the insurance company charges a premium and is responsible for the portion of any claim in excess of the specified high amount.

**Hour Bank Program Benefits**

Hour Bank Program benefits are accrued for each employee hour worked.

**Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

# British Columbia Construction Association Group Benefit Plan Notes to Financial Statements

**August 31, 2003**

## 1. Short-Term Investments

	2003		2002
	Market	Cost	Cost
Province of Manitoba Bonds	\$ 256,862	\$ 251,806	\$ 238,895
Government of Canada Savings Bonds	777,692	773,944	152,511
Province of Nova Scotia	79,932	79,862	-
Province of British Columbia Bonds	168,084	167,001	158,300
Province of Ontario Bonds	374,366	363,553	344,121
Ontario Hydro	83,499	83,411	-
	<b>\$ 1,740,435</b>	<b>\$ 1,719,577</b>	<b>\$ 893,827</b>

## 2. Group Benefit Program

The following is a summary of the underwriting agreements and carriers which apply to the Group Benefit Plan at August 31, 2003:

	<u>Carrier</u>	<u>Underwriting</u>
Dental	Pacific Blue Cross	Self-Insured
Extended Health	Pacific Blue Cross	Self-Insured
Group AD & D	Industrial Alliance Pacific	Fully Pooled
Optional Life	Industrial Alliance Pacific	Fully Pooled
Optional AD & D	Industrial Alliance Pacific	Fully Pooled
Weekly Indemnity	Maritime Life	Refund Accounting
Group Life	Maritime Life	Refund Accounting
Long-term Disability	Maritime Life	Fully Pooled
Dependent Life	Maritime Life	Refund Accounting

For the underwriting agreements subject to the refund accounting and self-insured method, the claims experience surplus (deficit) is comprised of the following:

	2003	2002
Maritime Life (refund accounting)	\$ 272,987	\$ 211,759
Pacific Blue Cross (self-insured)	\$ 261,163	\$ (3,227)

The trustees of the Plan have changed the underwriting arrangement of the benefits carried by Pacific Blue Cross. These benefits are underwritten using the self-insured method with \$10,000 high amount pooling effective September 1, 2002.

# British Columbia Construction Association Group Benefit Plan

## Notes to Financial Statements

**August 31, 2003**

### 3. Incurred But Not Reported (IBNR) and Disabled Life Reserve (DLR)

#### Refund Accounting Method

These amounts have been paid to the insurers through the premiums billed by the Plan, and are held by the insurers. The total represents the estimated liability for IBNR and DLR claims that are payable by the insurer. IBNR claims are ones that have been incurred but not yet reported to the insurer. DLR claims are death benefits for disabled employees that are payable under the current insurance coverage. The asset and the liability are equal.

#### Self-Insured Method

The total represents the estimated liability for IBNR that are payable by the Plan. IBNR claims are ones that have been incurred but not yet reported to the insurer. The amounts have been calculated by the Plan and an allowance has been recorded. No specific assets is designated to offset this liability. In the prior year these benefits were accounted for under the refund accounting method. The reserves held by the insurer were refunded to the Plan and invested in short term investments.

### 4. Hour Bank Program

The Hour Bank Program was established in February 1993 in response to the provincial fair wage guidelines requiring employees who work on certain construction sites to receive benefits of specified value. The program provides coverage for group life, AD&D, dental, and extended health benefits under the fully pooled method.

The program credits an employee's account with hours worked and is charged the benefit expense also expressed in hours. This arrangement allows employees who work more than prescribed hours to accumulate bank hours to provide some continuation of coverage during periods of temporary lay-offs.

The financial results of the program are included in the Plan financial statements and, as of August 31, 2003, the program has a surplus balance of \$9,925 comprised of the following:

	2003	2002
<b>Revenue</b>		
Premiums billed	\$ 115,495	\$ 86,217
Interest	852	821
	116,347	87,038
<b>Expenses</b>		
Insurance premiums	93,530	78,930
Consulting, marketing, and administration	16,319	12,721
BCCA fees (Note 7)	2,887	2,152
	112,736	93,803
<b>Excess (deficiency) of revenue over expenses</b>	3,611	(6,765)
<b>Surplus, beginning of year</b>	6,314	13,079
<b>Surplus, end of year</b>	\$9,925	\$ 6,314



# British Columbia Construction Association Group Benefit Plan Notes to Financial Statements

**August 31, 2003**

## 5. Insurance Premiums

Insurance premiums consist of:

	2003	2002
Insurance premiums paid and payable	\$ 7,732,401	\$ 7,378,743
Increase in self insured IBNR reserves and Hour Bank liability	69,888	898
	\$ 7,802,289	\$ 7,379,641

## 6. Consulting, Marketing, and Administration

Amounts consist of fees paid to Hewitt Associates for consulting, marketing, and administration of the Group Benefit Program and to D.A. Townley for administration of the Hour Bank Program.

The consulting services provided include the analysis of each benefit coverage, recommendation of rate renewals to the Trustees, intervention on problem claims with insurance companies, remarketing of the program, and modifying the program in response to memberships' needs. In addition, Hewitt Associates has developed the Hour Bank Program and a Computerized Administration System in replacement of the previous self-pay system to meet the memberships' needs.

The marketing services provided include the development of a strategy for promotion of the benefit program, the preparation of promotional material, and the marketing of the Group Benefit Program and the Hour Bank Program to BCCA members. In addition, Hewitt Associates works closely with regional associations in the promotion of the association to non-members.

The administration services provided include the monthly billings and collection of premiums from participating members, payments of coverage to insurance companies, and monthly, quarterly, and annual accounting and reporting.

## 7. BCCA Fees

Amounts consist of Administration and Sponsor fees and reimbursement of expenses paid to BCCA as follows:

	2003	2002
Basic administration and sponsor fees - Base Plan	\$ 340,000	\$ 240,000
Basic administration and sponsor fees - Hour Bank Program	2,887	2,152
	\$ 342,887	\$ 242,152

The basic administration and sponsor fees are paid at the rate of 4.0% of basic premiums, a rate of 2% of AD&D and optional premiums, and are subject to a maximum of \$240,000 per year on the Base Plan. The basic administration and sponsor fees are paid at the rate of 2.5% of Hour Bank Program premiums, and are not subject to a maximum. The Trustees voted to pay an additional lump sum sponsor fee of \$100,000 in the current year. Subsequent to the year end the Trustees voted to increase the maximum basic sponsorship fee to \$340,000 for the 2003/04 fiscal year.



**Crawford Paterson Campbell**  
CHARTERED ACCOUNTANTS

March 11, 2004

BGP201KIC

British Columbia Construction Association  
Group Benefit Plan  
Suite 2010 - 1111 West Georgia Street  
Vancouver, British Columbia V6E 4M3

**ATTENTION: KAREN SCIARRETTA**

Dear Karen:

We have completed our audit of the books and records of the British Columbia Construction Association Group Benefit Plan for the year ended August 31, 2003. We would like to take this opportunity to thank you and your staff for the assistance we received. During our audit, we made a few observations, which we would like to bring to the attention of the trustees for consideration. We, also, would like to provide follow up on our comments from last year. These comments are intended to provide opportunities for possible improvements, and are not intended in any way to reflect negatively on any of the staff.

Our comments are as follows:

**CHEQUES**

During our audit we noted that cheques #704 – 707 had been issued with only one signature. The error was discovered by the bank, and Hewitt Associates confirmed that the cheques were valid.

We also discovered that two cheques (#671, and #740) had been voided, but not retained by Hewitt Associates. Properly handling voided cheques is an important control in safeguarding assets. We recommend that all voided cheques have VOID written across the face of the cheque and the signature panels removed. The voided cheque should then be kept in its proper numerical sequence with other cancelled cheques. In discussing this oversight with Karen Sciarretta, she assured us that the issue had been brought to the attention of the individual who destroyed the voided cheques.

**CANADA REVENUE AGENCY**

We have recommended in the past that the Trustees seek the opinion of an external tax specialist on the filing requirements for the Plan. It is our understanding that Hewitt Associates has investigated the matter and suggested a course of action. We were not able to determine if the Trustees had voted on a specific course of action. Our current

James C. Crawford, CA\*      David A. Paterson, FCA\*      Kent Campbell, CA\*      Grant McNeill, CA\*

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TELEPHONE: (250) 386-1115      FAX: (250) 386-4797

\* denotes incorporated



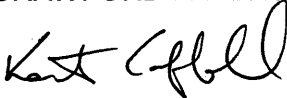
understanding is that Hewitt Associates will prepare and file trust returns for the Plan once a formal Trust Agreement is in place.

**Self-Insured Underwriting Agreement**

The new underwriting agreement indicates a requirement that a Claims Fluctuation Reserve of "1.5 month's paid claims for each renewal term of the benefit" be held by the insurer. We have confirmed with Pacific Blue Cross that they had indicated to Hewitt Associates that no deposit or reserves were required. As such this clause should not be in the agreement and will be removed. We understand that Hewitt Associates will provide the Trustees with a copy of the corrected agreement, when it is available.

Yours truly,

CRAWFORD PATERSON CAMPBELL

A handwritten signature in black ink, appearing to read "Kent Campbell". The signature is written in a cursive style with a large, looped initial "C".

Kent Campbell, CA

## **Schedule 3**

# **British Columbia Construction Association Group Benefit Plan Interim Unaudited Financial Statements for the period ended June 30, 2004**

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**British Columbia Construction Association  
Group Benefit Plan Trust Fund  
Statement of Revenue, Expenses and Surplus  
for the 10 months ended June 30, 2004**

	Month of June 2004			June 2003			Year to Date (01Sep2003 to 30Jun2004)			YTD (Sep02-Jun03)
	Base Plan \$	Hour Bank \$	Total Trust \$	Base Plan \$	Hour Bank \$	Total Trust \$	Base Plan \$	Hour Bank \$	Total Trust \$	Total Trust \$
<b>Revenue</b>										
Premiums Billed	793,667	18,137	811,804			783,769	7,757,912	129,591	7,887,503	7,699,684
ASO claims experience gain (loss)	0	0	0	0	0	0	49,291		49,291	94,891
RA claims experience gain (loss)	0	0	0	0	0	0	15,735		15,735	837,272
Interest	8,398	65	8,463			8,164	77,623	749	78,372	61,831
	802,065	18,202	820,267			791,933	7,900,560	130,340	8,030,900	8,693,678
<b>Expenses</b>										
Insurance premiums	685,183	12,154	697,337			654,122	6,611,236	98,305	6,709,541	6,463,753
Consulting, marketing, administration	102,768	2,348	105,116			96,194	831,333	17,851	849,184	901,324
BCCA fees	32,463	453	32,917			322	313,159	3,240	316,399	242,258
Accounting and audit	22,994		22,994			0	53,583		53,583	960
Trustees Expenses	6,234		6,234			0	11,604		11,604	4,525
Change in Hour bank liability		3,349	3,349			2,285		6,689	6,689	5,834
Increase (reduction) to ASO IBNR	0		0			0	94,658		94,658	821,906
	849,643	18,304	867,947			752,922	7,915,573	126,085	8,041,658	8,440,560
Excess (deficiency) of revenue over expenses	(47,577)	(102)	(47,680)			39,011	(15,012)	4,254	(10,758)	253,117
Reported Rate Stabilization Fund, beginning of period										
Audit Adjustment	1,226,946	10,361	1,237,307			1,041,239	1,162,662	6,004	1,168,666	854,591
Rate Stabilization Fund, beginning of period	1,226,946	10,361	1,237,307			1,041,239	31,719		31,719	(27,459)
Rate Stabilization Fund, end of period	1,179,368	10,259	1,189,627			1,080,250	1,194,381	6,004	1,200,385	827,132
<b>Target Rate Stabilization Fund Balance</b>	967,137	0	967,137				1,179,368	10,259	1,189,627	1,080,250

**British Columbia Construction Association  
Group Benefit Plan Trust Fund  
Sources of Change in Rate Stabilization Fund  
for the 10 months ended June 30, 2004**

Source	Month of June 2004			June 2003			Year to Date (01Sep2003 to 30Jun2004)			YTD (Sep02-Jun03)
	Base Plan \$	Hour Bank \$	Total Trust \$	Base Plan \$	Hour Bank \$	Total Trust \$	Base Plan \$	Hour Bank \$	Total Trust \$	Total Trust \$
Excess of contributions over insurance premiums, expenses	(26,748)	(167)	(26,915)	30,847			2,184	3,506	5,690	86,515
Miscellaneous expenses (accounting, audit, trustees)	(29,228)	0	(29,228)	0			(65,187)	0	(65,187)	(5,486)
Investment income	8,398	65	8,463	8,164			77,623	749	78,372	61,831
ASO claims experience gain (loss) for period	0	0	0	0			49,291		49,291	94,891
RA claims experience gain (loss) for period	0	0	0	0			15,735		15,735	837,272
(increase) reduction to ASO IBNR	0	0	0	0			(94,658)		(94,658)	(821,906)
Excess (deficiency) of revenue over expenses	(47,577)	(102)	(47,680)	39,011			(15,012)	4,254	(10,758)	253,117
Reported Rate Stabilization Fund, beginning of period	1,226,946	10,361	1,237,307	1,041,239			1,162,662	6,004	1,168,666	854,591
Audit Adjustment	0	0	0	0			31,719	0	31,719	(27,459)
Rate Stabilization Fund, beginning of period	1,226,946	10,361	1,237,307	1,041,239			1,194,381	6,004	1,200,385	827,132
Rate Stabilization Fund, end of period	1,179,368	10,259	1,189,627	1,080,250			1,179,368	10,259	1,189,627	1,080,250
<b>Target Rate Stabilization Fund Balance</b>	<b>967,137</b>	<b>0</b>	<b>967,137</b>							

**British Columbia Construction Association  
Group Benefit Trust Fund  
Accounting Summary**

**Breakdown of Base Plan Premiums**

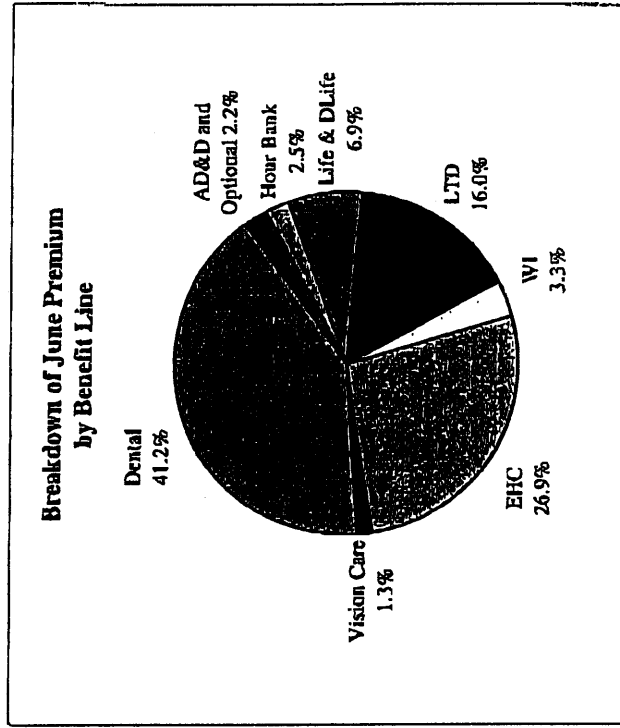
June, 2004

	Billed Premium	Hewitt	BCCA	Stabilization Reserve	Insurer
Life & DLife	56,322.97	7,117.82	2,277.70	(619.55)	47,547.00
LTD	129,522.28	16,692.18	5,341.50	(4,015.19)	111,503.79
WI	26,400.37	3,300.05	1,056.01	0.00	22,044.31
EHC	218,668.33	28,426.88	9,096.60	(8,746.73)	189,891.58
Vision Care	10,938.75	1,367.34	437.55	0.00	9,133.86
Dental	334,157.12	43,440.43	13,900.94	(13,366.28)	290,182.03
AD&D	8,541.95	1,238.58	170.84	0.00	7,132.53
Opt Life	7,934.28	1,031.46	158.69	0.00	6,744.13
Opt AD&D	1,180.99	153.53	23.62	0.00	1,003.84
Adjustments	0.00			0.00	
subtotal - base plan	<b>793,667.04</b>	<b>102,768.27</b>	<b>32,463.45</b>	<b>(26,747.75)</b>	<b>685,183.07</b>
Hour Bank	18,137.03	2,348.17*	453.43	(102.35)	12,153.57
	<b>811,804.07</b>	<b>105,116.44</b>	<b>32,916.88</b>	<b>(26,850.10)</b>	<b>697,336.64</b>

\* Hewitt + DA Townley

Sep2003 - Jun2004

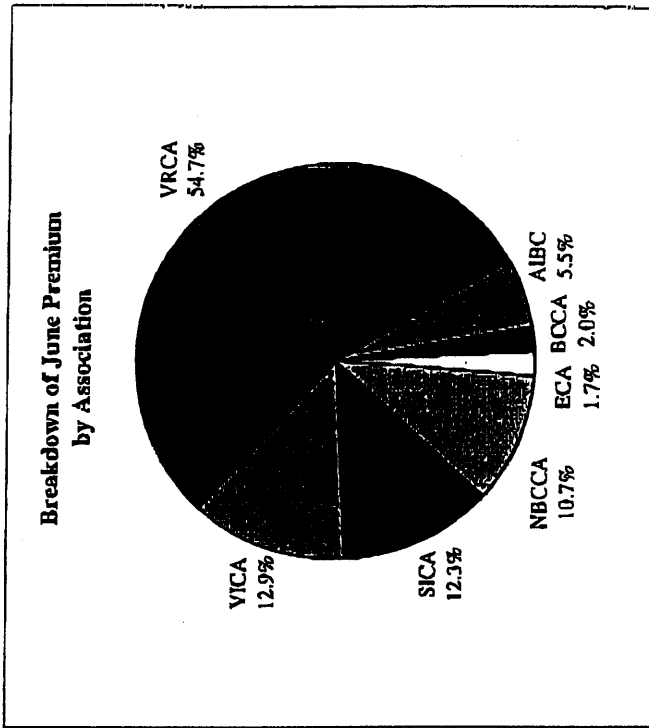
	Billed Premium	Hewitt	BCCA	Stabilization Reserve	Insurer
Life & DLife	554,691.12	58,547.19	22,335.19	7,561.52	466,247.22
LTD	1,245,468.42	132,535.31	50,768.59	2,370.26	1,059,794.26
WI	275,764.01	29,261.14	11,030.56	5,209.37	230,262.94
EHC	2,150,250.88	230,932.37	88,083.13	(7,500.02)	1,838,735.40
Vision Care	105,443.29	11,078.22	4,217.72	2,102.20	88,045.15
Dental	3,252,197.49	348,958.65	133,241.80	(11,425.77)	2,781,422.81
AD&D	83,594.47	10,181.37	1,671.90	1,939.82	69,801.38
Opt Life	78,524.74	8,528.34	1,570.50	1,679.86	66,746.04
Opt AD&D	11,977.46	1,310.61	239.54	246.45	10,180.86
Adjustments	0.00			0.00	
subtotal - base plan	<b>7,757,911.88</b>	<b>831,333.20</b>	<b>313,158.93</b>	<b>2,183.69</b>	<b>6,611,236.06</b>
Hour Bank	129,591.20	17,850.64	3,239.79	4,254.49	98,305.42
	<b>7,887,503.08</b>	<b>849,183.84</b>	<b>316,398.72</b>	<b>6,438.18</b>	<b>6,709,541.48</b>



**British Columbia Construction Association  
Group Benefit Trust Fund  
Accounting Summary**

**Breakdown of Billed Base Plan Premiums by Association**

	Jun2004	Jun2003	Sep2003- Jun2004	Sep2002- Jun2003
AIBC	43,944.58	39,495.00	425,182.22	375,220.18
BCCA	16,220.68	15,295.10	158,317.25	163,087.81
ECA	13,834.13	7,693.62	107,683.09	94,571.78
NBCCA	85,256.22	74,250.10	834,389.07	738,522.26
SICA	97,951.35	87,565.68	942,141.26	873,645.97
VICA	102,383.71	92,201.52	999,994.76	910,051.32
VRCA	434,076.37	454,403.16	4,290,204.23	4,454,267.08
Adjustments	0.00	0.00	0.00	0.00
<b>Total</b>	<b>793,667.04</b>	<b>770,904.18</b>	<b>7,757,911.88</b>	<b>7,609,366.40</b>





## Schedule 4

### Sample Calculations Of Annual Sponsorship Fee

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#### Example Calculation #1 Sponsorship Fee for Plan Year 2005/2006 Commencing September 1, 2005

Assume:

- Contributions for Plan Year 2003/2004 (Sept. 1/03 to Aug. 31/04) were \$9,502,604, and Contributions for Plan Year 2004/2005 (Sept. 1/04 to Aug. 31/05) were \$10 million.
- The CPI for the Province of B.C. increased 2% over the 12 months ending July 31, 2005.
- On January 1, 2004, the average percentage increase in Contributions was nil %.
- On January 1, 2005 the average percentage increase in Contributions was 3.75%.

#### Step 1:

Determine change in Contributions between the prior Plan Year (2004/2005) and the Plan Year prior to that (2003/2004):

$$10 \text{ million} - 9,502,605 = \$497,395$$

#### Step 2:

Divide that number by the Contributions for the previous Plan Year (2003/2004):

$$497,395/9,502,605 = 5.23\% \text{ (which is unadjusted growth)}$$

#### Step 3:

Subtract from that number the sum of i) 2/3 of the average percentage change in Contributions as of January 1, 2005, and ii) 1/3 of the average percentage change in Contributions as of January 1, 2004:

$$5.23\% - (2/3 \text{ of } 3.75\% \text{ plus } 1/3 \text{ of nil}\%) = 2.73\% \text{ (which is the Real Percentage Change in Contributions)}$$

#### Step 4:

Multiply the previous year's sponsorship fee (for Plan Year 2004/2005, the fee is \$360,000: see s. 4.3(a)) by each of the Real Percentage Change in Contributions for Plan Year 2004/2005 and the CPI increase for the 12 months ending July 31, 2005:

$$2.73\% \text{ of } \$360,000 = \$9,828$$

$$2\% \text{ on } \$360,000 = \$7,200$$

#### Step 5:

Add the previous Plan Year's sponsorship fee to the two numbers generated in Step 4:

$$\$360,000 \text{ plus } \$9,828 \text{ plus } \$7,200 = \$377,028$$

Step 6:

Calculate 4% of the Contributions for the previous Plan Year:

$$4\% \text{ of } 10 \text{ million} = \$400,000$$

Step 7:

The sponsorship fee for the Plan Year 2005/2006 is the lesser of the number generated in Step 5 (being \$377,028) and the number generated in Step 6 (being \$400,000). Therefore, a \$377,028 sponsorship fee is payable by the Trustees for Plan Year 2005/2006 commencing September 1, 2005.

**Example Calculation #2**  
**Sponsorship Fee for Plan Year 2006/2007**  
**Commencing September 1, 2006**

Using the numbers from Example #1, the following year's figures would be as follows.

Assume:

- Contributions for Plan Year 2004/2005 (Sept. 1/04 to Aug. 31/05) were 10 million, and Contributions for Plan Year 2005/2006 (Sept. 1/05 to Aug. 31/06) were 11.5 million.
- The CPI for the Province of B.C. increased 4.5% over the 12 months ending July 31, 2006.
- On January 1, 2005 the average percentage increase in Contributions was 3.75%.
- On January 1, 2006 the average percentage **decrease** in Contributions was 1.5%.

Step 1:

Determine change in Contributions between the prior Plan Year (2005/2006) from the Plan Year preceding it (2004/2005):

$$11.5 \text{ million} - 10 \text{ million} = 1.5 \text{ million}$$

Step 2:

Divide that number by the Contributions for the previous Plan Year (2005/2006):

$$1.5 \text{ million} / 10 \text{ million} = 15\% \text{ (which is unadjusted growth)}$$

Step 3:

Subtract from that number the sum of i) 2/3 of the average percentage change in Contributions as of January 1, 2006 and ii) 1/3 of the average increase in Contributions as of January 1, 2006:

$$15\% - (2/3 \text{ of } -1.5\% \text{ plus } 1/3 \text{ of } 3.75\%) = 14.75\% \text{ (which is the Real Percentage Change in Contributions)}$$

Step 4:

Multiply the previous year's sponsorship fee (for Plan Year 2005/2006, the fee is \$377,028: see Example #1) by each of the Real Percentage Change in Contributions for Plan Year 2005/2006 and the CPI increase for the 12 months ending July 31, 2006:

$$14.75\% \text{ of } \$377,028 = \$55,612$$

$$4.5\% \text{ on } \$377,028 = \$16,966$$

Step 5:

Add the previous year's sponsorship fee to the two numbers generated in Step 4:

$$\$377,028 \text{ plus } \$55,612 \text{ plus } \$16,966 = \$449,606$$

Step 6:

Calculate 4% of the Contributions for the previous Plan Year:

$$4\% \text{ of } 11.5 \text{ million} = \$460,000$$

Step 7:

The sponsorship fee for Plan Year 2006/2007 is the lesser of the number generated in Step 5 (being \$449,606) and the number generated in Step 6 (being \$460,000). Therefore, a \$449,606 sponsorship fee is payable by the Trustees for Plan Year 2006/2007.