

YEAR 2000

REPORT TO PARTICIPANTS OF THE OPERATING ENGINEERS PENSION PLAN

Re: OPERATING ENGINEERS PENSION PLAN (OEPP) CHANGES

Now that we've been advised of the changes to our Pension Plan and have read and/or heard the "spin" put out by the Local Union and the Pension Plan through their Officers regarding why we have to take 10% less in pension benefits and accruals plus other benefits, some comment, information and opinion are in order.

WHY A PROBLEM OF UNDER-FUNDING?

The problem of under-funding starts with the dictatorial control constitutionally provided to one elected union officer, namely, the Business Manager, who is the Chief Executive Officer and the Chief Administrative Officer of the Local Union.

This position allows him the right to hire and fire all union personnel who enjoy their tenure, (including perks, generous employee benefits, expense accounts and additional pension through the International Union in Washington, DC) at his pleasure and through his sufferance. Consequently, in most cases, the Business Manager ends up with a staff of toadies and yes-men who, through his appointments and/or manipulated elections, become the officers of the union and our trust funds, all under his control.

Due to these circumstances the Business Manager ultimately becomes the union's "dictator" and "super trustee" of our funds. This situation develops notwithstanding all union officers and fund trustees are elected or appointed to represent the best interests of the union's members and trust funds' beneficiaries.

Too often they fail in their duty, however, because they are fettered by the fact that their paycheques and generous benefits, etc. are dependent on the good will and approval of the business manager. That is, if you control those elements of their lives, their hearts and minds will follow. Also they are fettered by their own moral quality and lack of guts to think and act as independent beings. Of course, as elected or appointed executive officers who have accepted payroll appointments, they think and act as independent beings at the peril of losing their livelihoods and cushy benefits which effectively allows the Business Manager to be, or become, a Union Executive Board and a Pension Plan Board of Trustees unto himself, thus the term "Super Trustee".

This situation was never more obvious or odious to the best interests of the local union and its members than when Union Dictator and Super Trustee, Fred Randall (MLA), was calling all the shots and the current top two ranking officers of the Local Union, Tennessy and Kroeker, were two of his staunchest toadies during his devastating reign with its abuse of power and personal glorification.

The reference to "odious" above is characterized by the fact the Local Union is referred to by many as, "The Randall Corporation".

GENESIS OF UNDER-FUNDING WAS DURING THE RANDALL REIGN

The genesis of our pension plan under-funding was when your Pension Plan Board of Trustees, led by Randall and Local Union President and Pension Plan Real Estate Investment Manager/Guru, Jack Whittaker, a Randall toady, and presently the principal owner of a construction company in Nanaimo BC, made the decision to "invest?" millions of our pension plan dollars in a troubled, unfinished hotel project in Nanaimo BC.

This distressed project was purchased in 1983 from the Nanaimo Commonwealth Holding Society (NCHS) of "BINGOGATE" fame which was on the hook to its NDP members/investors for debentures it had sold them to finance the project. When this project ran into financial difficulty, putting the debenture holders' investments and the reputations of the leaders of the NCHS at risk, they needed an "Angel" or a "White Knight" to come to their rescue. Enter our pension plan trustees with our funds, led by the politically ambitious "leadership?" of our union and pension plan, among others, to take these "BINGOGATE LEADERS" and their vulnerable investors "off the hook" so to speak. At the same time this would add to their own reputations as good partisan NDP/union faithfuls who will assist troubled soul mates and political colleagues, as long as it's with other people's funds. The question here is, were the best interests of the union members sacrificed at the altar of Randall's political ambitions and personal glorification????

The project referred to is now known as The Coast Bastion Inn or The Coast Bastion Hotel located at 11 Bastion Street in Nanaimo B.C. There is every reason to believe it is a non-performing investment, among others, that has been a serious drain on the resources and financial performance of our pension plan. Further, it has been a significant contributor to our unfunded liability which necessitated the current 10% loss of our pension benefits and accruals. You can be assured, this and other non-performing investments are albatrosses around our necks that will negatively impact the amount of pension income we, and that of our beneficiaries, will receive for the rest of our lives.

DETAILED INFORMATION ON THE COAST BASTION HOTEL FINANCIAL DEBACLE NOT AVAILABLE

In any event, due to the unbending attitude and lack of candor by the governing union and pension plan autocrats, detailed information concerning any aspect of this financial debacle has been unobtainable to date. Consequently, there could be minor errors in our information as it is impossible to get any information about this matter from the arrogant governing despots, past or present (both Tennessy and Kroeker were plan trustees at all relevant times).

PENSION PLAN TRUSTEES HAD NO ALTERNATIVE

Contrary to any suggestion otherwise, your Pension Plan Trustees had no alternative but to make the changes they did because the Plan was under-funded respecting the benefits it was providing with an unfunded liability of approximately 15% of its assets. These changes, that cost each pension plan member 10% of his/her pension benefits or accruals, in addition to other benefits, was mandated by the Pension Benefits and Standards Act of British Columbia because our plan was not in compliance with that Act or its Regulations. The officials of the Pension Benefits and Standards Branch had no alternative, under their mandate, but to order our Plan to comply with the Act in a endeavour to protect us from further dire consequences of our plan's mismanagement.

A PREDICTION

It is our prediction that this loss of pension benefits and accruals will not be the last and it is only a matter of time before we have another announcement of "changes".

Note: The Coast Bastion Hotel is not the only loser we are saddled with and it may well be the proverbial, "tip of the ice-berg".