

THE EDMONTON PIPE INDUSTRY

HEALTH, WELFARE & PENSION TRUST FUNDS

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Report from the Chairman

The Edmonton Pipe Industry Pension Trust Fund / Health and Welfare Fund

As of August 13, 2007, there has been a significant change to the governance structure of the two Funds. The following is the story of the change.

Under the trust agreements of the Pension Trust Fund dated December 21, 2001 and the Health and Welfare Fund dated February 21, 2003, there was a requirement that the Funds have an equal number of Employer Trustees and Union Trustees with equal voting privileges. The CLRa was the appointing body for the Employer Trustees and the Union has a process in place for the selection of Union Trustees.

Approximately six months ago, an Employer Trustee resigned. CLRa was having difficulty finding a replacement. Another Employer Trustee also advised that he would be resigning from the Board in the near future. This led to an opportunity to review the governance structure of both Funds.

After consideration of a number of alternative structures, it was determined that the new governance structure should consist of a Board of four Union Trustees (to be elected under the same process as was always in place) and three Independent Trustees, one of whom would be the Independent Chairman. All decisions by the Board would require the approval of two-thirds of the Trustees. A Nominating Committee, consisting of the Business Manager of the Union and a representative of CLRa, would make a unanimous recommendation to the Board and the Board would make the appointment of the Independent Trustees to the Board.

During the process of deliberations, the office of the Superintendent of Pensions was kept apprised with regard to the anticipated changes to the Pension Trust Fund's governance structure. The office of the Superintendent of Pensions advised that the proposed governance provisions did not conflict with the Employment Pension Plans Act and were acceptable to the Superintendent.

The Union and CLRa both agreed to the revised governance structure that would be incorporated into new trust agreements. However, the old trust agreements provided that amendments could be made by a majority vote of the Trustees except for any change to the requirement that there be an equal number of Employer Trustees and Union Trustees. Therefore it was necessary to make application to the Court of Queen's Bench of Alberta for approval of the proposed changes. The Court granted approval by an order dated August 13, 2007.

If any member wishes to receive a copy of the amended trust agreements, please contact the Benefit Administration office. This announcement, and the amended and restated trust agreements, are posted on the Plans' website at www.epibenefitplans.com.

I am also pleased to advise that the Nominating Committee has nominated two Independent Trustees and these Trustees will assume their new roles effective with the next Board meeting to be held on September 7, 2007.

John Brennan, FCA, was with the College of Commerce at the University of Saskatchewan for 33 years, during which time he served as Dean of the College from 1981 to 1996. For the period from 2000 to 2005, John was the Chief Executive Officer of the CA School of Business, located in Edmonton. John has served as a director of a number of organizations.

Gordon Clanachan, CA, is a corporate director and consultant. During the 1990s, Gordon was the President and Chief Executive Officer of RaiLink, a short-line railway operating across Canada.

If you have any questions about the new governance structure of the Board of Trustees, please contact the Benefit Administration office and leave your name and phone number, and I will contact you as soon as possible.

Bill Grace, FCA
Independent Chairman