

MASTER CONTRACT

BETWEEN

**UNITED STATES MARITIME ALLIANCE, LTD.
(FOR AND ON BEHALF OF MANAGEMENT)**

AND

**INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, AFL-CIO
(FOR AND ON BEHALF OF ITSELF AND EACH OF ITS AFFILIATED DISTRICTS AND LOCALS
REPRESENTING LONGSHOREMEN, CLERKS, CHECKERS AND MAINTENANCE
EMPLOYEES WORKING ON SHIPS AND TERMINALS
IN PORTS ON THE EAST AND GULF COASTS OF THE UNITED STATES)**

**EFFECTIVE OCTOBER 1, 2012 FOR THE SIX-YEAR TERM
EXPIRING ON SEPTEMBER 30, 2018**

Table of Contents

Preamble	1
Article I. Scope of Agreement	1
Section 1. Management.....	1
Section 2. Recognition.....	2
Section 3. Complete Labor Agreement.....	2
Section 4. Local Bargaining.....	2
Article II. Wages.....	2
Section 1. Wage Increases	2
Section 2. New Employees	3
Section 3. Wage Progression Formula (“Formula”).....	3
Article III. Hours of Work	6
Section 1. Working Days	6
Section 2. Nights, Weekends, and Holidays	6
Section 3. Meal Hours	6
Article IV. Local Fringe Benefit Contributions.....	6
Section 1. Contributions	6
Section 2. Allocation of Contributions	7
Section 3. Limitation on Contributions.....	7
Article V. Utilization of Work Force.....	7
Section 1. New Employees	7
Section 2. Training.....	8
Section 3. Flex-Time.....	8
(a) Terminals.....	8
(b) Ship Operations	8
Section 4. Gang Size	9
(a) Longshore Gang	9
(b) Feeder Barge Gang.....	9
(c) Small Boat Gang.....	9
Section 5. Staffing.....	9
(a) Checker.....	9
(b) LTL Staffing.....	9
Section 6. Local Bargaining.....	10
Article VI. Drug and Alcohol Programs	10

Table of Contents

Section 1. Local Plans.....	10
Section 2. Reinstatement.....	10
Section 3. Fresh Start After First Offense.....	11
Article VII. ILA Jurisdiction Generally.....	12
Section 1. Containerization Agreement.....	12
Section 2. Rules On Containers.....	12
Section 3. Maine to Texas.....	12
Section 4. Jurisdiction Committee.....	12
(a) Fact Finding.....	12
(b) Labor Adjustor System.....	13
(c) Jurisdiction Committee Decisions.....	13
Section 5. Supervision and Management.....	15
Section 6. Reefer Containers.....	15
Section 7. Port Authorities.....	15
Section 8. Marine Terminal Work.....	16
Section 9. Work Opportunities.....	16
Section 10. Space Charters.....	17
Section 11. Commencement of Jurisdiction.....	17
Section 12. Scope of Article.....	17
Section 13. Customs and Border Protection.....	17
Article VIII. ILA Jurisdiction Over Clerical Work.....	18
Section 1. Clerical Work.....	18
Section 2. Guidelines.....	18
(a) Framework.....	18
(b) Statement of Principle.....	18
(c) No Waiver.....	19
Section 3. Glossary of Terms.....	19
(a) Receiving and Delivery.....	19
(b) Hatchchecking.....	19
(c) Prestow & Plan Clerking.....	19
(d) Timekeeping.....	19
(e) Location and Yard Work.....	20
(f) Demurrage Recording.....	20
Article IX. ILA Jurisdiction Over Maintenance and Repair Work.....	20
Section 1. Maintenance and Repair Work.....	20
Section 2. Major Damaged Equipment.....	21
Section 3. Determination Procedure.....	21

Table of Contents

Section 4. Grievance and Audit	22
Section 5. Port of Discovery (POD)	23
Section 6. Warranties	23
Article X. Preservation of Chassis Maintenance-And-Repair Work.....	23
Section 1. Preamble	23
Section 2. Chassis Pools	24
Section 3. Sale or Transfer of Chassis	24
Section 4. Inspection and Maintenance of Chassis.....	25
Section 5. Roadability.....	26
Article XI. New Technology	26
Section 1. Preamble	26
Section 2. Process	26
Section 3. Guiding Principles	28
Article XII. Container Royalties.....	28
Section 1. First and Third Container Royalties.....	28
Section 2. Second Container Royalty	29
Section 3. Container Royalty Distribution.....	29
Section 4. Container Royalty Central Collection Fund	30
Section 5. Carrier-ILA Container Royalty Fund No. 4.....	32
Section 6. Carrier-ILA Container Royalty Fund No. 5.....	32
Section 7. Carrier-ILA Container Freight Station Trust Fund.....	33
(a) Preamble	33
(b) CFS Subsidy and Training Program	33
Article XIII. MILA	36
Section 1. Management-ILA Managed Health Care Trust Fund.....	36
Section 2. Funding	36
(a) Fourth Container Royalty Assessment	36
(b) Second Container Royalty Assessment.....	36
(c) Hourly Contributions.....	37
Section 3. Second Container Royalty Contributions	37
Article XIV. Grievance Procedure.....	38
Section 1. Local Level	38

Table of Contents

Section 2. Appellate Level.....	38
Section 3. Appeals From a Decision of the LIGC	38
Section 4. Appeals Form.....	38
Section 5. Industry Appellate Committee (IAC)	39
(a) Number of IAC Members.....	39
(b) Co-Chairmen	39
(c) Telephonic Notice	39
(d) Quorum.....	39
(e) Majority Vote	39
(f) Multi-Port Charges	39
(g) Failure To Appear	39
Section 6. Arbitration.....	40
(a) Panel of Arbitrators	40
(b) Selection of Arbitrator From Panel	40
(c) Selection System	40
(d) Expedited Arbitration.....	40
(e) Failure to Appear.....	41
(f) Award.....	41
(g) Right to Strike	42
Section 7. Industry Resource Committee	42
Section 8. Disputes Among Fund Trustees.....	42
Article XV. Accommodations	43
Section 1. Existing Accommodations	43
Section 2. Future Accommodations	43
Article XVI. No-Strike Clause.....	44
Section 1. No Strikes or Lockouts	44
Section 2. Bona Fide Picket Line.....	44
Article XVII. Term of Agreement	45
Article XVIII. Subscription and Signatories.....	45
Section 1. Refusal to Work	45
Section 2. Non-Subscribers.....	45
Section 3. Fringe-Benefit Assessment	45
Article XIX. Miscellaneous	46
Section 1. Headings	46
Section 2. Severability	46

Table of Contents

Section 3. Ratification.....	46
Section 4. Amendments	46
Section 5. Joint Contract Implementation Team	46
Appendix A. Containerization Agreement	49
Appendix B. Management-ILA Rules On Containers (As amended by Agreement of May 27, 1980)	51
Appendix C. Major Damage Criteria For Containers And Chassis.....	54
Appendix D. Stein Award.....	58
Appendix E. April 6, 2005 and April 12, 2005 USMX-SAGCD Letter Agreements	60
Appendix F. Puerto Rico Trade Accommodation dated December 23, 2003, an amendment dated March 31, 2004 to the December 23, 2003 Agreement and a letter agreement dated February 8, 2013 concerning the Jacksonville – Puerto Rico trade	64
Appendix G. Dole and Chiquita Accommodation dated June 10, 2011	68
Notes:	71-75

PREAMBLE

THIS COLLECTIVE BARGAINING AGREEMENT made and entered into on the 28th day of August, 2013, by and between UNITED STATES MARITIME ALLIANCE, LTD. (“USMX”) for and on behalf of its members and any stevedores, marine terminal operators, and carriers which may hereafter become members of USMX or which may hereafter subscribe to this Agreement (hereinafter sometimes collectively referred to as “Management”) and the INTERNATIONAL LONGSHOREMEN’S ASSOCIATION, AFL-CIO (“ILA”) for and on behalf of itself and each of its affiliated districts and locals representing longshoremen, clerks, checkers, and maintenance employees working on ships and terminals in ports on the East and Gulf Coasts of the United States constitutes the Master Contract establishing the terms and conditions of employment for longshoremen, clerks, checkers, and maintenance employees employed in container and roll-on/roll-off (“ro-ro”) operations at ports on the East and Gulf Coasts of the United States.

ARTICLE I SCOPE OF AGREEMENT

Section 1. Management.

The multiemployer Management group bound to the Master Contract consists of the carriers, stevedores, marine terminal operators, and port associations that are members of USMX; the carriers, stevedores, and marine terminal operators that are members of the port associations that are members of USMX; and the carriers, stevedores, and marine terminal operators that hereafter become members of USMX or hereafter subscribe to this Master Contract as well as those carriers and other employers bound hereto by operation of law.

Section 2. Recognition.

Management recognizes the ILA as the exclusive bargaining representative of longshoremen, clerks, checkers, and maintenance employees who are employed on ships and terminals in all ports on the East and Gulf Coasts of the United States, inclusive from Maine to Texas, and the ILA recognizes USMX as the exclusive employer representative in such ports on Master Contract issues.

Section 3. Complete Labor Agreement.

This Master Contract is a full and complete agreement on all Master Contract issues relating to the employment of longshore employees on container and ro-ro vessels and container and ro-ro terminals in all ports from Maine to Texas at which ships of USMX carriers and carriers that are subscribers to this Master Contract may call. This Master Contract as supplemented by local bargaining constitutes a complete and operative labor agreement.

Section 4. Local Bargaining.

The port associations which are bound by this Master Contract will engage in local negotiations on those bargaining subjects left open to local negotiations by USMX and ILA. Local agreements must be consistent with and will supplement the terms and conditions of the Master Contract in the local ports covered by this Master Contract.

**ARTICLE II
WAGES**

Section 1. Wage Increases.

(a) Effective October 1, 2014, employees who were employed as of September 30, 2013 and who are receiving a straight-time basic wage rate of \$32.00 per hour as of September 30, 2014 shall receive an increase of \$1.00 per hour in their straight-time basic wage rate.

(b) Effective October 1, 2016, employees who were employed as of September 30, 2015 and who are receiving a straight-time basic wage rate of \$33.00 per hour as of September 30, 2016 shall receive an increase of \$1.00 per hour in their straight-time basic wage rate.

(c) Effective October 1, 2017, employees who were employed as of September 30, 2016 and who are receiving a straight-time basic wage rate of \$34.00 per hour as of September 30, 2017 shall receive an increase of \$1.00 per hour in their straight-time basic wage rate.

Section 2. New Employees.

The starting straight-time basic wage rate for new employees who enter the industry on or after October 1, 2012 shall be \$20.00 per hour. New employees shall include any former employee who did not work at least one (1) hour under the prior Master Contract during the period from October 1, 2004 through and including September 30, 2012. New employees hired during the term of this Master Contract shall be entitled to receive the increases set forth in Article II, Section 3 of this Master Contract that go into effect after the date of their hire.

Section 3. Wage Progression Formula (“Formula”).

(a) Effective October 1, 2013, all employees who are receiving a straight-time basic wage rate on September 30 of the prior Contract Year that is less than the highest straight-time basic wage rate will receive an increase in their straight-time basic wage rates in accordance with the following Formula:

- (i) On their second (2nd) Industry Employment Anniversary Date, twenty-five percent (25%) of the difference between the highest straight-time basic wage rate and the employee’s straight-time basic wage rate on September 30 of the prior Contract Year;

- (ii) On their fourth (4th) Industry Employment Anniversary Date, fifty percent (50%) of the difference between the highest straight-time basic wage rate and the employee's straight-time basic wage rate in effect on September 30 of the prior Contract Year; and
- (iii) On the sixth (6th) Industry Employment Anniversary Date, one hundred percent (100%) of the difference between the highest straight-time basic wage rate and the employee's straight-time basic wage rate in effect on September 30 of the prior Contract Year.

(b) The following definitions shall apply to the Formula:

- (i) An employee's Industry Employment Anniversary Date will be based upon the number of Qualified Anniversary Years with which the employee has been credited as of September 30 of the prior Contract Year.
- (ii) A Qualified Anniversary Year for all Contract Years prior to October 1, 2009 is one in which the employee is credited with at least one (1) hour of service. A Qualified Anniversary Year for all Contract Years after September 30, 2009 is one in which the employee is credited with at least 700 hours of service.
- (iii) When applying the Formula, the highest straight-time basic wage rate shall be the rate in effect on the date the Formula is applied.
- (iv) If any employee did not work at least one (1) hour under the Master Contract during the period from October 1, 2000 through and including September 30, 2004 that employee shall not receive any Qualified Anniversary Years for any years prior to the Contract Year ending September 30, 2005.

(c) USMX and the ILA agree that the application of the Formula will result in the following base wage rates in each year of this Master Contract.

Contract Years	10/01/13	10/01/14	10/01/15	10/01/16	10/01/17
	09/30/14	09/30/15	09/30/16	09/30/17	09/30/18

If the employee has the following Qualified Anniversary Years of service on October 1 of the Contract Years set forth above, the employee's straight-time basic wage rate for each Contract Year of this Master Contract will be:

0	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
1	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
2	\$23.00	\$23.25	\$23.25	\$23.50	\$23.75
3	\$23.00	\$23.25	\$23.25	\$23.50	\$23.75
4	\$27.50	\$28.15	\$28.15	\$28.75	\$29.40
5	\$27.50	\$28.15	\$28.15	\$28.75	\$29.40
6 or More	\$32.00	\$33.00	\$33.00	\$34.00	\$35.00

(d) If an employee's straight-time basic wage rate is higher than what the employee is entitled to receive based on the Qualified Anniversary Years of service on October 1 of a Contract Year, the employee's straight-time basic wage rate will stay at the higher level until the employee is entitled to move to the next level, based on the employee's Qualified Anniversary Years of service.

(e) The Formula shall continue in full force and effect in extensions of this Master Contract and subsequent Master Contracts. On October 1, 2013 and on each October 1 thereafter while the Formula remains in effect, employees shall be entitled to receive an increase in their straight-time basic wage rate pursuant to the Formula payable on that date.

**ARTICLE III
HOURS OF WORK**

Section 1. Working Days.

The regular or normal working day shall consist of eight (8) hours from 8:00 A.M. to 12:00 Noon and from 1:00 P.M. to 5:00 P.M., and the regular or normal working week shall consist of forty (40) hours made up of five (5) regular or normal working days from Monday to Friday, inclusive.

Section 2. Nights, Weekends, and Holidays.

Employees covered by this Master Contract when required by Management shall work Saturdays, Sundays, and legal holidays and any night during the entire seven (7) day week.

Section 3. Meal Hours.

Meal hours shall be from 6:00 A.M. to 7:00 A.M., from 12:00 Noon to 1:00 P.M., from 6:00 P.M. to 7:00 P.M., and from 12:00 Midnight to 1:00 A.M. or as otherwise provided in the local agreement. Work shall be performed during meal hours on arrival or sailing days to complete discharging or loading a hatch, or by mutual agreement of the local ILA and port association in the ports or districts covered by this Master Contract.

**ARTICLE IV
LOCAL FRINGE BENEFIT CONTRIBUTIONS**

Section 1. Contributions.

Effective October 1, 2013, contributions for local pension, welfare, and other employee fringe benefits shall be increased from \$13.00 per hour to \$14.00 per hour, of which \$5.00 shall be paid to the Management-ILA Managed Health Care Trust Fund (MILA).

Section 2. Allocation of Contributions.

The contributions set forth in Article IV, Section 1 of this Master Contract may be allocated to fund not only pension and welfare benefits but also any other fringe benefits as agreed to by the local ILA and port association in each of the ports or districts covered by this Master Contract, except that \$5.00 per hour worked in each port or district shall be paid to MILA.

Section 3. Limitation On Contributions.

No man-hour contributions other than those set forth in Article IV, Section 1 of this Master Contract shall be imposed in any port or district except existing contributions in effect on September 30, 2012, which may not be increased during the term of this Master Contract. No tonnage assessment (not in effect on the effective date of this Master Contract) shall be imposed on containerization or ro-ro operations by any local ILA or port association in any port or district covered by this Master Contract during the life of this Master Contract.

**ARTICLE V
UTILIZATION OF WORK FORCE**

Section 1. New Employees.

(a) New employees shall be required to pass a mandatory physical examination and a drug test as established by Management and the ILA after they are offered employment and before they engage in any services.

(b) New employees shall also be required to pass ability and proficiency tests approved by Management and the ILA and shall also be required to be recertified every three (3) years in the case of equipment operators, clerical employees, and maintenance employees.

Section 2. Training.

Employees who operate or otherwise handle, or are selected to operate or otherwise handle, wheeled equipment, cranes, or other moving equipment or who perform maintenance or clerical work shall receive such training as may be required from time-to-time by Management and shall be subject to such recertification requirements as shall be established by Management and the ILA, including a physical examination designed by Management and the ILA to demonstrate the employee's ability to perform the essential functions of the employee's job.

Section 3. Flex-Time.

(a) **Terminals.** Each local port or district must institute a flex-time system at waterfront terminals for the receiving and delivery of containers and chassis and for work associated with these functions with the details of flex-time to be worked out on a local basis in accordance with the following basic principles:

- (i) For all hours worked before 8:00 A.M. and after 5:00 P.M., the wage rate shall be 1 and $\frac{1}{4}$ times the straight-time basic hourly rate except on Saturdays, Sundays and holidays, when the wage rate of 1 and $\frac{1}{2}$ times the straight-time basic hourly rate shall apply.
- (ii) The minimum hourly guarantees shall begin at the time the employees begin work.
- (iii) After eight (8) hours worked in any day, the overtime rate of 1 and $\frac{1}{2}$ times the straight-time basic hourly rate shall apply.
- (iv) Starting times and meal hours are local issues.

(b) **Ship Operations.** Any port or district may implement a ship or barge operation flex-time system which shall provide for flexible starting times and shift operations. The minimum

hourly guarantees shall begin at the time the employees begin work. Starting times and meal hours are local issues.

Section 4. Gang Size.

(a) **Longshore Gang.** A two-employee reduction in the total operation of the longshore gang for container and ro-ro ships went into effect on October 1, 1996 and an additional one-employee reduction went into effect on October 1, 1998. These reductions had to be made from other than drivers and/or crane operators. These reductions shall remain in effect during the term of this Master Contract.

(b) **Feeder Barge Gang.** The same reductions in the minimum gang size set forth in Article V, Section 4(a) of this Master Contract went into effect for a feeder barge gang under the Feeder Barge Agreement, which is limited to barges with a capacity of up to 350 containers. These reductions shall remain in effect during the term of this Master Contract.

(c) **Small Boat Gang.** The same reductions in the gang size set forth in Article V, Section 4(a) of this Master Contract went into effect under the Small Boat Agreement, which is limited to ships with a capacity of up to 500 TEUs. These reductions shall remain in effect during the term of this Master Contract.

Section 5. Staffing.

(a) **Checker.** One (1) checker shall be assigned to a longshore gang.

(b) **LTL Staffing.** The minimum stuffing and stripping gang for loading and unloading containers shall consist of one (1) longshoreman and one (1) checker, who shall work as directed on one or more containers or trucks simultaneously.

Section 6. Local Bargaining.

Subject to the provisions of Article V of this Master Contract, manning, staffing, and the number and use of employees in all crafts shall be the subjects of local bargaining for the purposes of improving port productivity.

**ARTICLE VI
DRUG AND ALCOHOL PROGRAMS**

Section 1. Local Plans.

The drug and alcohol program now in effect in each port and district should include the following provisions:

- (a) Every test shall allow for the splitting of the sample. In a positive test the employee would have the right to request a retest done at another approved laboratory.
- (b) The cost of performing drug and alcohol tests will be paid by the employer or the local employer port association.
- (c) Every plan must have mandatory random testing of all crafts, except in the Port of New York and New Jersey where its random-testing program will be held in abeyance so long as the Master Contract workforce in the Port of New York and New Jersey is subject to additional testing by private governmental agencies that are not parties to the Master Contract. The terms and conditions of the random-testing program in each port or district will be determined by the local parties pursuant to applicable law.

Section 2. Reinstatement.

The drug and alcohol program now in effect in each port and district shall continue in effect during the term of this Master Contract. The parties recognize that each port has a drug and alcohol policy which provides that an employee who is found in possession of, use of, or other dealings in narcotics, alcohol or other prohibited substances (other than drugs which have been prescribed by a licensed physician, and only while working under the conditions permitted by the employer) while

in the course of his employment under the terms of any collective bargaining agreement between the ILA and Management shall be immediately suspended from employment for a period of sixty (60) days and, furthermore, that any second offense shall result in termination from employment subject to the following rules. In those circumstances where an employee has been terminated from the industry in accordance with any such program and has remained drug-free for one (1) year, such individual will be eligible for a third and final chance for reinstatement in the industry subject to the following terms and conditions which must be determined locally:

- (a) The former employee must provide proof of successful completion of a rehabilitation program resulting in the individual being drug-free for the last twelve (12) months prior to application for reinstatement.
- (b) Reasonable criteria in each port or district shall be established under which the individual shall prove the individual's drug-free status, including periodic testing.
- (c) Application for reinstatement after the second offense must be made within sixty (60) days from the date of termination.
- (d) Once reinstated, the individual will be subject to random testing, and any further violation shall ban the employee for life.

Section 3. Fresh Start After First Offense.

If after a first offense, the employee remains drug-free for a period of three (3) years from the date of the first offense, the employee shall be entitled to the rescission of the first offense for the purposes of applying the reinstatement provisions set forth in Section 2 of Article VI of this Master Contract. If the employee commits a second offense before the employee has remained drug-free for three (3) years after the first offense, the employee is not entitled to have the first offense rescinded. An employee is entitled to only one (1) rescission.

ARTICLE VII
ILA JURISDICTION GENERALLY

Section 1. Containerization Agreement.

(a) Management hereby reaffirms that employees covered by this Master Contract have jurisdiction over longshore, checker, maintenance, and other craft work conferred on such workers by the Containerization Agreement, a copy of which is appended to this Master Contract as Appendix A.

(b) The carriers and marine terminal operators that are parties to this Master Contract shall not contract out to any affiliate, subsidiary, or other entity in which they have an interest any Master Contract work that has historically and regularly been performed by employees covered by the Master Contract at waterfront piers and terminals or at off-pier facilities within port areas covered by the Master Contract, unless the affiliate, subsidiary, or other entity employs workers covered by the Master Contract to perform the work.

Section 2. Rules On Containers.

The Rules On Containers that were in effect on September 30, 2004, a copy of which is appended to this Master Contract as Appendix B, shall remain in effect during the term of this Master Contract.

Section 3. Maine to Texas.

The ILA's Master Contract jurisdiction continues on a multi-port bargaining-unit basis covering all ports from Maine to Texas at which ships of USMX carriers and subscribers may call.

Section 4. Jurisdiction Committee.

(a) **Fact Finding.** The Jurisdiction Committee will visit every port that raises an issue concerning any violation of the Master Contract's jurisdiction provisions. The Jurisdiction Committee will render a report within thirty (30) days of each visit. The Jurisdiction Committee can use an independent third party to perform fact-finding, whenever the Committee agrees that such action is necessary.

(b) **Labor Adjustor System.** After October 1, 2004, Management and the ILA will set up a labor adjustor system to hear and resolve Master Contract jurisdictional disputes within thirty (30) days of the dispute being presented. Part of this system will permit the labor adjustors, on an as-needed basis, to use an independent third party to perform fact-finding, whenever the labor adjustors agree that such action is necessary.

(c) **Jurisdiction Committee Decisions.**

- (i) Decisions of the Jurisdiction Committee are to be implemented in accordance with the time schedule set forth in the Jurisdiction Committee's decision. The Jurisdiction Committee shall have the power to award actual damages incurred as a result of any violation of the jurisdictional provisions of the Master Contract. Decisions of the Jurisdiction Committee shall constitute final and binding arbitration awards, and the parties agree to waive the right to seek judicial review. In addition, the parties shall establish a procedure to resolve a deadlock of the Jurisdiction Committee by selecting in advance a panel of mutually acceptable arbitrators and use the next available arbitrator to resolve the deadlock on a set time schedule. The parties agree that the arbitrator's award is final and binding.
- (ii) The failure to comply with the final and binding decision and award of the Jurisdiction Committee or the deadlock-breaking arbitrator shall constitute a breach of this Master Contract, and the ILA reserves the right to take whatever legal action may be appropriate in the circumstances, including, but not limited to, the refusal to provide labor to the offending carrier, marine terminal operator, or stevedoring company. This refusal to supply labor shall not constitute a violation of the No-Strike Clause of the Master Contract or any local longshore collective bargaining agreement.
- (iii) Anyone failing to comply with an outstanding award of the Jurisdiction Committee or the deadlock-breaking arbitrator shall be liable for liquidated

damages in the amount of \$10,000 per day for each day that the offending local union, carrier, marine terminal operator, or stevedoring company fails to comply with the schedule set forth in the award. In the event the losing party commences an action in federal court to vacate an award issued by the deadlock-breaking arbitrator, the ILA shall not have the right to refuse to provide labor so long as liquidated damages are paid for failure to comply with the deadlock-breaking arbitrator's award. Actual damages payable by an offending carrier, marine terminal operator, or stevedoring company shall be paid to the aggrieved workers or the Fringe Benefit Fund in the port as determined by the Jurisdiction Committee or the arbitrator. Liquidated damages shall be paid to the Fringe Benefit Fund in the port. Actual damages and liquidated damages payable by a local union shall be paid to the aggrieved Management party.

- (iv) In the event that USMX or the ILA shall institute suit to confirm and enforce an award under this section, they shall be entitled to recover prejudgment interest, costs, reasonable attorneys' fees, and other expenses incurred in the litigation.
- (v) The losing party shall have the right to commence an action in federal court to vacate an award issued by the deadlock-breaking arbitrator. The limitations period for this action shall be 60 days from the date of the award. The losing party must comply with the award notwithstanding the pendency of any federal court action. Any actual damages awarded by the arbitrator and any liquidated damages for failure to comply must be paid in escrow to the co-chairmen of the Jurisdiction Committee pending the final disposition of the federal court action. If it does not prevail in the federal court action, the losing party shall pay reasonable attorneys' fees to the opposing party.

Section 5. Supervision and Management.

The ILA work described in the jurisdiction provisions of this Master Contract is to be performed by ILA-represented workers on the waterfront facility and not by supervision or other non-bargaining unit employees.

Section 6. Reefer Containers.

Except where other unions now have jurisdiction, the work of plugging and unplugging reefer containers aboard vessels is not to be performed by other outside persons, such as ship's crew, provided that agreement can be reached regarding minimal manning and agreed hours of the ILA labor.

Section 7. Port Authorities.

(a) USMX and the ILA shall conduct a study to determine how the business model currently used by port authorities in the Ports of Charleston, SC, Savannah, GA, and Wilmington, NC, could be altered to permit work currently performed by state employees to be performed by Master Contract-bargaining-unit employees in a more productive, efficient, and competitive fashion. USMX and the ILA will use this study to meet with these port authorities in an effort to convince them to employ Master Contract-bargaining-unit employees.

(b) USMX agrees to formally notify any port authority contemplating the development of or intending to develop a new container handling facility that USMX members may be prohibited from using that new facility if the work at that facility is not performed by Master Contract bargaining-unit employees.

Section 8. Marine Terminal Work.

(a) It is recognized that the marine terminal work of the ILA crafts has traditionally been performed on piers and waterfront facilities. When such marine terminal work is moved off the marine terminal by the terminal operator or by a signatory carrier to facilities in the port area, the ILA shall retain its work jurisdiction where the work is the work that would have been performed in the marine terminal or port area.

(b) If technology permits work performed under this Master Contract to be performed at a facility other than the existing facility or if marine terminal work that has historically and traditionally been performed under the Master Contract at an existing facility is moved to a facility other than the existing facility, the terminal operator or signatory carrier will be required to move that work to a facility in the port area, where the work will be performed by the ILA workforce. The terminal operator or signatory carrier is required to notify the ILA of its intention to remove work to another facility.

(c) The term “Port Area” in this Master Contract means the historic definition of what is considered the port area in each port covered by the Master Contract.

Section 9. Work Opportunities.

The parties agree that any chance of reacquiring the work of stuffing and stripping containers requires a dedicated work force of trained, productive workers hired at compensation commensurate with the local competition and without any restrictive rules. The parties should examine into this subject and all of its conditions.

Section 10. Space Charters.

The ILA has the same jurisdiction over a signatory's space-chartered vessel as it has over any vessel operated by a USMX member or by a signatory to this Master Contract. Vessels and containers owned or leased by USMX members or by signatories to this Master Contract shall be subject to ILA jurisdiction in each and every port where their vessels may call from Maine to Texas not only on signatory ships but also on non-signatory ships on which their containers may be carried. Containers of non-signatory carriers carried on signatory ships also shall be subject to ILA jurisdiction.

Section 11. Commencement of Jurisdiction.

Management reaffirms the ILA's jurisdiction as set forth in Articles VII, VIII, and IX of this Master Contract and in particular that such jurisdiction applies from the point at which the container/cargo comes within the control of Master Contract-bargaining-unit members. If necessary, issues arising over interpretation of these articles will be adjudicated by the Jurisdiction Committee.

Section 12. Scope of Article.

The general jurisdiction provisions contained in this Article VII of the Master Contract apply to all three crafts: longshore, checker and clerk, and maintenance employees.

Section 13. Customs and Border Protection.

The parties agree that it is important to redouble industry efforts to regain the customs examination work recently outsourced to non-USMX-ILA contractors. The parties agree to commission Ron Signorino to write a white paper on how this might be accomplished. It is also agreed that once the white paper is completed, USMX and the ILA will jointly approach the Customs and Border Protection agency.

**ARTICLE VIII
ILA JURISDICTION OVER CLERICAL WORK**

Section 1. Clerical Work.

Clerks shall perform all clerical work on container waterfront facilities which traditionally and regularly has been performed by them, including, but not limited to, work related to the receipt and delivery of cargo, hatchchecking, prestow, hatch sequence sheet, plan clerking, recording of receipt and delivery of containers received or delivered at waterfront facilities, timekeeping, location and yard work, and demurrage recording, which work shall not be removed from the waterfront facility. The input and output of information by computers related to the foregoing work functions shall also be performed by Checkers and Clerks.

Section 2. Guidelines.

(a) **Framework.** The members of the Jurisdiction Committee, in order to provide a framework to resolve outstanding issues regarding the jurisdiction of the ILA Clerks and Checkers, have agreed upon the following definitions and the statement of principle that will be used to define and identify the specific functions that fall within the ILA's jurisdiction.

(b) **Statement of Principle.** In applying Article VIII, Section 1 of the Master Contract, members of the Jurisdiction Committee shall be bound by the following principle: Management and the ILA agree that the ILA Clerks and Checkers shall have jurisdiction over each and every function set forth in Article VIII, Section 1 of this Master Contract which is performed on container waterfront facilities on behalf of signatory employers in each and every port covered by the Master Contract, provided that such function was at any time in the past performed by the ILA Clerks and Checkers in that port. It is further understood that clerical work currently performed by state port authorities or government agencies, if discontinued, will fall under the ILA's jurisdiction.

(c) **No Waiver.** Unless there is agreement between the ILA in a local port and an employer in the local port, any deviation from the jurisdiction provisions of the Master Contract shall not constitute a waiver, amendment, or rescission of the jurisdiction provisions of the Master Contract.

Section 3. Glossary of Terms.

The following basic list of terms are intended to be descriptive and not all encompassing and are not intended to limit the jurisdiction or functions of the ILA Clerks and Checkers as they exist under local agreements in the various ports covered by the Master Contract:

- (a) **Receiving and Delivery** of cargo shall mean checking and/or clerking of all cargo received into and/or out of a container terminal operated and controlled by a USMX-member company. The input and output of information related to change of status (*e.g.*, change of vessel, change of discharge port, etc.) once the container is received at the waterfront facility shall also be performed by the Checkers and Clerks. Management and the ILA agree that they will develop a methodology to confirm who is performing computer input work that falls within the ILA's jurisdiction. Both Management and the ILA agree that the methodology will vary from one terminal to another because of the different computer systems utilized in various ports and terminals. Both the ILA and Management are committed to fully implementing this Article VIII of the Master Contract during its term.
- (b) **Hatchchecking** shall mean the checking, tallying, verification, and recording of all containers and/or cargo loaded, discharged, or restowed to or from a vessel or barge at a container terminal operated and controlled by a USMX-member company.
- (c) **Prestow & Plan Clerking** shall mean the making of sequence sheets and/or the making of a prestow plan that would be used in loading and discharging vessels and barges in accordance with Management's instructions. Such work shall include, but not be limited to, all work relating to the bay plan. The use of a computer in the performance of the above function falls within the ILA's jurisdiction.
- (d) **Timekeeping** shall mean the timekeeper's duties and functions, which shall include, at the discretion of Management, but not be

limited to, keeping longshore time and the preparation of time sheets and payroll information. If a computer is used to perform this function, this will fall under the ILA's jurisdiction.

- (e) **Location and Yard Work** shall mean the identification, location and control of all containers, chassis, and/or cargo to be loaded, discharged, or restowed to or from the vessel or barge. Necessary paperwork and computer utilization required to perform these clerical functions, as required by Management's direction and planning, shall fall within the ILA's jurisdiction.
- (f) **Demurrage Recording** shall mean the preparation, computation, and checking of container-demurrage receipts.

ARTICLE IX ILA JURISDICTION OVER MAINTENANCE AND REPAIR WORK

Section 1. Maintenance and Repair Work.

It is agreed that the jurisdiction of the ILA shall cover the maintenance and repair of equipment (which term includes containers and chassis) and such equipment as its members have historically maintained and which is owned, controlled, operated, or interchanged by USMX members including, but not limited to, (a) container cranes, (b) container-handling equipment, and (c) container cranes and container-handling equipment which are acquired for new deep-sea terminal facilities. The ILA's jurisdiction remains in effect at waterfront container facilities and/or off-pier premises used for servicing and repairing equipment covered by this Master Contract in accordance with the Containerization Agreement. Further, all said equipment, be it owned, leased, or controlled by USMX members and/or signatories to the Master Contract, once it is presented at waterfront facilities, shall be covered by this Master Contract. Furthermore, it is recognized that the marine-terminal work of all ILA crafts has been traditionally performed on piers and waterfront facilities. When such marine-terminal work is moved off the marine terminal by the terminal operator or by a

signatory carrier to facilities in the port area, the ILA shall retain its work jurisdiction, where the work is the work that would have been performed in the marine terminal or port area.

Section 2. Major Damaged Equipment.

Major damaged equipment must be repaired in the port where the major damage is discovered, provided, however, that where a carrier needs to reposition empties or where it is otherwise necessary to its operations, a carrier shall notify the ILA maintenance local of the repositioning and the equipment numbers of the major damaged equipment. Thereafter, it shall also report the time, place and nature of the repairs performed by ILA labor in an ILA port on such damaged equipment. Such notification shall be subject to the audit procedure. In fulfilling the above objectives, it is agreed that:

- (a) No damaged equipment shall be loaded aboard ship for export except under the procedures provided below.
- (b) No employer or carrier shall permit damaged equipment to leave the compound, except under the procedures provided herein.
- (c) The employers and carriers shall not enter into any leasing agreement that circumvents the work jurisdiction of the ILA covered under this Master Contract.

Section 3. Determination Procedure.

(a) An ILA/Carrier Master Contract Committee has established amended criteria, which are appended to this Master Contract as Appendix C, for a container with major damage in accordance with uniform criteria which relate to safety, structural soundness, roadability, and seaworthiness of the various types of containers. These criteria shall be distributed to the ILA maintenance employees in the inspection (or roadability) lanes at each container terminal.

(b) In accordance with the criteria established in subparagraph (a) of Article IX, Section 3 of this Master Contract, ILA employees may designate a container or chassis which they examine and find damaged (as defined in such subparagraph (a) criteria) as out of service on a T.I.R. form and such container shall be placed in a deadline status in accordance with the procedures of the terminal involved.

(c) The carrier shall be notified of such designation as soon as possible and shall have the right to determine that such container or chassis shall either be repaired (in an ILA port of its choosing) or if it disagrees with the ILA determination that such container was damaged within the subparagraph (a) criteria, the container in question shall be placed back into service or repositioned as an empty.

Section 4. Grievance and Audit.

The ILA shall have the right to be informed of the action so taken and to grieve the matter, if it so desires, under the terms and conditions of the grievance procedures agreed to by the parties in this Master Contract. If it is determined under such grievance procedure that the container in question should have been repaired, the carrier shall pay liquidated damages of \$1,000 per container (\$2,000 per container for willful violations), as ruled in such determination. Fact-finding and audit under the grievance procedure shall be provided by an independent auditor selected by the parties who shall have the right to audit all applicable documentation of a carrier to determine compliance with this Master Contract. Such audit shall be available to the grievance procedure and may be used to establish compliance or the lack thereof.

Section 5. Port of Discovery (POD).

(a) It is necessary to implement a system to monitor compliance of repair of major damage in accordance with the Master Contract. For this purpose, it shall be the responsibility of each port to establish a procedure that will verify that all parties are complying with the provisions of the Master Contract in that port. Each port shall provide to the Jurisdiction Committee the procedure established in that port.

(b) In order to be recognized as a valid POD system by the Jurisdiction Committee, each port's system must be able to do the following:

- (i) Identify major damage;
- (ii) Track the movement of equipment identified with major damage; and
- (iii) Record and validate the repair of the equipment.

Section 6. Warranties.

During the warranty period, there will be one (1) ILA mechanic or the number as provided in the local agreement. The training for the warranty work is to be at the discretion of the employer. After the initial warranty period, extended warranty work will require one (1) ILA mechanic per warranty staff onsite. Warranty documentation will be provided to the ILA mechanic.

**ARTICLE X
PRESERVATION OF CHASSIS
MAINTENANCE-AND-REPAIR WORK**

Section 1. Preamble.

USMX and the ILA recognize that the chassis-ownership-and-leasing model has changed significantly over the period of the 2009-2012 Master Contract. USMX and the ILA recognize that

this situation will continue to develop over the term of this Master Contract and that further change is likely. USMX and the ILA are committed to work-preservation provisions to promote continued ILA jurisdiction of the chassis maintenance and repair work within the marine terminals and port areas covered by this Master Contract. The parties recognize the right of the ILA to further jurisdictional expansion by the traditional organizing methods, but this Master Contract does not contemplate any jurisdictional expansion.

Section 2. Chassis Pools.

USMX and the ILA recognize that the operators of chassis pools that are not bound by the Master Contract have made various commitments to USMX and the ILA to continue to use ILA-represented employees for maintenance and repair work on their chassis in port areas covered by this Master Contract, and USMX and the ILA applaud and support these commitments. Going forward USMX and the ILA will work with these chassis-pool operators to further solidify these types of commitments, including their possible inclusion into membership in USMX.

Section 3. Sale or Transfer of Chassis.

(a) No carrier or association of carriers bound by this Master Contract that operates chassis pools shall sell or transfer chassis except to a buyer that agrees to preserve the ILA's existing jurisdiction over the repair and maintenance of chassis. To achieve that end, the carriers agree that if they or any association of carriers that operates chassis pools sell or transfer chassis to third parties not bound by this Master Contract, they will include the following provisions in the contracts of sale or transfer:

- (i) As a material term of this agreement the purchaser or transferee agrees until September 30, 2018 to

continue to use ILA-represented employees that the seller or transferor had used prior to the sale or transfer to maintain and repair the chassis that are the subject of this agreement at marine terminals and off-pier facilities in the historic port areas. The purchaser/transferee also agrees to include the foregoing provision in any subsequent contract of sale entered into on or before September 30, 2018 in which the purchaser/transferee sells or transfers the said chassis to a third party.

- (ii) The purchaser/transferee agrees that a breach of this provision will result in irreparable injury to both the seller/transferor and the affected employees represented by the International Longshoremen's Association, AFL-CIO, and that both the seller/transferor and the affected ILA-represented employees may not be adequately compensated at law for such breach of the provision. The purchaser/transferee consents to the entry of injunctive and any other appropriate equitable relief against it with respect to any breach of the provision.

(b) If any carrier or association of carriers bound by this Master Contract that operates chassis pools decides to sell or transfer chassis, such carrier or association shall inform the ILA and USMX as soon as possible and shall provide to them evidence that the contract of sale or transfer includes the required provisions set forth in subsections (a)(i) and (a)(ii) of this Section 3.

Section 4. Inspection and Maintenance of Chassis.

The ILA shall retain its jurisdiction to inspect and maintain chassis at marine terminals and off-pier facilities in the historic port area. No container shall be received, delivered, mounted on or dismounted from a chassis-pool chassis that has been repaired and maintained in the port area by

employees who are not represented by the ILA. This provision shall not apply to owner-operator-owned or shipper-owned chassis.

Section 5. Roadability.

The parties to this Master Contract shall have the right to reject any chassis at any marine facility covered by this Master Contract that does not meet roadability standards for safety. The Joint Technical Committee shall establish roadability standards for safety that the parties to this Master Contract shall use in the inspection of chassis at marine facilities covered by this Master Contract.

**ARTICLE XI
NEW TECHNOLOGY**

Section 1. Preamble.

Where new devices and new methods are utilized or additional automation is implemented, it is recognized that these make the ILA more competitive and their employers more able to provide continued employment. In conjunction with this, the ILA and USMX agree to establish a New Technology and Automation Committee, consisting of the Co-Chairmen and five (5) additional members from each side.

Section 2. Process.

(a) An employer shall notify the Co-Chairmen of this New Technology and Automation Committee in writing of the employer's implementation of New Technology.

(b) The Committee shall meet to review the new technology, the timetable for its implementation, and the potential impact on employees, including, but not limited to, the following:

- (i) Performing an analysis of any economic impact on wages or benefits;

- (ii) Performing an additional analysis on how an automated facility or operation may affect any craft jurisdiction;
- (iii) Analyzing possible reassignment within crafts, retraining, and/or assignment to the ILA of all employment positions resulting from technological changes after evaluating productivity, tonnage levels, and any additional work created by technology and automation; and
- (iv) Performing an audit of all job functions and duties at the terminal identified in the notification to the Co-Chairmen to determine whether these functions and duties are properly assigned in conformity with ILA work jurisdiction.

(c) The Committee shall facilitate and participate in local discussions over the impact on the workforce and the local port. If agreement is reached, then the Committee and local ILA and Management shall engage in discussions regarding Displaced Employees, if any. A Displaced Employee is one who is regularly employed in the port area where the technology has been implemented and whose job has been eliminated as a result of the implementation of technology. Displaced Employees also include those who are regularly employed and who are bumped pursuant to the local port's seniority rules. "Regularly employed" means having worked at least 1,000 hours in the port area in the prior contract year.

(d) If a complete agreement on all issues is not reached within 90 days of notification to the Co-Chairmen, then any remaining disputes shall be referred to the Special Panel for resolution. The Special Panel will consist of one (1) senior labor representative and one (1) senior management representative who do not have a direct interest in the dispute. If the Special Panel fails to reach an agreement and issue a determination within 30 days, then the matter will be submitted to arbitration

in accordance with this Master Contract. Both the Special Panel's determination and the arbitrator's decision shall be final and binding and shall constitute an enforceable arbitration award.

Section 3. Guiding Principles.

(a) All jobs created by technology and automation shall be filled by qualified ILA-represented employees within their respective crafts after mandatory employer-provided training.

(b) Any Displaced Employee must be available to accept work opportunities within the employee's craft at the terminal in question or other port areas in accordance with current port seniority requirements and port practices. ILA-represented employees displaced by technology or automation as defined in Section 2(c) of this Article XI shall be offered protection in wages and benefit contributions. Displaced Employees who worked between 1,000 and 1,199 hours in the prior contract year will be offered protection for up to 35 hours per week, and Displaced Employees who worked 1,200 hours or more in the prior contract year will be offered protection for up to 40 hours per week.

**ARTICLE XII
CONTAINER ROYALTIES**

Section 1. First and Third Container Royalties.

The First and Third Container Royalties (effective in 1960 and 1977) each in the amount of \$1.00 per weight ton of containerized cargo not stuffed or stripped by ILA-represented labor (with lesser amounts for containerized cargo carried on vessels that are not full container vessels as determined in the Stein Award, a copy of which is appended to this Master Contract as Appendix D) shall continue to be paid. The amount of the First and Third Container Royalties, which are subject to the provisions of the Stein Award and any accommodation approved pursuant to Article XV of

this Master Contract, paid to the various local port and district container-royalty funds in accordance with Article XII, Section 3 of this Master Contract shall be used to provide supplemental-wage benefits to eligible employees covered by this Master Contract.

Section 2. Second Container Royalty.

The Second Container Royalty (effective in 1971) in the amount of \$1.00 per weight ton of containerized cargo not stuffed or stripped by ILA-represented labor (with lesser amounts for containerized cargo carried on vessels that are not full-container vessels as determined in the Stein Award, which is attached to this Master Contract as Appendix D) shall continue to be paid during the term of this Master Contract to MILA to be used exclusively for the purpose of funding the managed-healthcare program administered by MILA in accordance with the provisions of Article XIII of this Master Contract. The Second Container Royalty is subject to the provisions of the Stein Award.

Section 3. Container Royalty Distribution.

(a) Each year during the term of this Master Contract the total amount of Container Royalty benefits payable to the eligible workforce under the Master Contract shall be no less than the total sum paid in all ports in 2011. Similarly, each year during the term of this Master Contract, administrative expenses payable to the local port container royalty funds covered by the Master Contract shall be no less than the total sum of administrative expenses paid by those funds in 2011, except in any year when the total sum of administrative expenses paid by a port is less than the total sum of administrative expenses paid in 2011 by that port. For all ports other than the Port of New York and New Jersey, the year 2011 shall mean the contract year ending September 30, 2011; for the Port of New York and New Jersey, the year 2011 shall mean the calendar year ending December 31, 2011.

(b) Each year during the term of this Master Contract any Container Royalty Nos. 1 and 3 assessments collected that are in excess of the amounts needed to satisfy the contractual obligations set forth in Article XII, Section 3(a) of this Master Contract shall be divided into two equal shares. The ILA shall have the right to designate how one of those shares will be used, and USMX shall have the right to designate how the other share will be used.

Section 4. Container Royalty Central Collection Fund.

(a) During the term of this Master Contract, USMX and the ILA shall create and maintain a Container Royalty Central Collection Fund (CCF) to collect and distribute all container royalties payable pursuant to this Master Contract.

(b) The CCF shall constitute an irrevocable trust for the sole and exclusive purpose of collecting all assessments payable in accordance with this Master Contract to the following joint labor-management fringe-benefit-trust funds: the Carrier-ILA Container Freight Station Trust Fund, the Carrier-ILA Container Royalty Fund No. 5, the local port container royalty funds entitled to receive the First Container Royalty and Third Container Royalty Assessments, and MILA, which is entitled to receive the Second Container Royalty and the Fourth Container Royalty Assessments.

(This space intentionally left blank.)

(c) The CCF will distribute automatic payouts that are substitutes for CAP refund payments established in the 2004 Master Contract that were made to local ports to be used for local fringe benefits other than supplemental cash benefits. These automatic payments include the following payments provided for in the 2009 Memorandum of Settlement extending the 2004 Master Contract.

- (i) Each local port and district shall be entitled to receive each year during the term of this Master Contract the following amounts that are equal to the CAP excess distributions paid to those ports for the Contract Year ending September 30, 2009:

Port/District	Contractual Amount
Boston	\$ 342,095
NY & NJ	6,183,757
Philadelphia	439,674
Baltimore	1,397,081
Hampton Roads	2,273,807
Wilmington, NC	530,947
Charleston	213,805
Savannah	4,000,616
Jacksonville	1,040,114
Southeast Fl.	584,161
Tampa	77,927
New Orleans	2,081,996
West Gulf	2,828,687

- (d) The South Atlantic and West Gulf regions will be entitled to receive the following additional automatic payments each year during the term of this Master Contract.

- (i) The South Atlantic District Escrow Fund (SADEF) shall receive an annual amount not to exceed \$7,535,968 for vacation and holiday benefits calculated pursuant to the formula set forth in the April 12, 2005 letter agreement between USMX and the South Atlantic & Gulf Coast District (SAGCD).

- (ii) The Maritime Association-ILA Funds shall receive an amount not to exceed \$7,885,656, to fund the cost of supplemental wages in lieu of vacation and holiday benefits calculated pursuant to the formula set forth in the April 6, 2005 letter agreement between USMX and SAGCD.
- (iii) Copies of the April 6, 2005 and April 12, 2005 USMX-SAGCD letter agreements are attached as Appendix E.

Section 5. Carrier-ILA Container Royalty Fund No. 4.

The Fourth Container Royalty (CR-4) assessment of \$1.15 per weight ton shall continue during the term of this Master Contract. USMX and the ILA will terminate the Carrier-ILA Container Royalty Fund No. 4, since the CCF will transmit the Fourth Container Royalty Assessment directly to MILA. During the term of this Master Contract, USMX and the ILA shall have the right to agree upon a modification, suspension, or elimination of the CR-4 assessment.

Section 6. Carrier-ILA Container Royalty Fund No. 5.

(a) The Carrier-ILA Container Royalty Fund No. 5 (“CR-5 Fund”) shall be continued during the term of this Master Contract for the sole and exclusive purpose of providing financial assistance to joint Management-ILA employee welfare benefit plans that provide healthcare, vacation or holiday benefits in the local ports or districts. Employee pension benefit plans and employee benefit plans that do not provide healthcare, welfare, vacation, or holiday benefits, including, but not limited to, container royalty plans or other plans providing supplemental cash benefits, supplemental unemployment benefit plans, scholarship plans, and severance plans, are not eligible plans for assistance from the CR-5 Fund. Applications for financial assistance will be granted to local employee benefit plans that are in need due to shortfalls in funding, provided the plans meet the criteria for assistance established by the CR-5 Fund trustees.

(b) During the term of this Master Contract, Management will fund Container Royalty Fund No. 5 as required to provide financial assistance to joint Management-ILA employee-benefit plans in the local ports or districts as provided in Article XII, Section 6(a) of this Master Contract. During the term of this Master Contract, management shall have the right to modify the Container Royalty Fund No. 5 assessment.

Section 7. Carrier-ILA Container Freight Station Trust Fund.

(a) Preamble

The Carrier-ILA Container Freight Station Trust Fund (“CFS Fund”) shall continue in effect during the term of this Master Contract. The periodic distribution of the amounts to be paid from the CFS Fund and the purposes thereof shall be determined solely by the trustees of the CFS Fund. The CFS Fund shall continue to provide funding for training purposes to the extent that any funds remain after payment for the support of container-freight stations. Training programs in each port or district shall be operated under guidelines approved by the trustees of the CFS Fund and shall be funded primarily by funds generated in each local port or district before application is made to the trustees of the CFS Fund.

(b) CFS Subsidy and Training Program

(i) Assessment Rate

There will be an assessment rate equivalent to \$0.25 per ton for the first three (3) years of the Master Contract.

(ii) Subsidy

The wages, manning, and scope of work will be negotiated on a local level to accommodate the subsidy rates listed below and to compete with the local competition:

- (A) The subsidy rate will be \$28 per hour in 2012-2013 for the pre-approved hours for each pre-approved task
- (B) The subsidy rate will be \$27 per hour in 2013-2014 for the pre-approved hours for each pre-approved task
- (C) The subsidy rate will be \$25 per hour in 2014-2015 for the pre-approved hours for each pre-approved task
- (D) The subsidy rate will be \$24 per hour in 2015-2016 for the pre-approved hours for each pre-approved task
- (E) The subsidy rate will be \$22 per hour in 2016-2017 for the pre-approved hours for each pre-approved task
- (F) The subsidy rate will be \$21 per hour in 2017-2018 for the pre-approved hours for each pre-approved task.

(iii) Training

- (A) The training program currently in effect and paid for with CFS assessments will be continued.
- (B) Any changes to this program will be recommended by the CFS Fund trustees to the bargaining parties for consideration.

(iv) Audits

- (A) Existing CFS operations will be audited at the start of the contract and ongoing to determine task times and verify intensities. Task times will be consistent within each port.
- (B) Major container freight stations will have a yearly audit. All others will be as required.

(v) New CFS Applications and New Operations

- (A) All new CFS applications are subject to CFS Fund trustee approval and will receive the 2017-2018 contract year subsidy rates.

(B) All new operations within existing CFS operations are subject to CFS Fund trustees' approval but will receive the existing CFS Subsidy rate in effect for that station.

(C) If in the CFS Fund trustees' discretion, they feel that the extent of the new-business opportunity mentioned immediately above is so large as to materially impact the hiring and the overall business of the existing CFS, then that new business will receive the 2017-2018 contract year subsidy rate.

(vi) Container Royalty

(A) A centralized and uniform reporting process will be implemented system wide that will include current data with the addition of the carrier name and tonnage.

(B) Due dates for reporting will also be established and enforced.

(C) The per-ton credit will be the equivalent of Container Royalty Nos. 1 through 5 plus CFS in total.

(vii) Manning and Scope of Work

Any manning issues, including work opportunities, will be governed by historical past practices of the CFS program and Article VII, Section 9 of the USMX-ILA Master Contract.

(viii) New York/New Jersey CFS

Due to the nature of assessments in New York – New Jersey, any changes or additions to the program in New York and New Jersey will be handled by the CFS Fund trustees.

(ix) New Assessment and Subsidy Considerations

Prior to the conclusion of the 2014-2015 Contract Year and in each Contract Year thereafter, if in the CFS Fund trustees' opinion there is a need for adjustment to the Assessment Rate or the Subsidy Rate, due to any unforeseen increase or decrease in the training program or the subsidy rate program, they may recommend to the bargaining parties their concerns. Any adjustment agreed to by the bargaining parties will be effective on the start date of the subsequent contract year.

ARTICLE XIII
MILA

Section 1. Management-ILA Managed Health Care Trust Fund.

The Management-ILA Managed Health Care Trust Fund (“MILA”) is a joint labor-management, Taft-Hartley trust fund managed by an equal number of Management and Union trustees to administer an employee welfare benefit healthcare plan covering active and retired dockworkers covered by this Master Contract and their dependents in all ports. There will be no reduction in MILA benefits during the term of this Master Contract.

Section 2. Funding.

MILA is a defined contribution welfare plan that is funded by the following contributions.

(a) **Fourth Container Royalty Assessment.** During the term of this Master Contract, the Fourth Container Royalty Assessment for the funding of MILA shall be in the amount of \$1.15 per weight ton of containerized cargo not stuffed or stripped by ILA-represented labor (or such lesser amount as may be required under the Stein Award, which is attached to this Master Contract as Appendix D, for containerized cargo carried on vessels that are not full container vessels) and shall be paid to MILA to be used exclusively to fund the managed healthcare program administered by MILA. During the term of this Master Contract, USMX and the ILA shall have the right to agree upon a modification, suspension, or elimination of the Fourth Container Royalty Assessment contributions payable to MILA.

(b) **Second Container Royalty Assessment.** During the term of this Master Contract, the Second Container Royalty Assessment in the amount of \$1.00 per weight ton of containerized cargo not stuffed or stripped by ILA-represented labor (or such lesser amount as may be required under the Stein Award, which is attached to this Master Contract as Appendix D, for containerized cargo carried on vessels that are not full container vessels) shall be paid to MILA to be used

exclusively to fund the managed healthcare program administered by MILA. During the term of this Master Contract, USMX and the ILA shall have the right to agree upon a modification, suspension or elimination of the Second Container Royalty Assessment payable to MILA. The container royalty provisions set forth in Article XII, Section 3 of this Master Contract shall not apply to the Second Container Royalty Assessment to MILA.

(c) **Hourly Contributions.** During the term of this Master Contract, \$5.00 of the hourly contributions for local pension, welfare, and other employee fringe benefits set forth in Article IV, Section 1 of this Master Contract shall be paid to MILA.

Section 3. Second Container Royalty Contributions.

The Second Container Royalty contributions shall be used exclusively for the funding of MILA healthcare benefits in all ports and districts covered by this Master Contract that participate in the MILA healthcare plan. If the South Atlantic or the West Gulf continue to use the Second Container Royalty contributions for other purposes, then, either or both such areas must pay to the trustees of MILA the equivalent of said Second Container Royalty contributions in total dollars out of the 1993 dollar contributions, if they are being used for welfare purposes, as well as out of other fringe benefit contributions, such as the local fringe benefit contributions set forth in Article IV, Section 1 of this Master Contract and the payments distributed to those areas in accordance with Article XII, Section 4 of this Master Contract.

**ARTICLE XIV
GRIEVANCE PROCEDURE**

Section 1. Local Level.

All disputes under this Master Contract involving containerization and ro-ro, including interpretations of this Master Contract, shall be heard initially by the Local Industry Grievance Committee (“LIGC”), which shall consist of the following: three (3) Management representatives (a representative of USMX, a representative of the local port association where the dispute arose, and a local stevedore or terminal operator) and three (3) representatives appointed by the ILA. Requests for interpretations may be brought at any time. The LIGC shall reach a decision within ten (10) days after either a charge has been filed of an alleged violation or a request has been filed seeking an interpretation.

Section 2. Appellate Level.

Where there is a failure to render a decision on the local level or where a party desires to appeal any decision rendered on the local level, such cases may be referred to the Industry Appellate Committee (“IAC”).

Section 3. Appeals From a Decision of the LIGC.

Appeals from a decision of the LIGC must be taken within twenty (20) days after a decision has been reached and the parties notified or within twenty (20) days from the deadline referred to in Article XIV, Section 1 of this Master Contract for the LIGC to reach a decision.

Section 4. Appeals Form.

All appeals must be taken on an appellate form prepared by USMX and the ILA.

Section 5. Industry Appellate Committee (IAC).

(a) **Number of IAC Members.** The IAC shall be comprised of sixteen (16) representatives of Management and sixteen (16) representatives of the ILA.

(b) **Co-Chairmen.** The President of the ILA shall be Co-Chairman of the Union members of the IAC and the Chairman/CEO of USMX shall be the Co-Chairman of the Management members of the IAC.

(c) **Telephonic Notice.** Either Co-Chairman may call the IAC into session on short notice by telephone with fax confirmation to the other Co-Chairman and Executive Secretary.

(d) **Quorum.** The Co-Chairmen may agree between themselves in special cases to call into session an IAC meeting with fewer than sixteen (16) members on each side provided that no fewer than six (6) such members on each side, including the Co-Chairmen, are convened to hear and determine a dispute. The IAC may hear and determine a dispute by telephone or video conference upon the request of either Co-Chairman.

(e) **Majority Vote.** Decisions by the LIGC and the IAC shall be rendered by a majority vote thereof. A decision by the IAC shall be final and binding and shall constitute an enforceable award.

(f) **Multi-Port Charges.** Charges of alleged violations of this Master Contract involving more than one (1) port shall be referred directly to the IAC for a final determination.

(g) **Failure To Appear.** If after due and timely notice, either party fails to appear at a meeting of the LIGC or IAC, then the other party may proceed and hear the matter and issue a decision unilaterally.

Section 6. Arbitration.

(a) **Panel of Arbitrators.** The Co-Chairmen shall provide for a panel of at least five (5) and no more than ten (10) named arbitrators who shall serve as the permanent Master Contract arbitrators during the term of this Master Contract. The Labor Arbitration Rules of the American Arbitration Association then in effect shall be utilized in such selection process.

(b) **Selection of Arbitrator From Panel.** If the IAC shall be unable to resolve matters referred to it, the Co-Chairmen shall seek to select an arbitrator immediately after the IAC deadlocks. If no such selection is made immediately (on the same day as the deadlock), within a ten (10) day period either party may refer the matter to the arbitrator next in line who is available in accordance with the selection system.

(c) **Selection System.** An arbitrator shall be selected by a person designated by the Co-Chairmen through a process of pulling the name of the arbitrator by lottery. This first available arbitrator shall hear and determine the first dispute. After the first selection and thereafter, the lottery shall only include the names of the remaining arbitrators until all arbitrators have been selected in order of their being drawn. For each selection, arbitrators shall be listed in the order of drawing so that the arbitrator first indicating his availability shall be given the assignment. The Co-Chairmen are hereby authorized to oversee such selection and to exercise their discretion in such selection process.

(d) **Expedited Arbitration.** Any party to this Master Contract may, with respect to any grievance, dispute, complaint, or claim arising out of or relating to the Master Contract at any point waive any and all preliminary steps of the grievance machinery and submit the matter to arbitration (“expedited arbitration”) at any time after a matter has been considered by the Co-Chairmen. Such requests shall be made in writing by the President of the ILA or the Chairman/CEO of USMX, as the

case may be, or their designees. Such writing may be by a letter hand delivered to the office of the other party or transmitted to the office of the other party by facsimile or electronic mail. Notice by hand-delivery, facsimile or electronic mail shall be given at the same time to a member of the arbitration panel who shall immediately thereafter (and not later than twenty-four (24) hours after receipt of such notice) convene an arbitration hearing at such place as the arbitrator shall determine, including the workplace where the dispute arose.

(e) **Failure to Appear.** In the event any party fails to appear at any arbitration, including an expedited arbitration hearing, the party failing to appear shall be deemed to have waived its right to contest its non-participation and the arbitrator shall proceed forthwith to determine the issue.

(f) **Award.** In an expedited arbitration, the arbitrator shall issue a short-form award at the end of the hearing, unless the time to render an award is extended by mutual consent. The arbitrator shall have the right to issue a more detailed decision within thirty (30) days after rendering such a short-form award setting forth the reasons for the arbitrator's award. As to all other arbitrations, the arbitrator shall issue an award as expeditiously as possible. If an award is not rendered within thirty (30) days (unless both parties agree to extend such time period), either party shall have the right to terminate the services of that arbitrator, who shall be replaced in accordance with the procedures set forth in Section 6(c) of this Article XIV. If the arbitrator is disabled and is thereby prevented from rendering a decision within thirty (30) days or the arbitrator fails to render a decision within thirty (30) days, the parties shall refer the record and briefs to the next arbitrator for decision, unless either party objects to such procedure, in which event a new and expedited hearing shall be held.

(g) **Right to Strike.** The ILA shall have the right to refuse to render service to any carrier or direct employer who fails or refuses to abide by the final decisions of the LIGC (if not appealed) or IAC after having been found to have violated any provision of the Master Contract, until said carrier or direct employer comes into full compliance with said decision. The provisions of any “No-Strike” clause shall not be applicable in any such situation.

Section 7. Industry Resource Committee.

The Management-ILA Industry Resource Committee consisting of the Co-Chairmen and seven (7) representatives on each side appointed by each Co-Chairman shall continue in effect for the purpose of considering major industry problems that require consideration for the benefit of Management, the ILA, and the employees and which shall serve as a Master Contract planning committee to consider such agendas as may be brought before them by agreement of the Co-Chairmen.

Section 8. Disputes Among Fund Trustees.

Any dispute arising among the trustees of any fund whose trustees are appointed pursuant to any of the trusts created under this Master Contract shall be referred and determined in accordance with the arbitration procedures created under the terms of the applicable trust agreement. The trustees of these Master Contract funds shall also enforce the collection of any and all assessments provided under this Master Contract, and all carriers, employers, ILA locals and officials, port associations, local-fund trustees, beneficiaries, and other persons claiming any rights or benefits under any Master Contract fund shall be bound by the terms of any directives or awards issued by the trustees of that Master Contract fund, which shall have the full force and effect of an arbitration award and shall be enforceable in the same manner as an arbitration award.

ARTICLE XV ACCOMMODATIONS

Section 1. Existing Accommodations.

Every accommodation in effect on September 30, 2012 shall continue in effect during the term of this Master Contract. The accommodations in effect as of October 1, 1996 are found in the Appendix attached to the Agreement on Master Contract Issues that was executed by the parties on November 21, 1996 and became effective as of October 1, 1996. The accommodations that went into effect after October 1, 1996 and remained in effect as of September 30, 2004 are found in the March 22, 2002 Memorandum To All USMX Members from James A. Capo, then Chairman/CEO of USMX Re: Master Contract Amendments and Accommodations. Additional accommodations pertaining to the Puerto Rican trade dated December 23, 2003 and February 8, 2013 are attached hereto as Appendix F. An accommodation pertaining to Dole and Chiquita in the Port of Wilmington, DE dated June 10, 2011 is attached hereto as Appendix G.

Section 2. Future Accommodations.

On and after the effective date of this Master Contract, any further accommodation relating to containerization and ro-ro shall be placed in effect only if it is agreed to by the Co-Chairmen of the IAC and such action has been ratified by a meeting of the IAC first held immediately following the agreement between the Co-Chairmen. Each new accommodation must meet the following principles:

- (a) The accommodation must be one which is absolutely essential to the preservation of the existence of the ILA workforce in the port or district involved.
- (b) The accommodation does not impact any of the benefit funds, unless the parties at the same time agree to a reduction of benefits. In no event may any accommodation prevent any port or district from making required contributions to MILA.

- (c) Any regional accommodation may be adopted by the port or district immediately adjacent to the port or district in which the accommodation has been made only upon the approval of the Co-Chairmen and the IAC.
- (d) Such accommodations shall be available to employers and carriers in other ports similarly situated only with the approval of the Co-Chairmen and the IAC.
- (e) In the event any new accommodation is placed into effect without following the procedure set forth in this document, then and in that event, the guilty party or parties shall be subject to the payment of liquidated damages, which shall be determined by the IAC or, on failure to agree by the IAC, by an arbitrator acting pursuant to the terms of this Master Contract.
- (f) Any accommodations given by the ILA to any employer or carrier may be placed in effect by any employer or carrier similarly situated.
- (g) The Co-Chairmen and the IAC shall have full power and jurisdiction to enforce and interpret the provisions of this Article XV.

ARTICLE XVI NO-STRIKE CLAUSE

Section 1. No Strikes or Lockouts.

During the life of this Master Contract, Management agrees that there shall be no lockouts or work stoppages by the employers, but this shall not be construed to mean a lay-off of employees due to business conditions, and the ILA agrees that there shall be no strikes or work stoppages by the employees, except as permitted in the Containerization Agreement and in Article XIV, Section 6(g) of this Master Contract.

Section 2. Bona Fide Picket Line.

The right of employees not to cross a bona fide picket line is recognized by Management.

**ARTICLE XVII
TERM OF AGREEMENT**

The term of this Master Contract shall be for six (6) years, from October 1, 2012 through and including September 30, 2018.

**ARTICLE XVIII
SUBSCRIPTION AND SIGNATORIES**

Section 1. Refusal to Work.

If any carrier does not subscribe to this Master Contract, the ILA shall have the right not to work on the loading and discharging of its ships or any work ancillary thereto.

Section 2. Non-Subscribers.

If any employer of employees covered by this Master Contract does not subscribe to this Master Contract, the ILA shall have the right not to engage in any work for that employer at facilities operated by the employer. No persons or entities shall have any right to any part of any benefit flowing from this Master Contract, unless they or any entities or local unions that represent them have subscribed to and agreed to be bound by this Master Contract. Such subscription shall be accomplished only with the joint consent of USMX and the ILA as to persons who are not members of USMX or of any port-association member of USMX.

Section 3. Fringe-Benefit Assessment.

No assessment for fringe benefits or any other expense shall be imposed upon the carrier members of USMX or carrier signatories to this Master Contract, or any of them, by any entity, whether Management, Labor, or Joint, which is not a named party to this Master Contract, without

the prior written authorization of USMX. No change in any fringe-benefit assessment by any port or district shall be made without prior consultation with USMX and the ILA.

ARTICLE XIX MISCELLANEOUS

Section 1. Headings.

The article and section headings contained in this Master Contract are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Master Contract.

Section 2. Severability.

Should any provision of this Master Contract or any trust agreement created hereunder be voided or otherwise held to be unenforceable by any tribunal of any kind, then USMX and the ILA shall immediately meet for the purpose of substituting provisions designed to accomplish the same purposes. Any disagreement under this provision shall be arbitrable in accordance with the provisions of Article XIV, Section 6 of this Master Contract.

Section 3. Ratification.

This Master Contract settles all issues between the parties and has been ratified by the members of USMX and by the members of the ILA.

Section 4. Amendments.

No amendment of any provision of this Master Contract shall be valid, unless the same shall be in writing and signed by the parties.

Section 5. Joint Contract Implementation Team.

Upon execution of this Master Contract, the parties will create a Joint Contract

Implementation Team to take all required action to implement this Master Contract.

IN WITNESS WHEREOF the parties hereto have executed this Master Contract as of
the date first above written.

UNITED STATES MARITIME ALLIANCE,
LTD.

INTERNATIONAL LONGSHOREMEN'S
ASSOCIATION, AFL-CIO

By S/ David F. Adam
David F. Adam,
Chairman/CEO

By S/ Harold J. Daggett
Harold J. Daggett,
President

This page is intentionally left blank.

APPENDIX A

CONTAINERIZATION AGREEMENT

1. The Agreements of "Management" shall set forth the work jurisdiction of employees covered by the said Agreements in the following terms:

Management and the Carriers recognize the existing work jurisdiction of ILA employees covered by their agreements with the ILA over all container work which historically has been performed by longshoremen and all other ILA crafts at container waterfront facilities. Carriers, direct employers and their agents covered by such agreements agree to employ employees covered by their agreements to perform such work which includes, but which is not limited to:

- (a) the loading and discharging of containers on and off ships
- (b) the receipt of cargo
- (c) the delivery of cargo
- (d) the loading and discharging of cargo into and out of containers
- (e) the maintenance and repair of containers
- (f) the inspection of containers at waterfront facilities (TIR men).

As pertains to (e) above, the Carriers Container Council is and shall remain party to the Charleston Container Maintenance and Repair Contract, effective October 1, 1980 on behalf of all of its members and agrees that an identical contract binds its members as to container maintenance and repair in each South Atlantic port. It is further agreed that the Carriers shall only use vendors who have subscribed to such agreements. Fringe benefit coverage shall be under the South Atlantic Funds including GAI, Vacation, Holiday, Container Royalty and local deepsea Welfare and Pension Funds. It is further agreed that each Carrier shall subscribe to the foregoing.

2. Management, the Carriers, the direct employers and their agents shall not contract out any work covered by this agreement. Any violations of this provision shall be considered a breach of this agreement.

3. Management and the Carriers agree that the payment of container royalties, as [hereinafter] provided in their agreements, is of the essence to this agreement and, if for any reason during the term of this agreement such payments cannot be made in their present form, then Management and the Carriers shall provide, by some other form of assessment, for the payment

of equivalent amounts to be used for the same purposes as said container royalties are presently used.

(NOTE: Sections 4, 5, 6 and 7 have been deleted.)

8. **Termination of Agreement:** If any article, section, paragraph, clause or phrase of this Agreement shall, by any state, Federal or other law, or by any decision of any Court or Administrative Agency, be declared or held illegal, void or unenforceable, or be enjoined in any port where the Rules on Containers, hereinafter, are in effect the entire Agreement shall terminate upon sixty (60) days written notice to the other party hereto, in such event, the parties agree to enter into negotiations and either party shall have the right to renegotiate any and all terms of the Master Agreement. If no agreement is reached within the sixty (60) days notice period, the ILA shall have the right to strike and Management shall have the right to refuse to hire employees under this Agreement. The negotiations referred to above shall, under no condition, be subject to grievance or arbitration under this agreement or under any Local Agreement.

9. **Violations of Agreement:** This Agreement defines the work jurisdiction of employees and prohibits the subcontracting out of any of the work covered hereby. It is understood that the provisions of this Agreement are to be rigidly enforced in order to protect against the further reduction of the work force. Management believes that there may have been violation of work jurisdiction, of subcontracting clauses, and of this Agreement, by steamship carriers and direct employers. The parties agree that the enforcement of these provisions is especially important and that any violation of such other provisions is of the essence of the Agreement. The Union shall have the right to insist that any such violations be remedied by money damages to compensate employees who have lost their work. Because of the difficulty of proving specific damages in such cases, it is agreed that, in place of any other damages, liquidated damages of \$1,000.00 for each violation shall be paid to the appropriate Welfare and Pension Funds. Liquidated damages shall be imposed by the Emergency Hearing Panel described below.

APPENDIX B

MANAGEMENT-ILA RULES ON CONTAINERS (As amended by Agreement of May 27, 1980)

PREAMBLE

This Agreement made and entered into by and between the carrier and direct employer members of the Management Port Associations (hereinafter referred to collectively as "Management") and the International Longshoremen's Association, AFL-CIO ("ILA"), its Atlantic Coast District ("ACD"), its South Atlantic and Gulf Coast District ("SA&GCD") and its affiliated local unions in each Management port ("locals") covers all container work at a waterfront facility which includes but is not limited to the receiving and delivery of cargo, the loading and discharging of said cargo into and out of containers, the maintenance of containers, and the loading and discharging of containers on and off ships.

Management agrees that it will not directly perform work done on a container waterfront facility (as hereinafter defined) or contract out such work which historically and regularly has been and currently is performed by employees covered by Management-ILA Agreements, including Management-ILA craft agreements, unless such work on such container waterfront facility is performed by employees covered by Management-ILA Agreements.

RULES

The following provisions are intended to protect and preserve the work jurisdiction of longshoremen and all other ILA crafts which was performed at deepsea waterfront facilities. These rules do not have any effect on work which historically was not performed at a waterfront facility by deepsea ILA labor. To assure compliance with the collective bargaining provisions, the following rules and regulations shall be applied uniformly in all Management Ports to all import or export cargo in containers:

DEFINITIONS

- (a) **LOADING A CONTAINER** - means the act of placing cargo into a container.
- (b) **DISCHARGING A CONTAINER** - means the act of removing cargo from a container.
- (c) **LOADING CONTAINERS ON A VESSEL** - means the act of placing containers aboard a vessel.
- (d) **DISCHARGING CONTAINERS FROM A VESSEL** - means the act of removing containers from a vessel.

(e) **WATERFRONT FACILITY** - means a pier or dock where vessels are normally worked including a container compound operated by a carrier or direct employer.

(f) **QUALIFIED SHIPPER** - means the manufacturer or seller having a proprietary financial interest (other than in the transportation or physical consolidation or deconsolidation) in the export cargo being transported and who is named in the dock/cargo receipt.

(g) **QUALIFIED CONSIGNEE** - means the purchaser or one who otherwise has a proprietary financial interest (other than in the transportation or physical consolidation or deconsolidation) in the import cargo being transported and who is named in the delivery order.

(h) **CONSOLIDATED CONTAINER LOAD** - means a container load of cargo where such cargo belongs to more than one shipper on export cargo or one consignee on import cargo.

RULE 3 - BATCHING

When an employer-member or carrier uses a trucker to remove or deliver containers in batches, or in substantial number, from or to a terminal to another place of rest (outside of its terminal) where containers are stored pending their delivery to a consignee (or after being received from a shipper and while waiting the arrival of a ship), for the purpose of reducing the work jurisdiction of the ILA or any of its crafts, such use is deemed to be batching and an evasion of these Rules in violation of the Management-ILA contracts.

RULE 4 – HEADLOAD

Where a single qualified shipper sends an export container which contains all of his own cargo to a waterfront facility and such container is not full, the carrier or direct employer may load this container with additional cargo at the waterfront facility. On import cargo, the carrier or direct employer may discharge any such additional cargo and send the remaining cargo in the container to the qualified consignee. The loading or discharging of cargo at ILA ports shall be performed at a waterfront facility by deepsea ILA labor.

RULE 7 - NO AVOIDANCE OR EVASION

The above rules are intended to be fairly and reasonably applied by the parties. To obtain non-discriminatory and fair implementation of the above, the following principles shall apply:

(b) *Containers Owned, Leased or Used* - Containers owned, leased or used by companies which are affiliated either directly or through a holding company with a carrier or a direct employer shall be deemed to be containers owned, leased or used by a carrier or direct employer. Affiliations shall include subsidiaries and/or affiliates which are effectively controlled by the carrier or direct employer, its parent, or stockholders of either of them.

- (c) *Liquidated Damages* - Failure to load or discharge a container as required under these rules will be considered a violation of the contract between the parties. Use of improper, fictitious or incorrect documentation to evade the provisions of Rule 1 and Rule 2 shall also be considered a violation of the contract. If for any reason a container is no longer at the waterfront facility at which it should have been loaded or discharged under the Rules, then the carrier or its agent or direct employer shall pay, to the joint Container Royalty Fund, liquidated damages of \$1,000 per container which should have been loaded or discharged. If any carrier does not pay liquidated damages within 30 days after exhausting its right to appeal the imposition of liquidated damages to the Committee provided in Rule 9(1) below, the ILA shall have the right to stop working such carrier's containers until such damages are paid.

RULE 10 - CONTAINER ROYALTY PAYMENTS

The two Container Royalty payments, effective in 1960 and 1977 respectively, shall be continued and shall be used exclusively for supplemental cash payments to employees covered by the Management agreements, and for no other purpose. The remaining royalty payment effective in 1971, also shall be continued and shall be used for fringe benefit purposes only, other than supplemental cash benefits, which purposes are to be determined locally on a port-by-port basis. The Container Royalty payments shall be payable only once in the continental United States. They shall be paid in that ILA port where the container is first handled by ILA longshore labor, at longshore rates. Containers originating at a foreign port which are transshipped at a United States port for ultimate destination to another foreign port ("foreign-sea-to-foreign-sea containers") are exempt from the payment of container royalties. Container Royalty payments shall be asserted against all containers moving across the continental United States by rail or truck in the foreign-to-foreign "LANDBRIDGE" system.

Management and the Carriers agree that the payment of Container Royalties as provided in their agreements is of the essence to this agreement and, if for any reason during the term of this agreement such payments cannot be made in their present form, then Management and the Carriers shall provide by some other form of assessment for the payment of equivalent amounts to be used for the same purposes as said Container Royalties are presently used.

APPENDIX C

MAJOR DAMAGE CRITERIA FOR CONTAINERS

As provided in Article IX, section 3(a) of the Master Contract, the following is a definition of the criteria adopted by the ILA/Carrier Master Contract Committee for a container with major damage. Nothing herein contained shall be deemed to limit the work jurisdiction of the ILA in accordance with the Containerization Agreement.

The definition of a container having major damage shall be any container or container component which causes the loss of structural integrity to a point in which it creates an unsafe condition.

Major damage to the following critical component connections shall constitute loss of structural integrity and shall be considered an unsafe condition:

- 1) Bottom rail to corner post severed
- 2) Top rail to corner post severed
- 3) Top corner fitting to corner post severed
- 4) Bottom corner fitting to corner post severed

The above discernible major damage is supplemented by the following, any of which is considered major damage.

Connection	Description
All rails including side rails:	Holed, cut, torn, cracked or broken component and/or welds not to include flanges, of more than 2 inches vertical or 3 inches horizontal. Bend, dent or bow, not to include flanges, of 3 inches or more deep, and 20% of the length, or any container out of square causing fittings not to connect.
Headers and sills:	Holed, cut, torn, cracked or broken component and/weld, not to include flanges, of more than 2 inches vertical, or 3 inches horizontal. Bend, dent or bow, not to include flanges, of 3 or more inches deep; or any container out of square, causing fittings not to connect.

All exterior panels, including side but not roof panel (roof panel is outlined below)	Any one cut more than 19 inches.
Top corner fitting	Cracked weld, cracked fitting or bent to not fit into a container cell.
Bottom corner fitting	Cracked weld, cracked fitting or bent to not fit into a container cell
Crossmembers	If 3 or more adjacent cross members are severed, missing or damaged at any point, it should be repaired.
Door assembly	Damages affecting the proper opening or closing of the door or locking mechanism.
Roof panel	Cut or severed more than 36"
Roof bows	3 or more adjacent bows disconnected.
Corner posts	Holed, cut, torn or cracked; broken component and/or welds. Any single deformation such as bend, bow, bent, more than 2 inches deep and ten inches long or causing fittings not to connect or be out of square.
Floors	Flooring that has a hole that is at least nine inches by nine inches that has broken through to the container undercarriage, is unpatched, visible during inspection, excluding preexisting repairs.
Major structural damage	Container out of cube so as not to fit in slot or cannot be lifted by a container spreader.

Normal wear and tear, holes and dents or compression lines do not cause a loss of structural integrity and, therefore, do not constitute major damage or an unsafe condition.

However, the above does not constitute the removal of roadability and FHWA inspections presently performed by ILA maintenance men or otherwise limit the work jurisdiction of the ILA in accordance with the Containerization Agreement of the Master Contract. No repairs can be made to circumvent major damage. Any major damaged items documented on the estimate shall be repaired, once the estimate has been approved.

MAJOR DAMAGE CRITERIA FOR CHASSIS

Component Part	Type of Damage
Brakes	Cracked or damaged air tanks and missing components including air lines and chambers, lining worn to 1/4" at centers and relay valves which are inoperative.
Broken wheel studs	More than one stud broken or missing.
Oil seals	Leaking and hub oil caps.
Seven way Plug	Receptacle missing, broken or inoperative.
Landing legs	Gear box and/or legs bent or bowed to the point of being inoperative.
Suspension	Cracked or components missing or damaged beyond useful function.
Axels	Loose radius rods and/or out of alignment as to cause unsafe tracking.
Twist locks	Bent so as to be inoperative or missing handles.
Front lock pins	Bent so as to be inoperative or missing pins or locking tab hold handle.
Bolsters/Goosenecks	Bent to the point of not accepting a container and allowing the container to be locked down.
Frame	Bent or cracked welds at critical points such as gooseneck to Frame rails, frame to bolsters, cross members, frame to leg mounting boxes, and frame to suspension points so as not to allow the container to be locked down.
ICC Bumper	Missing, if required by original equipment manufacturer, or so severely damaged or bent so as not to function as a bumper. To comply with Federal regulations.
Wheel hubs	Loose, or missing so as to make chassis inoperative.
5th Wheel	Cracked at gooseneck. Note: this type of damage can only be ascertained during a PM

All deadline chassis must have deadlining reason clearly stated on the TIR and the unit tagged before the carrier will accept it as a deadline.

When a refrigerated container cannot operate to carry refrigerated cargo due to a mechanical failure, the ILA shall retain its jurisdiction to repair such failures. However, it is understood that the Carriers retain their right to reposition refrigerated containers to accommodate cargo.

APPENDIX D

STEIN AWARD

In the Matter of the Arbitration between
NEW YORK SHIPPING ASSOCIATION
and
INTERNATIONAL LONGSHOREMEN'S
ASSOCIATION

AWARD

The Undersigned, constituting the Board of Arbitration created pursuant to Paragraph 13 of the Memorandum of Settlement entered into by the parties above-named on December 3, 1959, for the purpose of arbitrating disagreements between them as to Paragraph 8(b) of said Memorandum of Settlement, have heard the allegations and received the witnesses and proofs, and make the following Award:

1. The following is the action of a majority of the Board, Mr. Gleason dissenting: on containers which are loaded or unloaded away from the pier by non-ILA labor, the amounts set forth below shall be paid into a fund as provided by Paragraph 10 of said Memorandum of Settlement:

- a. On conventional ships, thirty-five (35) cents per gross ton.
- b. On partially-automated ships (conventional ships converted for handling vans and containers), where not more than two hatches have been converted for the handling of containers, seventy (70) cents per gross ton.
- c. On partially-automated ships (conventional ships converted for handling vans and containers), where not more than forty (40) percent of the ship's bale cube has been fitted for containers, seventy (70) cents per gross ton.
- d. On ships where more than two hatches have been converted or fitted for the handling of containers, or where more than forty (40) percent of the ship's bale cube has been fitted for containers, one dollar (\$1.00) per gross ton.

2. The following is the action of a majority of the Board, Mr. McCarthy dissenting: The payments set forth in Paragraph 1 above shall be retroactive to July 1, 1960.

3. The following is the unanimous action of the Board. The payments set forth in Paragraph 1 shall continue for the duration of the current collective bargaining agreement between

the parties. However, on or after October 1, 1961, the parties shall have the right to seek adjustments on the rates of payment upon the ground, in the case of the International Longshoremen's Association, that there has occurred a substantial increase in the impact of containers upon employment opportunities, or, in the case of the New York Shipping Association, upon the ground that there has been no or a substantially decreased impact of containers upon employment opportunities. In the event that the parties shall fail to agree upon a revision, if any, in the rates of payments, the matter shall be treated like a grievance arising under their collective bargaining agreement.

November 16, 1960
EMANUEL STEIN, *Chairman*
F. M. McCARTHY
THOMAS W. GLEASON

APPENDIX E



April 6, 2005

Clyde Fitzgerald, President
International Longshoremen's Association, AFL-CIO
South Atlantic and Gulf Coast District
1827 The Strand
Galveston, TX 77550

Re: West Gulf Vacation and Holiday Benefits

Dear Clyde:

On behalf of the United States Maritime Alliance, Ltd. and its carrier members, I want to take this opportunity to set forth the terms of our agreement with respect to the West Gulf supplemental wage in lieu of vacation and holiday benefits during the six (6) year term of the new Master Contract which takes effect on October 1, 2004. This agreement will apply to V&H benefits which are payable in December of each year beginning in 2005 and ending in 2010.

The terms of our agreement are as follows:

1. The total cost of supplemental wage in lieu of V&H benefits to be funded each year during the 6-year term of this agreement shall not be greater than the total amount paid by carriers to the Management-ILA Managed Health Care Trust Fund for the contract year ending September 30, 2003, on tons handled in the ports of Houston, Galveston, Freeport, Texas City, Corpus Christi, Brownsville, Beaumont, Orange, Port Arthur and Lake Charles (hereinafter "West Gulf Ports"). Tonnage for contract year ending September 30, 2003, was 9.3 million tons, so that the total cost of supplemental wage in lieu of V&H benefits to be funded each year during the term of this 6-year agreement shall be \$9.3 million.
2. The \$9.3 million of supplemental wage in lieu of V&H benefits shall be funded each year as follows:

100 WOOD AVENUE SOUTH □ SUITE 410
ISELIN, NJ 08830
PHONE: (732) 287-7900 □ FAX: (732) 549-4091

- a. In order to fund paragraph (2) above, an amount equal to one-half (1/2) of the forty (40%) percent of the Container Royalties in excess of the benchmark designated for local fund use for the West Gulf Ports, as defined in paragraph 10 of the Master Contract Memorandum of Settlement, dated June 28, 2004, (Section E: Container Royalty Cap) will be used to pay supplemental wage in lieu of V&H benefits.
 - b. After making all of the payments described in subparagraph (2a) above, the balance required to be funded shall be paid by the carriers who are signatories to the Master Contract in whatever fashion they deem appropriate.
3. Any deficit caused by a work interruption or work stoppage engaged in by the ILA shall not be made up by the carriers who are signatories to the Master Contract.

If the above reflects our agreement, please sign and date the enclosed copy of this letter and return it to me at your convenience.

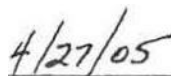
Sincerely yours,
UNITED STATES MARITIME ALLIANCE, LTD


James A. Capo
Chairman/CEO

Agreed:

Date:





Clyde Fitzgerald
President
International Longshoremen's Association, AFL-CIO
South Atlantic and Gulf Coast District



100 WOOD AVENUE SOUTH □ SUITE 410
ISELIN, NJ 08830
PHONE: (732) 287-7900 □ FAX: (732) 549-4091



April 12, 2005

Clyde Fitzgerald, President
International Longshoremen's Association, AFL-CIO
South Atlantic and Gulf Coast District
1827 The Strand
Galveston, TX 77550

Re: South Atlantic Vacation and Holiday Benefits

Dear Clyde:

On behalf of the United States Maritime Alliance, Ltd. and its carrier members, I want to take this opportunity to set forth the terms of our agreement with respect to the South Atlantic vacation and holiday benefits during the six (6) year term of the new Master Contract that takes effect on October 1, 2004. This agreement will apply to vacation and holiday benefits that are payable in December of each year beginning in 2005 and ending in 2010.

The terms of our agreement are as follows:

1. The vacation and holiday benefits (which cannot exceed \$21 per hour) shall be funded as follows:
 - a. All funds presently used for vacation and holiday benefits, including the tonnage assessment, manhour assessment, and all of the 1993 Dollars paid in the Ports of Wilmington, NC, Charleston, Savannah, Jacksonville and Tampa shall continue to be paid to the South Atlantic District Escrow Fund ("SADEF") to fund vacation and holiday benefits.
 - b. In addition to the funding described in subparagraph (a) above, an amount equal to one-half (1/2) of the forty (40%) percent of the Container Royalties in excess of the benchmarks designated for local fund use for the Ports of

**100 WOOD AVENUE SOUTH □ SUITE 410
ISELIN, NJ 08830
PHONE: (732) 287-7900 □ FAX: (732) 549-4091**

Wilmington, NC, Charleston, Savannah, Jacksonville, and Tampa, as defined in paragraph 10 of the Master Contract Memorandum of Settlement, dated June 28, 2004 (Section E: Container Royalty Cap) will be used to pay vacation and holiday benefits.

- c. After making all of the payments described in subparagraphs (a) and (b) above, the balance required to fund the vacation and holiday benefits (which cannot exceed \$21 per hour) shall be paid by the carriers who are signatories to the Master Contract and operate in the ports described in subparagraphs (a) and (b) above, in whatever fashion they deem appropriate.
2. Any deficit caused by a work interruption or work stoppage engaged in by the ILA shall not be made up by the carriers described in subparagraph (c) above.
3. The SADEF shall keep an annual reserve of no more than \$500,000, which shall be used to pay the SADEF's annual operating expenses.

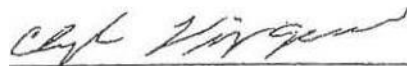
If the above reflects our agreement, please sign and date this letter and return it to me at your convenience.

Sincerely yours,
UNITED STATES MARITIME ALLIANCE, LTD.

/s/James A. Capo
James A. Capo, Chairman/CEO

JAC/bm

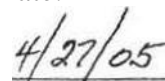
Agreed:



Clyde Fitzgerald
President

International Longshoremen's Association, AFL-CIO
South Atlantic & Gulf Coast District

Date:



100 WOOD AVENUE SOUTH □ SUITE 410
ISELIN, NJ 08830
PHONE: (732) 287-7900 □ FAX: (732) 549-4091

APPENDIX F

PUERTO RICAN TRADE ACCOMMODATION FOR HORIZON LINES AND TRAILER BRIDGE, INC. (12/23/03)

This Agreement made this _____ day of December, 2003 between the United States Maritime Alliance, Ltd. (“USMX”), the International Longshoremen’s Association, AFL-CIO (“ILA”), Horizon Lines and Trailer Bridge, Inc.

1. The term of this Agreement shall be for twelve (12) months commencing October 1, 2003 through September 30, 2004. The parties agree that the obligations set forth in paragraph 6 of this Agreement extend beyond September 30, 2004.
2. This Agreement shall be applicable only to the Master Contract Ports of Jacksonville, Philadelphia, New York, Houston and New Orleans (if applicable in that port).
3. The Carrier-ILA Container Freight Station Trust Fund assessment of 30¢ per ton on Puerto Rican cargo shall be waived during the term of this Agreement.
4. The Carrier-ILA Container Royalty Fund assessment of 20¢ per ton on Puerto Rican cargo shall be waived during the term of this Agreement.

5. The ILA agrees that the Puerto Rican carriers will be required to pay the local Container Royalty Fund \$1 per ton in New York, Philadelphia, Houston, New Orleans and Jacksonville for tons handled between October 1, 2003 and September 30, 2004.

6. Trailer Bridge acknowledges that it is a party to the current Master Contract that will expire on September 30, 2004. Trailer Bridge further acknowledges and agrees that so long as the current local accommodation negotiated by the ILA in Jacksonville, Jacksonville Maritime Association and Trailer Bridge provided to Trailer Bridge in the Port of Jacksonville continues in effect, Trailer Bridge in the future will use only ILA labor under the terms of the Master Contract at ports on the East and Gulf Coasts at which it calls.

7. All parties to this Agreement acknowledge that the Container Royalty CAP amount of tons in each port in which this accommodation applies shall not be reduced. In addition, the tons on which a reduced assessment is paid pursuant to this Agreement will be counted towards the CAP. Finally, both Horizon Lines and Trailer Bridge each acknowledges and agrees that they will not be entitled to receive any CAP refunds attributable to any port in which the companies receive a benefit under the terms of this Agreement.

S / James A. Capo

 James A. Capo, Chairman/CEO, USMX

S / John Bowers

 John Bowers, President, ILA

S / John Keenan

 Horizon Lines

S / Ralph W. Heim

 Trailer Bridge, Inc.

**AMENDMENT TO THE 12/23/03 PUERTO RICAN TRADE ACCOMMODATION
FOR HORIZON LINES AND TRAILER BRIDGE, INC.**

This Agreement made this 31st day of March, 2004 between the United States Maritime Alliance, Ltd. (“USMX”), the International Longshoremen’s Association, AFL-CIO (“ILA”), Horizon Lines and Trailer Bridge, Inc. (collectively the “Parties”) amends the Agreement made between the Parties entitled **Puerto Rican Trade Accommodation For Horizon Lines and Trailer Bridge, Inc. (12/23/03)** (the “**December 23, 2003 Agreement**”).

1. This Amendment shall take effect with respect to all cargo handled by ILA labor covered by the Master Contract on and after April 3, 2004.
2. This Amendment shall be applicable only to the Master Contract Port of Jacksonville.
3. The ILA agrees that Horizon Lines and Trailer Bridge, Inc. will be required to pay the local Container Royalty Fund 55 cents per ton in Jacksonville for tons handled in the Puerto Rican trade on and after April 3, 2004.
4. Trailer Bridge acknowledges that it is a party to the current Master Contract that will expire on September 30, 2004. Trailer Bridge further acknowledges and agrees that so long as the current local accommodation negotiated by the ILA in Jacksonville, Jacksonville Maritime Association and Trailer Bridge provided to Trailer Bridge in the Port of Jacksonville continues in effect, Trailer Bridge in the future will use only ILA labor under the terms of the Master Contract at ports on the East and Gulf Coasts at which it calls.
5. Except as modified by this Amendment, each and every term of the **December 23, 2003 Agreement** remains in full force.

S / James A. Capo
James A. Capo, Chairman/CEO, USMX

S / John Bowers
John Bowers, President, ILA

S / John Keenan
Horizon Lines

S / Ralph W. Heim
Trailer Bridge, Inc.



JACKSONVILLE MARITIME ASSOCIATION, INC
 12086 FT. CAROLINE RD., SUITE 104
 JACKSONVILLE, FL 32225
 TELEPHONE 904-807-9792
 FAX 904-807-9794.

February 8, 2013

VIA EMAIL TO BOTH RECIPIENTS
 Mr. James A. Capo, Chairman and CEO
 United States Maritime Alliance Limited
 485C U.S. Highway 1 South, Suite 100
 Iselin, New Jersey 08830

Mr. Harold Daggett, President
 Local 1804-1, International Longshoremen's
 Association, AFL-CIO
 5000 West Side Avenue
 North Bergen, NJ 07040

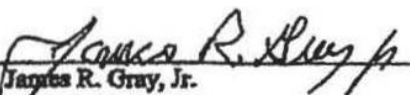
Re: Puerto Rican Trade Assistance

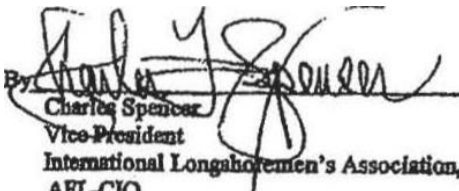
Dear Messrs. Capo & Daggett:

As you are aware, in response to non-ILA competition, Horizon Lines and Trailer Bridge were permitted to reduce the container royalty in the Port of Jacksonville from 554 to 254 per ton, effective January 1, 2012. Unfortunately, this reduction is not enough to enable Horizon Lines and Trailer Bridge (emerged from bankruptcy in March 2012 after reorganization) to stay competitive. With the involvement and help of both Benny Holland and Clyde Fitzgerald, the members of ILA Locals 1408 and 1593 have agreed to accept a further reduction in the container royalty rate from 254 per ton to zero to protect their work. The reduction, if approved, will be effective as of February 1, 2013 and continue through the term of the new Master Contract and the local South Atlantic contract.

Please let us know if we can implement the change described above.

Sincerely,

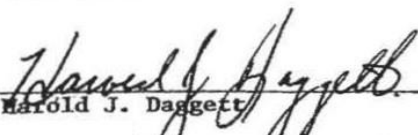
By 
 James R. Gray, Jr.
 Executive Director
 Jacksonville Maritime Association, Inc.

By 
 Charles Spencer
 Vice-President
 International Longshoremen's Association,
 AFL-CIO

cc: Benny Holland, Jr., Executive Vice President, ILA
 Clyde Fitzgerald, President, ILA, SA & GCD
 James O. Campbell, Trustee, ILA Local 1408
 Mark Ortega, President, ILA Local 1593

21247

APPROVED:


 Harold J. Daggett

President
 International Longshoremen's
 Association, AFL-CIO

APPROVED:



David F. Adam, Chairman/CEO
 United States Maritime Alliance, Ltd.

APPENDIX G



United States Maritime Alliance, Ltd.

June 10, 2011

VIA E-MAIL

Mr. Patrick T. Dolan
President
Ports of the Delaware River Marine Trade Association
475 North 5th Street, 2nd Floor
Philadelphia, PA 19123

Dear Mr. Dolan:

When the Industry Resource Committee met on May 25, 2011, the accommodation requested for Dole and Chiquita as spelled out in the D'Angelo letter of April 22, 2011 (copy enclosed) was considered by the Committee.

As I advised you in our earlier phone conversation, Mr. Hughes and I have approved the accommodation with two exceptions:

1. Dole and Chiquita must continue to pay the assessment for Container Royalty 5 on their non-proprietary cargo.
2. This accommodation will only be in effect through the end of the current Master Contract extension, September 30, 2012.

If you have any questions, please feel free to contact me.

Very truly yours,
UNITED STATES MARITIME ALLIANCE, LTD.

/s/James A. Capo
James A. Capo
Chairman & CEO

JAC/bm
Enclosure

cc: Richard P. Hughes, Jr.
Dennis Daggett
Harold Daggett
Clyde Fitzgerald
Benny Holland, Jr.
Stephen Knott
Gerald Owens
Kevin Marrinan, Esq.
Andre Mazzola, Esq.

Jake Coakley
Joseph Curto
Brian Dugan
Roger Giesinger
John Nardi
Anthony Scioscia
Thomas Simmers
Thomas Sullivan
Ole Sweedlund
Donato Caruso, Esq.
William Spelman, Esq.

Alfred J. D'Angelo, Jr.
(215) 665-5304
alfred.dangelo@birc.com

Two Liberty Place
50 S. 16th Street, Suite 3200
Philadelphia, Pennsylvania 19102-2555

T (215) 665-8700
F (215) 665-8760

www.buchananingersoll.com

April 22, 2011

VIA U.S. MAIL

William M. Spelman, Esquire
The Lambos Firm
29 Broadway, 9th Floor
New York, NY 10006

Andre Mazzola, Esquire
Marrinan & Mazzola Mardon, P.C.
26 Broadway, 17th Floor
New York, NY 10004

Re: Murphy Marine Services and Dole and Chiquita

Dear Bill and Andre:

I am writing to you on behalf of Murphy Marine Services concerning their principal; customers, Dole and Chiquita. As you know, in the fall of 2010 Del Monte created an imbalance among the banana carriers by moving its import operation from an ILA terminal to a Teamster or non-ILA terminal in New Jersey. You will also recall that the ILA offered a 25% cost reduction in an effort to retain that customer. This has caused a competitive advantage for Del Monte over Dole and Chiquita. As a result, Murphy Marine Services and the PMTA have been negotiating with the ILA in an effort to achieve cost reductions now and in the future which will result in the retention of this work.

We are reaching a deadline imposed by the customers and we are requesting the assistance of USMX and the International with respect to certain items of relief.

Those two items are as follows:

1. With respect to Container Royalty, Dole and Chiquita pay the full \$4.75 contribution on commercial cargo. This is approximately 180,000 tons for Dole and 120,000 tons for Chiquita. We are requesting a reduction in the Container Royalty on this tonnage to \$2.00 per ton. The ILA in the Port of Wilmington has been, and I believe, is supportive of this request.

2. Second item concerns fringe benefit contribution. Dole and Chiquita currently contribute \$13.50 per hour into the fringe benefit funds. Our breakbulk contribution rate is \$11.15 per hour. The PMTA and the ILA officials in the Port of Wilmington are requesting that effective October 1, 2012 the Dole and Chiquita hours would be contributed at the \$11.15 per hour rate. I also need to alert you that this may result in an increased request for

assistance next year from CR5 of \$600,000 if needed for our Vacation Fund. However, should we lose Dole and Chiquita's 260,000 hours, our increased request for assistance will be far greater than \$600,000.

We believe that we are close to a package that we can present to Dole and Chiquita which will cause them to expend their commitment to the ILA in the Port of Wilmington to 2017 or 2018. Unlike Del Monte, Dole and Chiquita have been very open in their desire to remain with the ILA provided that the Del Monte imbalance can be satisfactorily addressed.

Murphy Marine Services, the PMTA and I believe the ILA representatives in Wilmington would greatly appreciate your combined efforts in getting these requests approved. I expect that you will be receiving a companion letter from either Jim Paylor or his counsel, Lance Geren, with respect to these issues. Thank you for your assistance.

Sincerely,

/s/Alfred J. D'Angelo, Jr.
Alfred J. D'Angelo, Jr.

AJD:bl

cc: Lance Geren, Esquire (via e-mail)
Patrick T. Dolan (via e-mail)
John Coulahan (via e-mail)
James H. Paylor, Jr. (via e-mail)
Bill Ashe (via e-mail)
Joe Carson (via e-mail)
Jim Lacy (via e-mail)

NOTES

NOTES

NOTES

NOTES

NOTES

