

FINAL LOCAL MASTER CONTRACT

Including Uniform West Gulf Provisions

April 3, 2013

This Memorandum of Understanding is made and entered into by and between the West Gulf Maritime Association on behalf of its regular and associate members who operate in Harris County, Texas, and the South Atlantic and Gulf Coast District, International Longshoremen's Association on behalf of all of its affiliated locals in Harris County, Texas regarding container and container roll-on/roll-off (ro-ro") operations.

The collective bargaining agreement between United States Maritime Alliance, Ltd ("USMX") and the International Longshoremen's Association, AFL-CIO ("ILA") (the Parties) shall be in existence through September 30, 2018, and that the terms and conditions of that collective bargaining agreement is adopted under this Memorandum of Understanding and shall continue to cover all terms and conditions of employment not modified under this Memorandum of Understanding. All terms and conditions of the existing Local Master Contract not modified by this Agreement are adopted and shall continue in existence.

West Gulf

1. Workers who worked one thousand two hundred (1200) or more hours between October 1, 2011 and September 30, 2012 will be considered as "Previously Employed" [regular workers in the benefit system] for all basic wages as set forth in the Agreement(s) between the Parties effective upon ratification and will become eligible to qualify for the general industry fringe benefit system (MILA) on October 1, 2013.
2. Workers who have worked three thousand (3000) or more hours between October 1, 2009 and September 30, 2012 will be moved to regular worker status and become eligible to qualify for the general industry fringe benefit

system (MILA) in effect at that time. Any "New Entry/New Worker" who works three thousand (3000) or more qualified hours in any three (3) contiguous contract year period will be moved to regular worker status and become eligible to qualify for the general industry fringe benefit system (MILA) in effect at that time starting on the new contract year they qualify.

* 3. Workers who work one thousand five hundred (1500) or more hours in any contract year [commencing with October 1, 2012] through the life of this contract, will be moved to regular worker status and become eligible for the general industry fringe benefit system (MILA) in effect at that time starting on the next contract year. *

4. Grievance Procedure—See Attached.

5. The Parties agree to a mutually agreed progressive discipline system.

6. Drug Policy – The Parties will meet to mutually agree on revisions to the drug policy prior to October 1, 2013.

7. The Parties will work jointly to create a system providing the West Gulf Maritime Association with information on workers seeking employment and those workers who were offered employment; and requiring workers on unemployment to seek employment.

8. Training, etc. -- See Attached regarding "Providing Qualified and Efficient Personnel"

9. With a minimum of thirty (30) days notice, as soon as practical, the payroll week begins at 6 AM on Tuesday with the payday to remain on Friday. The payroll computer program will be implemented to all hours worked (including overtime hours) during the payroll week to be included on the paycheck for the same payroll week.

10. The Parties will work together to establish language and jurisdiction of light duty work by October 1, 2013. *
11. The Parties may allocate fringe payment to PV&W so that as much can be paid into the Retirement Plan as possible while still meeting the obligations of the other plans. *
12. The Parties may adopt rules to implement the master contract CFS agreement. *

Houston

1. Labor Day. Work on Labor Day to be paid at triple time 12:00 a.m. to 6:00 a.m. ✓
2. Work on Christmas Eve: Gangs that order for 7 am or 8 am will knock off at noon on Christmas Eve unless a vessel is finishing and gangs will be required to work straight through on double-time or whatever rate may apply depending on time worked.
3. Trucks. The Parties will establish a joint truck driver safety committee. Employers will attempt to maintain trucks that have complete air conditioning systems.
4. Flex Meal Hour. The direct employer has discretion to send employees for a meal break at 11:00, 12:00 or 1:00 for lunch or midnight meal, with one hour of prior notice. For any start that flexes at 11 AM or dinner at 11 PM, the gang will have a five (5) hour guarantee after that lunch or dinner flex hour. If a worker is allowed to take a meal break at one of these times, no additional compensation is to be paid for the meal hour. A meal break may be shifted only if a meal break is taken. If gang(s) are finishing and work straight through the meal hour, they will be paid at the double time rate. This does not alter the guarantees for the

overhead (walking foremen, gang foremen, crane operators and clerk staff).

5. **Shifting of Gangs on Guarantee Time.** Shifting of gangs may be done only in the morning or afternoon shifts. Gangs for 7:00 AM and 8:00 AM starts may be shifted from ship to ship for the same employer at the same terminal only when a gang has guarantee left on morning shift. For example, if a gang finishes at 9:30 AM and the guarantee is to 11:00 AM, the employer may take the gang to the next vessel with the understanding that the gang will be guaranteed until 1:00 PM. The gang being shifted will work with the crane and only have to do moderate lashing after being shifted to the new vessel. The entire gang operation will shift (walking foreman, gang foreman, gang, wharf crane operator(s), and clerks). The same shift may occur in the afternoon if the gang finishes before the guarantee is up, then the whole gang structure will shift with the understanding the gang will be guaranteed until 7:00 PM. In both situations as described above, a separate gang must be ordered for the next start time (1:00 PM on morning shift and 7:00 PM on afternoon shift). In the case where gang(s) is not shaped for 1:00 PM, the Union agrees to take the meal hour from 1 PM to 2 PM and return with new overhead ordered for the ship (walking foreman, gang foreman, wharf crane operator(s) and clerks). If a shifted gang works after 1 PM because the Hall failed to supply labor, the Employer will not be required to hire labor at 3 PM.
6. **Gang Cancellation:** Gangs may be cancelled for any reason by 5 AM for the 7 AM or 8 AM starts for new vessels only. There will be no cancellation of vessels that are considered working vessels.
7. **Assistant Clerk.** One (1) additional Assistant Clerk will be employed on all "fully automated" container vessels when three (3) or more gangs are working. The employer may fill this position by a regular employee. If

no regular employee is available, this position will be filled by seniority rotation pursuant to hiring hall rules.

8. Automated Gang Foreman and Shore Side Gantry Crane - See attached.

CONTAINER SHIP RULES

1. Gangs are numbered based on the order they are placed at the hiring hall and are labeled in that order, e.g. first, second, third or fourth out gang.
2. The right of way gang is the gang with the lowest number working the vessel. In other words, the first out gang is the right of way gang until they finish and are released. Once the first out gang is finished and released, the second out gang is the right of way gang if they are still working.
3. Gangs are placed on the vessel from forward to aft in order. In other words, the first out gang will always be in the forward hatch. Gangs with lower numbers generally have priority; first out has priority over second, third, and fourth out; first out and second out have priority over third and fourth out.
4. When a gang is ordered back after a meal hour, the right of way gang will be ordered back. If the employer works a gang through the meal hour at noon or midnight and brings a gang back, the forward most gang will be ordered back. If not all gangs are ordered back after a meal hour, the gangs are ordered back in order of priority; first out gang, second out gang, and so on.
5. There is no bumping of gangs while working during guarantee time. Reallocation of work is not considered bumping of gangs.
6. If a gang finishes before a meal hour, that gang will be released when they finish.
7. If gangs are working at the end of the day or night and new gangs are coming to relieve the gangs, it is the employer's choice which gangs, if any, are worked through the meal hour.
8. If gangs are working at the end of the day or night, new gangs are not coming to relieve the gangs, the vessel is finishing by working through the meal hour, and if not all of the gangs work into the meal hour, the forward gangs will finish the vessel. If all of the gangs work

into or past the meal hour then each gang may be released when finished. If work is to be completed during the meal hour, it is the employer's choice which gangs are released before the meal hour. However, if higher priority gangs are released and lower priority gangs work past the meal hour, then the higher priority gangs displaced must be paid the same as the gang that worked. If multiple gangs work into the meal hour and some gangs are released before finishing, they must be released in reverse order. For example, the third out gang must be released before the second out gang.

9. The employers will always try to comply with these work rules; however, there may be exceptions to these rules if the employer attempts to comply with these rules and a hardship occurs that incurs additional cost or loss of time to shift gangs.

Grievance and Arbitration Procedure

1. Scope

All employment decisions will be made without regard to race, creed, color, religion, national origin, sex, age, disability, sexual orientation, or union membership or non-membership. The Parties will comply with all employment statutes, including, but not limited to Title VII, FLSA, HIPAA, ERISA, ADA, ADEA, FMLA, and OSHA. In addition, the Parties prohibit any employee or employer from harassing or discriminating against any person because of race, color, religion, sex, national origin, age, sexual orientation, or disability, or any other basis prohibited by law. The Parties also prohibit retaliation against a worker making a complaint or cooperating in an investigation.

Any complaint that there has been a violation of any employment law, including all statutory and common law claims, will be resolved solely by the grievance and arbitration provisions of the collective bargaining agreement. Any remedies awarded relating to an employment law claim cannot exceed the statutory remedies. No party will be liable for any conduct or decisions of any other party unless that party had substantial and direct control of the conduct or decision at issue. This provision does not apply to claims for workers' compensation benefits and NLRA/NLRB claims, nor prevent any person from filing a charge with the EEOC.

This grievance and arbitration procedure is the exclusive remedy with respect to disputes arising between the union or any person working under the Agreement and the Association or any employer. A Step 1 hearing must be requested within six months of the original occurrence that is the basis of the complaint. Disputes not submitted within the six month time limit are forever barred from being submitted.

2. Informal dispute resolution

At every stage of the process the Parties are encouraged to resolve disputes informally, and are encouraged to submit disputes to a Joint Productivity Review Committee.

3. Step 1

A worker must make a request for a Step 1 hearing through their ILA Local. If the union is requesting a grievance it must give notice to the West Gulf Maritime Association in writing as quickly as possible. If an employer or the West Gulf Maritime Association is requesting a grievance, it must give notice to the ILA Local (or the ILA District if it is a West Gulf – wide issue) in writing as quickly as possible.

If a worker has a statutory employment law claim that includes a claim against another worker or against the union, the worker may make the request for a Step 1, Step 2, and arbitration directly to the West Gulf Maritime Association, and may proceed independently of their ILA local at the Step 1, Step 2, and arbitration proceedings.

The Step 1 hearings will be coordinated by the West Gulf Maritime Association, and a regular time will be set for the hearings. The Step 1 hearing time may be scheduled to accommodate witnesses' schedules. All evidence and testimony the Parties deem relevant is to be presented at the Step 1 hearing. The Step 1 hearing will be heard by at least one employer who is not involved in the dispute. If the dispute affects all employers, the Step 1 hearing will be heard by at least two employers. The West Gulf Maritime Association will prepare a Step 1 report describing the evidence presented and a recommended decision. The parties have 14 days from receipt of the Step 1 report to respond in writing to correct any omissions or mischaracterizations of any evidence given at the Step 1 hearing. The recommended decision is final and binding on the parties if there is no Step 2.

4. Step 2

The employer may not appeal a Step 1 report recommended decision. The District, on behalf of the ILA local, may appeal a Step 1 report recommended

decision by written notice to the West Gulf Maritime Association within 30 days of day the Step 1 report is sent to the union.

The South Atlantic and Gulf Coast District, International Longshoremen's Association, and the West Gulf Maritime Association will use two mediators who are acceptable to both Parties. Mediators will serve at the discretion of the Parties throughout the term of the various Agreements between the Parties.

The Step 2 Appeals Committee is composed of one official of the I.L.A. District Office, one official of the West Gulf Maritime Association, and one mediator selected at random by the Parties. The mediator selected shall then schedule a Step 2 meeting as soon as possible, and will chair the Step 2 meeting. The parties to the dispute have a right to be heard at the Step 2 meeting. The meeting is in the nature of an appeal. The Appeals Committee is limited to a review of the evidence submitted at the Step 1 hearing as set forth in the Step 1 report. If there is a claim of new evidence or an incomplete record at the Step 1, the Step 2 Appeals Committee may remand the claim to the Step 1 committee to complete the hearing. Neither member of this committee may be directly involved in the dispute or have served in Step 1 of the grievance procedure.

If the official of the I.L.A. District Office and the official of the West Gulf Maritime Association agree on a decision, the decision will be signed by the ILA District Office and the West Gulf Maritime Association, and will be a final and binding decision.

If the official of the I.L.A. District Office and the official of the West Gulf Maritime Association do not agree on a decision, each will prepare a proposed decision and submit those decisions to the mediator. The mediator must sign one of the decisions submitted. The decision signed by the mediator will be immediately implemented and observed.

5. Arbitration

If the mediator signs a decision, either Party may request that the dispute be arbitrated. Arbitration must be requested within 30 days after the mediator's

decision is distributed. If neither Party requests arbitration within 30 days following the mediator's decision, the decision is final and binding.

Arbitration is requested by seeking an arbitrator from the Federal Mediation and Conciliation Service and giving the opposing party written notice. FMCS will appoint a panel of five arbitrators and will submit the list to each of the Parties. If the Parties are unable to mutually agree on an arbitrator they will alternatively strike one name from the panel of arbitrators (with the Party requesting the arbitration going first) until only one name remains on the list and that person will serve as the arbitrator of the grievance. If the Parties do not select an arbitrator within 14 days of receipt of the panel from FMCS because one of the Parties refuses to engage in the selection process in a timely manner that Party shall be considered in default and the grievance will be awarded to the other Party.

The arbitrator will have the authority to rule on the dispute which was made the subject of the Step 1 report and on all issues of arbitrability of the dispute. The arbitrator does not have authority to render a decision which has the effect of modifying the terms of the Agreement negotiated by the Parties. The decision of the arbitrator is final and binding upon all parties. The party requesting arbitration is required to pay the full amount of the arbitrator's fees and expense.

6. Facilitator

The Parties will mutually agree on the use of a facilitator as appropriate.

Providing Qualified and Efficient Personnel

The Parties recognize the need for an efficient, progressive and updated training. The representatives of the Locals to use every effort to provide persons qualified and efficient for the class of work for which they may be ordered.

Any person entering the industry as a longshoreman will be required to attend a safety course/longshore training/hazmat not exceeding sixteen (16) class room hours during the first three months of his/her employment. Such safety/training courses shall be determined and administered by the West Gulf Maritime Association; any changes and programs to be administered in collaboration with the ILA District and Locals. Powered Industrial Truck [PIT] Refresher Training developed with the ILA will be updated as necessary.

All workers must wear OSHA-approved footwear, vests and hard hats. The current practice of the employer providing rain gear shall continue.

The Parties will establish a Joint Committee to review and mutually determine appropriate measures to reduce accidents due to fatigue. Furthermore, the Joint Committee shall review and evaluate a joint selection process for new workers prior to commencing employment by any direct employer, including I-9 paperwork, physical exams/pre-employment exams [paid by employers], pre-employment drug test.

Lifting requirements per job may be mutually agreed to by the Parties.

Shoreside gantry crane operator

Accountability

1. Crane operators are required to take 66 2/3% of all outs within each quarter. If a crane operator fails to do so they will come before the Local 24 executive committee and may be removed from the crane board for 30 days.
2. The crane operators will meet to reiterate the importance of compliance with this rule.
3. The SCGC will meet with the employers to ensure all employers are participating in the crane training program.

Training Program

The parties will meet to revise and improve the shoreside gantry crane training program.

Short operators

When all operators cannot be furnished for all gangs ordered by the union hall the employer has the ability to safely distribute the supplied operators in a way to be able to work the supplied gangs safely and efficiently while providing relief to the operators in a coordinated relief procedure.

1. The union hall will continue attempting to fill all jobs.
2. As long as one operator per gang is supplied the gangs can commence work.
3. Any operators over and above the first run operators will report to the worksite to be available for relief operations.
4. The company (with consultation with the hall and the dispatched operators on site) will implement a relief plan.

5. The company will take operation time and divide total number of operators into that time to determine the equal amount of operating time for the supplied operators. The relief operators will be used to ensure all operators work that amount of time.

Automated Gang Foreman Responsibilities

Hires gang labor on a timely basis to allow adequate drive time from hiring hall to jobsite.

Fills out gang time sheet.

Makes sure labor is on terminal and accounted for. If labor is not on the terminal the gang foreman will call the local 24 hall for a replacement.

Makes water for the gang.

Picks up the gang's paperwork and working radio from the walking foreman or office.

Manages the gang and holds labor accountable for individual job duties and functions.

Updates drivers names on the gang timesheet and gives the gang timesheet to the timekeeper or management as soon as complete.

Attends gangway safety meeting with gang.

Ensures the gang works as directed by the employer and meets all working standards set out by West Gulf Maritime Association training and each employer; any changes and programs to be administered in collaboration with the ILA district and locals.

Make sure everyone works in a safe manner.

The gang foreman is to go on the vessel within the first half hour of the operation or ASAP and:

- Checks to make sure proper PPE is worn by labor;
- Checks for unsafe vessel conditions;
- Immediately reports unsafe vessel condition to terminal management and the vessel crew;

- Directly supervises lashers to ensure they are working in pairs and following safety rules;
- Immediately stops all unsafe acts by lashers, for example: throwing lashing gear or standing up lashing gear against containers-railing;
- Ensures hatch lids are unlocked and all turnbuckles stored properly;
- Ensures sufficient amount of workers are on deck in order to safely complete the amount of work required;
- Ensures that all lashing is completed per the vessel mates instructions;
- When required gets vessel lashing approval sheet signed by Chief Mate-vessel crew.

Under the crane:

- Checks to make sure proper PPE is worn by labor;
- Insures ground men are working in the safety lanes, looking in the direction of oncoming traffic, and are aware of their surroundings at all time under the crane;
- Enforces terminal rules regarding the use of cell phone, ear piece, blue tooth, and electronic equipment;
- Enforces the hustler drivers are wearing their seat belt; and
- Safety cones are in place and in use under the crane and in the back reach.

The West Gulf Maritime Association and Local 24 will revise the progressive discipline program to account for the discipline of all gang foreman. Local 24 will endeavor to ensure that any automated gang foreman must be qualified to direct any work performed by a longshore worker on a fully automated operation.