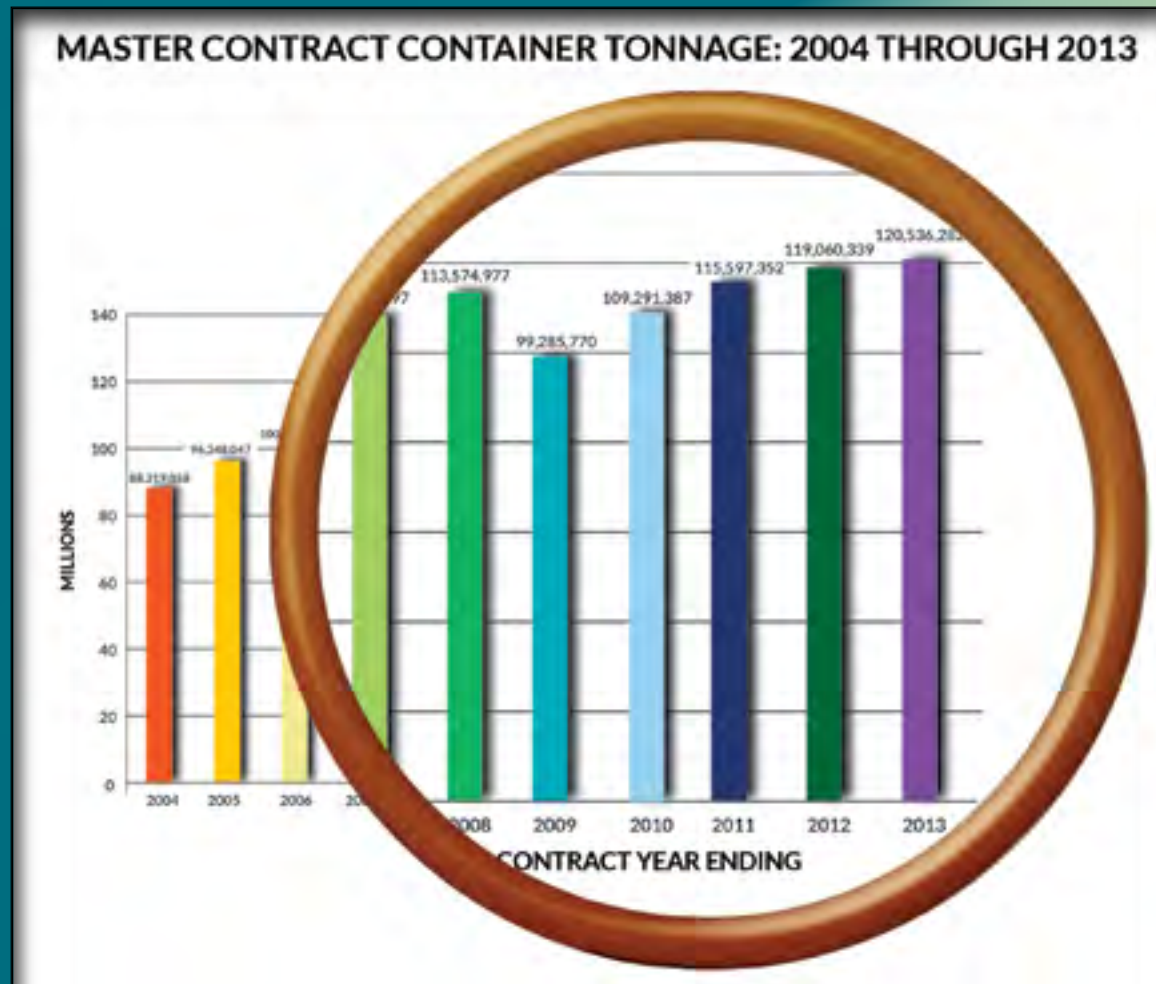


# ANNUAL REPORT 2013



*... to preserve and protect  
the interests of our members...*

## WHO WE ARE

The United States Maritime Alliance, Ltd. (USMX) is a non-profit incorporated membership association headquartered in Iselin, NJ. It represents employers of the East and Gulf Coast longshore industry. Membership consists of 24 container carrier members, including the 10 largest worldwide, 7 major marine terminal operators and 11 port associations.

While serving as the representative of the Management groups in Master Contract bargaining, the Alliance also articulates industry positions on regulatory and safety issues; oversees coastwide training, retraining, certification, and recertification programs; and is responsible for administering coastwide fringe benefit funds and programs. ▲

## OUR MISSION

The mission of USMX is to preserve and protect the interests of its members in matters associated with the maritime industry, including all labor relations issues affecting longshore and related activities, and, in particular, in the realm of collective bargaining.

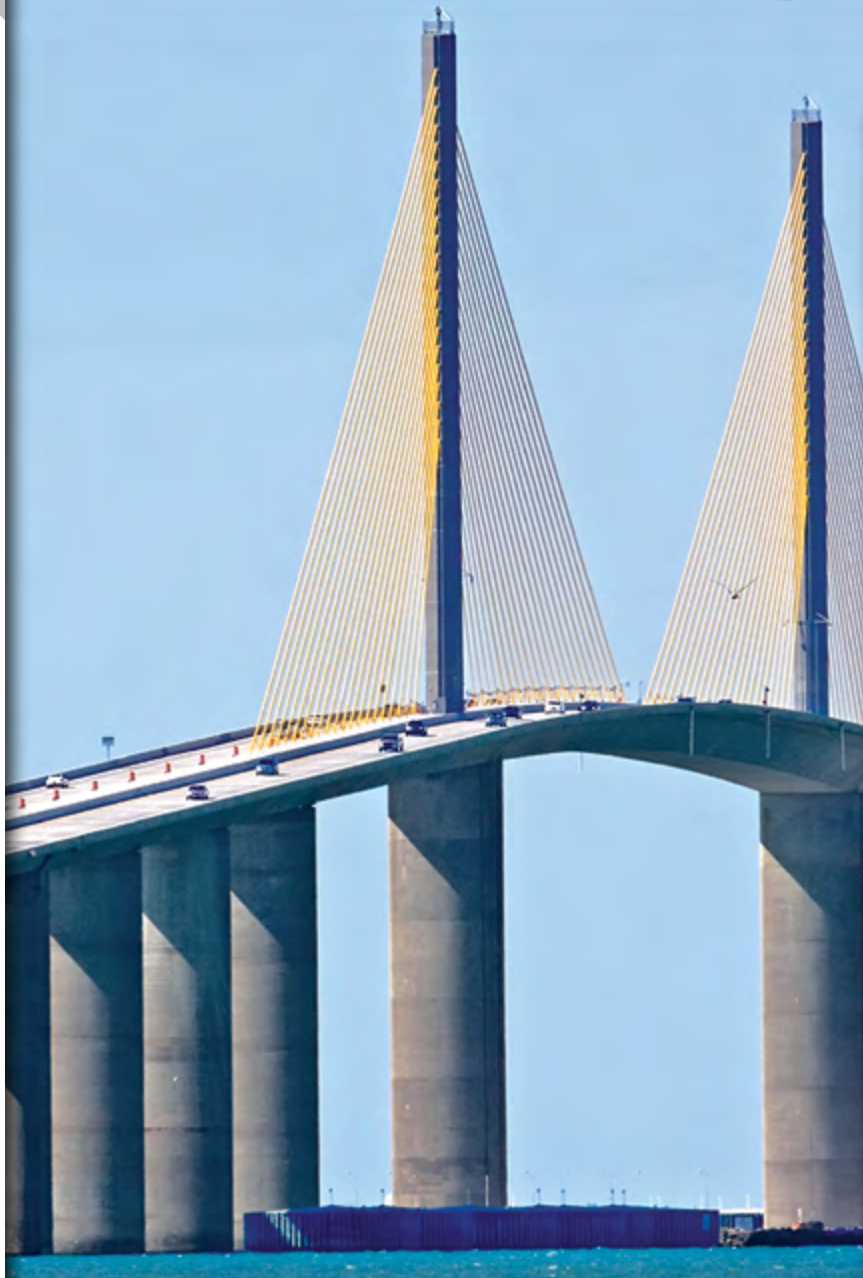
The Alliance shall carry out this mission for its members and customers, with due consideration of the interests, safety, and well being of the workers and their representatives. Likewise, it understands the importance of its commitment to maintaining labor peace in order to meet and exceed the crucial demands of a global economy. ▲

## USMX & ILA MASTER CONTRACT

- Since 1977, USMX and its predecessor organizations have successfully negotiated with the International Longshoremen's Association, AFL-CIO (ILA) master contracts (MC) governing containerized and roll-on/roll-off cargo without any disruptions to service.
- In April of 2013, after more than a year of bargaining and two temporary extensions, USMX and the ILA ratified a new 6-year agreement, which covers 14,500 port workers on the East and Gulf Coasts of the United States.
- New MC runs 10-1-12 through 9-30-18.
- Covers container and roll-on/roll-off cargo.
- Governs wages, fringe benefits, manning, jurisdiction; but does not include local conditions.
  - USMX will supply assistance as required to Port Associations with their local negotiations.
- Economic impact of the Master Contract:
  - 120 million tons of cargo
  - 14,500 union jobs
  - Total MC wages of \$1 billion annually, generating 550,000 directly-related jobs.
  - Generates over 2 million indirect jobs, with estimated total wages in excess of \$100 billion, with over \$11 billion in state and local taxes paid. ▲



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## CHAIRMAN & CEO'S MESSAGE — A CRITICAL YEAR OF TRANSITION



Welcome to the new 2013 USMX Annual Report. I am hopeful that this endeavor is the first in a long string of useful and worthwhile annual reports.

When I started thinking about what 2013 meant to USMX, the phrase that came to my mind was that 2013 was a “critical year of transition,” not only for

USMX, but also for several other key stakeholders in the industry: USMX and NYSA were transitioning key senior leadership teams; several long-term USMX directors transitioned to new chapters in their lives and careers; and the ILA leadership was into full swing under President Harold J. Daggett and his Executive Council.

Jim Capo, who'd been in the industry since 1990, was ready to retire as USMX's CEO at the end of 2012. His actual retirement came a few months into 2013, but with a final, memorable and successful negotiation under his belt. USMX's Vice President of Labor Relations, Brian Dugan, also retired, as did NYSA President Joe Curto and NYSA Vice President, Operations, Tony Petrizzo. USMX board member Jake Coakley retired after many years of successful service to USMX and the industry, and though long-time USMX board member Tony Scioscia also retired, he continues to actively contribute to the industry.

Adding a little more excitement to the mix, the USMX team began 2013 already into the second extension of our Master Contract negotiations, after about 10 months of bargaining and under the helpful auspices of Director George Cohen and his team at the Federal Mediation and Conciliation Service!!!

The history of that bargaining is pretty well known. Between Mr. Cohen, Mr. Daggett and Mr. Capo, we successfully concluded a new, six-year Master Contract agreement. The contract was overwhelmingly ratified by both sides and we even earned a trip to the

White House in recognition of the teamwork that ultimately led to the contract. Then, the new USMX team and the ILA rolled up our sleeves and set the wheels in motion to ensure a successful contract implementation. Since implementing the Master Contract in April of 2013, we ran into some local contract issues in several ports, but we continue our efforts to work through these problems with the USMX Port Associations, ILA Locals and the ILA international.

As USMX identified and implemented several key information gathering and reporting initiatives and business process changes to better serve our members and the industry as a whole (covered in more detail within this report), our carrier members were also announcing monumental changes to their business plans, read: P3, G6 and, eventually, CKYHE. These initiatives and changes, as they develop, will influence the maritime industry for years and we all have a key role to play in making them successful.

*Some of my favorite key successes achieved by USMX during 2013 include:*

**CENTRALIZED COLLECTION OF CONTAINER ROYALTIES:** I believe streamlining of the assessment collection process will benefit USMX's members, the ILA international and the ILA locals—a win, win, win—if you will!

**SAFETY:** We continue implementation and maturation of the ILA-USMX Joint Safety Committee. This is an incredibly dedicated group of safety professionals who serve the industry to the extent I have never seen before. We worked with the Committee and the ILA leadership to further strengthen its role and increase the depth of what the Committee can do to assist the ports with their ongoing safety efforts. USMX continues to focus its efforts on gathering local Port Association safety data not previously centrally-compiled. This will generate critical comparative data vital to our members, while protecting individual Port Association data confidentiality.

**TRAINING:** USMX initiated a detailed analysis of our coastwide and local port training efforts to ensure that we were using consistent “best practices” to provide the

highest levels of training in the most cost efficient manner. We are committed to providing the correct resources to deliver the best-trained workforce possible.

**POLITICAL EFFORTS:** We are working to strengthen and improve our efforts to support our industry, while creating some important USMX relationships in both Washington, DC, and in any local port states where we can be of assistance. We believe that USMX can serve all stakeholders in the industry.

**NEW WEBSITE:** The USMX website was completely revamped in a way we believe is much more effective for use by our members, directors and staff. This project was completed on time, at budget, and has proven itself to be a great platform for member communication that can only improve over time.

**ILA RELATIONSHIP:** We continue to work with the ILA executive council, our local port associations and the ILA locals to develop the highest level working relationships possible. I strongly believe that if we make every effort to work through issues immediately as they develop, then problems will be less likely to pile up and hinder future bargaining efforts, thus increasing bargaining productivity on both sides.

I thank all of you for your support of USMX, my team, and me, personally, throughout the year and going forward. When the USMX directors asked me what's in store for 2014, I told them if we can repeat “more of the same 2013 accomplishments,” then it will be a great year!

Regards,

David F. Adam  
Chairman & CEO

## 2013 BOARD OF DIRECTORS



**David F. Adam**  
United States Maritime Alliance, Ltd.



**Thomas Chen**  
Evergreen Shipping Agency (America) Corp.



**Peter Braedel**  
Hapag-Lloyd (America), Inc.



**Ian S. Cairns**  
CMA-CGM Group



**Patrick T. Dolan**  
Ports of the DE River Marine Trade Association



**Albert V. Gebhardt**  
Maersk Agency USA, Inc.



**James R. Gray, Jr.**  
Jacksonville Maritime Association



**Daniel S. Hall**  
Ceres Terminals, Inc.



**William J. Messina**  
APM Terminals North America, Inc.



**John J. Nardi**  
New York Shipping Association, Inc.



**Christopher J. Parvin**  
Mediterranean Shipping Company USA, Inc.



**William Payne**  
NYK Line (North America), Inc.



**Michael Radak**  
Hanjin Shipping Company, Ltd.



**John Walsh**  
SSA/Cooper, LLC

## USMX MEMBER ORGANIZATIONS

### PORT ASSOCIATIONS

Boston Shipping Association  
Georgia Stevedore Association  
Hampton Roads Shipping Association  
Jacksonville Maritime Association  
Midgulf Association of Stevedores  
New York Shipping Association  
Ports of the Delaware River Marine Trade Association  
South Carolina Stevedores Association  
Southeast Florida Employers Port Association  
Steamship Trade Association of Baltimore  
West Gulf Maritime Association

### CARRIERS

APL, Ltd.  
Atlantic Container Line  
China Shipping (North America) Holding Co., Ltd.  
CMA CGM Group  
Columbia Coastal Transport, LLC  
CCNI  
COSCO Container Lines Americas, Inc.  
CSAV Agency North America, LLC  
Evergreen Shipping Agency (America) Corp.  
Hamburg Süd North America, Inc.  
Hanjin Shipping Company, Ltd.  
Hapag-Lloyd (America), Inc.  
Horizon Lines, LLC  
Hyundai Merchant Marine (America), Inc.  
"K" Line America, Inc.  
Maersk Agency USA, Inc.  
Mediterranean Shipping Company USA, Inc.  
MOL (America) Inc.  
NYK Line (North America), Inc.  
OOCL (USA), Inc.  
Turkon America, Inc.  
United Arab Shipping Company  
Wallenius Wilhelmsen Logistics Americas, LLC  
Yang Ming (America) Corp.  
Zim American Integrated Shipping Services Co., Inc

### DIRECT EMPLOYERS

APM Terminals North America, Inc.  
Ceres Terminals Inc.  
CP&O, LLC  
Global Container Terminals, Inc.  
Maher Terminals, LLC  
Ports America  
SSA/Cooper, LLC





## LABOR RELATIONS UPDATE

### USMX-ILA MASTER CONTRACT

After many months of bargaining between the parties and involvement by the Federal Mediation and Conciliation Service, the Memorandum of Settlement for the latest Master Contract between USMX and the ILA was signed on August 28, 2013. This six-year agreement is effective October 1, 2012 through September 30, 2018. Some major changes have been seen as a result of agreement on this new contract and include a compression of the tiered-wage progression, from nine years to six years; new provisions in the areas of technology and automation, and chassis maintenance and repair work preservation; and amendments to previous provisions covering jurisdiction, the jurisdiction committee, and major damage criteria for containers.

### CHALLENGES POST-MASTER CONTRACT IMPLEMENTATION

Implementation of the new Master Contract, with its changes in language and provision additions and amendments, has not come without challenges. USMX saw an increase in requests for visits and rulings by the USMX-ILA Jurisdiction Committee, from ports where issues of alleged Master Contract violations were made, along with an increase in the filing of grievances. Several local port contracts (Baltimore, Charleston, Mobile, Norfolk and Philadelphia) had not been settled prior to reaching agreement on the Master Contract. Toward the end of 2013, Philadelphia and Norfolk ended negotiations with signed local agreements. The Baltimore Local 333 contract was voted down in mid-October, leading to a strike followed by arbitration. Management received a favorable award under the Master Contract provisions, and the men were ordered back to work and the local bargaining table. Charleston and Mobile's local contracts are still outstanding.

### ONGOING CHALLENGES

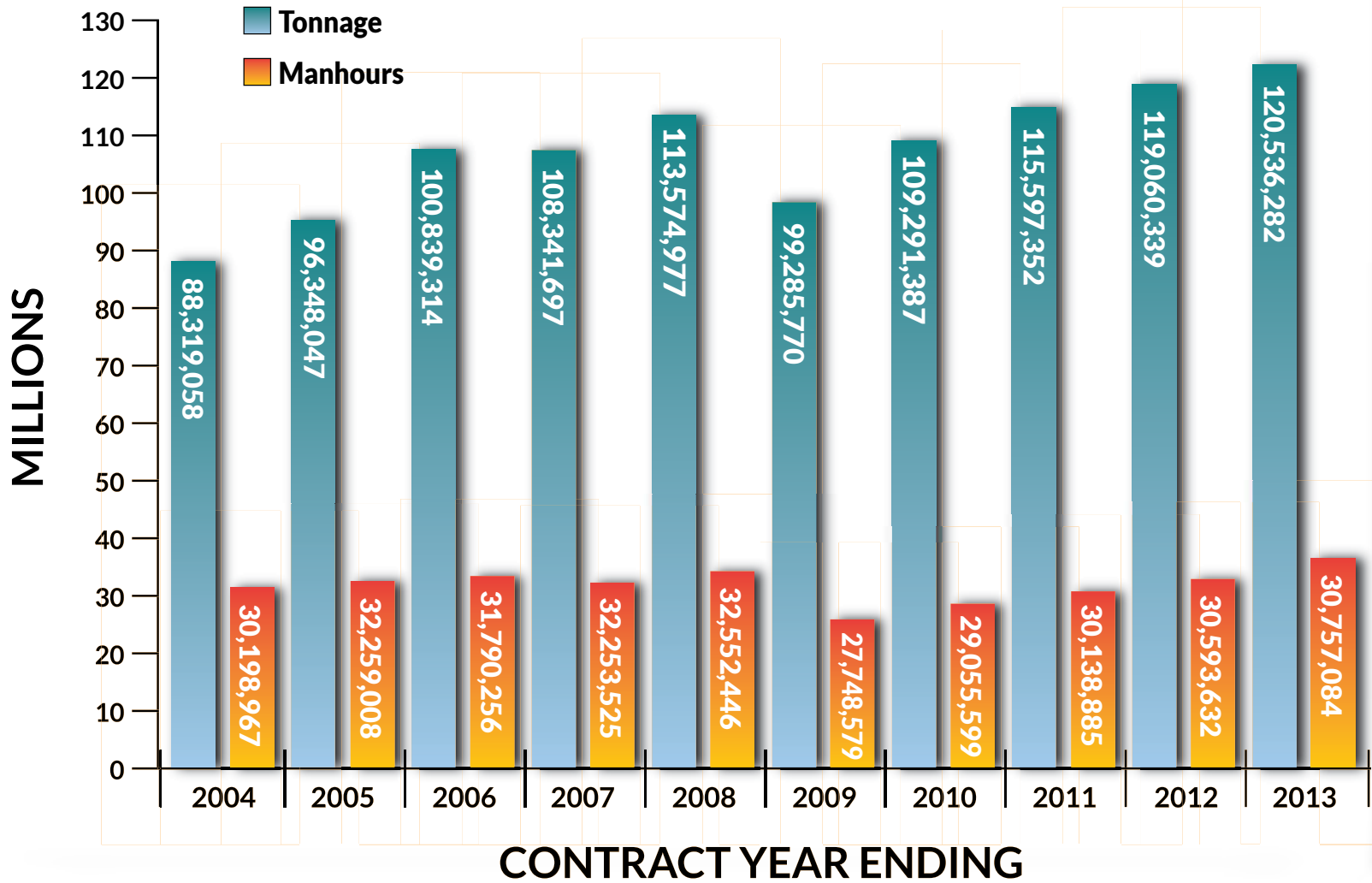
As we move forward into the Master Contract, issues and challenges continue in the following labor relations areas: local bargaining, deck and dock jurisdiction and clerical jurisdiction claims in the South Atlantic, chassis maintenance and repair, maintenance jurisdiction and implementation of technology in all ports in the East, Mid-Atlantic and Gulf coast regions. Overall, there is greater concern and a heightened awareness by the ILA of its jurisdiction and of securing it going forward.

### INTO THE FUTURE

With new contract language, new management and labor leadership, and the added pressure of non-union competition, contract interpretation and jurisdiction claims continue to arise on both sides. There are still several requests for the Jurisdiction committee that are as of yet unresolved, and a few LIGC grievances in several ports with coastwide implications that have yet to be determined.

As these issues are resolved, the next two years will be interesting in the labor relations arena. USMX and its members must be prepared to meet 2018 negotiations head on, as the ILA holds its South Atlantic and Gulf Coast District Convention in July of 2014 and its Atlantic Coast District and International Conventions in July of 2015, thus setting the stage for Master Contract bargaining. ▲

## MASTER CONTRACT TONNAGE & MANHOURS LOOKBACK: 2004 THROUGH 2013



# ILA-USMX JOINT RESOLUTION ON PORT SAFETY & HEALTH

## ILA-USMX JOINT RESOLUTION ON PORT SAFETY & HEALTH

WHEREAS, the International Longshoremen's Association, AFL-CIO (ILA) and the United States Maritime Alliance, Ltd. (USMX) recognize the necessity of maintaining a proactive approach in relation to occupational safety & health (OSH) issues which must be soberly and responsibly addressed by both parties; and

WHEREAS, the ILA and the USMX have created a Joint Safety Committee (JSC) comprised of three (3) ILA Members, three (3) USMX Members and a Technical Facilitator, to initiate the industry's review of relevant OSH issues; and

WHEREAS, the JSC has made significant progress in creating a greater awareness of OSH issues on an industry wide basis, and will continue to assist labor and management interests throughout the various port districts in successfully approaching OSH issues, to wit:

- Providing guidance and knowledge to ILA, its Local Unions; USMX and its member Port Associations in relation to a diverse range of OSH issues; utilizing 29 CFR Parts 1917 & 1918 as mandatory OSH rules and supplementing such rules at the discretion of the JSC.

- Working closely with the National Maritime Safety Association (NMSA), Port Associations, individual employers and ILA Local Unions to develop uniform OSH practices, policies and procedures to be followed at all Master Contract ports. This would include efforts to initiate the development of a greater number of industry-wide safety training procedures and, to the extent practicable, job specific standards for all relevant crafts.

- Requiring every Master Contract port to establish an ILA-Employer joint safety committee (where none presently exist) to review and investigate accidents, to monitor and improve workplace OSH conditions and to develop and enforce reasonable, effective and compassionate disciplinary procedures.

- Monitoring local port compliance with all provisions of the Master Contract Drug and Alcohol Testing Program, including Random testing provisions & enforcement protocols.

- As necessary, appoint subcommittees that are comprised of knowledgeable and well motivated local ILA and Port Employer Members to supplement the work of the JSC.

NOW, THEREFORE, the undersigned adopt the following amendments to the ILA-USMX Master Contract:

1) The Joint Safety Committee (JSC) shall be a standing committee and shall discharge the following responsibilities:

a) It shall provide OSH-related guidance and knowledge to USMX and ILA (including local Port Employers and Labor Locals) with the goal of making each and every Master Contract marine cargo handling activity a safe place for all employees to work.

b) It shall monitor each local port's compliance with the Master Contract Drug and Alcohol Testing Program.

c) It shall serve as a clearinghouse; in coordination with the National Maritime Association (NMSA) Technical Committee, for reporting and analyzing all serious accidents occurring at Master Contract marine cargo handling operations.

d) At the request of Management and ILA leadership at any Local Port or District, or on its own initiative, the JSC shall be empowered to investigate any serious accident occurring at Master Contract marine cargo handling operations.

e) It shall be authorized to appoint subcommittees that are comprised of knowledgeable and well-motivated local ILA and Port Employer Members to supplement the work of the JSC.

f) It shall submit quarterly activity reports to ILA and USMX leadership, detailing the work of the JSC.

g) It shall ensure that each Master Contract port establishes a local joint safety committee comprised of equal numbers of subjectively well-versed and well-motivated labor and management representatives. Labor representatives so appointed shall not hold concurrent elective office.

Such local committees shall have the authority to review and investigate accidents, to establish local OSH procedures and policies (in consultation with and approval of the ILA-USMX Joint Safety Committee) and to develop and enforce appropriate disciplinary procedures; provided that such procedures remain consistent with those already agreed upon and in place at the relevant port(s).

Dated: January 15, 2014

International Longshoremen's Association, AFL-CIO  
By: Harold J. Duggitt  
Harold J. Duggitt, President

United States Maritime Alliance, Ltd.  
By: David E. Adams  
David E. Adams, Chairman & CEO

## ILA-USMX JOINT SAFETY COMMITTEE

### Safety must be our #1 priority.

The ILA-USMX Joint Safety Committee (JSC) was established to provide guidance to USMX member companies and their ILA counterparts, and assist with their efforts to prevent accidents on the waterfront and make the maritime industry a safer place to work. Its focus on occupational safety and health issues makes the JSC a valuable ally in the ports from Maine to Texas.

“This is truly a “joint” committee, having no political motivation; no hidden agenda... apart from the perceived need to ensure that ALL members of our industry and their families are permitted to enjoy the benefits of a safe workplace.”

— JSC Co-Chairmen  
Tom Sullivan & George Lynch

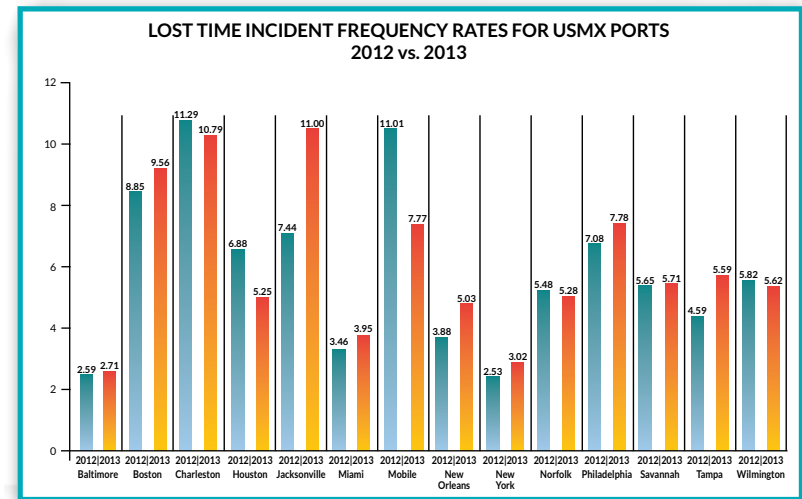
The JSC is composed of three ILA members and three USMX members, along with a third-party facilitator to assist the committee in carrying out its mandate. The ILA’s members are George Lynch (JSC Co-Chairman), Bob Fiore and Ben Bryan. USMX’s members are Tom Sullivan (JSC Co-Chairman), Mark Baker and Joe Farley. The JSC facilitator is Ron

Signorino, President of The Blueoceana Company.

One of the goals of the JSC is to encourage and assist each port with the establishment of its own joint safety and accident review committees. In the past year, the JSC visited many of the USMX ports, and will continue those visits into 2014.

The vital role of the JSC and the importance of its efforts to effect valuable change in port and industry safety, has the full support of both ILA and USMX leadership. On January 15, 2014, ILA President Harold J. Daggett and USMX Chairman David F. Adam, signed the *ILA-USMX Joint Resolution on Port Safety & Health*. This new document clearly defines the role and task ahead for the JSC and becomes a mission statement of policy to be followed.

In addition to the continuation of port visits, the JSC will also publish occupational safety and health circulars, participate in accident and post-accident investigations, continue to interact with the USMX members and ILA districts, and respond to any local safety matters brought to its attention. The JSC plans an aggressive meeting schedule, besides its regular planned meetings at National Maritime Safety Association (NMSA) events, and ILA



\*\*COASTWIDE TOTAL LTIFR = 4.88

The lost time injury and illness incident frequency rate is based upon Occupational Safety and Health (OSH) Act record keeping criteria and is considered a national standard used by the government for most industries. The formula considers the number of lost time incidents and illnesses occurring in a workplace and the hours worked during the time period. It is based on a workplace of 100 workers averaging 2,000 hours per year.

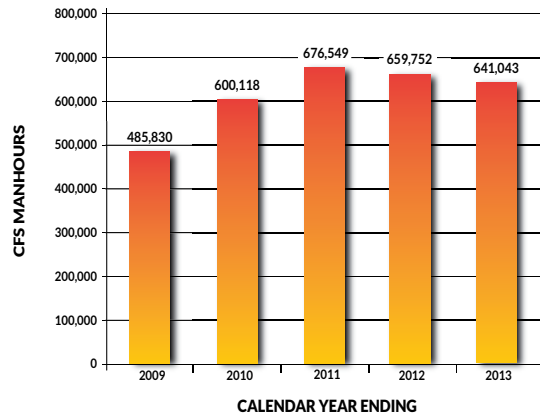
**FORMULA:** (Lost time injuries & illness x 200,000/total hours worked = incident rate)

conventions or ILA district meetings, such as the Blue Ribbon Panel and other opportunities that may come up. Perhaps the most important new achievement for the JSC is getting the ILA to actively participate in the NMSA Technical Committee. This is the first time that the ILA will participate along with USMX members in NMSA’s technical meetings and their voice will be heard on all matters of safety importance.

In late 2013, USMX, with the assistance of the JSC, started a Safety Data Collection initiative. The first step involves gathering of historical Lost Time Incident Rates (LTIR) covering the period from 2011 thru 2013. Next steps involve gathering specific details about the LTIs themselves. With increased cooperation from the USMX Port Associations, the end goal is to identify who is getting injured (by craft), the type of incidents occurring, and the location of the incidents. Successfully gathering this data will enable the JSC and all the employers to target safety-specific training that will better educate the workforce and reduce accidents in our ports. ▲

# CONTAINER FREIGHT STATION TRUST FUND

**CFS TRUST FUND MANHOURS  
LOOKBACK: 2009 THROUGH 2013**



## HISTORY

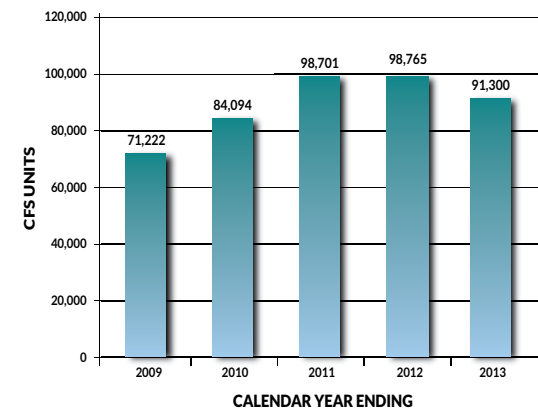
On April 15, 1989, an agreement was reached between the International Longshoremen's Association (ILA) and the then-Management representative group, Carriers Container Council (CCC). This agreement confirmed the creation and implementation of a fund to encourage the economic development of Container Freight Stations (CFS) in the major container ports on the East and Gulf coasts of the United States and to protect and ensure waterfront job opportunities for ILA deep sea members competing with non-union labor in those ports. The stations would be used for stuffing and stripping of less than truckload and full container load cargoes from CCC-member ships. It was determined that the fund would be administered by a board of trustees, with equal trustee representation from both management and labor. Parameters and provisions governing the establishment

of CF stations would be set forth by the Trustees. Any potential operators would be required to complete and submit an application and business plan as well as sign the CFS Trust Agreement before being considered by the Trustees for acceptance into the CFS Program. Funding for the Carrier-ILA CFS Trust Fund would be derived from a tonnage assessment paid by then-CCC's members. Over the next 25 years, CCC evolved into the United States Maritime Alliance (USMX) and the CFS

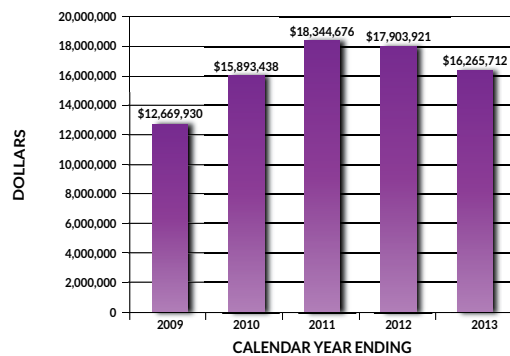
program eventually expanded into most of the major ports covered by the USMX-ILA Master Contract.

Currently, the CFS program (as well as worker training) is funded by a tonnage assessment paid by USMX's carrier members. As of the end of the first quarter of 2014, there are 26 fully-active warehouse operations employing hundreds of ILA workers in Baltimore, Charleston, Hampton Roads, Houston, Miami, Mobile, New Orleans, New York, and Philadelphia. Over the last three years alone, the active stations handled more 96,000 containers per year and generated an average of 660,000 ILA manhours per year, while providing a beneficial service to USMX's members and their customers on the East and Gulf coasts. ▲

**CFS TRUST FUND UNITS  
LOOKBACK: 2009 THROUGH 2013**



**CFS TRUST FUND SUBSIDY EXPENSES  
LOOKBACK: 2009 THROUGH 2013**



## CONTAINER FREIGHT STATION TRUST FUND ILA-USMX TRAINING



In 1992, on the heels of the creation of the CFS Trust Fund, the ILA and then-carrier representative CCC, in an effort to increase the quality and volume of training for ILA workers, agreed to make a major industry investment (that would be paid for by the CFS Trust Fund) by opening a state-of-the-art crane simulation training center on the campus of the Maritime Institute of Technology & Graduate Studies (MITAGS) in Linthicum Heights, Maryland. The lead instructor from 1992 until his passing in 2012 was Jim Schuyler, a Baltimore native who spent his entire career as a crane engineer for the Maryland Port Authority and later at MITAGS. In 1993, Herbert (Newt) Newman signed on as a crane trainer and today he is the lead instructor for the USMX-ILA Crane Simulation Central Training Program.

### CENTRAL CRANE TRAINING

Today, USMX, working with its Port Association and Direct Employer members from Massachusetts to Texas, coordinates and arranges for longshore personnel to attend the various CFS training programs at MITAGS. The curriculum includes three types of simulated training courses featuring detailed classroom instruction plus practical, hands-on simulator experience.

- Inexperienced Crane Operator Trainee course: This two-week class for the inexperienced ILA crane operator student serves as follow-up to on-the-job training (OJT) the student may or may not have already received, or as a stepping stone to advanced OJT that he/she will receive upon return to his/her home port.
- Experienced Crane Operator course: This one-week course is intended for the seasoned worker who needs a refresher course, or to bring the operator's skills back up to speed if he/she has been away from the job for an extended period of time.
- Rubber Tire Gantry (RTG) course: This one-week course is designed to enhance the attendee's skill in the safe operation of the RTG crane.

The goal of the crane training courses is to enhance the student's skills with a combination of classroom training and discussion, along with simulator experience and a final test of knowledge and aptitude. Because the program aims to provide the student with as close to one-on-one hands-on experience as possible, the crane training program limits the number of participants for each session to six students. Since its inception, more than 2,000 ILA employees have participated in the crane training courses at MITAGS. ▲

# CONTAINER FREIGHT STATION TRUST FUND M&R/LOCAL TRAINING

Also included in the CFS training program curriculum at MITAGS are two specialized classes in the field of maintenance and repair (M&R): a two-week course on Diesel-Electric Generator and a two-week course on Container Refrigeration. Each of these courses, taught by long-time instructor Charles Snyder, is presented three times per year and offers a unique mix of one week of classroom theory followed by one week devoted to practical training on the on-site reefer container units. Recently, the CFS Trustees approved the purchase and delivery of Thermo-King and Carrier refrigeration and gensets to the program for the hands-on training portion. Again, maximum class capacity for these courses is limited to just eight mechanics, to ensure that they receive the maximum educational benefit of the course. Since 2006, over 250 ILA mechanics employed by USMX members have come through these technical courses specially designed for the maintenance and repair field.

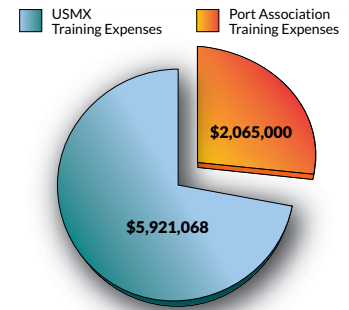


The CFS Trust, through USMX Carrier assessments, provides valuable training fund reimbursement to USMX members for MITAGS and local Port Association training. In 2013, total training expenses (USMX expenses plus Local expenses) were nearly \$8 million, or approximately \$.026/manhour. ▲

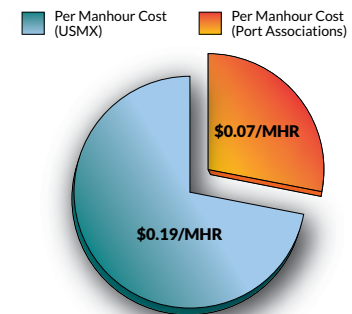
## LOCAL PORT TRAINING & CERT/RE-CERT TRAINING

The CFS Trust Fund also provides the monies for ILA training locally, in the ports from Boston to Houston. The local training is either provided by the USMX Port Association or its member companies and includes classroom courses, such as orientation and safety, initial OSHA required hazardous material training and refresher courses. Powered Industrial Truck (PIT) has been a training requirement for all operators since July 14, 2000. Any operators of equipment such as a forklift, top handler, straddle carrier, reach stacker and yard tractor must be certified and re-certified every (3) years according to the OSHA settlement agreement. Training for PIT and other non-PIT equipment (crane, RTG, specialized equipment) training is also handled on a local basis.

2013 TOTAL TRAINING EXPENSES: \$7,986,068



2013 PER MANHOUR TRAINING EXPENSES = \$0.26 (BASED ON 30,913,078)



# CONTAINER FREIGHT STATION TRUST FUND AND THE NEW MASTER CONTRACT

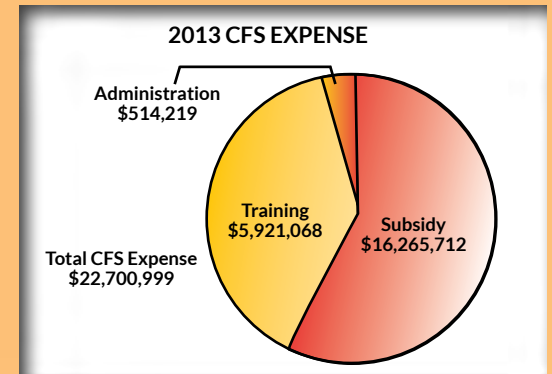
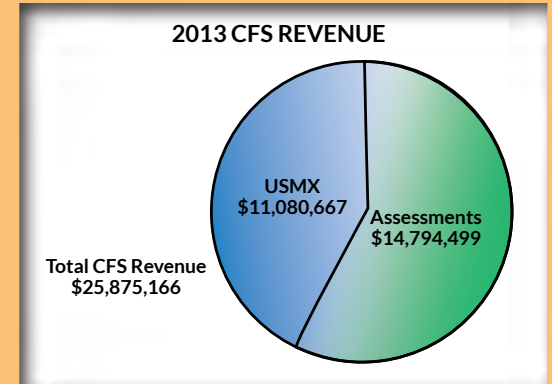
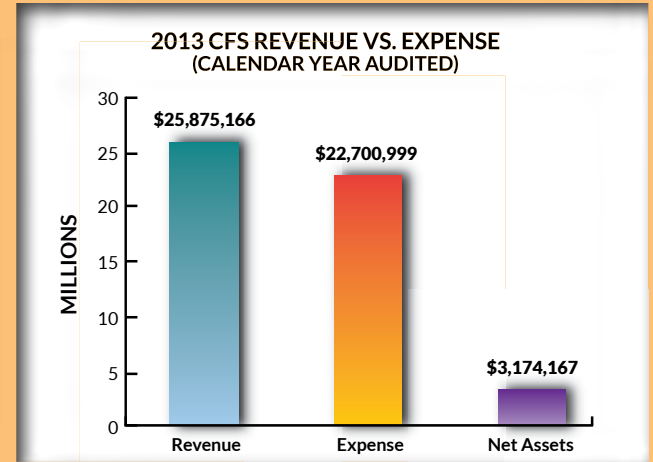
The new Master Contract, signed in 2013, but effective October 1, 2012 through September 30, 2018, calls for major changes to the CFS Program. First and foremost, it provides for a decreasing scale in subsidy payments for all existing CFS operations over the life of the agreement. This scale reduces the subsidy rate from \$28 per hour to \$21 per hour over the contract period. Additionally, all new Trustee-approved CF stations will have a starting subsidy rate of \$21 per hour.

## FINANCIAL PICTURE

The accompanying charts present the 2013 financial picture for CFS. The 2013 year cannot be considered a “normal” year for CFS, from both a revenue and expense standpoint. The CFS revenue for the year was derived in two ways as a result of the delay in reaching a new Master Contract. At the start of 2013, USMX, through a dividend declaration from SIMAS and the use of existing reserves, continued to pay the costs of the CFS program in its entirety. This was an extension of the previously agreed upon program reached in the Master Contract settlement for the period of 10/1/09 through 9/30/12, wherein it was agreed to utilize the existing reserves in the CFS program as well as to have USMX, on behalf of its member Carriers, pay a \$0.05 per long ton assessment for the final two years. At the end of the agreement, all reserves were exhausted. The new Master Contract (10/1/13 through 9/30/18) provides for a CFS assessment of \$0.25 per long ton effective 10/1/12 (a reduction from \$0.30 per long ton that was part of the 2004-2010 Master Contract). However, since the agreement wasn’t reached until spring of 2013, it was decided by the USMX Board of Directors that USMX would continue to pay all costs associated with the CFS program on its members’ behalf. Certain steps were taken to reduce costs during this period, which impacted program expenses favorably. When the 2012 – 2018 Master Contract was finalized the USMX Board decided to implement the new \$0.25 per long ton assessment on July 1, 2013, rather than imposing retroactive payments to 10/1/12. As a result of the above actions, and the fact that we did not experience any growth in the program or increase in training costs during the year, we were able to finish the year with a \$3 million increase in net assets. We fully expect that with careful management of the program we can maintain it over the term of the Master Contract.

## 2014 TRAINING INITIATIVE

In 2014, USMX will be starting an initiative to review our local training efforts to ensure that we are providing the highest level of training for ILA workers during the life of the Master Contract. It is the goal of this review to establish several “best practices” that can be shared among our member ports to help develop the safest, most productive workforce, in the most cost-effective manner possible. ▲



# MANAGEMENT-ILA (MILA) MANAGED HEALTHCARE TRUST FUND

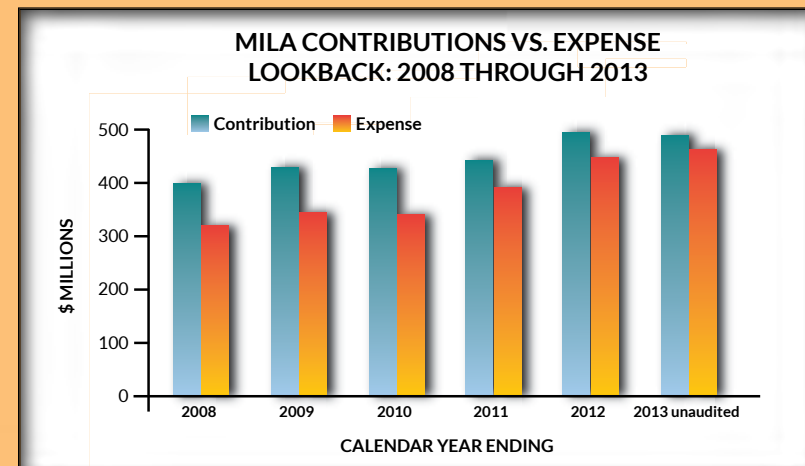
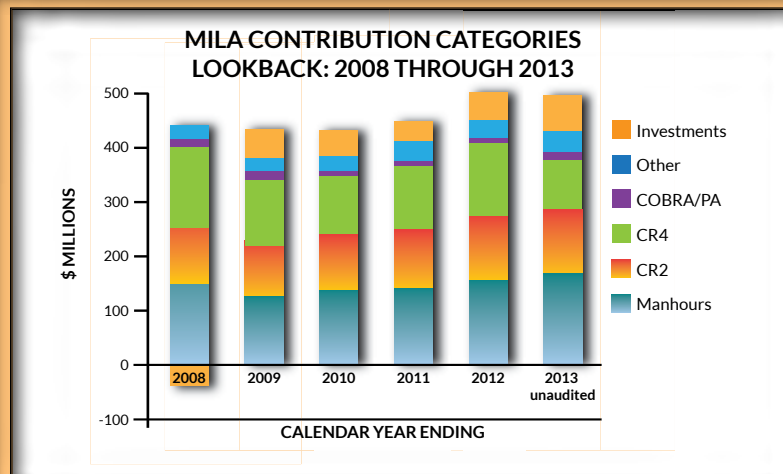
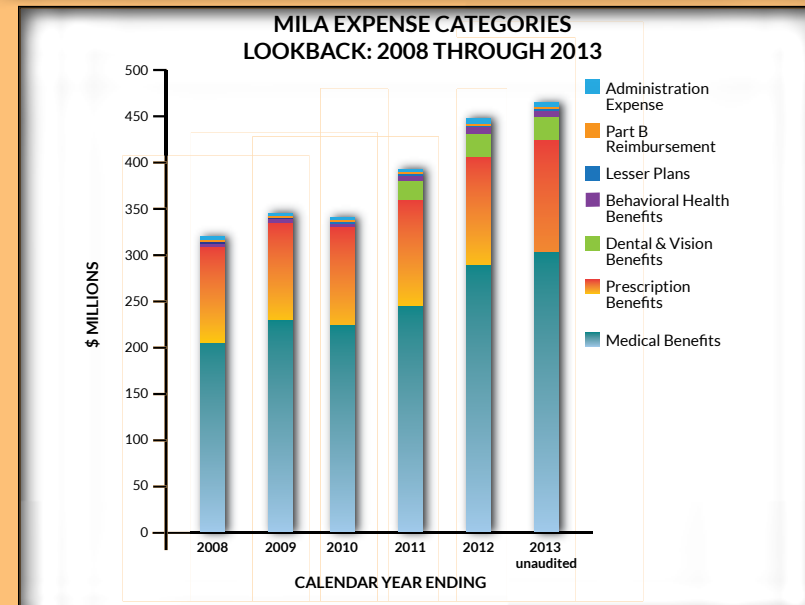
In 1996, at the completion of labor negotiations between multiple Management groups (representing container carriers, stevedoring companies and port associations) and the International Longshoremen's Association (ILA), a five-year Master Contract agreement was finalized. Included in this new agreement was the formation of a national health plan to provide medical, behavioral health and prescription drug benefits to active and retired employees and their qualified dependents covered under the Master Contract. Establishment of this national plan provided a tremendous cost savings for management employers, while standardizing and improving the level of healthcare for the workers and their dependents, along with certain other non-bargaining unit employees. It was agreed that this new plan would be governed through the Management-ILA (MILA) Managed Healthcare Trust Fund, with equal representation on its board of trustees from both management and labor.

Eventually, the multiple management negotiations groups evolved into a single entity, the United States Maritime Alliance (USMX), whose MILA trustees have worked alongside the ILA's MILA trustees through multiple master contract negotiations to continue providing medical, behavioral health and prescription drug coverage, and, recently, adding dental and vision coverage.

Currently, the MILA plan services the healthcare needs of over 60,000 active ILA members and their qualified dependents, along with qualified retirees and certain non-bargaining unit employees as recognized by the Trustees.

The MILA plan is funded primarily through a manhour assessment on all hours

worked by ILA employees and a tonnage assessment on all containerized cargo moving through the ports under the Master Contract agreement. The MILA trustees determine premiums that non-bargaining unit employees pay to receive the various benefits provided by MILA. ▲



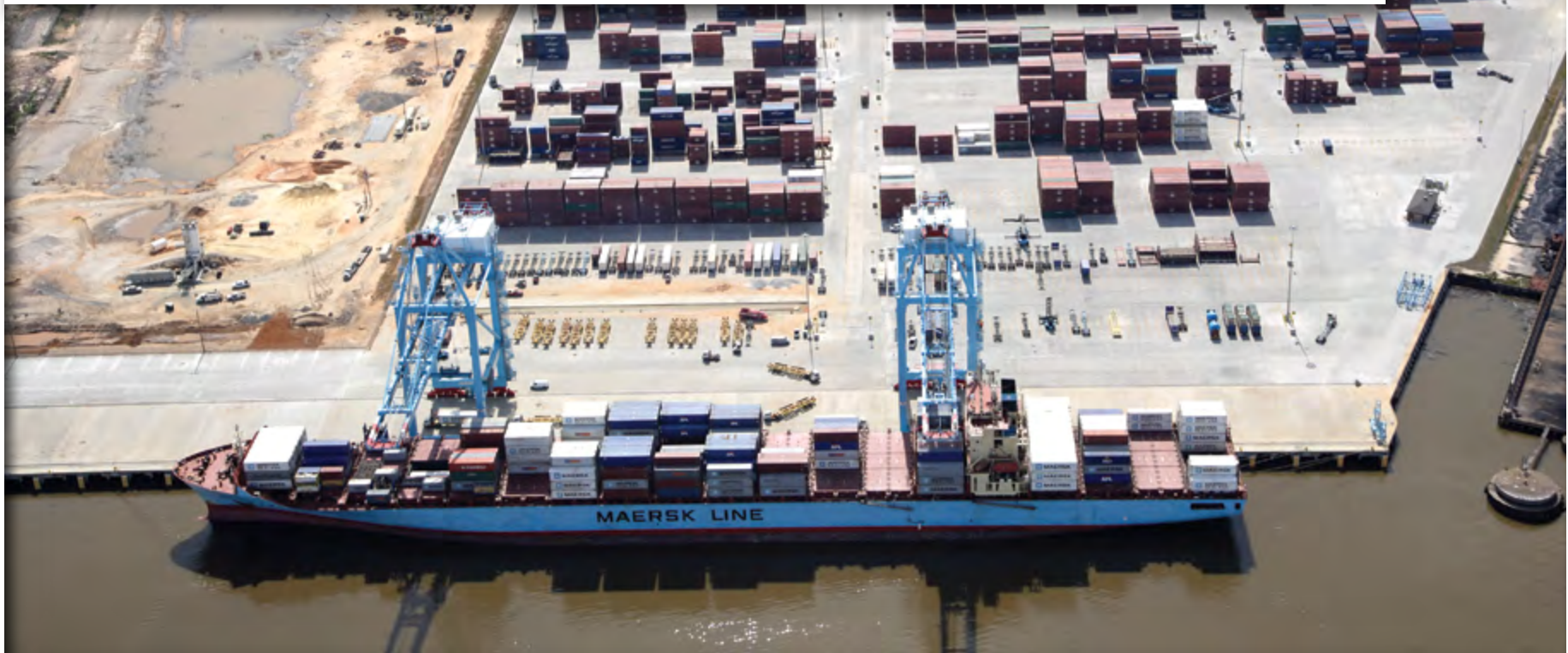
## SHIPPING INDUSTRY MUTUAL ASSURANCE ASSOCIATION LIMITED

Shipping Industry Mutual Assurance Association Limited (SIMAS) was created in 1981 by special act of the Legislature of Bermuda to provide insurance coverage previously unavailable to the maritime industry in the commercial marketplace. This coverage by SIMAS continues today, some 30 years later, by providing “financial injury” protection to USMX Members. This coverage indemnifies USMX and its members (provided that the USMX member is represented by USMX Counsel) for legal costs incurred in the defense of third-party claims arising against them from the implementation of the USMX-ILA Master Contract or actions commenced by USMX members to enforce the Master Contract. The 2013 Baltimore Strike Arbitration was filed as a claim with SIMAS. To date, SIMAS has covered all legal defense costs incurred by the carrier-members of USMX in this arbitration.

In addition to financial injury coverage for USMX’s members, SIMAS also provides excess Directors’ & Officers’ (D&O) Coverage to its directors and officers.

Also, SIMAS provides excess Fiduciary Liability Coverage to the Management Trustees of the Management-ILA (MILA) Managed Healthcare Trust Fund. The 2005 civil RICO action in the United States District Court for the Eastern District of New York is the subject of a claim under this coverage.

SIMAS is governed by a board of directors from among USMX’s board of directors and staff, and is administered locally by Marsh IAS Management Services (Bermuda) Limited. USMX funds the SIMAS premiums through a dues assessment paid by all USMX member companies. ▲







## CONTAINER ROYALTY FUNDS

### CONTAINER ROYALTY 5 TRUST FUND

The Container Royalty 5 (CR5) Trust Fund was originally instituted as part of the October 16, 2009 USMX-ILA Master Contract extension agreement covering contract years 2009 through 2012. This joint fund is administered by Trustees from both the ILA and USMX, and was initially formed to address the downturn in the economy that dramatically affected the ability of the welfare funds in the local ports to meet their obligations under the Master Contract. It also replaced the automatic payments that were made to the ports under the previous Master Contract Container Royalty CAP Program. CR5 allowed the industry to be able to direct funds, as needed, to those local port welfare funds that demonstrated a shortfall in funding, based on pre-approved criteria developed by the Trustees.

While the economy has made some major strides forward, we still find that the recovery from the 2008 recession is incomplete and that the subsequent investment growth required is still lacking. CR5 continues to play an integral role in Management's ability to meet its obligations under the Master Contract. In the contract year ending September 30, 2013, CR5 paid out \$36,000,000 in assistance applied for by local welfare funds, in addition to the automatic payments required under the Master Contract. Under the new Master Contract (10/1/12 – 9/30/18) the fund Trustees have the ability to adjust the CR5 assessment as needed, either up or down during the term of the agreement. ▲

### CONTAINER ROYALTY CENTRALIZED COLLECTION FUND

The new Master Contract (10/1/12 – 9/30/18) provides for a CAP on container royalty (CR) payments to the active ILA workforce. This CAP is fixed at the levels paid out in the contract year ending 2011. Any overage collected, once taxes and administrative costs are deducted, would be shared equally by the ILA and USMX.

To manage this process more effectively, the parties also agreed to establish the Container Royalty Centralized Collection Fund (CRCCF). This fund would be a joint venture of the ILA and USMX and would have, as its primary directive, the charge of establishing an automated method of centrally collecting all five of the current container royalties collected as required by the Master Contract, as well as collecting the Container Freight Station (CFS) assessment.

Initially, the CRCCF spent the balance of the first contract year after the agreement was reached confirming that the current collection of container royalties was in line with the requirements of the Master Contract agreement. Efforts were made to understand the existing process to ensure that the ILA was receiving its contractually-obligated payments and that the excess was apportioned correctly. We were able to achieve this requirement and all payments to the ILA were made in a timely manner and the excesses were distributed to the parties in accordance with the contract. We continue this program for the current contract year.

Additionally, this process also allowed us to learn about the local idiosyncrasies that would become so important in achieving the primary goal of the CRCCF. Concurrently, we started the process to automate the centralized collection of royalties. To date, with the outstanding cooperation of the Carriers and the local CR funds, we have made significant progress in collecting the information required to start the programming efforts on this monumental project. The benefits of these efforts will certainly result in a more efficient payment process for the Carriers. We continue to move forward and will communicate our progress to all of the involved parties. ▲

## USMX MEMBER COMMUNICATIONS & PUBLIC AFFAIRS

### NEW USMX WEBSITE

As part of USMX's revamped member communications plan, a new and improved website was launched in September of 2013. The new *usmx.com* has become a premier tool used in communicating USMX information and broader industry information to our Member companies and to the public sector.

#### Website Objectives

- To provide USMX members with a secure, dynamic and user-friendly portal to facilitate and enhance communications between USMX and its members, USMX and the maritime industry, and USMX and the public sector
- To provide an extensive document repository for use by USMX members
- To help USMX and its members keep abreast of the latest industry news
- To keep open lines of communication between USMX and its members
- To utilize *usmx.com* at Director and Member meetings for display of agenda and slide materials
- To allow access to website from mobile and tablet devices, with a content management system that supports responsive design and allows the site to adapt dynamically to the user's device screen size for maximum viewing capability



### MEMBER RELATIONS

One of the continuing strategic goals is to develop and maintain robust communication with our port association and direct employer members by utilizing the following strategies:

- Schedule formal meetings on a routine basis to include updates on topical issues
- Retain alignment on common concerns and address local items of interest
- Establish a port outreach program wherein port associations are visited on a continuous basis to ensure that communication remains strong
- Participate in local industry events in order to elevate USMX's recognition in each port

### PUBLIC AFFAIRS

Part of USMX's strategy is to develop a public affairs profile wherein USMX can support its stakeholders in public forums. The purpose of the strategy is fourfold:

1. Improve public understanding of the industry and increase visibility amongst policy-making entities
2. Buttress local port association public affairs endeavors
3. Where appropriate, have USMX take positions on matters of interest to our members on a local and/or national level
4. Strengthen USMX's position and identity in the public eye ▲



## 2013 REPORT OF COUNSEL

Master and local contract bargaining were successfully concluded in most ports in the first quarter of 2013, which allowed management and labor to move on to implement the new 2012-2018 USMX-ILA Master Contract. Ports that were unsettled at the end of the year included Baltimore, Charleston, Hampton Roads, Mobile, and Philadelphia. USMX was invited to participate in local bargaining in several of these ports and local agreements were reached in 2014 in Hampton Roads and Philadelphia.

### MASTER CONTRACT ISSUES

#### *October 2013 Baltimore Strike/Arbitration*

On October 16, 2013, ILA Local 333 commenced a three (3)-day strike in the Port of Baltimore to protest the failure to reach an agreement on local working conditions with the Steamship Trade Association of Baltimore. The following day USMX, on behalf of its members that handle containerized and RO-RO cargo in the port, filed a grievance.

An expedited hearing was held before Arbitrator M. David Vaughn on October 18, 2013. The arbitrator issued a written decision that day, finding that Local 333's job action violated the Master Contract's no-strike provision and ordering the ILA to cease and desist from striking against or slowing down work on containerized and RO-RO cargo.

The arbitrator also found that the ILA's actions caused substantial and potentially irreparable injury to the members of USMX and their customers. Four days of hearings to determine the amount of damages sustained were held in November and December.

The arbitrator later issued an Award in which he rejected all of Local 333's defenses and awarded damages, totaling \$3.8 million, for the unlawful strike. The arbitrator retained jurisdiction over questions of remedy and the implementation of the Award for a period of one hundred and eighty (180) days. Mediation before the arbitrator is scheduled in late March 2014 to address implementation of the award and the unresolved local collective bargaining negotiations.

#### *Chassis Shortages: Port of New York and New Jersey (NY/NJ)*

Once the new 2012-2018 Master Contract was in place, USMX redirected its efforts to address the ever-increasing chassis shortages in the Port of NY/NJ. USMX held meetings throughout 2013 with industry stakeholders in an attempt to preserve the competitiveness of the Port of NY/NJ and the harmonious labor relations involving the repair and maintenance of containers. USMX

has been working with interested parties to explore various alternatives that might help alleviate the chronic shortages that have plagued the bi-state port these last few years.

#### *USMX-ILA Local Industry Grievance Committee: Port of Philadelphia – Repair and Maintenance of Containers*

During 2013, the ILA filed the first of several grievances against some USMX members alleging violations of the Master Contract by failing to use employees covered by the Master Contract to repair and maintain containers in the Port of Philadelphia. The grievances were scheduled to be heard by the Local Industry Grievance Committee in early 2014. The terminal operator at the Packer Avenue Marine Terminal, in turn, has filed unfair labor practice charges against the ILA with the Philadelphia office of the National Labor Relations Board.

#### *Strike Threats*

After the USMX-ILA Master Contract was ratified in early 2013, local negotiations continued between the South Carolina Stevedores Association (SCSA) and the ILA longshore and clerical locals in the Port of Charleston. Throughout these negotiations the ILA leadership in that port has insisted that the ILA can strike containerized and RO-RO cargo. USMX, working in conjunction with the SCSA and its members, has put in place a plan to obtain the same relief in the Port of Charleston that USMX had obtained in the Port of Baltimore, namely, an arbitration award enjoining any strikes against containerized and RO-RO cargo in violation of the Master Contract's no-strike provision.

#### *USMX-ILA Jurisdiction Committee: Port of Savannah*

Since 2010, ILA Local 1475 in the Port of Savannah had claimed that USMX members are using non-ILA stevedores and supervisors to perform ILA clerical work during vessel operations. In June 2013, the USMX-ILA Jurisdiction Committee visited Savannah to investigate the ILA's claims and to meet with labor and management representatives, including the Georgia Stevedore Association (GSA).

On July 18, 2013, the Jurisdiction Committee issued a report directing the employers to use ILA clerks to make stowage changes to plan documents, to document the move count by checking off containers on the bay plan, and to write buck slips/trucker tickets. The report also confirmed that the employers have the right to manage their operations pursuant to the South Atlantic Employer's Negotiating Committee-South Atlantic & Gulf Coast District, ILA, Clerks and Checkers Agreement. ►

## 2013 REPORT OF COUNSEL (continued)

On August 15, 2013, the GSA and ILA Local 1475 executed a Memorandum of Understanding resolving the outstanding deck-and-dock issues in Savannah. GSA, on behalf of three (3) employers, and Local 1475 agreed that each company will hire two (2) additional ILA clerks to perform clerical work.

### *USMX-ILA Technology Committee: Port of NY/NJ*

USMX has been assisting members in the Port of NY/NJ to expand its terminals to incorporate state-of-the-art terminal-operating systems with enhanced container-transport equipment and new, automated, stacking cranes. The USMX-ILA Technology Committee has met to review the elements of the planned expansions in order to determine the impact of this new technology on the ILA workforce. Confidential information has been provided to the ILA pursuant to a Confidentiality Agreement. Discussions with the longshore, checkers, and maintenance locals in the Port of NY/NJ continued throughout 2013.

## 2013 FEDERAL JUDICIAL, LEGISLATIVE, AND REGULATORY ACTIVITY: SUPREME COURT OF THE UNITED STATES

### *Definition of "Supervisor" Narrowed*

In *Vance v. Ball State Univ.*, 570 U.S. \_\_\_ (2013), the Supreme Court of the United States narrowed the definition of supervisor under Title VII of the Civil Rights Act to encompass only employees who are empowered by the employer to take tangible employment actions such as hiring, firing, demoting, promoting, or disciplining, against an employee.

This is an important decision for employers, because under Title VII, vicarious liability can be assessed against employers for the acts of supervisory employees in creating a hostile work environment. However, if an employee who is alleged to be responsible for creating the hostile work environment is merely a co-worker, then the employer, under Title VII, cannot be held vicariously liable for those acts. This decision is relevant to the longshore industry, where there are bargaining-unit employees with titles that suggest supervisory status but who do not have the authority to impose discipline.

### *Retaliation Claim Standard Tightened*

In *Univ. of Texas Sw. Med. Ctr. v. Nassar*, 570 U.S. \_\_\_ (2013), the Supreme Court of the United States heightened the required causation standard for bringing a retaliation claim under Title VII. After *Nassar*, a plaintiff must now prove that unlawful discrimination was the sole cause of the adverse employment action and not just "a motivating" factor, that is, the harm alleged would not have occurred absent the conduct at issue. Since the

employer in *Nassar* established a valid reason for denying plaintiff the position he sought, the Court vacated the judgment of the lower court and remanded the action for a determination as to whether the alleged unlawful retaliation was the "but for" cause of the rescinded job offer.

## COURTS OF APPEAL

### *Employer Payment of Union Officials' Salaries Violates the Labor Management Relations Act*

In 2013, the United States Court of Appeals for the Seventh Circuit found that employer payment of the salaries of union officials who were on leave from the company and working full time for the union violated section 302 of the Labor Management Relations Act because the payments were not made by reason of the union officials' prior service to the employer. The Seventh Circuit's opinion is at odds with a longstanding decision by the Third Circuit and could trigger a petition to the Supreme Court of the United States to resolve the split between the circuits.

## NATIONAL LABOR RELATIONS BOARD (NLRB)

### *Supreme Court of the United States To Rule on Recess Appointments*

During 2013, two circuit courts of appeal — the District of Columbia Circuit and the Third Circuit — found that recess appointments to the NLRB by President Obama in 2010 and 2012 were unconstitutional, thereby calling into question the validity of the Board's decisions dating back to 2010. In June 2013, the Supreme Court of the United States granted the NLRB's petition for certiorari. Oral argument was heard in January 2014. A decision should be issued by the end of the Court's term in June 2014.

### *NLRB Posting Requirement Struck Down*

In August 2011, the NLRB had published a final rule in the *Federal Register* requiring employers to post notices in conspicuous areas informing employees of their rights under the National Labor Relations Act. In 2013, two courts of appeal struck down the regulation.

In May 2013, the United States Court of Appeals for the District of Columbia Circuit held that the rule violated the free-speech rights of employers and vacated the rule. *Nat'l Ass'n of Mfrs. v. NLRB*, 717 F.3d 947 (D.C. Cir. 2013). In June 2013, the Court of Appeals for the Fourth Circuit in Richmond also struck down the regulation, finding that the NLRB does not authorize or empower the Board to promulgate such a notice-posting requirement. *Chamber of Commerce v. NLRB*, 721 F.3d 152 (4th Cir. 2013). The time ►

## 2013 REPORT OF COUNSEL (continued)

to petition the Supreme Court of the United States for review has expired.  
*NLRB's Ban on Class-Action Waivers in Mandatory Arbitration Agreements Struck Down*

In late 2013, the Court of Appeals for the Fifth Circuit issued a major decision in favor of employers that rejected an NLRB decision invalidating class-action waivers in mandatory arbitration agreements. See *D.R. Horton, Inc. v. NLRB*, 737 F.3d 344 (5th Cir. 2013). In its ruling the Fifth Circuit upheld an arbitration agreement that required employees to waive their right to a trial before a judge or a jury and to agree to final and binding arbitration for all employment disputes and claims. The agreement also precluded the arbitrator from consolidating the claims of other employees and from treating a proceeding as a class or collective action in one arbitration proceeding.

### TRANSPORTATION WORKER IDENTIFICATION CREDENTIAL (TWIC) PROGRAM

#### *Twic Renewals*

The first five-year TWICs issued are set to expire on or before December 31, 2014. In 2012, the Transportation Security Administration and the United States Coast Guard had authorized the issuance of three-year replacement cards to eligible TWIC holders at a lower fee and without having to go through the standard five-year renewal process at an enrollment center. By the end of 2013, over 253,000 TWIC holders had applied for these "extended expiration date" TWICs.

#### *Twic Notice of Proposed Rulemaking*

The Notice of Proposed Rulemaking (NPRM) pertaining to the use of TWIC readers was finally published in the *Federal Register* on March 22, 2013. Contrary to what everyone expected, the NPRM exempts container terminals from mandatory requirements for TWIC readers at all MARSEC (Maritime Security) levels. However, cruise-ship stevedoring operations that service vessels carrying 1,000 or more passengers will be required to install and to utilize TWIC readers at access-control points and to check the biometric within the TWIC at each presentation, in addition to performing card-authentication and card-validation functions. The comment period ended June 20, 2013 after four public hearings. The regulations will become effective in 2015.

#### *United States Customs and Border Protection (CBP): Private-Sector Financing*

During 2013, CBP proposed creating public/private partnerships that can fund the replacement of CBP's aging fleet of non-intrusive inspection equipment, including VACIS (Vehicle and Cargo Inspection System) machines that

use gamma-ray imaging, as well as fund actual CBP cargo inspections. Private-sector financing may be an item in the 2014 Presidential budget. CBP has also proposed charging carriers' user fees to help defray CBP's operating costs.

### OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

#### *Tracking, Reporting, and Prevention of Illnesses and Injuries*

During 2013, OSHA continued to work on developing a rule requiring employers to implement an Injury and Illness Prevention Program (I2P2) that involves improving processes and activities that protect employees' safety and health. In the fall of 2013 DOL announced its intention to issue an NPRM by September 2014.

In the fall of 2013 DOL also announced its intention to take final action by April 2014 with regard to OSHA's Proposed Rule that will require employers, within eight (8) hours, to report to OSHA all work-related fatalities and all work-related, in-patient hospitalizations and, within 24 hours, all work-related amputations. Currently, employers must, within eight (8) hours, report to OSHA any work-related incident that results in an employee's death or the in-patient hospitalization of three (3) or more employees.

In late 2013, OSHA published an NPRM in the *Federal Register* that would permit OSHA to obtain and to release to the public incident-specific information regarding workplace injuries and illnesses. This information would be provided without a context for the data, thereby creating the impression that the employer was at fault for the injury or illness. Nothing in the information released would describe factors outside an employer's control that caused or contributed to the injury or illness. Industry stakeholders have joined in comments arguing that OSHA has not provided evidence that the proposed burdensome regulation is necessary or that it will otherwise improve safety. It is feared that the proposed rule will lead to the under-reporting of injuries and illnesses. A legal challenge is anticipated.

#### *Vertical Tandem Lifts (VTLs) Final Rule (or Standard)*

In late 2012, OSHA had announced that it would be reopening the Vertical Tandem Lift (VTL) record to address the technical feasibility of its regulation concerning ship-to-shore VTLs and its ban on VTLs with flat-rack containers. It is anticipated that OSHA will publish a notice announcing a limited opening of the record to address these two issues or possibly just issue a Final Rule in 2014.

### MULTIEMPLOYER PENSION FUNDING CHANGES

On February 19, 2013, in preparation for the expiration in 2014 of several ►

## 2013 REPORT OF COUNSEL *(continued)*

key provisions of the Pension Protection Act of 2006 (PPA 2006), the National Coordinating Committee for Multiemployer Plans (NCCMP) issued its report on the current challenges facing the country's multiemployer plans. While the report noted a considerable improvement in the fiscal health of these plans since 2009, when forty-two percent (42%) of multiemployer plans were in the red zone, the critical nature of the system-wide problem was not minimized.

The NCCMP put forth recommendations that provide proposals for preservation, remediation, and innovation with regard to troubled plans. In March 2013, the House Subcommittee on Health, Employment, Labor and Pensions held an open hearing to address the challenges facing multiemployer pension plans. At the end of 2013, the Subcommittee was drafting legislation to incorporate certain of the NCCMP's recommendations. However, for want of strong, legislative sponsors, Congress may just pass a temporary extension of PPA 2006.

While the stock market's performance in 2013 has eased the situation to some extent, there are still a considerable number of troubled pension plans that are affecting the viability of the entire system. The Pension Benefit Guaranty Corporation recently suggested a 1% surcharge, that will be paid by employers, on labor costs to preserve the multiemployer system. The agency's deficit increased to approximately \$36 billion in FY 2013. The 1% surcharge would secure a source of revenue. This would be in addition to potential premium increases that may be implemented by Congress. Congress has recently increased flat-rate premiums for single-employer plans. There is concern that similar premium increases for multiemployer plans will be legislated.

### INTERNATIONAL MARITIME ORGANIZATION (IMO)

The IMO has been wrestling with the issue of weighing loaded containers for years. In September 2013, an IMO subcommittee considered an amendment to the United Nations' Safety of Life at Sea Convention that would require the weight of containers to be verified by a shipper, either by weighing the loaded container or by calculating the weight by weighing all packages and cargo items, using a certified method approved by a competent authority of the state in which the packing was completed. Opponents of the amendment cited the burden it imposes on shippers and the delays it will cause. The amendment will be presented to the IMO's Maritime Safety Committee in May 2014, with final adoption expected later that year and implementation in 2016. ▲



**Donato Caruso, Esq.**  
The Lambos Firm



**William M. Spelman, Esq.**  
The Lambos Firm







## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF BOSTON

Summary Report by  
Boston Shipping Association  
Richard F. Meyer, Executive Director



In the Port of Boston, 2013 saw improvements over the rather sluggish results of the 2012 year.

#### CONLEY TERMINAL (CONTAINERS)

- Container tonnage was up by 5% (with a 10% increase in exports).
- Total containers were up by 2% with a 9% increase in export boxes and a 2% increase in import boxes

#### BLACK FALCON TERMINAL (CRUISE SHIPS)

- Cruise business saw an increase in ship calls of 1%
- Passenger count declined by 1%

#### BOSTON AUTOPORT (AUTOMOBILES)

- Automobiles continued to do well
- 30% increase in imports
- 20% improvement in exports

#### NEW LOCAL AGREEMENT

The Port of Boston concluded negotiations with a new local agreement with the ILA that includes some significant changes:

- **Productivity/Guarantee:** The parties agreed that a guarantee would be calculated for each vessel worked, based on an agreed number of moves (increases each year during the life of the agreement). When vessel work is complete, the ILA can go home. This new system has produced some significant increases in productivity.
- **Start Times:** Any hour on the hour, 6:00 AM to 10:00 PM. Six-hour guarantees for 1800, 1900, 2000 and 2100 starts.
- **Hourly Rates:** Simplified in contract.



#### DRUG & ALCOHOL POLICY

The parties agreed to revisit the local agreement and discussions are currently ongoing, with emphasis on:

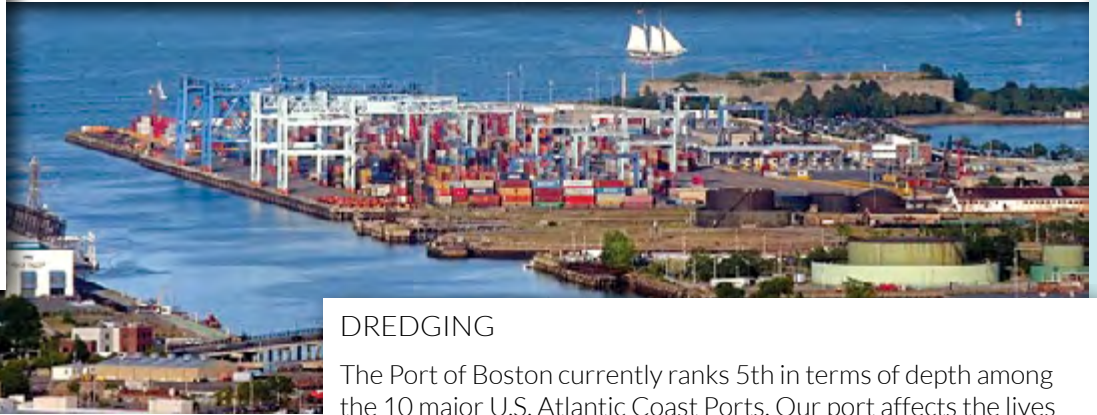
- Getting help for people who need it
- Creating “incentives” for people to enter programs
- Offering a “voluntary” list of persons who agree to be tested periodically at an agreed-upon time (instead of random testing) ▶

## LITIGATION

The BSA and one of the ILA locals continue to litigate the consequences resulting from an ILA business agent assaulting one of the BSA employers at the work site. To date, an arbitrator agreed upon by the parties concluded that Massport acted reasonably in barring the business agent from its facilities for life.

The local also filed with the National Labor Relations Board (NLRB) and the result was a decision to dismiss the charges against the BSA (refusal to meet with business agent, refusal to allow him on premises).

The local filed an appeal and the membership re-elected him.



## DREDGING

The Port of Boston currently ranks 5th in terms of depth among the 10 major U.S. Atlantic Coast Ports. Our port affects the lives of all of the citizens of Massachusetts.

- 34,000 jobs are connected to Port activities
- \$2.4 billion in economic benefits related to Port activity
- 100% of the fuel for Logan International Airport arrives via the Port
- 67% of the region's petroleum needs enter through the Port
- 1,600 companies in the region use the Port to receive and ship their goods
- \$11.4 billion in commodities move through the Port annually

The shipping lines that call the Port of Boston have made it clear that we need to dredge the harbor, and the U.S. Army Corp of Engineers agrees. Their estimate is that dredging the port will double the number of containers coming into the port. It will also significantly reduce the truck traffic on the Northeast Corridor (I-95).

The Federal Government has agreed to provide \$170 million funding if non-federal funding of \$130 million is secured.

The BSA and its ILA partners are currently working hard to secure the needed local funding. ▲

## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF NEW YORK AND NEW JERSEY

Summary Report by  
New York Shipping Association  
John J. Nardi, President



#### A LOOK BACK

Looking back at 2013, it was one of the most turbulent and, at the same time, revealing, years in the recent history of the New York Shipping Association (NYSA) and the Port of New York and New Jersey. It was without question a preview of the challenges we will face in the near future. We entered 2013 with the uncertainty of what would result from our collective bargaining. Change for our Port was a coast-wise demand by the ocean carriers and employer members alike.

Every element of the port community has worked hard at preparing for the future. There has been a vision at the Port for some time now and the pieces are coming together. Many years ago, the need to dredge our harbor was recognized and acted upon. Marine terminals have been substantially invested in and expanded. The Port Authority has invested heavily in infrastructure, and as of this writing, the Bayonne Bridge is finally in the process of being raised. A collective bargaining agreement (CBA), which significantly changed how we operate in the port, seemed to be the final piece of the puzzle.



#### CHANGE

Change was the mantra of the NYSA in our local bargaining and, to their credit, the International Longshoremen's Association (ILA) leadership in New York and New Jersey also recognized the need to make changes and compete. We agreed on changes that allow our port to evolve. We agreed on productivity levels, productivity committees, and changes to staff compensation. We also will implement a relief gang system to efficiently handle the larger vessels expected to call our port even before the Panama Canal expansion is completed. ►



## LESSONS LEARNED

We also learned the hard lesson of how fragile the overall supply chain is. During the past year we experienced how system implementations, construction and chassis shortages exposed and exacerbated an already tight labor supply and seriously impacted the service level in the port. Last summer was a valuable lesson and raised a serious question. How will we handle the larger vessels that are certain to arrive with an expanded Panama Canal, when we weren't capable of handling what we currently had?



## LOOKING TOWARD THE FUTURE

2014 affords the Port of New York and New Jersey the opportunity to learn from the past and to work together to ensure success with the opportunities that lie ahead. We will continue to work with the ILA to implement the conditions of our new CBA and achieve the levels of productivity required. NYSA has assumed a leadership role in the newly formed Port Performance Task Force, chaired by the Port Authority of New York and New Jersey. This Task Force will bring together all industry sectors to map out and propose initiatives that will shape the future direction of our port. The lessons learned from 2013 were difficult and complex. They forced us to look at the bigger picture and the NYSA is working diligently in 2014 to resolve these issues. ▲

## 2013 PORT ASSOCIATION SUMMARIES

### PORTS OF THE DELAWARE RIVER

#### Summary Report by

Ports of the Delaware River Marine  
Trade Association  
Patrick T. Dolan, President



#### ABOUT THE PMTA

With over 60 years of service to the Delaware River port community, the Philadelphia Marine Trade Association was incorporated in 1947; its purpose, to promote the interest of the ports of Delaware, Southern New Jersey and Southeastern Pennsylvania. Now, the Ports of the Delaware River Marine Trade Association (PMTA) represents all of the International Longshoremen's Association (ILA) employers operating at Delaware River facilities.

#### MARITIME LABOR

While promotion of the region's port is at the heart of the PMTA, its activities center around maritime labor and its periphery. These activities include:

- assisting the membership in solving maritime problems, particularly those involving the hiring of waterfront labor;
- maintaining harmony between management and labor;
- fostering just and equitable principles and practice between labor and management in the maritime industry;
- assisting in labor disputes and in the negotiation of collective bargaining contracts by management, as well as in the interpretation and administration of labor contracts;
- promoting safety in the working of cargoes at the ports and to generally work for the betterment, expansion and prosperity of the port with the emphasis on labor relations;
- contributing to not-for-profit organizations that would further the interest of the membership, and of the Ports of Delaware, Southern New Jersey and Southeastern Pennsylvania. ▶



## 2013 PORT STATISTICS

- For contract year ending 9/30/2013, the ILA manhours worked in the Ports of the Delaware River increased to 1,354,256 from an all-time low of 1,207,888 for the year that ended 9/30/2012. This increase in hours has enabled additional members of the ILA to participate in the local fringe benefit programs, as well as in the Management-ILA (MILA) managed healthcare program, which covers employees and their beneficiaries.
- In December of 2013, the PMTA concluded local contract negotiations with the last of the nine ILA Locals in the Ports of the Delaware River. We now have contracts with all locals that coincide with the expiration of the USMX-ILA Master Contract on September 30, 2018. The Local Agreement has modest increases in both fringe benefit contributions and wages for our Break Bulk customers.
- With the assistance and guidance of the USMX-ILA Joint Safety Committee, the PMTA and Local ILA began meeting to discuss safety issues on a monthly basis. Many thanks to the members of the USMX-ILA Joint Safety Committee. As a part of our safety program, PMTA continues Powered Industrial Truck (PIT) certifications and re-certifications, crane operator training at MITAGS, and drug and alcohol awareness and testing.



## CHANNEL DEEPENING PROJECT

To remain competitive, the Ports of Philadelphia, Wilmington, and South Jersey require a 45-foot channel in order to safely accommodate the new Post-Panamax vessels expected to utilize East coast ports upon completion of the Panama Canal expansion in 2015.

Authorized by Congress in 1992, the Delaware River Main Channel Deepening Project will deepen the existing 102.5-mile Delaware River Federal Navigation Channel from 40 to 45 feet, and widen many of the channel bends for safer navigation. The Administration's fiscal year 2015 budget includes an additional \$35 million in funding for the continuation of this project.

To date, approximately 60% of the channel has been deepened. Beginning in July 2014, dredging of Lower Reach A (south of the Walt Whitman Bridge) will commence, with Reach AA (Philadelphia Harbor) and Lower Reach E (Lower Delaware Bay) next in line to be completed by the end of 2015. ▲



## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF BALTIMORE

#### Summary Report by

Steamship Trade Association of Baltimore  
Michael P. Angelos, President



#### CARGO

The Port of Baltimore's public marine terminals had a good cargo year in 2013.

#### AUTOS

2013 was a record year for autos at the Port of Baltimore. By handling 578,500 units over its public piers, Baltimore remained the number one port in the U.S. for autos for the third consecutive year. Baltimore's success in autos is attributable to the Port's location for the distribution for imported cars.

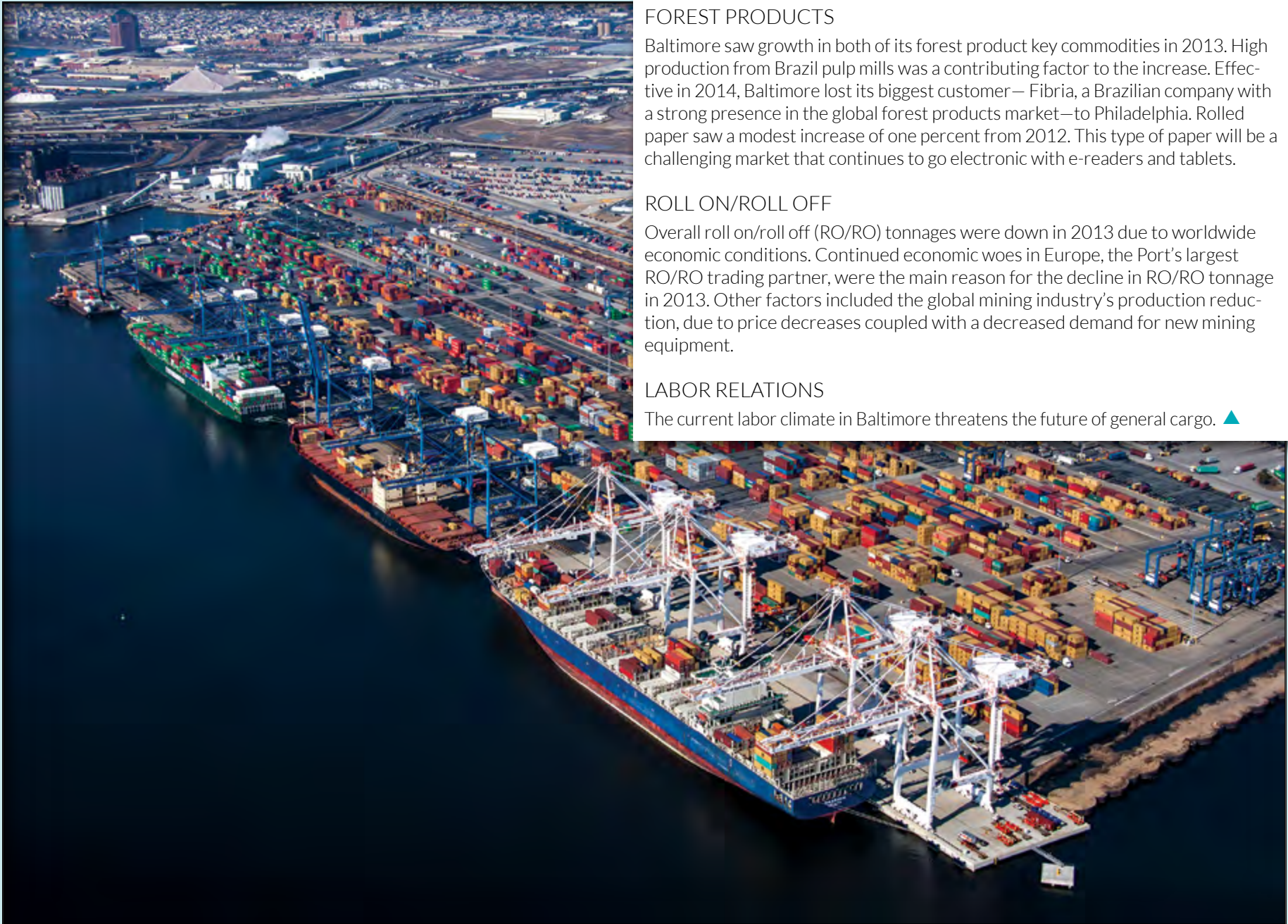
#### BREAK BULK

Break bulk was down in 2013, but prospects for 2014 are optimistic, with new heavy lift crane and rail capabilities placing the Port of Baltimore in a more competitive position.

#### CONTAINERS

In 2013, container tonnage increased one percent over 2012. But 2013 will be remembered as the year the new 50-foot deep container berth and four super post-Panamax cranes became operational. As a result of the public-private partnership with Ports America Chesapeake, the Port took a giant step forward. With the new berth and cranes, Baltimore became one of only two U.S. East Coast ports able to handle the largest ships in the world today. Supersized ships that today can transit the Suez Canal and, very soon, the expanded Panama Canal, can be accommodated in Baltimore. ▶





### FOREST PRODUCTS

Baltimore saw growth in both of its forest product key commodities in 2013. High production from Brazil pulp mills was a contributing factor to the increase. Effective in 2014, Baltimore lost its biggest customer— Fibria, a Brazilian company with a strong presence in the global forest products market—to Philadelphia. Rolled paper saw a modest increase of one percent from 2012. This type of paper will be a challenging market that continues to go electronic with e-readers and tablets.

### ROLL ON/ROLL OFF

Overall roll on/roll off (RO/RO) tonnages were down in 2013 due to worldwide economic conditions. Continued economic woes in Europe, the Port's largest RO/RO trading partner, were the main reason for the decline in RO/RO tonnage in 2013. Other factors included the global mining industry's production reduction, due to price decreases coupled with a decreased demand for new mining equipment.

### LABOR RELATIONS

The current labor climate in Baltimore threatens the future of general cargo. ▲

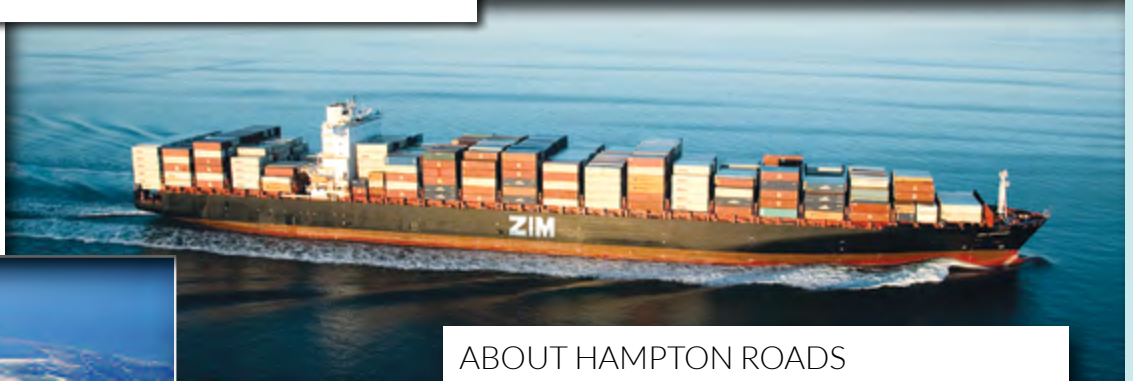




## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF HAMPTON ROADS

Summary Report by  
Hampton Roads Shipping Association  
Roger J. Giesinger, President



### ABOUT HAMPTON ROADS SHIPPING ASSOCIATION

The Hampton Roads Shipping Association (HRSA) is a non-profit, civic and trade organization founded in 1971 to promote the interests of the Port of Hampton Roads and to further the common interest of those business establishments within the Port, particularly those who hire waterfront labor. The Association renders assistance to the membership in the solution of maritime problems; maintains harmony between management and labor; fosters just and equitable principles and practices between labor and management; promotes safety; and works for the betterment, expansion and prosperity of the Port. ▶





#### FACTS ABOUT OUR PORT

- In 2013, the Port of Hampton Roads saw an 11.4% increase in manhours.
- 2013 tonnage totaled more than 1.3 million short tons, over the 2012 year.
- In August of 2013, HRSA settled its local contract with the ILA, ratifying it on 8-30-13.

#### UPCOMING PROJECTS

- HRSA has contracted Rostima, Ltd. to develop an electronic hiring system.
- The purpose of the system will be to notify labor of the job assignments the night prior to the job, thus eliminating the time and expense of traveling to and from the hiring center. ▲



## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF CHARLESTON

*Summary Report by*  
South Carolina Stevedores Association  
George W. Adams, Jr., Executive Director



#### MEMBERSHIP

The South Carolina Stevedores Association represents the following:

##### *Operating Direct Employers*

- APM Terminals
- Ceres Marine Terminals
- Ports America
- SSA/Cooper

##### *Associate Members*

- Charleston Gate Company
- Charleston Linehandlers

#### LOCAL NEGOTIATIONS

In 2013, the Association has endeavored to come to terms with the two main Charleston ILA Locals, specifically Local 1422 and Local 1771, on a local agreement dealing with two main issues. The first issue is that the Unions are demanding that we raise their amount of pay per good year by \$8.00 per good year of service. Due to certain liabilities, the Management side is opposed to the increase.

The second issue is the desire of the Locals to do all of the work currently being performed by the South Carolina State Ports Authority. As employers, we do not have any control over the operation and manning selected by the Port, nor do we have an ability to influence the SCSPA as far as demanding that all work on the terminals is to be done by the ILA. ►



#### PORT STATISTICS

- In fiscal year 2013, the South Carolina State Ports Authority served 1,839 ships in the Ports of Charleston and Georgetown, SC. Georgetown is a dedicated breakbulk/bulk facility located 50 miles from Charleston.
- In 2013, the Port of Charleston handled 1.56 million TEUs, for an increase of 8.9% from the previous year.
- The Port of Charleston also handled 723,420 tons of breakbulk cargo.

#### PORT PROJECTS

The Port of Charleston began construction of an Inland Port during the year of 2013 and opened it to traffic in early 2014. The operation is the first of its kind in South Carolina and is designed to assist in removing truck traffic from the Interstate system. The location is in Greer, SC, close to the thriving markets of Spartanburg and Greenville, home to BMW and Michelin.

The Port continued to pursue funding for Harbor Deepening throughout 2013 and was successfully rewarded with start-up funding in early 2014. The construction of the new Terminal at the old Navy Base site continues and is expected to be completed around the time of the opening of the Panama Canal's new locks in 2015. ▲

## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF SAVANNAH

Summary Report by

Georgia Stevedore Association  
Norman L. Massey, President

GEORGIA STEVEDORE ASSOCIATION

SHIP • THRU • GEORGIA'S • PORTS AND • SHIPS

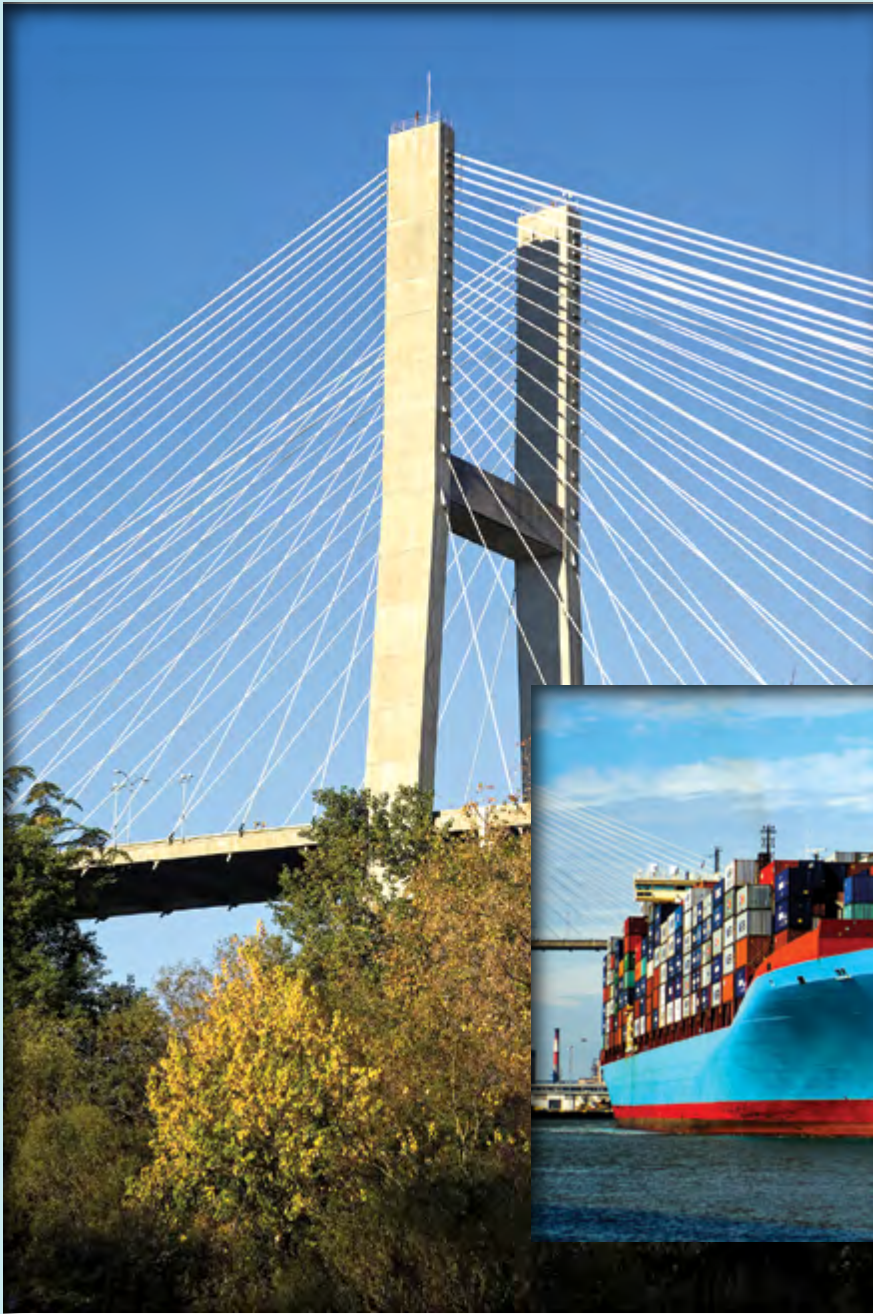
GEORGIA



#### FACTS ABOUT OUR PORT

- Savannah is the fourth busiest container port in the United States.
- In 2013, the port saw total throughput of 3,033,727 TEUs, a 2.28% increase from 2012.
- Nine new distribution centers (DCs) opened here in 2013, making Savannah the port with the largest concentration of DCs on the East Coast.
- Savannah port complex contains 9,400 contiguous feet of berthing (total of 9 container berths)
- We have 84 reefer racks, capable of handling 2016 X 40' reefer containers, offering greater utilization of terminal space, while providing safe, easy monitoring.
- Conversion of 25 ship-to-shore (STS) gantry cranes to electric power saves over 1.8 million tons of diesel, annually.
- Currently, Savannah has 116 rubber tire gantry (RTG) cranes, four of which are electric powered. ▲





## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF JACKSONVILLE

*Summary Report by*

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



### OVERVIEW

The Port of Jacksonville comprises three cargo terminals (Blount Island Marine Terminal, Dames Point Marine Terminal and Talleyrand Marine Terminal) owned and managed by the Jacksonville Port Authority (JAXPORT).

- JAXPORT and its maritime partners handle containerized cargo, automobiles, recreational boats and construction equipment (Ro/Ro), dry and liquid bulks, breakbulk commodities, and oversized and specialty cargoes.
- In 2013, JAXPORT's three cargo terminals handled a total of 8.2 million tons of cargo, including more than 926,000 TEUs – a new container record – and more than 630,000 vehicles.
- JAXPORT now ranks as the No. 1 vehicle export port in the United States
- Jacksonville is the top container port in the State of Florida.
  - JAXPORT terminals feature 18 container cranes, on-dock refrigerated and freezer warehousing, Foreign Trade Zone status and outstanding intermodal connections.
  - Jacksonville's location at the crossroads of three major railroads (CSX, Norfolk Southern and Florida East Coast Railway) and three interstate highways (I-95, I-10 and I-75) helps speed goods to market.
- JAXPORT was awarded a construction contract for an Intermodal Container Transfer Facility. Upon completion, the project will provide additional opportunities for discretionary cargo.
- The U.S. Corps of Engineers Civil Review Board has approved the Jacksonville Deep Water Project; President Obama approved the 2014/2015 budget, including the project preconstruction and design costs. ▲



## 2013 PORT ASSOCIATION SUMMARIES

### PORTS OF SOUTHEAST FLORIDA

Summary Report by

Southeast Florida Employers Port Association  
Chuck Maravolo, Secretary/Treasurer



### PORT MIAMI

#### Tunnel Project

- Port Miami Tunnel will be completed in May 2014
- Tunnel will allow the flow of traffic to by-pass downtown Miami and will allow a quicker access to the Port
- After completion of the tunnel, a vehicle can go from Miami to New York or California without having to stop for a traffic signal ▶



### PORT MIAMI

#### Dredging Project

- Dredging has commenced to deepen the channel to 50 feet to accommodate the introduction of post-Panamax vessels to the Port
- Project is scheduled to be finished prior to the Panama Canal widening project completion

#### Florida East Coast Railway (FEC)

- FEC has started operating trains coming directly into Port Miami
- FEC primarily handles intermodal containers and rock (limestone) trains

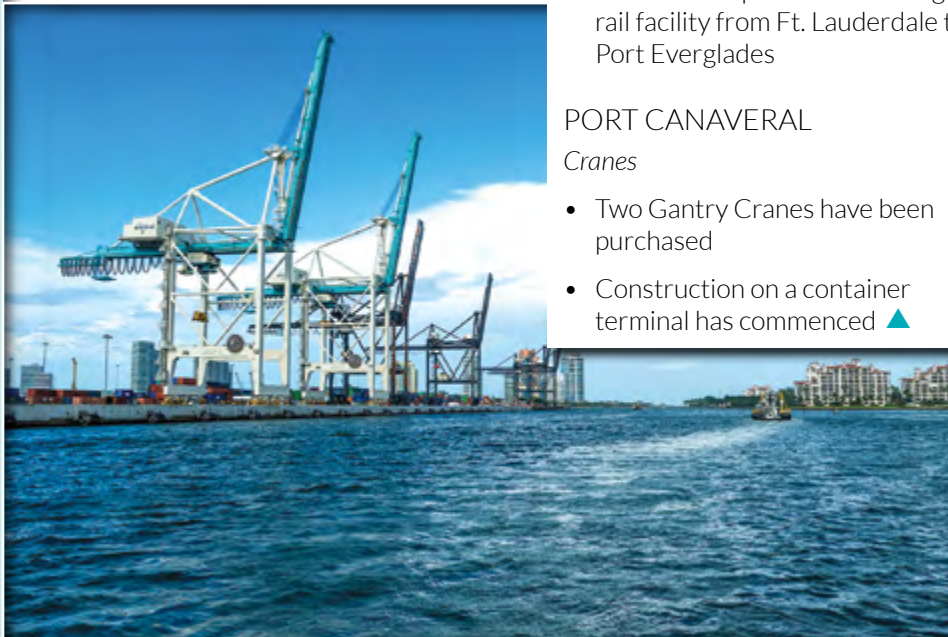




### PORT EVERGLADES

#### *Turning Notch Project*

- Currently working on widening the turning notch in order to handle larger vessels
- Has requested funds for dredging
- Rail Facility
- FEC is in the process of moving its rail facility from Ft. Lauderdale to Port Everglades



### PORT CANAVERAL

#### *Cranes*

- Two Gantry Cranes have been purchased
- Construction on a container terminal has commenced ▲



## 2013 PORT ASSOCIATION SUMMARIES

### PORT OF NEW ORLEANS

Summary Report by  
Midgulf Association of Stevedores  
Nick Jumonville, President

**MIDGULF**  
ASSOCIATION OF STEVEDORES



#### ABOUT MIDGULF ASSOCIATION OF STEVEDORES

The Midgulf Association of Stevedores (MAS) was established to advance the business conditions of the stevedore industry in and around the Gulf coast region. The Association also assists member corporations in negotiations with unions representing longshoremen or other employment ashore through the labor relations program. The organization also runs the waterfront employment center, which provides a central location for hiring, payment, and other services for longshoremen.

#### LOCAL NEGOTIATIONS

In 2013, Midgulf Association of Stevedores successfully completed negotiations with ILA Longshore Local 3000 and ILA Clerks' & Checkers' Local 1497. ►





### PREPARING FOR EXPANSION

The Port of New Orleans is making infrastructure changes in anticipation of increased cargoes due to the Panama Canal expansion project. Midgulf anticipates registering additional longshoremen and clerks to address labor demands in the coming years.

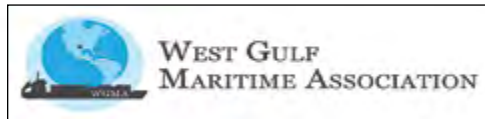
### NEW OPPORTUNITIES

Although the Port of New Orleans is an extremely competitive market place, Management and the ILA have pledged to work together more than ever to address new business opportunities. ▲

## 2013 PORT ASSOCIATION SUMMARIES

### PORTS OF THE WEST GULF

*Summary Report by*  
West Gulf Maritime Association  
Nathan Wesely, President



### OVERVIEW

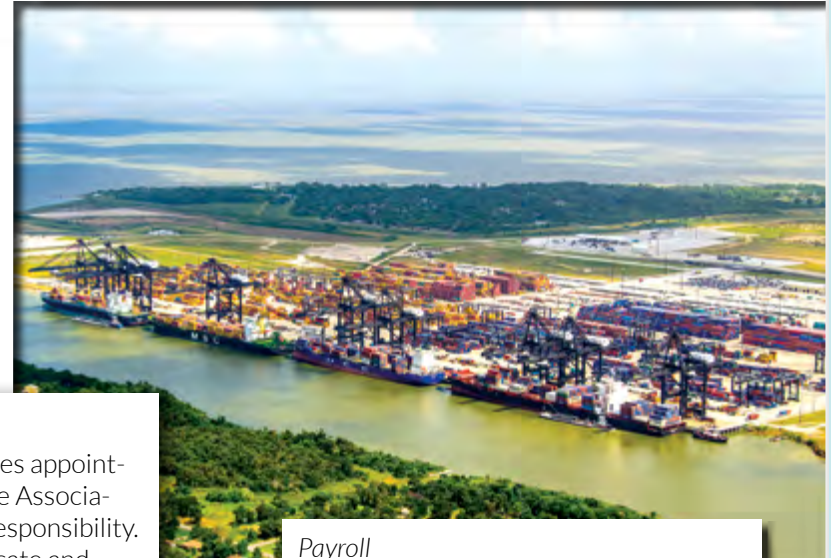
The West Gulf Maritime Association (WGMA) is a regional maritime trade group that covers the West Gulf from Lake Charles, Louisiana to Brownsville, Texas. Members include steamship owners, vessel operators, agents, stevedores, terminal companies, and virtually every segment of the maritime industry.

### WGMA SERVICES

Acting through its committees appointed from the membership, the Association has two main areas of responsibility. First, the WGMA is an advocate and conduit of information for the maritime industry. The Association provides a forum for discussions and exchanges of information between the member companies concerning a wide variety of industry issues of mutual interest and concern. Second, the WGMA negotiates and administers multiemployer collective bargaining agreements with the International Longshoremen's Association (ILA). Illustrations of some of our services follow:

#### *Payroll*

As part of the administration of the collective bargaining agreements, the Association processes payroll on behalf of the stevedores in the West Gulf. This enables detailed record keeping for the industry. Twenty four stevedores process payroll through the Association, paying ILA workers who work on virtually every type of cargo. The labor is dispatched by approximately 20 locals. A worker may work for multiple stevedores at multiple rates of pay for multiple locals in one week, but will receive one paycheck with appropriate service fees deducted for all of the various locals through which the worker has been dispatched. ►





### *Training*

The Association also coordinates the training of the ILA workers, and has implemented a real time tracking system that updates the training status of all ILA workers. The status is posted on our website so stevedores can accurately determine the certification status of each worker.

### *Industry Update*

The Association provides daily industry updates to its members, monthly or bi-monthly membership meetings in multiple ports, and regularly interacts with governmental agencies including Coast Guard and CBP to advance the interests of industry.

### *Pilots*

Over the past year the Association has engaged in administrative proceedings and negotiations with pilots in Lake Charles, Corpus Christi, Houston, and Freeport.

### *Legislative Advocacy*

The Association coordinates advocacy trips to Austin and Washington D.C., advocating on issues such as longshore act reform and the 29 day rule. In addition, the Association publishes a weekly legislative update for its members. ▲







## INDUSTRY HAPPENINGS

### 2013 NATIONAL MARITIME SAFETY ASSOCIATION MAN OF THE YEAR AWARD

Mr. Tom Sullivan, USMX Director of Labor Relations, was presented with the National Maritime Safety Association (NMSA) Man of the Year Safety Award at its Annual Meeting in June of 2013. Mr. Sullivan was chosen to receive the award for his tireless efforts to bring safety to the forefront of both the ILA rank and file and the employers in the ports on the East and Gulf Coasts. He is co-chairman of the recently revamped ILA-USMX Joint Safety Committee, which travels to ports to ensure compliance with safety procedures, investigates safety issues and accidents, and assists ports with disputes regarding topics related to safety. Sullivan and his fellow committee members (photo below) have pledged to ensure that safety is the number one priority, and their goal is to make the maritime industry one of the safest environments in which to work.



Tom began his career in the maritime industry as a Marine Superintendent for Universal Maritime. In 1983, he joined Atlantic Container Line, where he served as a Marine Superintendent, Manager of Terminal Operations and General Manager of Terminals, North America. Subsequently, he held the position of Director, Workforce Development for NYSA, Inc. Tom has been with USMX since 2004, where his duties include administrative oversight of the USMX-ILA CFS Trust Fund, along with all USMX-ILA joint training programs. He also serves on NMSA's Board of Directors.

NMSA is the successor organization to the Management Advisory Cargo Handling Safety Committee (MAXIE), which was organized in 1956 to assist the Department of Labor in connection with the promulgation of safety and health regulations for longshoring as set forth in Public Law 85-742. 72 Stat. 835, which amended the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 941) (LHWCA).

The Occupational Safety & Health (OSH) Act was passed in 1970 and became effective on April 28, 1971. With the passage of the Act, the MAXIE organization was restructured, and, in July 1972, NMSA was formed for the purpose of representing the maritime industry in safety and health activities. USMX has been a member of NMSA since 2002. ▲

## INDUSTRY HAPPENINGS *(continued)*

### A CHANGING OF THE GUARD

The United States Maritime Alliance (USMX), New York Shipping Association (NYSA) and the International Longshoremen's Association (ILA) honored three maritime executives at a special retirement dinner on July 10, 2013.

Honorees James Capo, former Chairman & CEO of USMX, Joseph Curto, former President of NYSA, and Brian Dugan, Sr., former Vice President of Labor Relations for USMX, brought a combined total of more than 120 years of experience to the maritime industry and the three received a rousing send-off befitting their many years of service.

Brian Maher of Essex Equity Management served as the master of ceremonies for the event. Speakers included Harold J. Daggett, President of the ILA; Benny Holland, Executive Vice President of the ILA and President Emeritus of the South Atlantic & Gulf Coast District ILA; Anthony Scioscia, Maritime Consultant and former USMX Director; James Devine, President & CEO of New York Container Terminals; David F. Adam, Chairman & CEO of USMX; and John Nardi, President of NYSA.



Highlights of the evening included the “toot & salute” by the FDNY Marine Division. Set against the backdrop of the nearly completed Freedom Tower in Manhattan, the beautiful waterworks display and whistle toots of the fireboats amazed the crowd of some 300 attendees as they enjoyed cocktails and watched the spectacle unfold from the terrace of the Hyatt Regency Jersey City on the Hudson. What a photo opportunity!

They say no party is complete without a cake... and oh, what a cake it was! Designed by Carlo's Bakery in Hoboken, home of The Cake Boss, the 3 foot by 3 foot cake was modeled after an actual marine pier, complete with a ship, cranes, containers, longshore personnel, and the retirees in miniature. It was truly amazing.

These festivities marked an important transition of key senior leadership in the maritime industry. While signaling the windup of many combined years of labor negotiations, it also served as the starting point for new leadership as they geared up to implement the newest Master Contract. ▲

## INDUSTRY HAPPENINGS *(continued)*



On October 28, 2013, the 13th Annual Port of New York-New Jersey Port Industry Day was held at the Liberty House Restaurant in Jersey City. The half-day seminar, attended by more than 300 maritime executives and designed as a series of interactive panel discussions, brought together representatives from all aspects of the shipping industry to discuss cargo routing, infrastructure development and productivity.

The theme of this year's seminar was *Connecting the Dots...Shaping the Future of the Port*. USMX Chairman & CEO, Dave Adam, served as moderator of the Productivity panel and was joined by USMX members James Pelliccio, President, Port Newark Container Terminal; John Nardi, President, New York Shipping Association; James Devine, President and CEO, Global Container Terminals USA; and Anil Vitarana, President, United Arab Agencies, along with various other maritime executives from the Port of New York and New Jersey.

The seminar was presented and coordinated by the New York-New Jersey Port Promotion Association. USMX and several of its members supported the conference by way of sponsorships: Maher Terminals, New York Shipping Association, Port Newark Container Terminal, and Ports America. ▲



## WHITE HOUSE LABOR SUMMIT

The Leaders of United States Maritime Alliance, New York Shipping Association and the International Longshoremen's Association, on December 6, 2013, were honored at the start of a White House Summit called "Partnerships That Work: The White House Labor and Management Summit."

The Honorable George Cohen, Director, Federal Mediation and Conciliation Services (FMCS) began a four-hour summit that featured appearances by two of President Barack Obama's Cabinet members – the Honorable Penny Pritzker, U.S. Secretary of Commerce and the Honorable Thomas Perez, U.S. Secretary of Labor – by first recognizing current and former leaders of United States Maritime Alliance – David F. Adam and James A. Capo – President of New York Shipping Association John Nardi, ILA President Harold J. Daggett, and ACD President Dennis A. Daggett, and congratulated them for their successful efforts in negotiating a landmark six-year Master Contract and Local New York-New Jersey Contract.

The FMCS Chairman said the ILA and Management averted a strike in October 2012 that could have crippled the nation's economy. Mr. Cohen praised Management and the Union for agreeing to a series of contract extensions that ultimately gave both parties enough time to finalize a contract.

Scores of labor leaders, representing many unions and their employers, filled a room in the White House for the summit to recognize successful negotiating efforts between workers' unions and their employers.

The two Obama Cabinet members, Secretary Pritzker and Secretary Perez, both highlighted the sacred right of Collective Bargaining Agreements and noted how these agreements help grow the nation's economy. ▲



## INDUSTRY HAPPENINGS *(continued)*

### USMX PRESENTS SCHOLARSHIP AT CONTAINERIZATION & INTERMODAL INSTITUTE'S EAST COAST AWARDS

On December 9, 2013, as part of the Connie Awards ceremony at the Newark Club, retired New York Shipping Association President, Joseph C. Curto, was presented with a Lifetime Achievement Award, commemorating his four decade career in the maritime industry in the port of New York–New Jersey. The Lifetime Achievement Award is tendered to those who have not been operationally involved in transportation, but who have made significant contributions in support businesses.

As part of that commemoration, USMX awarded a scholarship in Mr. Curto's name to Ms. Dawn Jaeckel. Ms. Jaeckel is a student in the Supply Chain Management undergraduate program at the Stillman School of Business at Seton Hall University, Mr. Curto's alma mater. The scholarship was presented by Mr. Ole A. Sweedlund, USMX's Executive Vice President, Administration.



### MISSION

The mission of the Containerization & Intermodal Institute is to promote and support the business of international trade and the intermodal container transportation community. The Institute focuses on industry awareness, preserving the history of intermodalism, and engaging scholarly interest in the field by organizing educational conferences and seminars, serving as an information resource, providing networking opportunities, offering career guidance, arranging internships, and facilitating scholarships.



The Connie Award was presented to Mr. H. Winston Thurber III, owner of Norton Lilly International, for his pioneering efforts on behalf of containerization. Mr. Thurber's efforts in the revitalization of the shipping agency concept and of Norton Lilly, have been applauded by the industry. Headquartered in Mobile, Alabama, Norton Lilly International represents many container companies, as well as handling full cargo, tramp and tanker business. Mr. Thurber's 1999 purchase of the company made Norton Lilly, founded in 1841, the oldest shipping agency in America. ▲



## INDUSTRY HAPPENINGS *(continued)*



### PANAMA CANAL EXPANSION PROJECT

The Panama Canal Expansion is the largest project at the Canal since its original construction. The project will create a new lane of traffic along the Canal through the construction of a new set of locks, doubling capacity and allowing more traffic. The existing locks allow the passage of vessels that can carry up to 5,000 TEUs. After the expansion, the

Post-Panamax vessels will be able to transit through the Canal with up to 13,000 TEUs. The expansion will double the Canal's capacity, having a direct impact on economies of scale and international maritime trade.

The program consists of several components:

- New locks (third set of locks)
- Pacific access channel
- Improvement of navigational channels (dredging)
- Improvements to water supply

The Panama Canal expansion is based on six years of research, which included more than 100 studies on the economic feasibility, market demand, environmental impact and other technical engineering aspects. Works on the Panama Canal Expansion began in September 2007 at a total cost of \$5.2 billion USD.

#### *Panama Canal Expansion Progress Since September 2007*

- Project — 76% completion
- Pacific access channel — 80% completion
- Pacific entrance dredging — 100% completion
- Gatun Lake and Culebra Cut dredging — 87% completion
- Atlantic entrance dredging — 100% completion
- Design and construction of the third set of locks — 71% completion
- Raising Gatun Lake's maximum operating level — 87% completion

Facts courtesy of Canal de Panamá ▲



## CCC SERVICE CORPORATION

### HISTORY

CCC Service Corporation (CCCSC) was incorporated in the State of Delaware on April 3, 2002, as a for-profit stock corporation, for the purposes of providing accounting, administrative and information technology (IT) services to membership and port associations in the maritime and related industries. CCCSC commenced operations on July 1, 2002.

In 2002, USMX and NYSA, both related parties, invested in an ownership interest of CCCSC, split 60% and 40%, respectively. On June 25, 2009, USMX acquired all of NYSA's common shares of CCCSC, taking 100% ownership of CCCSC.

In early 2011, CCCSC applied for tax-exempt status, and, effective May 3, 2011, received its tax exemption from the Internal Revenue Service, thereby qualifying as an organization under Section 501 (c)(6), and not subject to federal or state income tax.

### TODAY

Currently, CCCSC has service agreements with Management-ILA (MILA) Managed Healthcare Trust Fund, Carrier-ILA Container Freight Station (CFS) Trust Fund, Carrier-ILA Container Royalty (CR4) Trust Fund, Carrier-ILA Container Royalty #5 (CR5) Fund, Container Royalty Central Collection Fund (CRCCF), Shipping Industry Mutual Assurance Association Limited (SIMAS), New York Shipping Association Port of Discovery (NYSA POD) Program, and Jacksonville Maritime Association (JMA).

CCCSC also provides the following essential services on behalf of USMX:

- Administration of reporting/payment of USMX member assessments
- Performance of payroll/general accounting/financial reporting functions
- Information technology services ▲



### CCCSC STAFF

*Front row, left to right: Diane Trapp, Mary Ann Decha, Eva Bata, Emma Roginskaya, Kelly Ryan. Back row, left to right: Daniel Melvin, Richard Glogowski, Nigel Jenkins, Joseph Marino, Patrick Stevens, Stephen Fromin, Naum Samardin.*

## USMX OFFICERS & STAFF



**Ole A. Sweedlund**  
Executive VP, Administration



**David F. Adam**  
USMX Chairman  
& Chief Executive Officer



**Thomas J. Simmers**  
Executive Vice President



**F. Paul De Maria**  
Vice President,  
Labor Relations



**Thomas P. Sullivan**  
Director,  
Labor Relations



**Anthony J. Dalonges**  
Corporate Treasurer  
CCC Service Corp. President



**Beth Monica**  
Corporate Secretary  
Executive Assistant



**Kim F. Perez**  
Administrative Assistant



**Roberta L. Beasley**  
SA District Contract Administrator



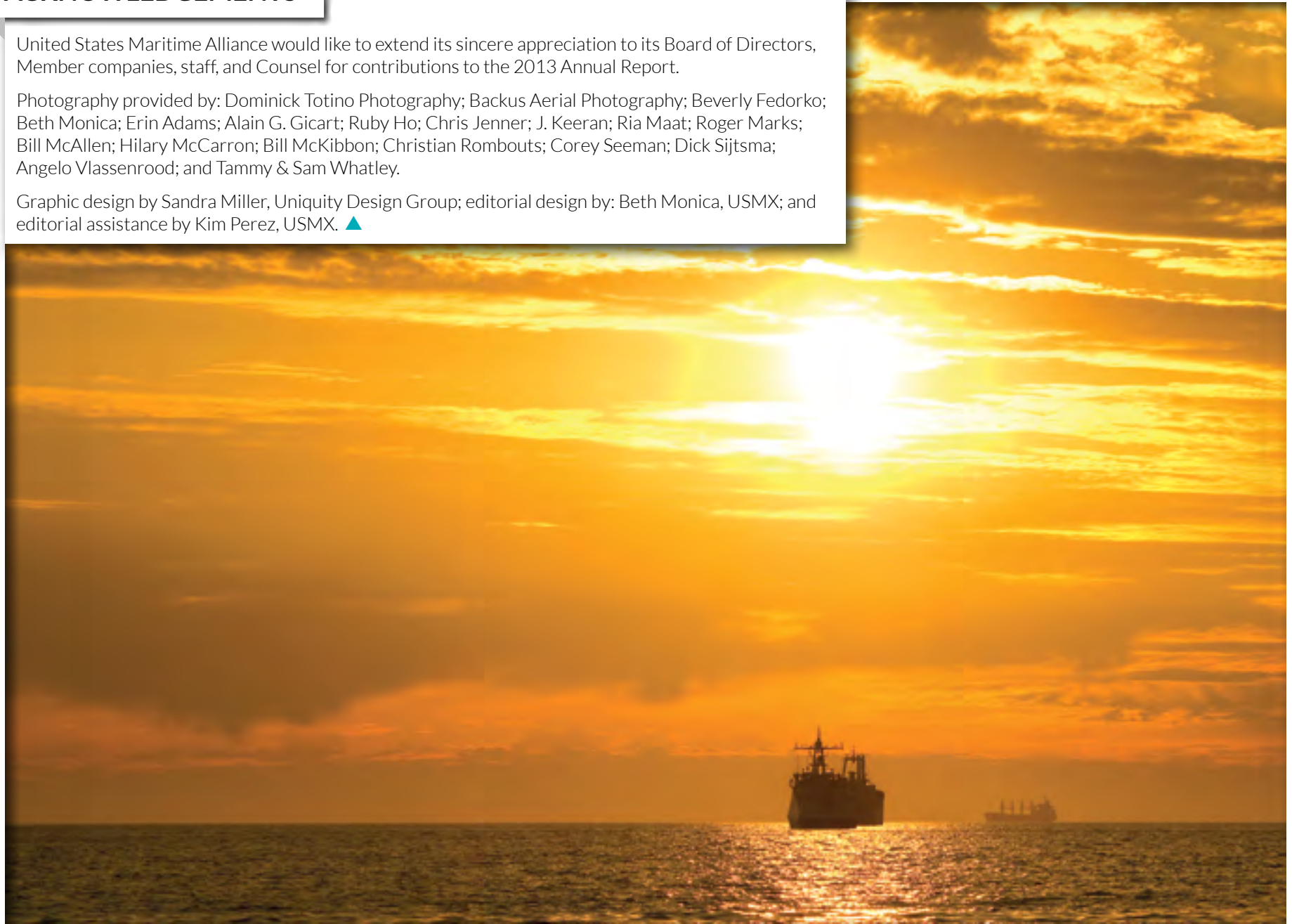
**Candace Love**  
SA District Secretary

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US MARITIME ALLIANCE, LTD.  
485C US HIGHWAY 1 SOUTH, SUITE 100  
ISELIN, NJ 08830  
732-404-2960  
USMX.COM