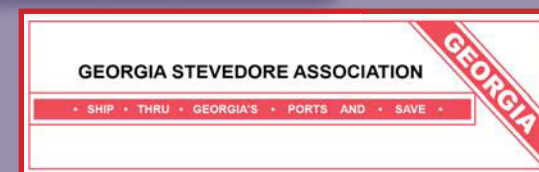
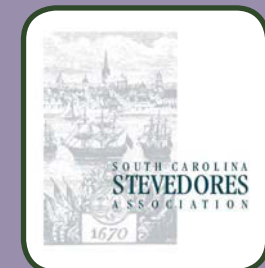




United States Maritime Alliance, Ltd.

ANNUAL REPORT 2015



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

The background of the entire page is a close-up, slightly blurred image of the American flag, showing the stars and stripes in a diagonal orientation.

ABOUT USMX

The United States Maritime Alliance, Ltd. (USMX) is a non-profit incorporated membership association headquartered in Lyndhurst, New Jersey.

- The Alliance represents longshore industry employers on the U. S. East and Gulf coasts, including container carriers, marine terminal operators and port associations
- USMX serves as the Management group's representative in Master Contract bargaining
- USMX articulates industry positions on regulatory and safety issues
- USMX oversees coastwide training, retraining, certification and recertification programs
- USMX administers coastwide fringe benefit funds and programs ▲

HIGHLIGHTS OF 2015

Ongoing administration of the Master Contract, discussions of a possible successor agreement, and fleshing out the impact of contentious bargaining on the West Coast were areas of major focus for the USMX team in 2015. Please read more about these and other topics in this *USMX Annual Report 2015*:

- Labor Relations
- Training
- Member Relations
- Safety
- Container Royalty
- Public Affairs

MISSION STATEMENT

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. ▲

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CHAIRMAN & CEO'S 2015 MESSAGE "May you live in interesting times..." -- Chinese curse



David F. Adam
Chairman & CEO

WELCOME

Hello, and welcome to the 2015 USMX Annual Report! I hope you enjoy our year-end review of the topics and the issues most critical to our carrier members, our port association members and our direct employer members. As you peruse the report, you'll note that our efforts in 2015 really comprised three major components:

ONGOING ADMINISTRATION OF THE 2012-2018 ILA-USMX MASTER CONTRACT

As we entered 2015, we had successfully implemented the most critical components of the 2012-2018 collective bargaining agreement, but we still had lots of work to do on various important pieces of the Master Contract. We continued to have dialogue around areas of the contract such as chassis maintenance jurisdiction, chassis pools, and the implementation of new technology.

Chassis: The parties put significant efforts into the creation of a "gray pool" chassis concept in 2015. Initially, the focus was directed primarily to the New York/New Jersey area, as that was deemed the area of critical need; but, the parties also agreed that a successful program would likely pay dividends up and down the East and Gulf coasts. Unfortunately, the year ended without a successful conclusion to all of the hard work and will have to be carried into 2016.

Container Royalty Central Collection (CRCC): This component of the new Master Contract was essentially completed by the end of 2015, and while it was a gargantuan effort, it has also been a huge success. The CRCC Team has basically reinvented a more than 50-year-old process, while implementing new tools and procedures that will improve carrier and fund manager productivity significantly, allowing them to meet the needs of growth within the industry for many years to come. The new collection process will undoubtedly serve the ILA, the local ports and our USMX members well for another 50+ years.

Technology: As we began bargaining for the 2012-2018 agreement, it was obvious that promoting the implementation of technology while protecting the workforce was a top priority for the industry. We saw several successful technological implementations in 2015 that resulted in proving out the efforts of our joint bargaining committees in negotiations. We are confident that we have a sturdy framework and a process that will serve the industry well as we move into the future.

ABSORBING THE IMPACT EFFECT OF CONTENTIOUS WEST COAST BARGAINING

As West coast bargaining between the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU) dragged on through the latter parts of 2014 and into 2015, the impact of the contentious negotiations pushed significant cargoes to the U.S. East and Gulf coast ports. In 2015, East and Gulf coast ports gained the top nine spots in U.S. port growth with growth rates ranging from 9.5% to 23%. These numbers are stunning. Although there certainly were times when the seams started to creak in places, all of the ports authorities, port associations, the carriers calling them, the stevedores, the ILA labor actually handling the cargo, the truckers, and all of the stakeholders whose participation was vital to this success should be proud of what was accomplished. These efforts will serve the U.S. East and Gulf ports well as we head into 2016!

NEGOTIATING A SUCCESSOR AGREEMENT TO CURRENT MASTER CONTRACT

While the West coast ILWU-PMA bargaining dragged on in 2015, it became more and more apparent that the bargaining process adhered to by our industry for the last 50 years may not be the best process to use going forward. With three-plus years left on the 2012-2018 ILA-USMX Master Contract, USMX and the ILA began discussions about a possible long-term Master Contract extension agreement. Those discussions proved to be very productive and will continue on into 2016. At this point, we continue to leave all options for an extension and/or an early settlement of a new agreement on the table. I am confident that the parties will continue to be committed to reaching a productive and successful resolution to these efforts.

Other critical industry areas of attention for 2015 and beyond include:

SAFETY

Employee safety continues to be a major area of focus for USMX and the industry. The USMX priority in this area is to develop more rigorous industry metrics by which our members can more accurately and precisely measure and compare their progress against the industry as a whole. In 2015, we were able to build on our 2014 successes in this area and are seeing positive results.

The efforts of the ILA-USMX Joint Safety Committee, facilitated by internationally-renowned safety expert Ron Signorino of The BlueOceana Co., should be lauded for its nonstop efforts on behalf of the maritime industry. The committee, implemented in 2012, continues working with safety personnel in our ports and on a local, state and national level and is making important ▶

CHAIRMAN & CEO'S MESSAGE *(continued)*

strides forward in the realm of industry safety.

Additionally, we would like to congratulate two of our industry colleagues, Nick Jumonville (Midgulf Association of Stevedores) and Ken Killough (SC Stevedores Association), who were named the National Maritime Safety Association's 2015 Persons of the Year, for their tireless efforts on behalf of maritime safety.

TRAINING

In 2015 we successfully implemented the new ILA-USMX Joint Training Committee. We were also successful in freeing up additional dedicated resources for training in 2015, and this topic continues to be a major focus area for both the ILA and USMX, as well as for all of our employees and members. Training success is directly related to safety success — and safety continues to be the topic of utmost focus and importance.

ILA

The ILA continues to be our partner in all of these efforts. In 2015, the ILA held its 54th Quadrennial Convention in beautiful Puerto Rico. The USMX staff and many of our member organizations were proud to be invited to attend, to observe, and even to participate in many aspects and events of the Convention usually reserved for union attendees. The ILA implemented a new slate of very strong and competent leadership that will no doubt successfully lead the ILA well into the future.

PUBLIC AFFAIRS

We continued our efforts to strengthen relationships in the public policy arena. We showed policymakers that the ILA and the USMX are dedicated to working together to meet the challenges facing the industry in 2015 and beyond. It was important to us that our joint commitment to facilitate cargo and commerce through some of the difficulties experienced in 2014 and early 2015 on the West coast be recognized and appreciated.

LAST WORD

Let me conclude by saying that 2015 was a very challenging year on many fronts. I believe that the parties can look back with pride on the incredible accomplishments made. These accomplishments will no doubt allow us a step up as we move into 2016 and what is predicted to be a very challenging year for the industry and for our membership. I would like to thank the USMX Board of Directors, the USMX Membership, the employees of USMX and CCCSC, the team at CRCCF, the management of MILA and all of the joint fund management teams for their support and their efforts in 2015.

I am confident that the efforts and successes of 2015 put us in the best position possible as we strive to again succeed in 2016.



David F. Adam

ABOUT THE QUOTATION

"May you live in interesting times."

This phrase is actually an English expression purported to be a translation of a traditional Chinese curse. Despite being so common in English as to be known as "the Chinese curse," the saying is apocryphal, and no actual Chinese source has ever been produced.

Torrey Whitman, a former president of the China Institute in New York City and well-versed in classical Chinese in the area of proverbs and sayings, said that the usual expression was, "The ancient Chinese curse, May you live in interesting times." There is nothing proverbial about it, and no harm or danger is intended to the recipient of the "curse." The point of the phrase has long been meant to be ironic. On first glance, "interesting times" should be good times to live in, so stating it as a curse adds the sense of irony. We do live in very interesting times, but after the constant stream of media and information and choices, 24 hours a day, one longs for simpler, less turbulent times, that are not quite so interesting. Hence, the "curse" that you live in "interesting" times.

Most noteworthy about the expression is that it is not Chinese. There is no such expression, "May you live in interesting times," in Chinese. It is a non-Chinese creation, most probably American, that has been around for 30-40 years. It appears in book prefaces, newspapers and speeches (most notably, Robert F. Kennedy's "Day of Affirmation" address in Cape Town, South Africa, June 6, 1966). It is speculated that whomever first coined the phrase attempted to give the expression a mystique, so decided to attribute it to the Chinese.

There is irony in this, too. Confucius, endeavoring to give his opinions and teachings greater gravity and acceptance, once stated, "I do not create; I merely pass on the wisdom of those who have gone before." The same device of attribution is at work here: the "curse of interesting times" is much more interesting itself if the Chinese created it.

--From Dr. Ho Young
Guest Columnist, ChinaSprout.com

2015 BOARD OF DIRECTORS



David F. Adam
United States Maritime Alliance, Ltd.



Roy Amalfitano
Evergreen Shipping Agency (America) Corp.



Michael P. Angelos
Steamship Trade Association of Baltimore



Peter Braedel
Hapag-Lloyd (America), LLC



Ian S. Cairns
CMA-CGM Group



Brian E. Clark
APM Terminals North America, Inc.



Albert V. Gebhardt
Maersk Agency USA, Inc.



James R. Gray, Jr.
Jacksonville Maritime Association



Daniel S. Hall
Ceres Terminals Incorporated



John J. Nardi
New York Shipping Association, Inc.



Christopher J. Parvin
Mediterranean Shipping Company USA, Inc.



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



Michael J. Radak
Hanjin Shipping Company, Ltd.



John A. Walsh
SSA/Cooper, LLC

USMX MEMBER ORGANIZATIONS

DIRECT EMPLOYERS

APM Terminals North America, Inc.
Ceres Terminals Incorporated
CP&O, LLC
GCT USA
Maher Terminals, LLC
Ports America
SSA/Cooper, LLC

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

American President Lines, Ltd.
Atlantic Container Line
China Shipping (North America) Holding Co., Ltd.
CMA CGM Group
Columbia Coastal Transport, LLC
COSCO Container Lines Americas, Inc.
COSCO Container Lines Europe, GmbH
CSAV Agency North America, LLC
Evergreen Shipping Agency (America) Corp.
Hamburg Süd North America, Inc.
Hanjin Shipping Company, Ltd.
Hapag-Lloyd (America), 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.

LABOR RELATIONS UPDATE

As our implementation of the latest Master Contract between USMX and the ILA continued in 2015, the issues facing the labor relations department were challenging but not entirely unexpected. Local bargaining, chassis, South Atlantic maintenance and repair, and implementation of new technology in USMX member ports continue as our main topics of focus.

PORT UPDATES

Boston

- During the last round of bargaining, the new local collective bargaining agreement included a production incentive agreement that was designed to increase productivity in the Port of Boston (for further details, please see *Port Association Summaries, Page 26*).

New York/New Jersey

- Productivity in the Port of New York and New Jersey is slowly coming up and improvements can be seen. In 2015, the labor force was bolstered to a level where basic programs to improve operations were able to be implemented (for further details, please see *Port Association Summaries, Page 28*).
- New technology continues to be implemented by our terminal operator members in the Port of NY/NJ.
- Implementation of the "gray pool" chassis concept is still under discussion in 2015, with no resolution as 2016 approaches.

Philadelphia

- Manhours increased in contract year 2015, initiating a need for additional trained and skilled labor, and resulting in roughly 300 physicals for new employees (for further details, please see *Port Association Summaries, Page 30*).
- Proposed implementation of new gate technology was announced, resulting in a union request for a visit by the ILA-USMX Joint Technology Committee. As of the end of 2015, no committee visit had taken place.
- A jurisdiction issue involving deep sea workers vs. warehouse workers was raised by the union in late 2015, but the matter had not been heard by the ILA-USMX Joint Jurisdiction Committee by year's end.

Baltimore

- The Port's local contract was ratified in March of 2015.
- 2015 was a record year for containers handled at the public marine terminals in Baltimore (for further details, please see *Port Association Summaries, Page 32*).

Baltimore (continued)

- The trusteeship of Local 333 imposed by the ILA International in 2014, helped bring labor stability to the Port in 2015.
- The ILA-USMX Joint Jurisdiction Committee was dispatched to investigate possible violations of a committee ruling regarding maintenance and repair issues.

Norfolk

- In 2015, the Port of Hampton Roads saw a 1.8% increase in manhours (for further details, please see *Port Association Summaries, Page 34*).
- Infrastructure technology improvements, including a new motor carrier gate and rail improvements, have been implemented to increase access and velocity of rail cargo.

Wilmington, NC

- Container traffic in the Port of Wilmington, NC continues to grow.

Charleston

- In local negotiations in the the Port of Charleston, a Saturday gate was negotiated to allow for continued operations from 0600 to 1300 (for further details, please see *Port Association Summaries, Page 36*).
- Strike threats by Locals in Charleston over containerized and RO-RO cargo resulted in a two-day arbitration. The arbitrator ruled in favor of management and made it clear that with a ratified Master Contract, its "no-strike" clause was enforceable on a local level, regardless of the lack of a local agreement.

Savannah

- The Port of Savannah's Garden City Terminal handled 3.7 million TEUs during fiscal year 2015, representing a 17% increase over 2014 (for further details, please see *Port Association Summaries, Page 38*).
- The union claimed that major damage and minor damage containers that were not being segregated and being loaded to a vessel was a violation of damage jurisdiction. The grievance was not heard during 2015. ▶

LABOR RELATIONS UPDATE *(continued)*

Jacksonville

- The Port of Jacksonville anticipates growth with new container business, automobiles, and breakbulk cargoes (for further information, please see *Port Association Summaries, Page 40*).

Southeast Florida

- Dredging of the main cargo channel was completed in 2015, preparing PortMiami for the arrival of the new big ships (for further information, please see *Port Association Summaries, Page 42*).
- Maintenance and Repair remains an area of concern.

New Orleans

- ILA manhours in the Port of New Orleans increased during contract year 2014-2015 by 23.1% over contract year 2013-2014 (for further information, please see *Port Association Summaries, Page 44*).
- 2015 saw the successful implementation of gate technology at the Ceres Terminal.

Gulfport, MS

- Reports indicate that Gulfport lost a majority of its business to Texas.

Mobile, AL

- A local contract has not yet been agreed upon.

Houston

- The union claimed that the major damage and minor damage containers that were not being segregated and were being loaded to a vessel was a violation of damage jurisdiction. The grievance was not heard in 2015.

LABOR NOTES

Negotiations

- Talks regarding a possible extension to the ILA-USMX Master Contract set to expire on 9-30-18 took place for most of 2015. As of yet, no agreement has been reached between the parties.

Blue Book

- The Master Contract blue book agreement was posted at usmx.com.

Chassis

- In 2015, the long-term lease and shortage issues remain open, particularly in the Port of New York and New Jersey, and interested parties continue to work on provisions that would ensure work preservation for employees covered by local collective bargaining agreements, while working toward commitments required in the Master Contract. Though a great deal of work has been done to try and resolve this issue, as of the end of 2015, these discussions were ongoing and no resolution had been reached.

New Technology

- USMX members' ability to implement new technology is an important aspect of the Master Contract agreement. Notification and implementation processes have been developed and are in place, as part of the technology language. The 2015 year saw several instances of the implementation of new technology by various USMX member companies and ports.

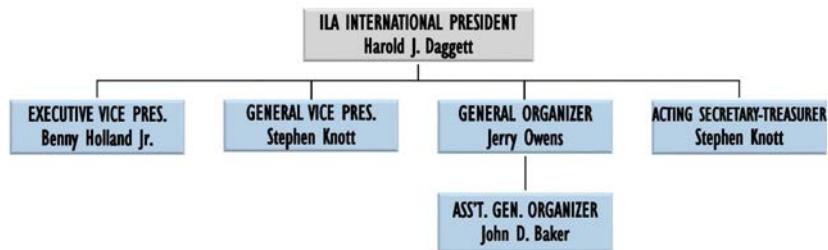
Data Collection Project

- In 2015, a test took place in the port of Charleston to prove the concept of a modular, scalable program that could collect all ILA data generated in a port as pertains to dispatch, payroll, H&S and years of service.

ILA Conventions

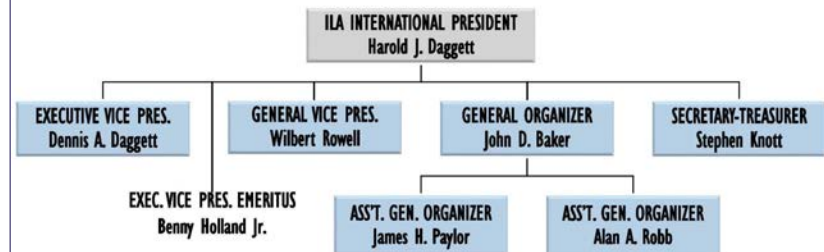
- In July of 2015, the USMX staff, along with a number of our member companies, were invited to attend the International Longshoremen's Association and Atlantic Coast District ILA conventions that were held in San Juan, Puerto Rico. Several major organizational changes took place as a result of the executive officer elections held by both groups.
- For a complete listing of these organizational changes, please see the following charts on *Page 6*:
 - *ILA International Organization Prior to 2015 Elections*
 - *ILA International Organization Changes Post-Election*
 - *Key International Vice President Changes*
 - *Atlantic Coast District Organization Changes*
 - *South Atlantic & Gulf Coast District Organization Changes*
 - *ILA 2015 Retirements* ►

ILA INTERNATIONAL ORGANIZATION PRIOR TO 2015 ELECTIONS



NOTE: Term 2011-2015

ILA INTERNATIONAL ORGANIZATION CHANGES POST-ELECTION

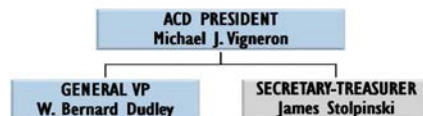


NOTE: Changes effective August 1, 2015

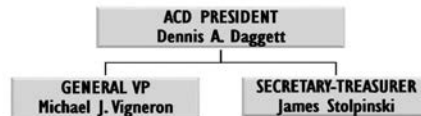
ATLANTIC COAST DISTRICT (ACD) ORGANIZATION CHANGES

The Atlantic Coast District had changes to its President and General VP in 2015

NEW ACD ORGANIZATION



PRIOR ACD ORGANIZATION



NOTE: Changes effective August 1, 2015

ILA 2015 RETIREMENTS

Benny Holland Jr. was appointed ILA International EVP Emeritus and Clyde Fitzgerald was appointed SAGCD President Emeritus upon their retirement, and still remain involved in key International and local issues.

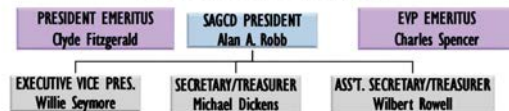
Jerry Owens ILA INTERNATIONAL GENERAL ORGANIZER	Benny Holland Jr. ILA INTERNATIONAL EXECUTIVE VICE PRESIDENT	Clyde Fitzgerald SAGCD ILA PRESIDENT
--	---	--

NOTE: Changes effective August 1, 2015

SOUTH ATLANTIC & GULF COAST DISTRICT (SAGCD) ORGANIZATION CHANGES

The South Atlantic & Gulf Coast District had changes to its President and Emeritus offices.

NEW SAGCD ORGANIZATION



PRIOR SAGCD ORGANIZATION



NOTE: Changes effective August 1, 2015

KEY ILA INTERNATIONAL VICE PRESIDENT CHANGES

NEW VICE PRESIDENTS



PRIOR VICE PRESIDENTS



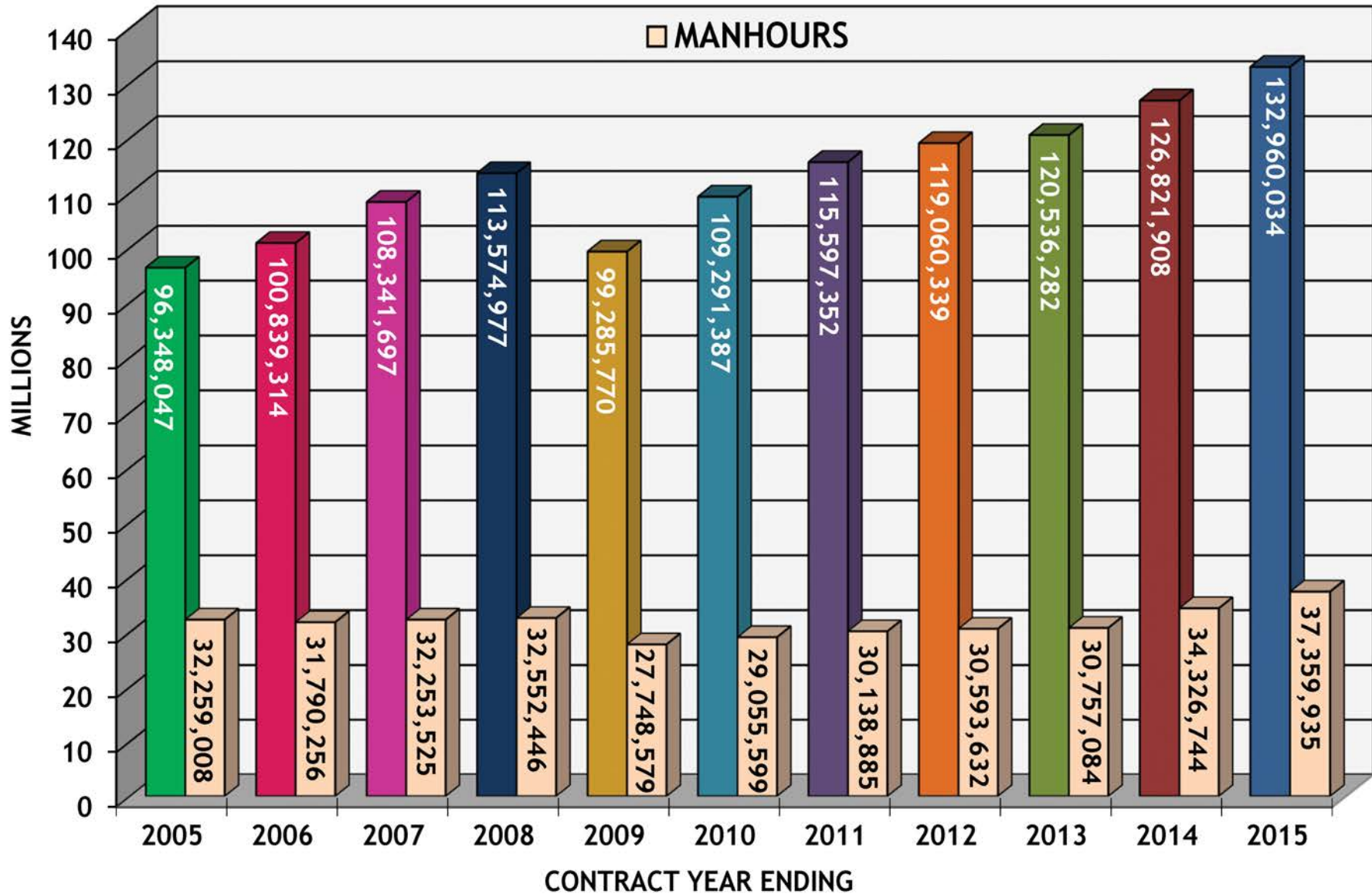
VP REPLACEMENTS

NEW ADDITIONS TO PRIOR VACANCIES



NOTE: Changes effective August 1, 2015

MASTER CONTRACT TONNAGE & MANHOURS LOOKBACK: 2005 THROUGH 2015



ILA-USMX JOINT SAFETY COMMITTEE

ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-01 (23 January 2015)

Spotting Industry Accident Trends and Alerting You About Them



ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-04 (31 March 2015)

COMPLACENCY CAN KILL!



ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-07 (09 July 2015)

New Container Weight Requirements Take Effect 01 July 2016



ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-10 (25 October 2015)

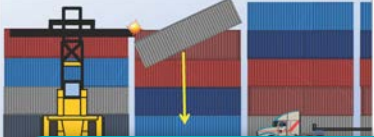
Be Careful Of Your Surroundings!



ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-02 (10 February 2015)


Spotting Industry Accident Trends and Alerting You About Them

ATTENTION DRIVERS: Stay Back One Full Container Stack!



ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-05 (20 May 2015)

DON'T GET CAUGHT IN THE BIGHT!



ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-08 (04 August 2015)

Terminal Pickup Truck Demolished By Rubber-Tired Gantry Crane

No Injuries, But The Possibilities Were Endless!




ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-11 (17 December 2015)

Verified Container Weights



ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-03 (10 March 2015)

Q: What's Missing From This Photo?




A: An Injured Longshoreman

The operator of the toploader shown above was wearing his 3 point restraint [safety] belt. Without it, the result would have been a lot different. **It makes sense... Click it!**

Working Together For The Benefit Of All

ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-06 (01 June 2015)

Avoiding Heat Stress



STOPPING FOR WATER KEEPS YOU GOING.

WATER REST SHADE

Summer is fast approaching, and in keeping with its tradition of raising the consciousness of workers, managers and supervisors the ILA-USMX Joint Safety Committee would like to provide this reminder, as we enter a season known for its high temperatures and humidity, that **REST, WATER and SHADE** are necessary in effectively dealing with heat stress hazards.

Additional information of a useful nature may be found at OSHA's heat stress webpage. Here's the link:
http://www.osha.gov/SLTC/heatillness/heat_index/heat_app.html

Working Together For The Benefit Of All

ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-09 (21 August 2015)

On Being A Pedestrian At Marine Terminals

Unsafe, Under Most Conditions

The recent accident at a Mid-Atlantic port, in which an ILA member was struck and killed by a toploader, is but the most recent reminder that marine terminals are not pedestrian-friendly pieces of real estate. Looking back in time, there have been several pedestrian-versus-machine accidents occurring at marine terminals that each give witness to two distinct facts:

- In such accidents, the victims seldom survive; and
- Marine terminal workers are much better off avoiding any uncontrolled pedestrian activity.

The Occupational Safety & Health Administration (OSHA) has a regulation in place that recognizes those facts and that addresses the pedestrian-machine interface and the hazards associated with that interface at container & Roll-on/Roll-off marine terminals. Here's what it looks like:

1915.71(d)(1)
Marked or designated areas shall be set aside within a container or roll-on/roll-off terminal for passage of employees to and from active cargo transfer points, except where transportation to and from those points is provided by the employer.

What that regulation means, is that **marine terminal employers are responsible** for either marking (with signage/stripping) and/or designating (by setting policy and providing training/education to workers) pedestrian walkways that will get workers on foot to and from active cargo transfer points out of harm's way. Alternatively, the employer may choose to provide transport conveyances (such as buses, trams, etc.) that will safely get workers from Point A to Point B to Point C, etc.

Pedestrian employees have the responsibility to use only marked/designated walkways. If the employer chooses to provide transport conveyances, then it is the obligation of all workers to use them; without variation.

The ILA-USMX Joint Safety Committee urges all ILA members and all marine terminal operators to take the steps necessary to comply with the relevant OSHA regulation, and offers the full spectrum of its technical abilities to assist the industry in attaining that goal.

Working Together For The Benefit Of All

ILA-USMX JOINT SAFETY COMMITTEE
OSH Circular 2015-12 (25 November 2015)

DISTRACTED DRIVING KILLS!



As time passes, the evidence becomes clearer and clearer that electronic device use while operating a vehicle (whether it comes in the form of cell-phoning, texting, e-mail access, Bluetooth use, or any of the other potentially distracting forms of communication or entertainment) is a life-threatening proposition.

Within the waterfront's industrial environment, those hazards take on an even greater meaning and pose an even greater risk.

The most recent study undertaken by the Automobile Association of America (AAA) now points an accusatory finger at hands-free cell phone use.

Have a look for yourself:
<https://www.aaaafoundation.org/aaa-telephone-and-drivers-cognitive-workload>

DON'T ALLOW IT TO KILL YOU.....!

Or To Touch Any Of The Precious Lives That Work Alongside You.

Working Together For The Benefit Of All

ILA-USMX JOINT SAFETY COMMITTEE (continued)

JSC ON THE ROAD

The year 2015 was a very busy one for the Joint Safety Committee (JSC). Our committee met several times throughout the year starting at the ILA Great Lakes Convention, next at the National Maritime Association (NMSA) Annual Meeting, then at the ILA's Quadrennial Convention. The committee also held two additional meetings in the NYSA Training Center in Port Elizabeth. Besides its regularly scheduled meetings, the group or various individual members attended safety meetings at USMX port association members New York Shipping Association, Steamship Trade Association of Baltimore and the Ports of the Delaware River Marine Trade Association. Additionally, the JSC was also represented in 2015 at meetings of the South Atlantic Maintenance & Repair Safety Committee and at four NMSA Technical Committee meetings.

Unfortunately, not all of the travel done by the JSC was to attend meetings. The group had to conduct several onsite visits because of major injuries and accidents in ports on the East Coast. Committee members visited the sites to investigate and report on fatalities in Newport News and Port Elizabeth and major accidents in several other USMX ports.

2015 NMSA HONOREES

Mr. Nick Jumonville (left), President of Midgulf Association of Stevedores and 2015 NMSA President, along with Mr. Ken Killough (right), Safety Director of South Carolina Stevedores Association, were named the 2015 NMSA Persons of the Year at the NMSA Annual Meeting in Naples, Florida.

Also recognized for their many years of contributions to the industry, and especially to NMSA, were Mr. Dan Harrison, Director of Safety for Hampton Roads Shipping Association, and Mr. Doug Beeber, Senior Vice President of Sales at Jones Stevedoring Company.



GUIDANCE AND INTERPRETIVE ADVICE

The JSC is also charged with providing guidance and interpretive advice to employers and employee groups in the maritime industry on the Atlantic, South Atlantic and Gulf coasts. Over the course of 2015, the JSC received numerous requests for such guidance on a wide variety of topics, with some of the most common inquiries in regard to updates and clarification on several regulatory agencies such as IMO, SOLAS, FMCSA and DOT. Frequent requests for guidance were also common on the topics of OSHA rulings and regulations, cargo handling, hazardous materials handling, container weight regulations and PIT and other training requirements. ►

JSC OSH SAFETY BULLETINS

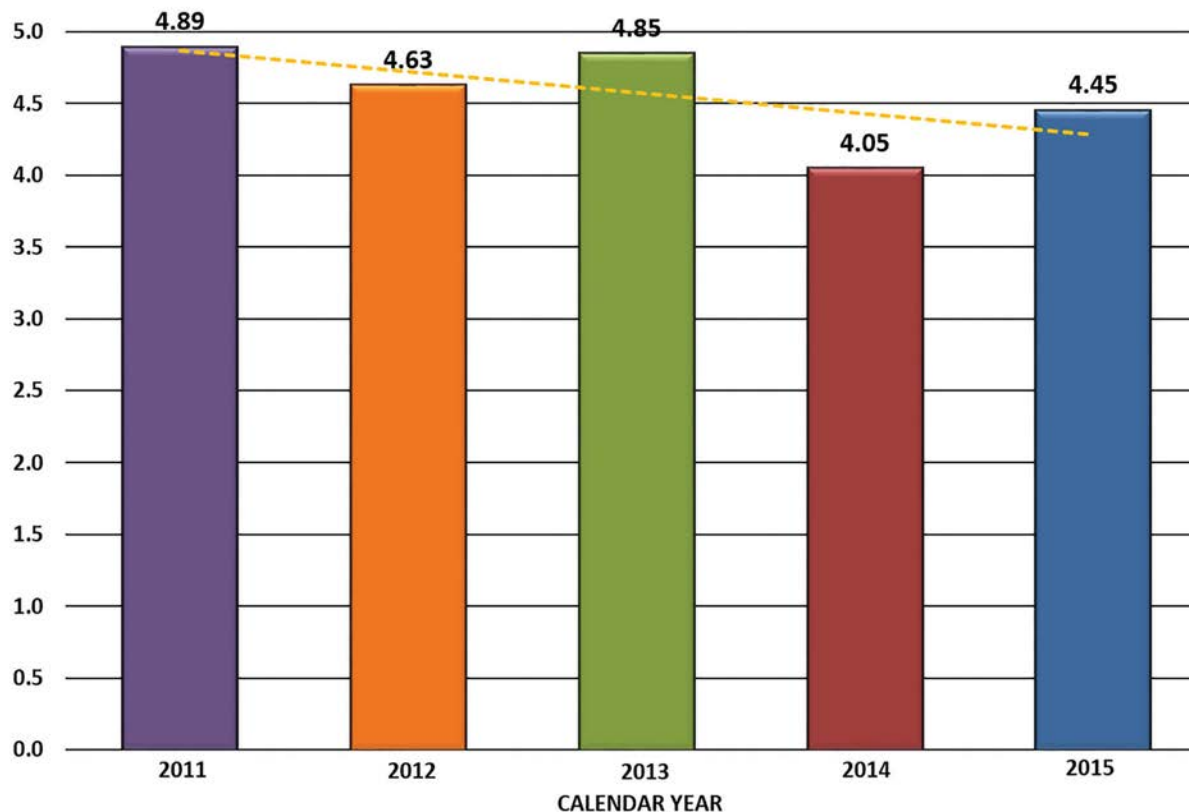
Safety awareness bulletins (see Page 8) are a major part of the work produced each year by the JSC. In 2015, 12 new OSH safety bulletins were produced in both English and Spanish. A major goal of the JSC is to ensure maximum distribution and exposure of this vital safety information. They were posted on industry websites, distributed at industry-wide events, and emailed to USMX members, the ILA and beyond. This year's topics included: spotting industry accident trends, the importance of three-point restraints in keeping workers safe, the dangers of complacency in the workplace, avoiding the bight, prevention of heat stress, container weight requirements and verification, personal vehicles and pedestrians on terminal, awareness of worker surroundings and avoidance of distracted driving. The JSC asks readers to view these important documents in the RESOURCES section of usmx.com and encourages further distribution of these bulletins to your colleagues and employees.

SAFETY DATA INITIATIVE

STATUS

Since the Safety Data Initiative was instituted by the ILA-USMX Joint Safety Committee (JSC) in late 2013, initial data collection and management by USMX has been broadened from gathering just Lost Time Incidents (LTI) and manhours to include full collection of specific details of each LTI, such as incidents by craft, types of incidents, and locations of incidents within a terminal. ▼

**LOST TIME INCIDENT FREQUENCY RATES IN USMX PORTS
LOOKBACK: 2011 THROUGH 2015**



The lost time injury and illness incident rate is based upon Occupational Safety and Health Administration (OSHA) recordkeeping 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 & illnesses x 200,000/total hours worked = incident rate.)

2015 PROGRAM UPDATE

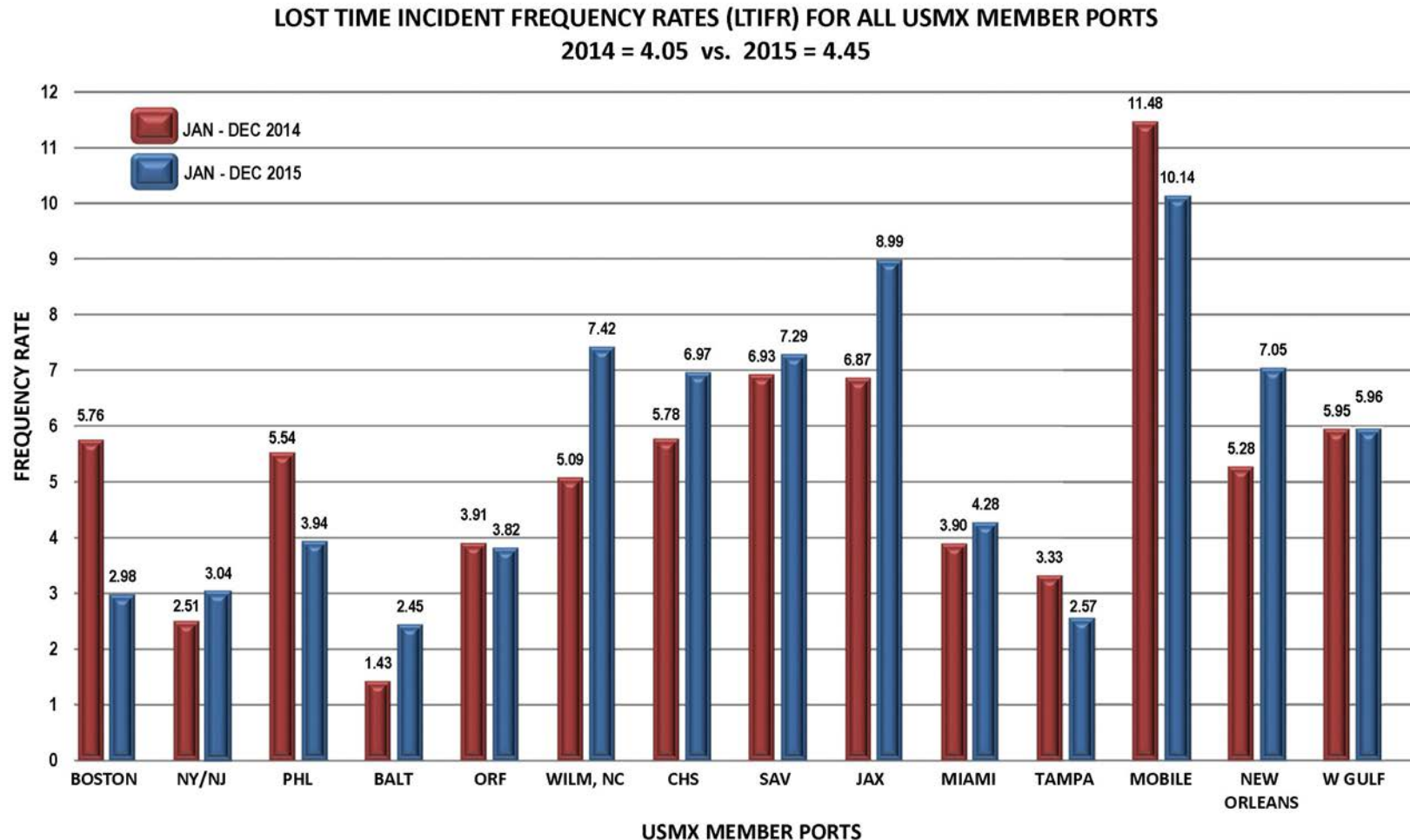
The end of 2015 marked the completion of our second year of collecting, compiling and ensuring proper use of this important information in our overall safety program. With the continued cooperation of all of our member Port Associations and the more than 120 companies that employ the ILA, this program will continue to grow and contribute to the implementation and promotion of best safety practices for our industry. We have combined previously noted LTI numbers from 2011 and 2012 with the full LTI data collected as part of the Initiative into a 5-year lookback at LTIFR data in our member ports in the adjacent chart entitled *Lost Time Incident Frequency Rates in USMX Ports Lookback: 2011 Through 2015*.

Also of interest is the port-by-port and year-to-year comparison in the chart on page 11 entitled *Lost Time Incident Frequency Rates for All USMX Ports 2014 vs. 2015*. ►

SAFETY DATA INITIATIVE *(continued)*

REPORTING OF LTI DATA

USMX and the JSC have developed a simple electronic reporting form (see *Page 12*) for all of our ports to use for the collection of safety data. The form is sent out each period via email with all the changes for that reporting cycle. The reporting form is constantly changing with new companies coming on board, some companies merging or others simply being sold to other firms. Each time a company changes hands or changes names we ask the local port associations to notify us so we can update the reporting form to keep our data consistent. Once all ports have responded the data is entered at USMX into the Oracle system where it is stored. New ideas for changes and upgrades are always welcome from users. Currently the ports collectively report on over 120 companies employing ILA labor from Maine to Texas. ▶





LOST TIME INJURIES REPORTING FORM

NAME OF PORT	
NAME OF COMPANY	
HALF-YEAR REPORTING PERIOD	
MANHOURS	
NUMBER of LOST TIME INJURIES (LTIs)	
INJURIES BY CRAFT	
CRAFT	NUMBER OF INJURIES
Lasher	
Yard Tractor / Hustler Driver	
Crane / RTG Operator	
PIT Operator / Other	
Mechanic	
Foreman	
Clerk / Checker	
Laborer	
Holdman / Dockman	
TOTAL	0
TYPE OF INCIDENT	
CAUSE	NUMBER OF INJURIES
Slips / Trips / Falls	
Struck by Cargo	
Struck by Vehicle	
Strain	
Struck by Cargo Handling Equipment	
Jostling	
Working at Heights	
Hearing- Long Term	
Other	
TOTAL	0
LOCATION OF INCIDENT ON TERMINAL	
LOCATION	NUMBER OF INJURIES
On Vessel	
Under Hook - Dock Side	
Container Yard	
Maintenance / M&R Shop	
TOTAL	0

FOCUS AND DATA DISTRIBUTION

The single biggest goal of this data initiative is to develop a safer workplace environment for our workforce. By achieving a safe workplace we can work toward increased productivity and efficiencies in many of our terminal operations. Efforts are being made to give this important data the widest distribution possible from us to our member port associations, from the port associations to their member companies, from the member company safety departments to the workers, and so on. Today, we distribute the data (the same way we distribute our USMX-ILA Joint Safety Committee Occupational Safety and Health Bulletins) via several methods to ensure the widest circulation possible: through JSC appearances at industry meetings and events such as the Dock & Marine Council, Blue Ribbon Safety Panel, NMSA safety meetings, local port safety committee meetings, various scheduled union meetings and conventions, and via the USMX and ILA websites and multiple email distributions. We encourage our readers to bring forth new ideas to help us focus in on additional programs that will target increased knowledge and awareness for the rank-and-file while training and operating in their work environment.

LOST TIME INCIDENTS BY CRAFT & TYPE

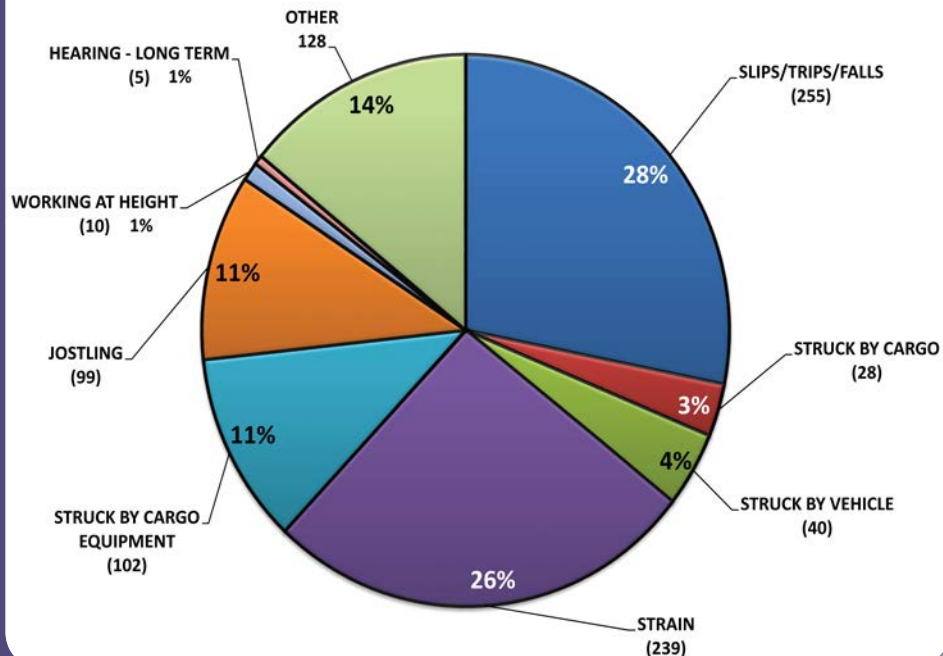
In 2014, the Safety Data Initiative entered a new phase—collecting expanded data on the crafts of the individuals getting hurt and on the type of incidents that were occurring. This was a big difference from 2013, where data collected only consisted of the number of LTIs sustained and the man-hours worked by port. Obviously, all the data we are collecting consists of injuries and incidents that led the employee to miss time on the job—thus, the term Lost Time Incident or LTI. These injuries not only take a toll on the workforce, but are a major burden on the employers who must cover the worker compensation claims associated with these lost time incidents. The charts on Pages 13-14 are the fruits of the Initiative's data efforts in 2015. ▶

SAFETY DATA INITIATIVE *(continued)*

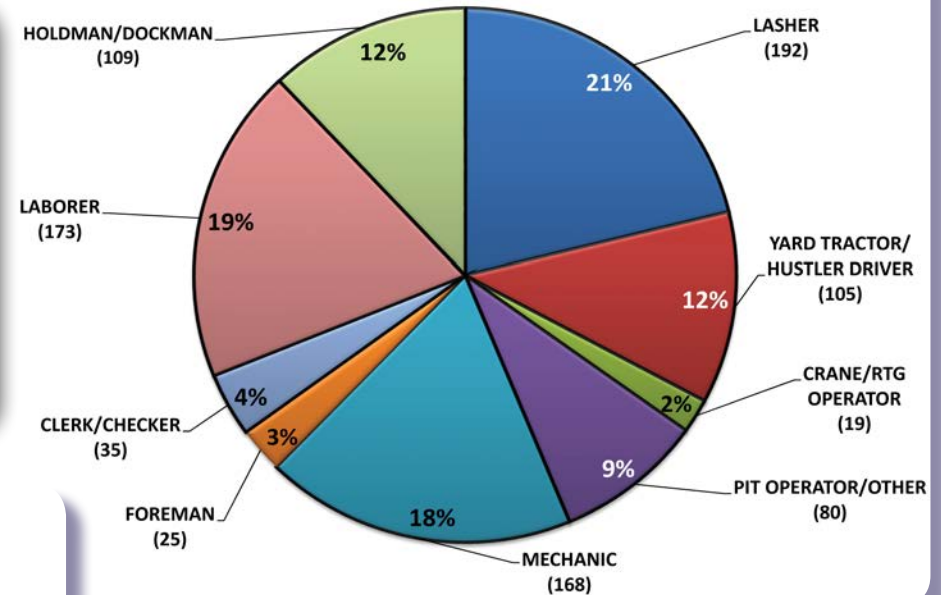
In 2015, our data indicated that the crafts most susceptible to injuries were mechanics and lashers, as illustrated by the chart entitled *Lost Time Incident Data From All USMX Ports by Craft 2015*. In fact, between 2013 and 2015, mechanics accounted for 40% of the LTIs on our waterfront. Injuries to laborers working on operations such as general cargo, autos and cruise operations have increased to 16% and yard tractor or hustler drivers are now at 13% of the total injuries spanning the two years of data.

In a brief snapshot of the types of LTI occurring on the waterfront, one does not have to look far to see that Slips/Trips/Falls and muscular Strains are far and away the most frequent type of injury, as illustrated by the chart entitled *Lost Time Incident Data From All USMX Ports by Type 2015*. Between 2013 and 2015, they account for an eye-opening 55% of all injury types. ▼

LOST TIME INCIDENT DATA FROM ALL USMX PORTS BY TYPE
906 INJURIES TOTAL IN 2015



LOST TIME INCIDENT DATA FROM ALL USMX PORTS BY CRAFT
906 INJURIES TOTAL IN 2015



Our final chart (see *Page 14*) provides an overall picture of total man-hours and total injuries by craft in all USMX ports in 2015. It should be noted that larger ports with more manhours have a proportionally higher frequency of injuries, yet the frequency of injuries to workers in a specific craft is consistent among that craft, regardless of the port. This type of data will be beneficial in developing craft-specific training to help avoid future injuries. ►

SAFETY DATA INITIATIVE *(continued)*

2015 TOTAL INJURIES IN USMX PORTS BY CRAFT** & TOTAL MANHOURS (IN ASCENDING ORDER) BY PORT*

■ CRANE/RTG OPERATOR (19 TOTAL)**

■ FOREMAN (25 TOTAL)**

■ CLERK/CHECKER (35 TOTAL)**

■ PIT OPERATOR/OTHER (80 TOTAL)**

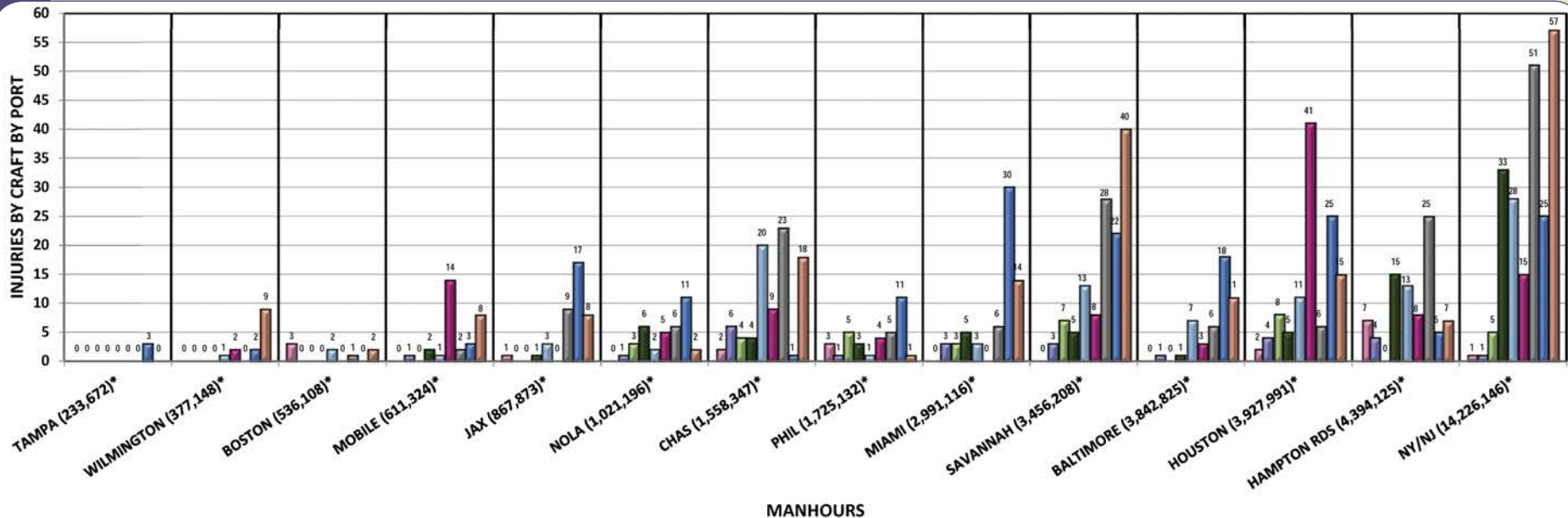
■ YARD TRACTOR/HUSTLER DRIVER (105 TOTAL)**

■ HOLDMAN/DOCKMAN (109 TOTAL)**

■ MECHANIC (168 TOTAL)**

■ LABORER (173 TOTAL)**

■ LASHER (192 TOTAL)**



SHIPPING INDUSTRY MUTUAL ASSURANCE ASSOCIATION (SIMAS)

Bermuda's Captive Hall of Fame

The Bermuda Captive Conference is delighted to announce the creation of a Captive Hall of Fame to recognise the significant contribution that our captive clients have made to the Bermuda economy since the early 1950's.

This year we're delighted to recognise almost 140 captives who have been in existence for 25 years or more. To qualify for the Hall of Fame, we invited nominations from the insurance management companies for captive insurers in Classes 1, 2, 3, A or B, filing audited financial statements who had been in existence for 25 years or more on June 1, 2015. The response has been considerable. On behalf of Bermuda's captive industry, we thank each and every nominee for their steadfast support of Bermuda.



PURPOSE

SIMAS was created in 1981 by special act of the Legislature of Bermuda to provide insurance coverage to the maritime industry that was unavailable in the commercial marketplace. This Financial Injury Coverage indemnifies USMX and its carrier members for the legal costs incurred as a result of the implementation and enforcement of the USMX-ILA Master Contract or any other contract negotiated by USMX. The insurance covers court actions and adjudicatory proceedings before maritime or labor-related agencies, third-party claims against the insureds, arbitrations, strikes, and work stoppages.

INDUSTRY RECOGNITION

On June 9, 2015, in the first such induction ceremony, SIMAS was amongst 141 companies inducted into Bermuda's Captive Hall of Fame, in recognition of its 34-year commitment to Bermuda as a captive domicile.

COVERAGES

SIMAS also provides excess directors' and officers' (D&O) coverage to USMX's directors and officers. SIMAS is governed by a board of directors chosen from among USMX's board of directors and staff and is administered locally by Marsh IAS Management Services (Bermuda) Limited. SIMAS premiums are funded through an assessment paid by USMX-carrier members.

In addition to the financial injury coverage for USMX-carrier members and the D&O coverage for USMX's directors and officers, SIMAS also provides excess-fiduciary-liability coverage to the Management Trustees of the Management-ILA (MILA) Managed Health Care Trust Fund. The 2005 civil RICO action that is still pending in the United States District Court for the Eastern District of New York is the subject of a claim under this coverage.

During 2015, USMX-carrier members were able to avail themselves of coverage under SIMAS for the following legal matters:

- Completion of the negotiations with the ILA regarding the automated expansion of GCT Bayonne LP (Global Terminal);
- Prosecution of a federal-district-court action in Baltimore to enforce the \$3.9 million Arbitration Award against ILA Local 333;
- Commencement of an arbitration to recover damages inflicted by a work stoppage in Mobile; and
- Continued negotiations with the ILA and chassis-leasing companies regarding implementation of a portwide chassis pool in the Port of New York and New Jersey. ▲

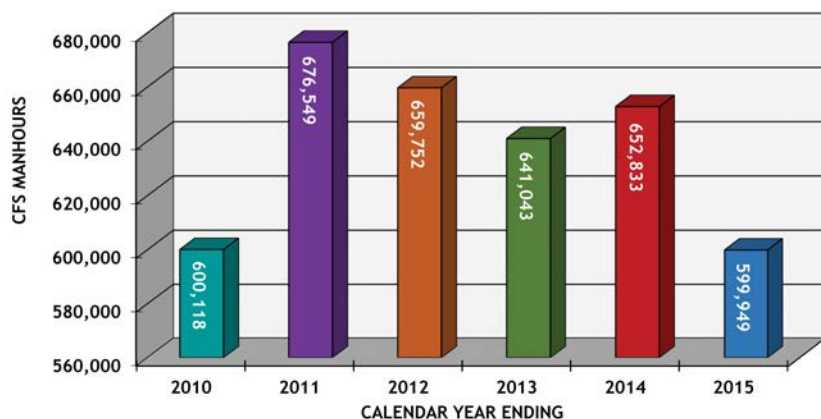


CONTAINER FREIGHT STATION TRUST FUND

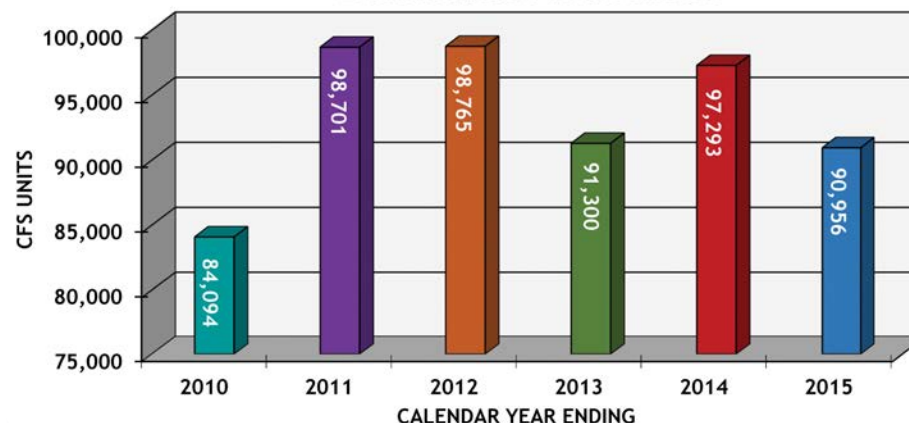
2015 PROGRAM UPDATE

The CFS Program in 2015 certainly had its ups and downs. In the later part of the year we saw the closing of three container freight stations and the opening of one new operation. Twenty-four (24) stations were active and receiving subsidy in 2015 in eight Master Contract ports. The ports of New York, Philadelphia, Baltimore, Hampton Roads, Charleston, SC, Miami, Mobile, New Orleans and Houston all participated in this long-standing program, which is jointly managed by trustees from both USMX and the ILA. Over the decades, the CFS Trust Fund Program has helped preserve work for hundreds of ILA rank-and-file workers. In 2015, the program supported 599,949 CFS-related manhours, while stripping and stuffing some 90,956 containerized units, and the CFS Trust Fund paid out \$14,595,278 in subsidies to the 24 active stations. ▼

CFS TRUST FUND MANHOURS
LOOKBACK: 2010 THROUGH 2015



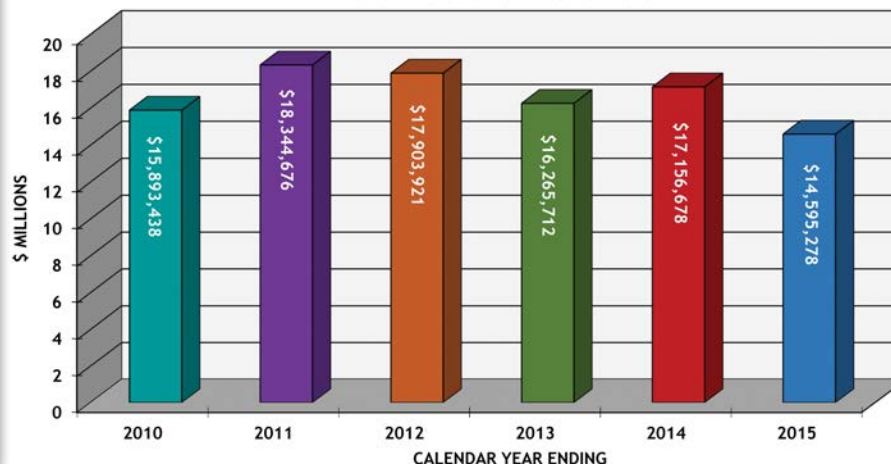
CFS TRUST FUND UNITS
LOOKBACK: 2010 THROUGH 2015



CFS TRUST FUND SUBSIDY RATE

On October 1, 2014 the CFS subsidy rate dropped from \$28 per CFS manhour (from 10/1/2012) to \$25 for all CFS-related activity. This rate was in effect throughout most of 2015 and then on October 1, 2015, the \$25 rate was reduced once again to \$24. The subsidy rates were established as part of the Master Contract effective 10/1/2012 through 9/30/2018. These reductions over the life of the contract will allow for lower rates in exchange for managed growth and expansion, if needed. Reductions in the rate will continue over the life of the contract, eventually reaching \$21 in the final year of the agreement. One of the mandates of the program is that any new stations commencing operations after the 10/1/2012 Master Contract effective date will be subsidized at a rate equivalent to that in effect in 2017-2018 (\$21 per hour). To date, all new CF stations that have opened during the current Master Contract have commenced operation at a rate of \$21 per hour. The hourly subsidy rate combined with the predetermined activity hours are the determining factors for the level of reimbursement paid for the stripping and stuffing activities. ►

CFS TRUST FUND SUBSIDY EXPENSES
LOOKBACK: 2010 THROUGH 2015



CONTAINER FREIGHT STATION TRUST FUND *(continued)*

Audits are conducted every year in order to ensure that all stations are in compliance with the operating regulations of the CFS Trust Fund Program. All efforts are made to audit the major stations on a yearly basis and all other stations as required. All current stations must adhere to the guidelines set forth in the CFS Operators Manual. The manual gives operators all the information they need to know about the program and ensures that they are aware of the audit policies and procedures. In 2015, the audits for New Orleans were completed, as were the major audits in Houston. In 2016, audits will continue in Houston, Charleston, and Hampton Roads. ▲

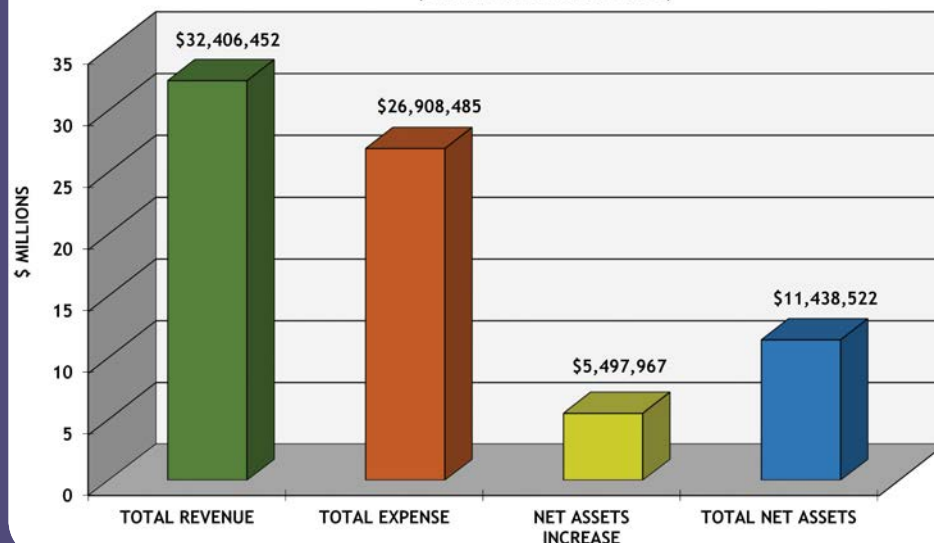
2015 CFS AUDITS

CURRENT FINANCIALS

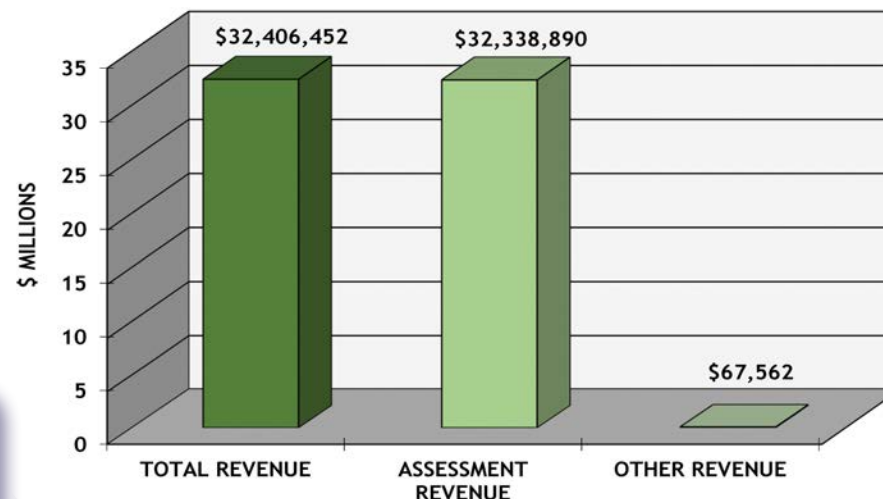
For a snapshot of the 2015 CFS Program audited financials, please see the following charts:

- 2015 CFS REVENUE
- 2015 CFS EXPENSE
- 2015 CFS TOTAL REVENUE VS. TOTAL EXPENSE

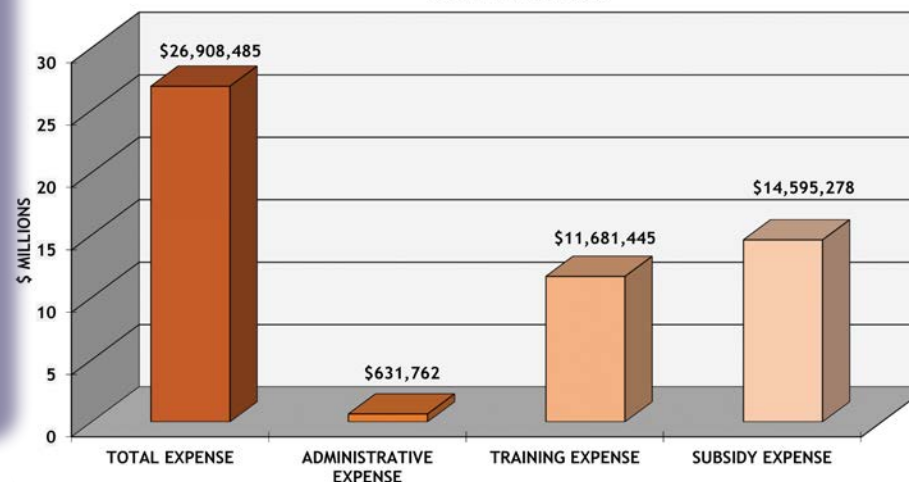
2015 CFS TOTAL REVENUE VS TOTAL EXPENSE
(CALENDAR YEAR AUDITED)



2015 CFS REVENUE



2015 CFS EXPENSE



TRAINING OVERVIEW

GROWTH AND TECHNOLOGY DRIVING DEMAND

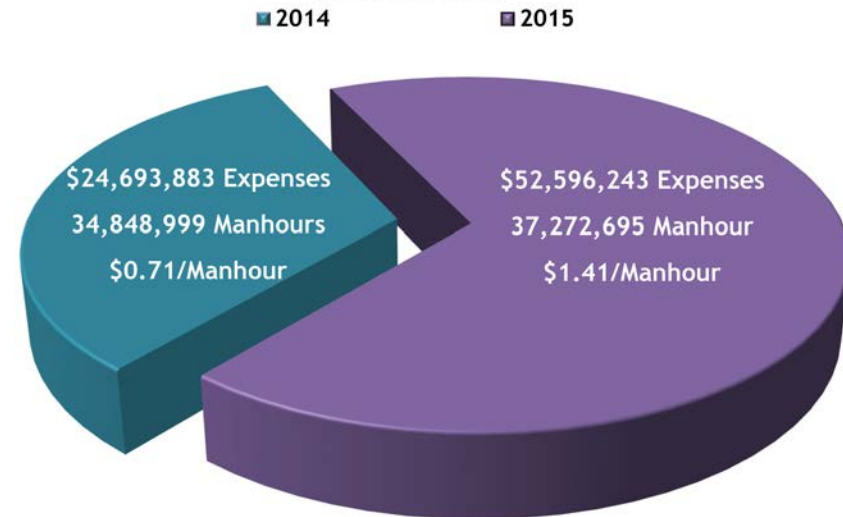
There were several new challenges in 2015 that fueled the continued growth of the USMX-ILA Training programs. As in 2014, an ongoing demand for extensive training programs to teach the ILA rank-and-file workers the skill sets necessary to operate the newest cargo handling equipment was a top priority. Growth in USMX member ports was also a factor in the hiring of hundreds of new employees up and down the East and Gulf coasts. With the retirement of many seasoned employees, new hires had to not only learn the basics of our industry, but quickly move up to training on skilled PIT equipment—not just on forklift and yard tractors, as was the case in the past.

- All new hires continue to be trained in the areas of hazardous materials handling (HAZMAT) and safety orientation, as well as hands on instruction in the operations of forklifts and yard tractors.
- In many ports these new employees, based on demand, move up quickly to train on container handling equipment of all types.
- High-tech training continues for the new and experienced worker on shuttle trucks, new straddle carriers, new cranes, RTGs and RMGs.
- New technology on terminal and gate systems has also driven a major demand in the field of M&R as well as all types of clerical work.
- M&R mechanics train for FMCSA requirements as well as for off-site specialized refrigeration training.
- The introduction of new equipment to individual ports creates a major need for training on a timely basis.

SUPPORTING THE GROWING DEMAND FOR TRAINING

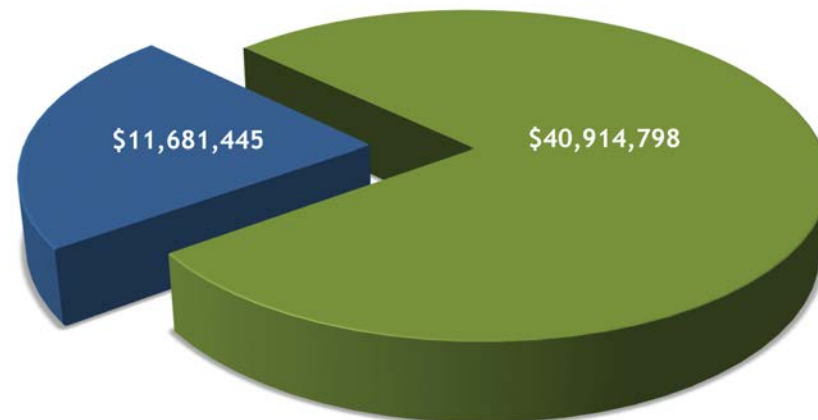
The development and operation of training programs for ILA workers in our member ports from Maine to Texas is a costly endeavor. Through assessments, USMX's carrier members contribute .25 cents per ton to operate and sustain the training and CFS subsidy programs, as required by the Master Contract agreement. The current rate of .25 cents went into effect on 10/1/2012 and will run until the expiration of the current Master Contract agreement on 9/30/18. In 2013, the ILA-USMX CFS Trust Fund's training expenditures for all ports totaled \$10.7 million. In 2014, training accounted for \$11.7 million of expenditures from the CFS Trust Fund for for coast-wise training programs. Recently, the CFS Trustees approved a budget of just under \$14 million for the upcoming year's training. In fact, since 2008, the ▶

2014 VS. 2015
TOTAL TRAINING EXPENSES, MANHOURS & PER MANHOUR TRAINING EXPENSES
(CALENDAR YEAR)



2015 TOTAL TRAINING EXPENSES: \$52,596,243
(CALENDAR YEAR)

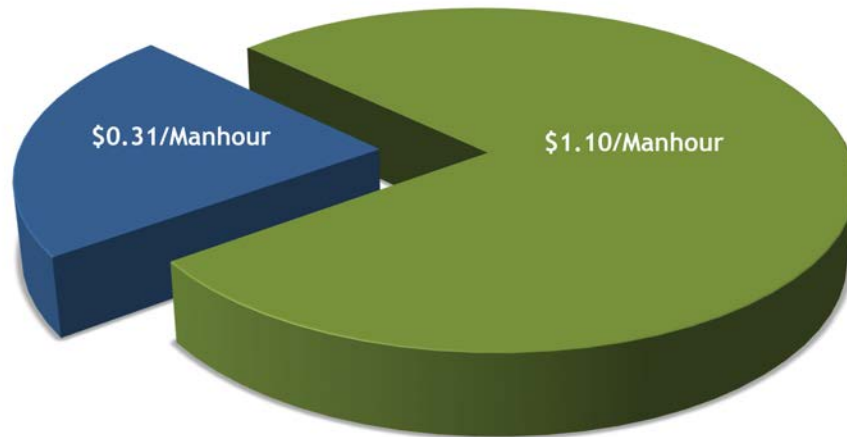
■ USMX TRAINING EXPENSES ■ PORT ASSOCIATION TRAINING EXPENSES



TRAINING OVERVIEW *(continued)*

2015 TOTAL PER MANHOUR TRAINING EXPENSES = \$1.41
(BASED UPON CALENDAR YEAR MANHOURS = 37,272,695)

■ USMX PER MANHOUR COST ■ PORT ASSOCIATIONS PER MANHOUR COST



CFS Trust Fund has provided \$56 million toward the training of our workforce, but is not the sole provider of training funds. These training programs are also funded by the member companies of USMX. All USMX port associations, terminal operators and stevedores also contribute significantly to the training of our workforce by supplying items not currently reimbursed by the Fund, such as management staff, training facilities, equipment, fuel, insurance etc.

ILA-USMX JOINT COMMITTEE FOR TRAINING

In late 2015, USMX and the ILA formed the first joint committee dedicated to safety. The Joint Training Committee (JTC) is very similar to the successful Joint Safety Committee (JSC) that was established on January 15, 2014. The JTC is made up of six members—three each from the ILA and USMX. The initial undertaking for the group was to streamline and develop a training budget for 2016. Eventually, the JTC will be tasked with developing ideas for new training initiatives and approving any special requests that come from the ports throughout the year. ▶

MITAGS UPDATE

MITAGS (Maritime Institute of Technology & Graduate Studies) is a training site where the ILA and USMX send workers to hands-on and simulator-based instructional classes for RTG & crane training, as well as for specialized maintenance and repair (M&R) classes. The training offerings at MITAGS range from 4-day refresher courses for crane and RTG to full two-week classes for inexperienced crane training and for M&R in the fields of diesel electric generator and container refrigeration. The maintenance courses provide EPA certification for those mechanics who require the certification. In 2015, the industry sent a record 142 students to MITAGS, surpassing the 125 who attended in 2014. Those students who are approved for training by the CFS Trust Fund are provided transportation to and from MITAGS, along with on-campus room and board, at no cost to the student. The MITAGS facility is centrally located in Linthicum Heights, MD, a suburb of Baltimore. ▲



Maritime Institute of Technology & Graduate Studies (MITAGS)



The MITAGS campus includes a hotel and conference center (left), along with an academic building (right front) and a simulator building (right rear), featuring state-of-the-art training simulators.

MANAGEMENT-ILA (MILA) MANAGED HEALTHCARE TRUST FUND



ABOUT MILA

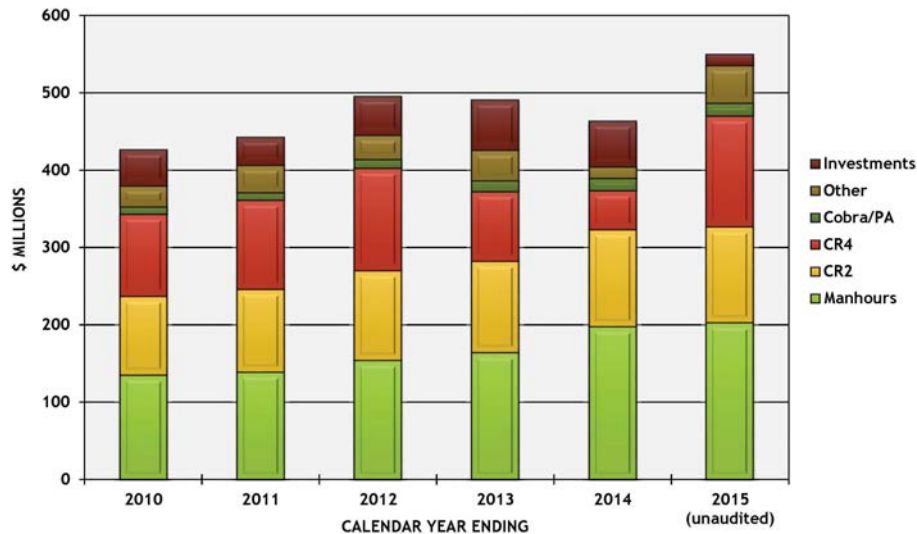
The Trustees of the Management-International Longshoremen's Association (MILA) Managed Health Care Trust Fund, with equal representation from management and labor, have established the MILA National Health Plan as the healthcare plan to provide medical, behavioral health and prescription drug benefits for more than 60,000 active and retired ILA members and their qualified dependents who are covered under the Master Contract, which has been negotiated between the International Longshoremen's Association, AFL-CIO (the ILA), and the employers represented by the United States Maritime Alliance, Ltd. (USMX), and for certain other non-bargaining unit employees as recognized by the Trustees.

THE AFFORDABLE CARE ACT (ACA)

The year 2015 proved to be an interesting one for MILA due to the implementation of the Affordable Care Act (ACA), along with all of its provisions, legislative mandates and submission deadlines. In addition to the regularly scheduled quarterly meetings of its Board of Trustees to review the finances and the performance of the fund, the MILA organization has worked to ensure compliance with all ACA requirements. MILA communicates with its members and has provided information and guidance regarding the MILA plan, and has worked diligently to keep them abreast with respect to the applicable ACA provisions and requirements, including preparing and distributing a new Summary Plan Description, in compliance with ACA requirements. The Trustees appreciate the hard work of Ms. LaVerne Thompson, MILA's Executive Director, and her staff, in meeting all required ACA deadlines and mandates. ▶

MANAGEMENT-ILA (MILA) MANAGED HEALTHCARE TRUST FUND *(continued)*

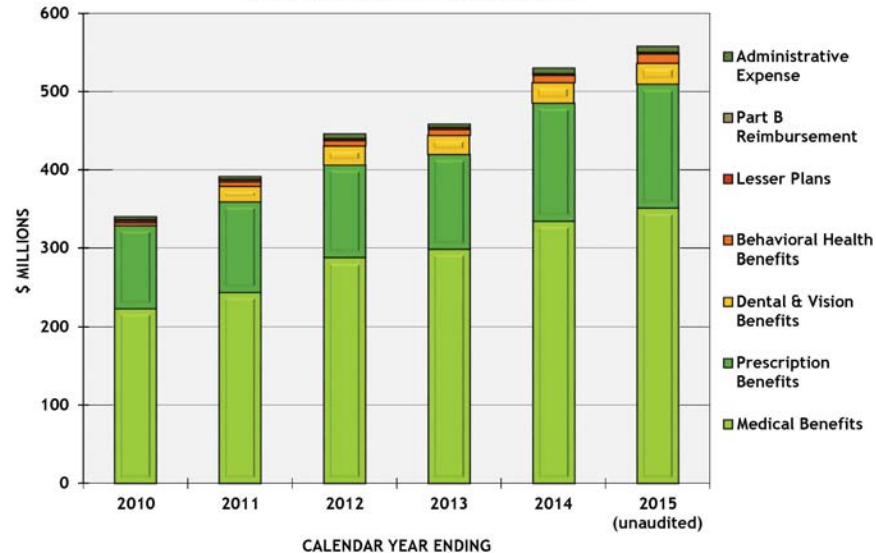
MILA CONTRIBUTION CATEGORIES
LOOKBACK: 2010 THROUGH 2015



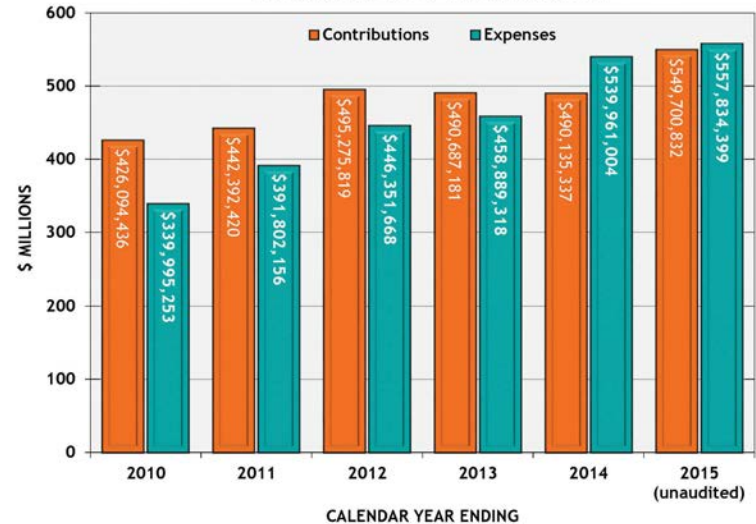
MILA FUNDING

MILA is funded primarily through an assessment on all manhours worked by ILA employees as well as through a tonnage assessment on all containerized cargo moving through the ports on the U.S. East and Gulf coasts, as part of the ILA-USMX Master Contract agreement. Additionally, non-bargaining unit employees pay a premium established by the Trustees for their coverage. ▲

MILA EXPENSE CATEGORIES
LOOKBACK: 2010 THROUGH 2015



MILA CONTRIBUTIONS VS. EXPENSES
LOOKBACK: 2010 THROUGH 2015



CONTAINER ROYALTY FUNDS

CONTAINER ROYALTY 5 (CR5) TRUST FUND

Effective with the Master Contract extension agreement that covered Contract Years 2009 through 2012, CR5 was instituted to address the downturn in the economy that dramatically affected the ability of the local ILA welfare funds to meet their obligations under the Master Contract. CR5 also replaced the automatic payments that were made to the ports under the previous Master Contract's Container Royalty CAP Program.

CR5 allows the industry to be able to direct funds as needed to those local welfare funds that demonstrate a shortfall in funding based on a pre-approved list of criteria. Like the various other Master Contract Trust Funds, the CR5 Fund is funded through a carrier assessment, and is jointly administered by Trustees from the ILA and USMX. ►

CR5 continues to play an integral role in management's ability to meet its funding obligations under the Master Contract. The demand for CR5 has grown as a result of the increasing obligations (primarily Vacation and Holiday benefits) due to new hires qualifying for benefits and the wage progression impact. Master Contract tonnage volume increases have covered this requirement, but concern remains due to the "relatively flat" forecast expected in 2016.

In the Contract Year that ended September 30, 2015, CR5 paid out over \$43,500,000 in applied-for assistance in addition to the automatic payments required under the Master Contract. Under the new Master Contract, the ability exists for the Trustees to adjust the CR5 assessment as needed, either up or down, during the term of the agreement. For the contract year starting October 1, 2015, the Trustees agreed to continue the current CR5 assessment at \$0.70/ton. ▲

CONTAINER ROYALTY FUNDS

CONTAINER ROYALTY CENTRAL COLLECTION FUND (CRCCF)

The CRCCF had an extremely busy year. Programming efforts for the new system were finalized in early 2015. Following a period of in-house system testing and adjustments, a controlled rollout to bring our Carrier membership online was implemented in July. The rollout was not completely flawless, but the minor issues that occurred were quickly rectified. By year's end, CRCCF had achieved a rate of greater than 90% of all USMX Carriers fully compliant and reporting live in the CRCC system. In preparation for the coming year, we continue to refine and modify the system and processes and expect that Carrier participation will reach 100%, and we look forward to the implementation of an automated add-on improvement piece for CFS credits. ▲



The officers of the CRCCF are pictured (left to right): President Charles W. Flynn, Vice President Eileen M. Mackell, and Vice President Paul J. McCarthy.

ABOUT THE FUND

Under terms of the current Master Contract, the ILA and USMX agreed to establish the CRCCF. The fund is tasked with the development of a comprehensive system to automate the intake of carrier shipping reports, track carrier delivery tonnage on incoming and outgoing vessels, invoice carriers on a per-voyage basis, and collect and allocate carrier payments to appropriate funds. The end state is a system that will:

- Process files uploaded by USMX carrier members into a standardized electronic format and integrate them into a database
- Interface to reporting mechanisms capable of generating management dashboards from that data and analyze it in any number of ways
- Prepare timely and accurate carrier invoices, track royalty collections, and administer funds distribution

The system will enable the ILA and local port management to more effectively schedule and manage manpower at the ports and define work associated with container verification on both incoming and outgoing vessels. The system will also provide USMX members and affiliated management with an auditable process ensuring invoice accuracy of carrier reporting with real checks directly executed by the members at the ports.

USMX MEMBER RELATIONS & PUBLIC AFFAIRS

MEMBER OUTREACH

Continuing the member outreach program that commenced in 2013, and whose tenets include robust communication and alignment on core issues with its membership, USMX maintained its agenda of holding formal meetings with its Port Association members and Direct Employer members in 2015. Two such meetings were held with updates on labor relations, the status of the various health and welfare programs, the Container Royalty Central Collection Initiative, the Caribbean Basin Initiative, a review of the progress on safety programs, updates on training programs and the standing of the various container royalty funds.

USMX stays in regular contact with its Port Association and Direct Employer members as a matter of course on day-to-day issues and concerns. It provides advice and counsel on matters pertaining to the Master Contract collective bargaining agreement as well as seeks input from its respective members on items of mutual concern.

MASTER CONTRACT BARGAINING COMMUNICATIONS

During 2015, exploratory talks were held with the ILA concerning the possibility of an extension to the current Master Contract. Prior to the commencement of these talks, the Port Association and Direct Employer members were called together to be both made aware of the potential for these discussions and to garner their input for the deliberations.

A bargaining committee was formed that included members of the Port Associations and Direct Employers to meet with its labor colleagues to delve into the prospect of an extension. As such, it was expected that these management groups would keep their constituents apprised of the progress and tenor of the extension deliberations.

PROGRAM EXPANSION

A key component of USMX's mission is maintaining a strategic view of the future direction of the industry and how that view impacts the goals of the enterprise. To best do that, it is imperative that USMX has constant, direct communication with its membership on a wide variety of pertinent subjects at the local, national and international level. It then falls to USMX to translate the knowledge gained from that communication into a plan of action that is most advantageous to its members. It is one of the goals of Member Relations to be the communication conduit that allows the organization to understand the aspirations of all of its members so that the organization's actions

are in alignment with its members' wishes. To that end, in 2016, USMX will expand its outreach program so that it meets with each of its individual member companies. It will continue site visits on a routine basis to discuss items of both national and local concern. It will provide the forum for vigorous discussion of topics of mutual concern.

PUBLIC AFFAIRS

The Public Affairs program of USMX focuses on items of both national and local importance to its members and to the maritime industry.

2015 was an extremely active year in the public affairs arena. Because of the prolonged West Coast labor negotiations and the effects that those discussions had on the United States' economy, there was national interest on port operations. Coupling this with continued angst over congestion issues, the maritime industry remained in the national spotlight throughout the year.

Many industry sectors weighed into Congress with their concerns about potential disruptions to the supply chain because of port related issues. These concerns translated to several legislative initiatives being introduced.

- Senator J. Thune (R SD) introduced the Port Performance Act, a bill that provides for certain port metrics to be obtained and reported for the top 25 ports in the United States.
- Sen. C. Gardner (R CO) introduced the Protecting Orderly and Responsible Transit of Shipments (PORTS) Act, which among other items, would give something akin to Taft-Hartley Authority to Governors of States. A similar bill was introduced into the House of Representatives by Congressman D. Reichert (R WA).
- Congressman J. Risch (R IN) introduced the Preventing Labor Union Slowdowns (PLUS) Act, which pertains to union slowdowns.
- Congressman D. Newhouse (R WA) introduced the Ensuring Continued Operations and No Other Major Incidents, Closures or Slowdowns (ECONOMICS) Act, which provides for a Board of Inquiry into labor slowdowns.

Of these bills, only the Port Performance Act, in revised form, made it into law as part of the Fixing America's Surface Transportation (FAST) Act, which was passed by Congress in December 2015. A committee is currently being formed by the Bureau of Transportation Statistics to determine exactly which metrics are to be reported on an annual basis. ►

The FAST Act itself is a comprehensive piece of legislation with numerous provisions of interest to the maritime community. A summary of select port and freight provisions follows:

FAST ACT 2015 Select Port/Freight Provisions	
Port Performance Statics Program <ul style="list-style-type: none"> • Develops metrics on the top 25 ports to be reported annually 	Congestion Mitigation and Air Quality Improvement Program <ul style="list-style-type: none"> • Expands port eligibility
State Freight Advisory Committees <ul style="list-style-type: none"> • Each state to establish a freight advisory committee 	Transportation Infrastructure Finance and Innovation Act (TIFIA) <ul style="list-style-type: none"> • Authorized at \$1.45 billion over 5 years
National Highway Freight Program <ul style="list-style-type: none"> • \$6.3 billion budget over five years • Includes National Highway System freight intermodal connectors 	Customs Fee Indexing <ul style="list-style-type: none"> • Fees are to be indexed to inflation
National Freight Strategic Plan <ul style="list-style-type: none"> • Plan is to be developed in two years and revised every five years 	Delay in Goods Movement Study Within one year, USDOT Inspector General is to report to Congress on: <ul style="list-style-type: none"> • Average delay of truckers before loading/unloading at ports <ul style="list-style-type: none"> ➤ Impact of such delays ➤ Mitigation of such delays
National Multimodal Freight Network <ul style="list-style-type: none"> • To include freight rail systems, public ports of at least 2 million tons and inland and intracoastal waterways 	

In another piece of legislation of great interest to our members, the Consolidated Appropriations Act, the implementation of the so called “Cadillac Tax” has been delayed for two years. It is projected that our MILA program will at some point be subject to this tax.

Several years ago, USMX identified areas of focus in the public sector. USMX continues its involvement in these areas as outlined below.

- Funding levels for Harbor Maintenance have been increased to \$1.246 billion which is above the target levels set by WRRDA 2014 and represents an approximate 67% usage of the Harbor Maintenance Tax.
- Regarding the Department of Customs and Border Protection, while certain funding levels have been decreased, the budget for non-intrusive screening devices has been increased by \$86.5 million.
- Pension reform legislation was enacted in late 2014.

Regarding 2016, USMX anticipates that the metrics provisions of the FAST Act will continue to be a topic of debate as will enactment of the container weighing provisions of the Safety Of Life At Sea (SOLAS) Act as amended in 2014.

Additionally, the Federal Maritime Commission is expected to continue its activity in port demurrage and port congestion concerns. ▲

2015 PORT ASSOCIATION SUMMARIES

PORT OF BOSTON



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

In 2015, the Port of Boston showed steady improvement over 2014 throughout its three terminals.

CONLEY TERMINAL (CONTAINERS)

- Broke its record for annual volume in fiscal year 2015, processing over 221,000 TEUs
- Largest container ship (8,000 TEUs) to call Conley was worked in 2015

BLACK FALCON TERMINAL (CRUISEPORT BOSTON)

- Cruise business attracted more than 328,000 passengers in the 2015 cruise season 2015 — a 4% increase over 2014
- Cruiseport is preparing for its 30th Anniversary in 2016 and will welcome the Disney Magic as it makes its first call

BOSTON AUTOPORT (AUTOMOBILES)

- Total auto numbers (59,409 units) were down 2% in 2015
 - » Import units were up 11%
 - » Export units were down 22%

BOSTON FISH PIER

- 94% of processing spaces are now occupied, up from 67% three years ago

MASSPORT MARINE TERMINAL (NORTH JETTY)

- Massport is currently seeking bids for 23 acres it controls on the South Boston waterfront
- The land needs to be devoted to Maritime industrial users
- Included in the land is a ship berth known as the North Jetty, which must be preserved for use as a berth, as well as a stipulation and a freight railroad track to be preserved ▲

PORT SAFETY

During the last five years the Port has concentrated on improving port safety via:

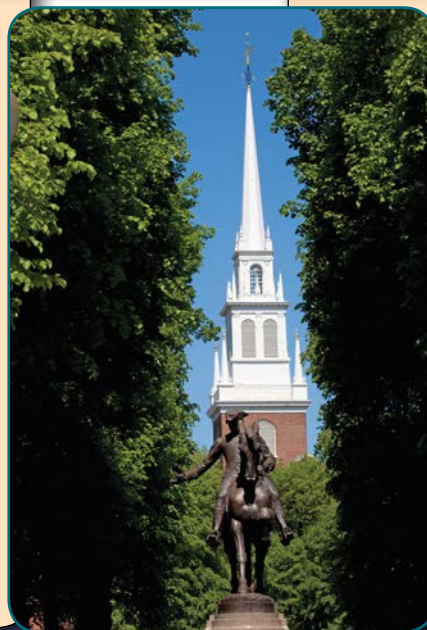
- Massport's efforts to create a visible safety position at Conley/Black Falcon
- Enforcement of safety rules at the worksite
- BSA's efforts to secure safety funding from USMX to help fund safety training
- To see how Boston ranks against the other ports in the frequency of lost-time incidents, please see the comparative graphic *Lost Time Incident Frequency Rates (LTIFR) for All USMX Member Ports* on Page 11 of this report ▲



DREDGING

Massport, in partnership with the U. S. Army Corps of Engineers (USACE), is currently working with state and federal officials to dredge the Boston Harbor in preparation for the "big" ships (over 14,000 TEUs) being deployed by ocean carriers, particularly with the opening of the expanded Panama Canal. The three-year project, comprising two components (maintenance dredging and improvement dredging) will double the volume at Conley Terminal.

- Overall project costs estimated at \$300 million
- \$170 million funded by Federal government
- \$130 million pledged by Massport and the Commonwealth of Massachusetts
- Significant time and money has been spent by Massport, Boston Shipping Association, Port of Boston Propeller Club and the Boston Marine Society to ensure the support and completion of the dredging project, in light of President Obama's 30% budget reduction to the funding of USACE's Civil Wake Program, and the expansion of Conley Terminal ▲





PORT PRODUCTIVITY

During the last round of collective bargaining, the new local contract included a production incentive agreement designed to increase productivity in the Port. The incentive program continues to prove itself a key element for continued port growth.

- Since its inception in 2013, crane productivity has steadily increased by 18% to 30.9 gmph
- Increased production has led to zero terminal congestion, even through record snowfalls in 2015
- Truck turn times round out excellent port service levels, averaging about 31 minutes for all transactions
- Highlights of the incentive program are outlined herein ►

VIII. PRODUCTIVITY/GUARANTEE PARAMETERS OUTLINE

A. How to factor the guarantee:

Guarantee = total containers to be discharged, loaded and restowed/production rate

- Production rates will be equal to:

- » 2013: 26 gmph
- » 2014: 27 gmph » 2015: 28 gmph
- » 2016: 29 gmph » 2017: 30 gmph



- The productivity scale above can only be raised by 1 if there is an increase in vessel moves of 5% compared to the previous year
- The year starting on April 1st and reviewed by Management and Labor annually on this date
- Management shall also provide quarterly reports of vessel movers to Labor and review them together
- If the vessel moves decrease by 5% compared to the previous year, the denominator/divisor will be reduced by one (1)
- Gang guarantees will be communicated at the time of the posting as calculated above
- If a guarantee is formulated to a fraction of an hour, the guarantee will always be rounded up to the nearest hour (guarantee based on moves comes out to 8.37 hours; the gang shall receive a 9-hour guarantee)
- For the first year of the contract, each gang's guarantee time will be determined by dividing the number of containers to be discharged, restowed and loaded by 26
- The denominator/divisor number will never be greater than 30 and never lower than 26 (excluding the 1st year) ▲

2015 PORT ASSOCIATION SUMMARIES

PORT OF NEW YORK AND NEW JERSEY

Summary Report by

New York Shipping Association
John J. Nardi, President



CONTAINER VOLUME GROWTH & PRODUCTIVITY

During our fiscal year in 2015, the Port of New York and New Jersey saw a 12% increase in overall Container Volume. When you look at this growth in absolute terms, that's an increase of over 300,000 containers. Similar to other East Coast Ports, we were the beneficiaries of the issues facing the USWC but even after the USWC dispute was over, the good news is that the volume stuck. Even today we continue to see year on year growth, albeit more moderate.

The really good news is that for the most part we've handled this growth without the significant delays and congestion seen during prior years especially during the summer where this port had gained a reputation for chronic shortages. Productivity is slowly coming up and although there's a long way to go we can see improvements. Prior to 2015 the default reason for not being able to improve productivity in the port was a lack of people. More specifically, a lack of skilled, trained, people. That is no longer the case. In 2015 we were able to bolster the labor force to a level where we could finally implement some of the basic programs to improve operations such as our revised absentee program and our contractual Productivity Improvement Teams. In 2016 we will seek to implement the relief gang system required to work the mega vessels which will come in greater numbers when the Bayonne Bridge is raised. Over the past twenty four months, the port has added 952 workers to the workforce. This increase is comprised of 682 Longshoremen, 115 Checkers and 155 Mechanics. Nearly 60% of the new longshore and clerical positions are minorities and additionally, over 400 of these new workers are Military Veterans. ▶



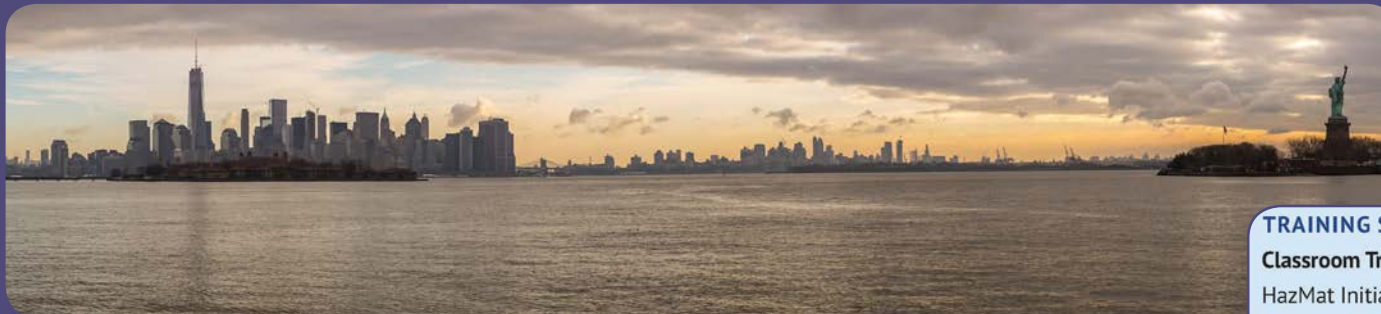
NYSA AS VETERAN-EMPLOYING ORGANIZATION

In 2015 New York Shipping Association (NYSA) was recognized as one of the top Veteran Employing Organizations in the State of New Jersey by both the Employer Support of the Guard and Reserve (ESGR) with their Seven Seals Award as well as the Department of New Jersey American Legion. These are awards which we are very proud to have received. Additionally our training efforts have been non-stop over the past two years to bring these dedicated new workers and existing workers up to speed.

CHALLENGES IN 2015

2015 did have some frustrating setbacks. One of these was the New Jersey Governor's veto of S2277, a bill which would have moved the responsibilities of the Waterfront Commission of New York Harbor (WC-NYH) to the NJ State Police for business in New Jersey. Over 85% of the NYSA man hours in the Port of NY&NJ take place in New Jersey, so this would be a logical step in the evolution of the business of the Port. S2277 passed the New Jersey Legislature unopposed. Although the Governor vetoed the legislation for technical reasons, in his veto he said that the WCNYH was in need of modernization. In 2016 we intend to hold him to his word. ▶





COUNCIL ON PORT PERFORMANCE

Labor supply was only one aspect of the challenges facing the Port in 2015. To address many of the other issues, The Port Authority of NY&NJ and NYSA created the Council on Port Performance (CPP). The CPP in effect is the implementation team for the 23 recommendations identified by the Port Performance Task Force (PPTF) in 2014. Like the PPTF, the CPP is a volunteer group of diverse industry stakeholders representing the industries which operate in the port. I can't stress enough how fortunate we are as a port community to have these concerned volunteers and how important they are to the evolution taking place in the port preparing for future cargo growth. NYSA is Co-chair of the CPP along with the Port Authority of NY&NJ.

On the CPP we have 4 Implementation Teams. These are an Equipment team, a Rail team, a Gate Operations team and a Customer Care team. We also have a Government and Community Outreach team to communicate with the industry and outside world. We meet on a regular basis and will continue to do so in 2016.

In 2015 the CPP had quite a few implementation successes, such as:

- The Terminal Information Portal System (TIPS). This website provides streamlined access to information on container availability, booking status, vessel schedules and empty returns for all terminals.
- A Trucker Resource Guide Book which focuses on how to navigate through the Port of NY/NJ's six marine terminals to ensure a successful visit, including important phone numbers, a list of Do's and Don'ts, FAQs, and terminal maps. This guide is available in multiple languages.
- A port-wide Winter Weather plan and a Customer Service database.

The CPP continues to work on the other Tier One recommendations. These are, namely the Chassis Management System, and a Truck Management System Implementation (AKA Appointment system). We're hopeful on moving these complex initiatives forward. NYSA and our members are actively involved in many of these working groups.

The challenges faced in 2015 will not become any easier in the 2016 or the foreseeable future. The delay of the Bayonne Bridge buys the industry a bit more time. Time to prepare and progress the initiatives identified to handle the cargo from the mega-vessels expected to call our port more frequently. We need to stay the course and stay focused on our priorities. ▲

TRAINING SUMMARY 2015

Classroom Training Contract Year 2015

HazMat Initial/Refresher	1,290
Respect & Dignity in the Workplace	111
New Employee Orientation	192
Vessel Gang Training	278
PPGU Security Officer Training	6
PPGU WC Annual Refresher	302
TOTAL	2,179

EQUIPMENT CERTIFICATIONS – CONTRACT YEAR 2015

	New Certifications	Re-Certifications
Forklift	200	825
Hustler	277	806
Stacker	31	157
Empty Handler	82	182
7-High Stacker	39	26
Reach Stacker	27	83
Toploader	67	187
Empty Double/Twin Pick	49	0
Noell Straddle Carrier	49	137
4-High Noell Carrier	52	18
Yard Carrier	40	5
Ship Straddle	121	76
Crane	32	110
Shuttle Sprinter	35	0
Rubber Tire Gantry	36	37
Rail Mounted Gantry	11	0
Transtainer	50	58
MOL Train	19	7
Material Handler	17	22
Kone Crane	16	19
Mijack	22	0
TOTALS	1,272	2,755

Note: Equipment Training is accomplished by an independent training company, as well as, at all employer terminals using certified ILA Trainers.

2015 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 South-eastern 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 (Philadelphia, Southern New Jersey, Wilmington, DE). ▶



MANHOURS UPDATE

For the contract year ending 9-30-15, ILA manhours worked in the Ports of the Delaware River, including Philadelphia, Southern New Jersey and Wilmington, DE, totaled 1,767,037, compared with 1,570,028 total manhours in 2014. The chart below, *TOTAL ILA MANHOUR COMPARISON BY YEAR*, provides a 10-year lookback from contract years ending 9-30-06 through 9-30-15. The PMTA, its employer members, and the ILA appreciate the continued support of USMX and the Carrier members who call the Ports of the Delaware River. ▼



TRAINING

With this growth comes the need for additional trained and skilled ILA Labor. In 2015, the PMTA initiated roughly 300 physicals for new employees. In addition, the PMTA is now working with Port Technical Training Institute to train and PIT certify all of our employees. Shortly, the PMTA will be sitting down with our partners in the ILA to institute a new hiring process that will enhance the quality of new labor. ▶



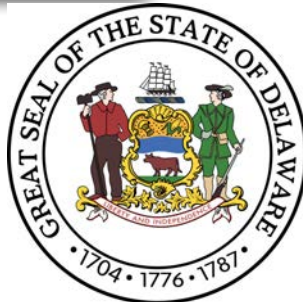
AUTOMATED HIRING SYSTEM

We continue to work on updating our Automated Hiring System to streamline the hire and make it more effective and efficient. Currently, our starting times for Master Contract Vessels range from 0700 to 0100 on the hour. We place work orders daily including weekends and holidays. The PMTA-ILA Local Contract continues to be the most user-friendly contract up and down the coast. When you combine this with high levels of productivity, the Ports of the Delaware River offer some of the quickest turnaround times for any vessel arriving in our Ports. ▼



IMPROVEMENT PROJECTS

Not only are the PMTA and the ILA in the Delaware River doing their part to support faster turnaround times for vessels, there are projects underway in Philadelphia, Southern New Jersey and Wilmington, Delaware to add more terminals. These projects along with the continuing Channel Deepening Project make the Ports of the Delaware River an attractive place to handle the cargo Carriers have available. For further information on these projects and more, please visit our website at www.pmta.com and follow the links to the Philadelphia Regional Port Authority, South Jersey Port Corporation or Diamond State Port Corporation. ▲



2015 PORT ASSOCIATION SUMMARIES

PORT OF BALTIMORE

Summary Report by

Steamship Trade Association of Baltimore

Michael P. Angelos, President



CARGO UPDATE

Another strong year for the Port of Baltimore with over 9.6 million tons of general cargo handled through the public marine terminals in 2015. General cargo includes automobiles, roll-on/roll-off, containers, forest products, and breakbulk cargos.

Autos

Although down slightly from its record-setting year in 2014, the Port of Baltimore's 753,000 cars through both its public and private auto terminals kept it at the top of U.S. Ports ranking for the fifth consecutive year.

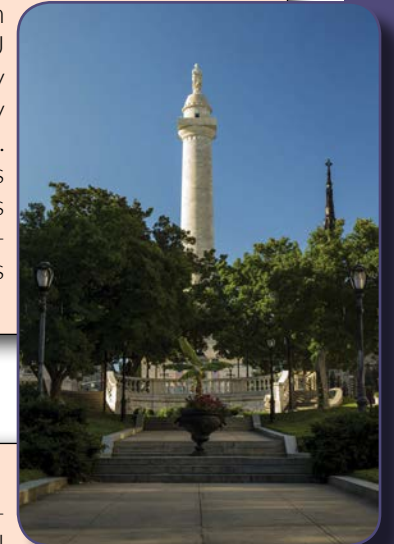
Baltimore's success as the premier U.S. auto port is due in large part to its geographic location as the closest East Coast port to the Midwest, its industry-renowned quality program QCHAT, and four on-dock auto processors ready to serve OEM customers. ▶



Containers

The Port of Baltimore experienced a record year in 2015 with more than 523,000 containers handled at the public marine terminals, an increase of over 8% from 2014. Averaging nearly 40 container moves per hour per crane and gate activity less than 30 minutes per truck move, Baltimore has proven itself to be an industry leader in efficiency. Further underscoring this point, the Port was recently recognized by the *Journal of Commerce* as the most productive port in North America.

Its infrastructure, water draft and air draft can accommodate 14,000 TEU vessels and has been ready for the opening of newly expanded Panama Canal locks. A growing list of shippers is reaping Baltimore's benefits in efficiencies and market access through a facility that has ample capacity. ▼



Forest Products

With its damage-free reputation, state-of-the-art warehouse, quality rail, operational efficiencies, existing deep water drafts, and proximity to large consumer groups, Baltimore has consistently been a leading forest products port. Continued changes in this industry are shifting product demand and port selection. In 2015, packaging materials were a growth area and paper saw an increase of 20%. Lumber was relatively unchanged, but pulp was down significantly by 40%. Thus, the overall commodity sector saw a reduction of approximate 15% in tonnage handled. Across the U.S., demand for these products remains strong and Baltimore is positioned well to accommodate a returning shift in supply chain routing. ▶





Roll On/Roll Off

In terms of market share, the Port of Baltimore remains the top U.S. port for handling farm and construction equipment. As seen in 2014, manufacturing location shifts and worldwide demand has continued to ebb, particularly in the mining and construction sectors. Overall weakened global economies have presented challenges in this commodity and tonnage was down by 11% in 2015.

The Port of Baltimore's excellent reputation for efficiency and quality in handling RO/RO has been an effective counter-balance for maximizing cargo volume. Carriers and shippers enjoy these benefits, often choosing Baltimore as their first point of entry. Baltimore's large and diverse group of competing carriers speaks volumes to the Port's overall operational capabilities while its geographic location to the Midwest makes it a convenient seaport for the world's leader RO/RO manufacturers. Baltimore will also hold its 20th annual RO/RO Rodeo this year, a marquis event and first of its kind that brings manufacturers together with labor for multi-day training sessions. ►



Break Bulk

There is still a continued trend to convert traditional break bulk products to containers when possible, allowing shippers to take advantage of more competitive pricing and an abundance of global shipping routes. However, Baltimore's investments of increasing heavy-lift capacity and providing on-dock rail for direct ship-to-rail operations helped reverse a previous decline in this commodity with a nearly 3% increase in tonnage handled in 2015. Project shippers enjoy three (3) new heavy lift pads with a rating of 32.5 tons per axle per pad and on-dock crane capacity that can hoist nearly 400 tons.

The Port of Baltimore handles break bulk cargo such as wind energy components, transformers, locomotives, boilers, refinery and energy production components. Bulk commodities also handled include road salt, molasses, slag, and liquid products that saw an overall increase of over 49% in 2015. ▲



2015 PORT ASSOCIATION SUMMARIES

PORT OF HAMPTON ROADS

Summary Report by

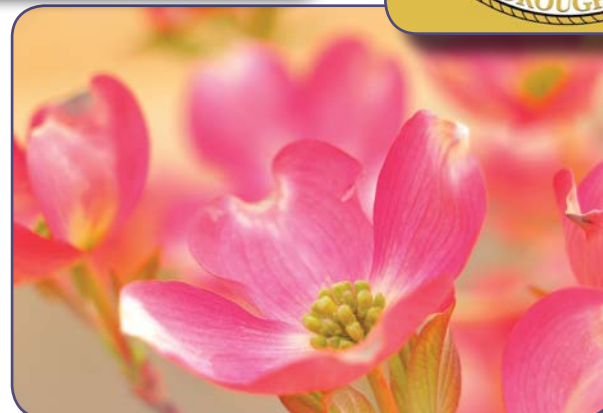
Hampton Roads Shipping Association

Roger J. Giesinger, President



ABOUT HRSA

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 2015, the Port of Hampton Roads saw a 10.8% increase in manhours
- In 2015, tonnage increased more than 2% over 2014
- HRSA hired over 300 longshoremen in 2015 ▼



UPCOMING PROJECTS

Governor Terry McAuliffe's 2016-2018 biennium budget included a bond package with \$350 million dedicated to infrastructure investments that will allow the Port of Virginia to continue to compete and grow. The \$350 million state investment received the necessary legislative support during the 2016 General Assembly session.

The project creates 30 automated container stacks at Norfolk International Terminals, with the first completed by 2017 and all completed by 2019, converting NIT South to a Rail Mounted Gantry operation and increasing capacity by 46.34% from 1.4M TEUs to 2.1M TEUs without increasing NIT's existing footprint. This project is paired with other infrastructure improvements already underway at NIT, including a new 26-lane motor carrier gate and rail improvements to increase access and velocity of cargo coming and going by rail. ▲



2015 PORT ASSOCIATION SUMMARIES

PORT OF CHARLESTON

Summary Report by

South Carolina Stevedores Association
George W. Adams, Jr., Executive Director



2015 MEMBERSHIP

The South Carolina Stevedores Association (SCSA) represents the following companies:

Operating Direct Employers

- Ceres Marine Terminals
- Ports America
- Shippers Stevedoring
- SSA/Cooper

Associate Members

- Charleston Gate Company
- Charleston Line Handlers



PORT PROJECTS

Harbor Deepening

The project reached a key milestone in September 2015 with the USACE's issuance of the Chief's Report, their final substantive approval required for deepening to progress through construction. The construction phase is expected to begin in 2016 and will deliver a channel depth of 52 feet and entrance channel depth of 54 feet, as well as enlarged turning basins.



Hugh K. Leatherman, Sr. Terminal

- Construction is underway on SCPA's new container terminal, which will increase our container capacity by 50 percent. It is currently the only new permitted container terminal under construction on the East or Gulf coast, and Phase I of the project is expected to be completed by 2020. The estimated construction cost is approximately \$700 million in SCPA capital funding, with a state-funded \$225 million dedicated access road from the interstate onto the new terminal site.

SC Inland Port

- The SC Inland Port opened in October of 2013 to improve the efficiency of international container movements between the Port of Charleston, South Carolina Upstate and neighboring states. In partnership with Norfolk Southern, the \$50 million SCPA-funded project utilizes an overnight train service to handle double-stack container trains to and from the Port of Charleston's productive seaport facilities.

Existing Terminal Modernization & Infrastructure Projects

- SCPA will invest \$600 million in projects to existing terminals, including the Wando Welch strengthening project, which will deliver structural upgrades to SCPA's busiest container terminal to handle the frequency of post-Panamax vessels calling Charleston. ▶



LOCAL NEGOTIATIONS

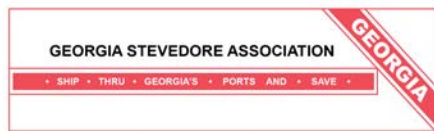
- Unions called for a vote during a Pension and Welfare meeting to raise Pension payouts an additional \$8.00 per year of service. Motion deadlocked and was set to go to Arbitration. Unions withdrew Arbitration request one (1) week before they were scheduled to start
- A Saturday gate was negotiated to allow for continued operations from 0600 – 1300
- Construction at the Wando Welch Terminal began on Oct. 1, 2015 and will last three (3) years. This will cause berth congestion at times so a Set-Back Agreement was negotiated with the Locals
 - » This agreement allows for the option to set-back start times two (2) hours beyond the ordered start or to the next scheduled start time
 - » This agreement only applies to the Wando Welch Terminal
 - » The cancellation clauses in the CBA remain the same
- We are still awaiting a go-live date for the Automated Gate system. It will be rolled out to the Inland Port first, which is expected to be in the late second or third quarter of 2016 ▲



2015 PORT ASSOCIATION SUMMARIES

PORT OF SAVANNAH

Summary Report by
Georgia Stevedore Association
Norman L. Massey, President

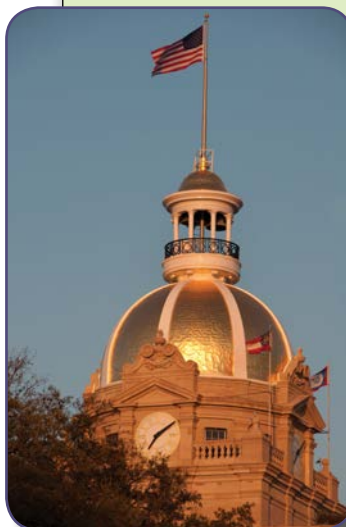


FACTS ABOUT OUR PORT

- Savannah is the largest single-container terminal in North America; the fourth busiest container terminal in the U.S., and the second busiest on the East Coast

Fiscal Year 2015

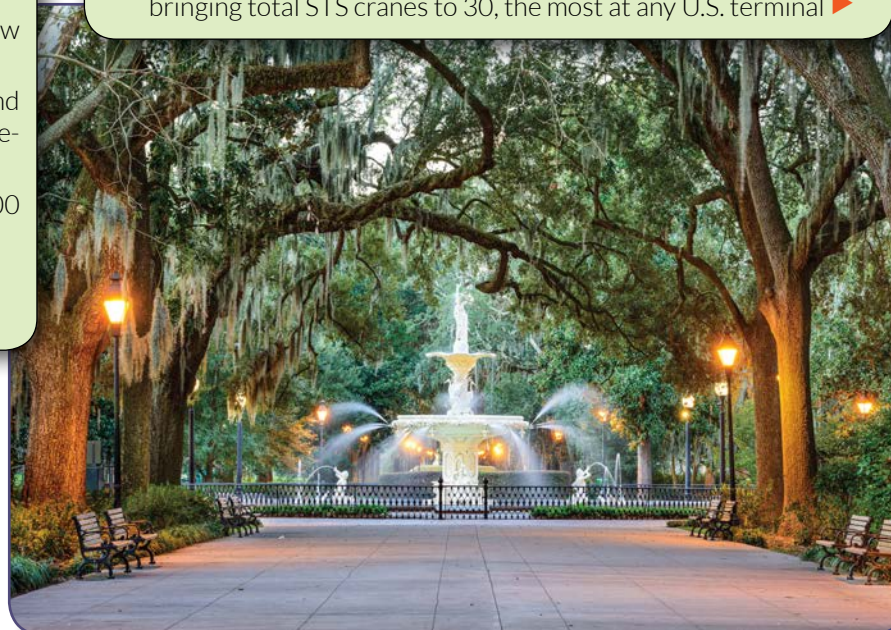
- Trade ratio: 51% Exports to 49% Imports
- 3.7 million TEUs (a new record), up 17% from FY2014
- 1,887 vessel calls
- 369,347 intermodal containers (a new record), up 11% from FY2014
 - » 15-year CAGR (compound annual growth rate) Savannah grew 9.4%, double the next-fastest growing port



- Savannah's 5-year growth was 26.9% and its total tonnage growth over the same period was 20%
- Container Capacity: Up 13%, with 21,000 additional TEU slots created
- Refrigerated units: Up 1.2%
- Vessel moves/hour: 35 ▶

FACTS ABOUT OUR PORT *(continued)*

- Non-Container
 - » Total GPA tonnage: Up 8% to 31.7 million tons (new record)
 - » Bulk cargo: Up 8% to 2.9 million tons
 - » Breakbulk: Up 8% to 2.8 million tons
 - » RO/RO: Up 2% to 714,018 units
- Investment
 - » Past decade: \$807 million
 - » Next decade: \$1.9 billion
- Empty Container Yard
 - » 3.1 million square feet of warehouse space under construction for distribution centers
- The Port of Savannah features the largest concentration of distribution centers along the East Coast
- Ship-to-Shore (STS) Cranes
 - » Four (4) new Super Post-Panamax STS cranes will be operational in Fall 2016
 - » An additional four (4) STS cranes will be delivered in Spring 2018, bringing total STS cranes to 30, the most at any U.S. terminal ▶





FACTS ABOUT OUR PORT *(continued)*

- New empty depot yard now operational
 - » Increases container space by 8%
 - » Adds >15,000 TEU slots
 - » Speeds movement/efficiency
 - » Enables repair of empties on terminal
- New Gate 8
 - » Will process 1/3 of all trucks
 - » Provides more direct access
 - » Distributes truck traffic more evenly
 - » Offers immediate access to new empty container yard ▶



SAVANNAH HARBOR EXPANSION PROJECT (SHEP)

- SHEP Update
 - » \$300 million in funding in place (state share fully funded)
 - » Inner harbor depth: 47 feet at mean low water
 - » Outer harbor: To be extended by 7 miles
 - » Twice-daily high tides will increase inner harbor depth to 54 feet
 - » SHEP will allow 14,000-TEU-size vessels to transit the channel unimpeded by tidal restrictions ▲



2015 PORT ASSOCIATION SUMMARIES

PORT OF JACKSONVILLE

Summary Report by

Jacksonville Maritime Association

James R. Gray, Jr., Executive Director

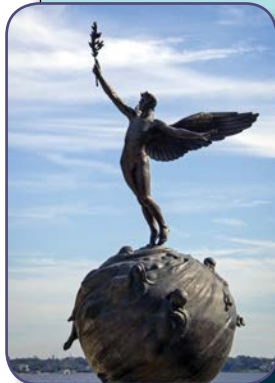


The Jacksonville Maritime Association
JACKSONVILLE, FLORIDA

ABOUT THE JACKSONVILLE MARITIME ASSOCIATION

The Jacksonville Maritime Association negotiates and administers both the local and district contracts and all issues that arrive from them to include equipment and hazmat training, safety, certifications, port issues, drug policies and testing, local benefits, such as pensions, and weekly indemnity. Jacksonville anticipates growth in the following areas:

- New container business
- Automobiles
- Breakbulk cargoes ►



PORT OF JACKSONVILLE OVERVIEW

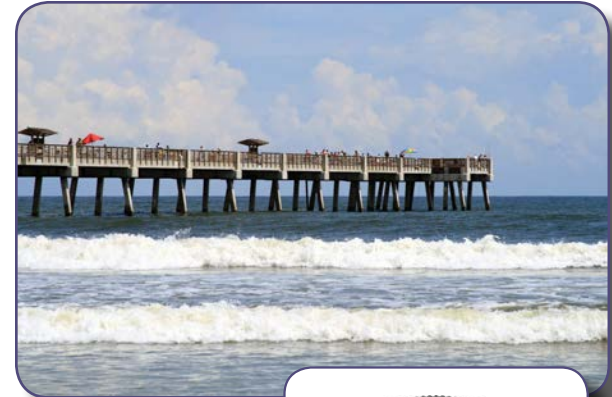
Three terminals, owned and managed by the Jacksonville Port Authority (JAXPORT), make up the Port of Jacksonville: Blount Island Marine Terminal, Dames Point Marine Terminal and Talleyrand Marine Terminal.

- The terminals feature 18 container cranes, on-dock refrigerated and freezer warehousing, outstanding intermodal connections, and Foreign Trade Zone status
- Jacksonville's location at the crossroads of three (3) major railroads (CSX, Norfolk Southern and Florida East Coast Railway) and three (3) interstate highways (I-95, I-10 and I-75) helps speed goods to market ►



JACKSONVILLE PROJECTS

- Construction began on the new Intermodal Container Transfer Facility at Dames Point. The ICTF will provide direct access to rail lines as well as I-95, I-10, I-295, and I-75 via I-10
- The Mile Point Harbor Improvement Project kicked off and is slated for completion in late 2016. The project will remove existing navigational restrictions from the St. Johns River
- JAXPORT purchased three (3) new 100-gauge cranes, which will be delivered to Blount Island in 2016 ▲



2015 PORT ASSOCIATION SUMMARIES

PORTS OF SOUTHEAST FLORIDA

Summary Report by

Southeast Florida Employers Port Association
Chuck Maravolo, Secretary/Treasurer

SOUTHEAST FLORIDA
EMPLOYERS PORT
ASSOCIATION

PORT MIAMI

Capital Improvements

- More than \$1 billion of infrastructure improvements are complete, including the Deep Dredge Project, which increased the channel depth to -50/-52 feet
- Along with the Port Tunnel and daily on-dock rail service, all critical links in the supply line are in place and have transformed PortMiami to major U.S. global gateway

Big Ships Welcome

- PortMiami is ready for the big ship era, as the only major logistics hub south of Virginia capable of handling fully-laden post-Panamax vessels

Super Post-Panamax Cranes

- PortMiami has a total of 13 cranes, six (6) of which are Super PostPanamax, allowing the Port to service megaships, with cargo capacities of over 10,000 TEUs, with increased speed and efficiency
 - » Lift capacity of 100 tons » Outreach of 223 feet » Handle ships up to 23 containers wide

Environmentally Friendly Gantry Cranes

- Gantry electrification project is complete, with newly-electrified cranes providing:
 - » Emissions-free operations » Reduction in maintenance costs » Elimination of the use of diesel fuels

On-Dock Rail

- The PortMiami-Florida East Coast (FEC) Railway connection offers the fastest access to Southeastern U.S. consumer markets and beyond

PortMiami Tunnel

- The PortMiami Tunnel improves access to and from the Port, serving as a dedicated roadway connector linking the Port with the MacArthur Causeway (State Rd. A1A) and I-395
- While providing quicker access for Port-bound trucks and automobiles, the Tunnel is designed to improve traffic flow in downtown Miami
- As part of PortMiami's sustainability initiative, the Tunnel reduces idle vehicle time as well as vehicle emissions
- By connecting the Port directly to the U.S. Interstate Highway System, the Tunnel provides rapid turnaround time for the movement of import and export goods ►



PORT EVERGLADES

Capital Improvements

- Port Everglades is undergoing \$1.6 billion worth of capital improvements to more efficiently handle increasing amounts of international cargo, and to provide cruise guests with a first-class cruise vacation experience
- Construction accounts for 9,000 immediate jobs and will result in 7,000 new permanent jobs locally and 135,000 new jobs statewide over the next 20 years
 - » Southport Turning Notch Extension & Upland Mangrove Enhancement
 - » Deepening and widening Navigational Channels
 - » Slip 2 Lengthening

Projects Completed in 2015

- Seaport & Convention Center Security Improvement Project
- Cruise Terminal 4 Renovation
- Eller Drive Overpass ▶



PORT CANAVERAL

Cruise Port

- Port Canaveral is Florida's fastest growing cruise port
- New, innovative, ultra-modern terminals enhance overall cruise experience
- Recreational facilities include Exploration Tower & Cove, harbor-side dining and retail area
- Plans are underway for redevelopment to include 250,000-square feet of retail, restaurants, an upscale hotel and outdoor amphitheater
- Port Canaveral's Jetty Park, a 5-acre oceanfront beach, includes a campground, fishing pier, boat ramps, picnic areas and food concession pavilion
- Two additional parks are also located at the Port—Freddie Patrick and Ports End and feature boat ramps and picnic facilities with viewing areas for manatees and wildlife native to central Florida
 - Current plans for this popular cruise port will double capacity over the next few years ▲



2015 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

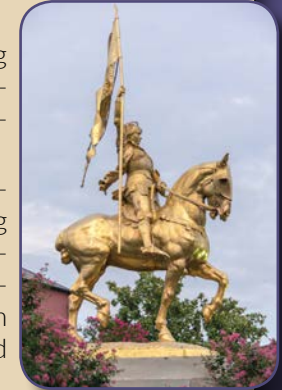
Midgulf Association of Stevedores (MAS) is a non-profit association incorporated under the laws of Louisiana with the mission of serving and assisting consenting member companies engaged in stevedoring and terminal operations in matters relating to labor contracts, labor controversies, employee training and recruitment, and representing them in negotiations with unions representing longshoremen or other employment ashore. The Association operates and maintains 361-day common hiring and training facilities for use by its members. In addition, the Association represents member employers on pension, welfare, vacation, holiday, and royalty funds, national safety matters, and master contract negotiations. ▶



PORT OF NEW ORLEANS

The Port of New Orleans was founded by Jean-Baptist Bienville in 1718 and the Board of Commissioners was officially created in 1896. The Port is the catalyst of the cultural history of New Orleans. For example, it was Dock Workers who founded the Zulu Social Aid and Pleasure Club, a major African-American Mardi Gras parade "krewe," and community organization. Also, the formation and connection of historic neighborhoods—such as Gentilly, Bywater, Pontchartrain Park and uptown, along with Milan, Irish Channel, and the French Quarter—are a direct result of the Port's growth throughout the years.

- The Port of New Orleans is connected to the world's largest port system with five (5) deep-water port authorities along a 290-mile stretch of the nation's largest river
- Ten years after Hurricane Katrina, the port is setting export records and attracting new tenants and accommodating more than 1 million cruise ship passengers per year



- The Port of New Orleans is a diverse general cargo port, handling containerized cargo, such as apparel, food products, consumer merchandise, and breakbulk cargo such as steel, metals, rubber, wood and paper
- America's most intermodal port is the nexus of an unparalleled transportation network, where multiple shipping lines, barge carriers, railroads and trucking lines distribute cargo all over the United States
- Top commodities for the Port were steel, coffee, rubber, forest products, aluminum/copper/zinc, frozen poultry and chemicals
- The Port of New Orleans is a leading port for the movement of imported steel—top origin countries include Japan, South Korea, Brazil, Turkey, Italy, Taiwan, India and China
- The Port is also the nation's top port for imported rubber—countries of origin include Indonesia, Malaysia and Thailand.
- New Orleans is the nation's premier coffee handling port, with 14 warehouses, more than 5.5 million square feet of storage space and six roasting facilities within a 20-mile radius, with two of the most modern bulk processing operations located in New Orleans ▶



2015 PORT STATISTICS

- Imported general cargo and containers increased by 15.52% in 2015 with iron and steel products at 2.6 million tons
- Exported general cargo and containers increased by 5.83% in 2015 with chemical products leading the way with 1.4 million tons
- Cruise ship passenger growth increased to over 1 million passengers
- ILA manhours for master contract year 2014-2015 were 1,189,521, a 23.1% increase over master contract year 2013-2014 ▼



FUTURE GROWTH & EXPANSION

- The Port will spend \$1.04 billion in a 3-phase expansion of Napoleon Container Facility to increase TEU capacity to 1.5 million and for better intermodal efficiency
- The Port will spend \$34 million to update the cold storage facility on Henry Clay with \$23 million in funds from the disaster recovery program of Louisiana ▲



2015 PORT ASSOCIATION SUMMARIES

PORTS OF THE WEST GULF

Summary Report by
West Gulf Maritime Association
Nathan Wesely, President



WEST GULF
MARITIME ASSOCIATION

OVERVIEW

The West Gulf Maritime Association 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. ▶



SERVICES

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.

Legislative Advocacy

The Association coordinates advocacy trips to Austin, Baton Rouge, 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.

Dispatch

The Association has created a dispatch system, allowing the stevedores to place labor orders electronically, simplify the dispatch process for the locals, and allow workers to receive job notifications by text, email, or phone. ▶

AREAS OF RESPONSIBILITY

Acting through its committees appointed from the membership, the Association has two main areas of responsibility. First, the West Gulf Maritime Association 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 West Gulf Maritime Association negotiates and administers multiemployer collective bargaining agreements with the International Longshoremen's Association. Illustrations of some of our services follow. ▼





SERVICES *(continued)*

Litigation and Administrative matters

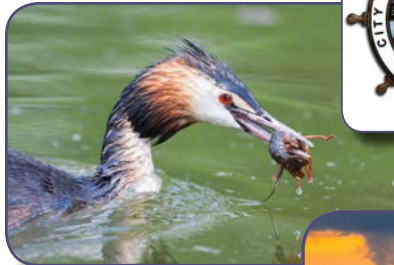
On behalf of stevedores, the Association responds to EEOC and NLRB charges, responds to unemployment claims, and represents stevedores in litigation arising out of the employment of workers under the multiemployer collective bargaining agreements.

Payroll

The Association processes all ILA payroll on behalf of the stevedores in the west Gulf. This enables detailed recordkeeping for the industry. Twenty-five (25) 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 locals, workers, and stevedores can accurately determine the certification status of each worker. ▲



2015 REPORT OF COUNSEL

During 2015, Baltimore reached agreement on its local contract but local bargaining continued in the Ports of Charleston and Mobile. USMX began discussions with the ILA to try to extend the 2012-2018 USMX-ILA Master Contract for a substantial period of time to alleviate the concerns of the shipping public after the prolonged 2014 West Coast longshore negotiations. The rising cost of medical care was a key component in the USMX-ILA contract-extension discussions, which were ongoing at year-end.

The 2014 labor difficulties on the West Coast led to a chorus of cries from the shipping public for a new approach to collective bargaining and to abandon the “hardnosed bargaining” employed by the parties that had imposed burdens and costs on the agricultural and retail industries, in particular, and on the general economy of the United States as well. The outcry from the shipping public was loud and clear and called for the federal government to enact measures to ensure that such a protracted period of labor unrest does not occur again. Several bills were introduced in the House and in the Senate in 2015, but they were met with pushback by labor.

One measure that did survive and that was signed into law in December 2015 provides for a port-performance-statistics program to quantify port-capacity and port-performance measures in the top 25 ports in the nation annually by tonnage, containers, and dry bulk. The legislation created a working group consisting of federal agency personnel and industry stakeholders that was to be in place in early 2016. This working group has one year to provide recommendations on measuring port performance and to devise a methodology to collect data.

MASTER CONTRACT ISSUES

USMX v. ILA Local 333 (Baltimore Strike/Enforcement Arbitration)

On July 1, 2014, USMX commenced a joint action with the Steamship Trade Association of Baltimore in the federal district court in Maryland to confirm the \$3.9 million Arbitration Award issued on January 24, 2014 by Arbitrator M. David Vaughn and to obtain a judgment against ILA Local 333 for the full amount of the Award.

After Baltimore reached agreement on its local contract in March 2015, USMX agreed to stay execution on the Arbitration Award as long as Baltimore did not violate the no-strike clause in the Master Contract through September 30, 2018. Several dissident ILA Local 333 members then filed suit to invalidate the local-contract-ratification vote.

That civil action was dismissed in October 2015 and was before the Court of Appeals for the Fourth Circuit at year-end. The district-court action to confirm the \$3.9 million Arbitration Award was stayed during 2015, pending a decision by the court of appeals on the local-contract-ratification vote.

Chassis: Port of New York and New Jersey (PONY/NJ)

During 2015, USMX continued its efforts to develop a portwide chassis pool that will provide for the seamless interchange of chassis among users and also ensure the preservation of work for those employees covered by the local PONY/NJ collective bargaining agreements.

Port of Mobile

Local negotiations between one employer and the ILA longshore and clerical locals in the Port of Mobile continued throughout 2015. The April 2015 arbitration to recover the damages inflicted by the July 2014 one-day work stoppage in Mobile was adjourned without date pending the conclusion of local-contract negotiations.

USMX-ILA Technology Committee

During 2015, the USMX-ILA Technology Committee received requests from several ports to review the elements of their new technology plans in order to determine the impact of this new technology on the ILA workforce. Proposed technology enhancements covered gate operations, container movement, container handling, and container-tracking systems, and the monitoring of damaged containers by a remote-satellite system that will notify shoreside operations of the need for repairs in advance of a vessel's arrival in port.

Master Contract Administration and Enforcement

Throughout 2015, Counsel represented USMX and its members in the following matters related to the administration and enforcement of the Master Contract:

- Preparation of pleadings on two separate occasions to enjoin anticipated work stoppages in Bayonne, New Jersey;
- Participation in an arbitration that resolved manning issues related to the safety pads for truckers at landside RMG receipt-and-delivery zones in Bayonne, New Jersey;
- Representation of USMX Members in Local Industry Grievance Committee hearings in Philadelphia, Baltimore, Houston, Hampton Roads, and New Orleans; ►

2015 REPORT OF COUNSEL *(continued)*

- Representation of USMX and several maintenance-and-repair vendors in the South Atlantic before the National Labor Relations Board; and
- Representation of USMX and its members at meetings with the ILA to discuss and to review issues related to the USMX-ILA South Atlantic Maintenance & Repair Contract.

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

Retiree Health Benefits Are Not Vested

In its January 2015 decision in *M&G Polymers USA, LLC v. Tackett*, the Supreme Court of the United States resolved a decades-old split among the circuit courts of appeals and held by a 9-0 vote that absent explicit contractual language in a collective-bargaining agreement, retiree health benefits do not “vest.”

Federal-Agency Interpretive Rules Are Not Subject to Notice-and-Comment Rulemaking

In another unanimous decision in March 2015, the Supreme Court of the United States overturned almost 20 years of precedent in *Perez v. Mortgage Bankers Association* and held that a governmental agency’s interpretation of its own regulation is not subject to the notice-and-comment process set forth in the *Administrative Procedure Act*.

Accommodations for Pregnant Employees

In March 2015, by a 6-3 vote in *Young v. United Parcel Service, Inc.* the Supreme Court held that a pregnant worker can establish a *prima facie* case of employment discrimination under the federal *Pregnancy Discrimination Act* by establishing that her employer did not provide a work accommodation to her but did provide work accommodations to non-pregnant disabled employees with work limitations who are “similarly situated” in their inability to work. This decision represents a significant transition in the law because it renders pregnancy a disability, whereas previously employers were prohibited from treating pregnancy as a disability to be accommodated.

EEOC’s Conciliation Efforts Are Subject to Judicial Review

In its April 2015 unanimous decision in *Mach Mining, LLC v. Equal Employment Opportunity Commission*, the Supreme Court held that Title VII of the Civil Rights Act of 1964 permits limited judicial review of the efforts by the

Equal Employment Opportunity Commission (EEOC) to satisfy its statutory duty to conciliate before filing a lawsuit against an employer. The Court also held that when the EEOC fails to conciliate, the appropriate remedy is not dismissal of the lawsuit but an order requiring the EEOC to conciliate before going forward.

Religious Accommodations for Employees and Prospective Employees

In June 2015, by an 8-1 vote the Supreme Court held in *Equal Employment Opportunity Commission v. Abercrombie & Fitch Stores, Inc.* that a job applicant alleging religious discrimination need not show that the employer had actual knowledge of the applicant’s need for accommodation of a religious practice (that is, the wearing of a headscarf by a female Muslim) but only that the need for a religious accommodation was a motivating factor in the employer’s decision. In the absence of a legitimate safety concern, an employer may not prohibit the wearing of a headscarf, especially since the Court found that federal discrimination law gives religious practices favored treatment.

CIRCUIT COURTS OF APPEAL

Effective Accommodations for Disabilities

In *Noll v. International Business Machines Corp.* the plaintiff had alleged that his employer had not reasonably accommodated his hearing disability because it failed to provide captions or transcripts with the audio and video files stored on its intranet. In May 2015, the Court of Appeals for the Second Circuit affirmed the decision of the district court and rejected plaintiff’s argument that the American Sign Language interpreters were not as effective as captioning because in determining whether a reasonable accommodation was made, the law requires only an effective accommodation, not the one that is preferred by the employee and not the one that is most effective for each employee.

Expansion of FMLA Interpretation

In its June 2015 decision in *Hansler v. Lehigh Valley Hosp. Network*, the Court of Appeals for the Third Circuit reversed the district court and held that an employer’s obligation upon receipt of insufficient medical certification is to advise the employee in writing of the certification’s deficiencies and to allow the employee at least seven days to remedy the filing before denying the leave. The employer’s failure to do so violated the Family and Medical Leave Act. ►

2015 REPORT OF COUNSEL *(continued)*

Facebook Criticism of an Employer and Profanity May Be “Protected Activity”

In its October 2015 decision in *Three D, LLC v. NLRB*, the Court of Appeals for the Second Circuit affirmed the National Labor Relations Board’s finding that a sports bar violated the National Labor Relations Act (Act) when it terminated two employees for commenting on and “liking” a Facebook post that was critical of the bar’s owners and contained profanity. The Facebook post concerned an ongoing dispute over income-tax withholding from the employees’ paychecks and the employees’ potential tax liability.

The Board and the Second Circuit found the comments and the criticism of the employer on social media to be “protected concerted activity” under the Act because they dealt with terms and conditions of employment, namely, the employer’s tax-withholding policy. Both terminated employees were reinstated with back pay. The Second Circuit’s decision is unpublished, thereby depriving it of precedential value. Nevertheless, employers should be cautious when deciding whether to take action against employees for their social media postings, even when obscenities are involved.

FEDERAL LEGISLATION

Surface Transportation Reauthorization and Reform Act of 2015 [Fixing America’s Surface Transportation (FAST) Act]

The FAST Act is a five-year surface transportation re-authorization of federal-highway, transit, highway-safety, motor-carrier-safety, hazardous-materials, and passenger-rail programs. The bill provides for a port-performance statistics-program to quantify port-capacity and port-performance measures in the top 25 ports in the nation annually by tonnage, containers, and dry bulk.

The legislation creates a working group consisting of federal agency personnel and certain industry stakeholders that is to be in place within 60 days of enactment. This working group has one year to provide recommendations on measuring port performance and to devise a methodology to collect data. The bill was signed into law at year-end.

PENSION BENEFIT GUARANTY CORPORATION (PBGC)

In March 2015, the PBGC issued a report, *PBGC’s Multiemployer Guarantee*, which found that more than half of the workers and retirees in terminated multiemployer pension plans will face a reduction in their pension benefits under the current PBGC guarantees, if their plans run out of money. The study examined how the PBGC’s guarantee limits will impact the pension income of

workers and retirees in multiemployer plans that will receive financial assistance from the PBGC.

It has been projected that the PBGC will exhaust its reserves within the next ten years, despite the enactment of the *Multiemployer Pension Reform Act of 2014*, which provides additional methods for financially-troubled multiemployer plans to avoid running out of money.

The PBGC released its *Annual Report* in the fall of 2015, showing that it paid \$5.7 billion to more than 800,000 people in failed pension plans, similar to the amount of payments that it made in FY 2014. The PBGC’s multiemployer-insurance program reported a deficit of \$52.3 billion, compared with \$42.4 billion last fiscal year-end. The larger deficit is due to changes in the PBGC’s interest factors that increased multiemployer-program liabilities. The interest factors are used to measure the value of future benefit payments.

The increased deficit was also the result of the identification of 17 additional multiemployer plans that are newly-terminated or are projected to run out of money within the next 10 years. In FY 2015, the PBGC paid \$103 million in financial assistance to 57 multiemployer pension plans, covering the benefits of 54,000 retirees (compared to \$97 million in FY 2014).

NATIONAL LABOR RELATIONS BOARD (NLRB)

Revised Arbitration Deferral Standard

In February 2015, the NLRB issued a report that provides guidance to NLRB Regional Offices regarding the amount of deference the NLRB should afford arbitrations and grievance settlements, when resolving unfair labor practice (ULP) charges under sections 8(a)(1) (interference with an employee’s right to engage in protected activity, such as self-organization, joining a union, or bargaining collectively through a chosen representative) and 8(a)(3) (discrimination against an employee for a union affiliation) of the *National Labor Relations Act*. The memorandum can be found at www.nlr.gov/reports-guidance/general-counsel-memos. The memorandum was issued in response to a 2014 NLRB decision that created a new standard for deferring to arbitration awards. Under the new standard the Board will defer to the arbitration process and an arbitration decision only when:

- The parties explicitly authorized the arbitrator to decide the ULP charge at issue; ►

2015 REPORT OF COUNSEL *(continued)*

- The arbitrator was presented with and considered the ULP charge; and
- NLRB law “reasonably permits” the arbitration award.

The new standard modifies not only post-arbitration deferral practices but also pre-arbitration deferral procedures and reviews of settlements resulting from the grievance-and-arbitration process. The Board will no longer defer ULP charges to the arbitration process, unless the parties have explicitly authorized the arbitrator to decide the statutory issue underlying the ULP charge either in the relevant collective-bargaining agreement or by specific agreement in a particular case. The Board will also review pre-arbitration settlement agreements to ensure that the parties intended to settle the ULP issue, that the parties addressed the statutory issue in the settlement agreement, and that Board law reasonably permits the settlement method.

Employers Cannot Restrict Employee Discussions Regarding Investigations

In June 2015, the NLRB held in *Banner Health Systems d/b/a Banner Es-trella Medical Center* that employees have a right under Section 7 of the *National Labor Relations Act* to discuss at work workplace investigations into alleged employee misconduct (in this instance, insubordination) involving themselves or their co-workers, unless the employer can demonstrate that it has a legitimate and substantial business justification for the restriction that outweighs the employees’ Section 7 rights to discuss matters that may affect the terms and conditions of their employment.

Witness Statements Are No Longer Confidential

In June 2015, the NLRB reversed its longstanding rule of 37 years in *American Baptist Homes of the West d/b/a Piedmont Gardens* and held that witness statements obtained during company investigations will no longer be treated as confidential and exempt from production to union representatives processing employee grievances, unless the employer can establish that its legitimate and substantial interest in confidentiality outweighs the union representative’s need for the information. The new standard will be applied prospectively.

Definition of “Joint Employer” is Broadened

In August 2015, the NLRB significantly expanded the definition of a “joint employer” in *Browning-Ferris Industries of California, Inc.* to include employers who have minimal or only indirect control through an intermediary over the working conditions of employees or who merely reserve the right to

exercise such control. Under this revised standard two or more entities could be found to be joint employers of a single work force, if they share or co-determine those matters governing the essential terms and conditions of the employees’ employment, such as hiring, firing, discipline, supervision, direction of work or hours, and wages.

In September 2015, legislation was introduced in both the House and the Senate to overrule the NLRB’s joint-employer decision that would hold a company liable for labor-law violations committed by a contractor. The *Protecting Local Business Opportunity Act* provides that two or more employers may be considered joint employers only if each both shares and exercises actual, direct, and immediate control over the essential terms and conditions of employment. Hearings on the bills were later held by the House and Senate. The legislation was pending at year-end.

Employer Cannot Terminate Dues Checkoff Upon Contract Expiration

In August 2015, the NLRB overturned 53 years of precedent in *Lincoln Lutheran of Racine* and held that an employer’s obligation to check off union dues continues after the expiration of a collective-bargaining agreement that establishes such an arrangement. The decision will be applied prospectively.

PORT SECURITY/TRANSPORTATION WORKER IDENTIFICATION CREDENTIAL (TWIC)

Cyber-Related Security

During 2015, the United States Coast Guard sought public comments from the maritime industry and other interested parties on how to identify and to mitigate potential vulnerabilities of cyber-dependent systems, so as to avoid a “Transportation Security Incident,” which is defined as “a security incident resulting in a significant loss of life, environmental damage, transportation system disruption, or economic disruption in a particular area.” Comments were due by April 15, 2015.

Enrollment

At year-end there were 3.639 million TWIC enrollments with 2.139 million active TWIC cards in use. Effective July 1, 2015, TWIC applicants who were born in the United States and who claim United States citizenship must provide specific documents to prove their citizenship. Enrollment centers are now issuing TWIC cards that contain several changes, which are intended to assist personnel in identifying authentic, unaltered credentials. The security features of the card remain unchanged, such as holograms and color-shifting ink. ►

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

Occupational-Injury-and-Illness-Recording-and-Reporting Requirements

Effective January 1, 2015, all employers subject to federal OSHA jurisdiction, even those that are exempt from maintaining injury-and-illness records (e.g., any employer with ten or fewer employees or certain low-hazard industries), must report to OSHA

- within eight hours all work-related fatalities, if the fatality occurs within 30 days of the incident, and
- within 24 hours all work-related, in-patient hospitalizations (including those due to a heart attack, if the heart attack is work-related), amputations, and losses of an eye, if the reportable event occurs within 24 hours of the incident.

Previously, employers were only required to report to OSHA within eight hours any work-related incident that resulted in an employee's death or the in-patient hospitalization of three or more employees.

Increased Eye-and-Face Protection

In March 2015, OSHA published a Notice of Proposed Rulemaking in the *Federal Register* to update its marine-terminal and longshoring eye-and-face-protection standards by incorporating the most recent version of the standards issued by the American National Standards Institute (ANSI or "national consensus standard"). Comments were due by April 13, 2015.

New Guidance on Restroom Access for Transgender Employees

In June 2015, OSHA issued a memorandum entitled, *BestPractices: A Guide to Restroom Access for Transgender Workers*. The core principle of the memorandum is that all employees, including transgender employees, should have access to restrooms that correspond to their gender identity. A person who identifies as a male should be permitted to use a men's restroom; a person who identifies as a female should be permitted to use a women's restroom. The employee should determine the most appropriate and safest option. Additional options for employers to consider include:

- Single-occupancy, gender-neutral (unisex) facilities; and
- Use of multiple-occupant, gender-neutral restroom facilities with lockable, single-occupant stalls.

Employees should not be asked to provide any medical or legal documentation of their gender identity in order to have access to gender-appropriate facilities. In addition, no employee should be required to use a segregated facility apart from other employees because of their gender identity or transgender status.

Increase in OSHA Penalties

The new, two-year budget signed into law in late 2015 requires OSHA to raise its citation penalties for the first time in 25 years. The new rates go into effect on August 1, 2016, and are as follows:

- Other than serious violations: \$ 12,471
- Serious violations: \$ 12,471
- Willful violations: \$124,709
- Repeat violations: \$124,709

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)

Updated Pregnancy Discrimination Guidance

In June 2015, the EEOC issued an update of its July 2014 *Enforcement Guidance on Pregnancy Discrimination and Related Issues* to reflect the March 2015 decision by the Supreme Court of the *United States in Young v. United Parcel Service, Inc.* The *Young* case is described earlier in this report.

The updated guidance incorporates the Court's holding that women may be able to prove unlawful pregnancy discrimination, if their employer accommodated some workers but refused to accommodate pregnant women. The Court further held that an employer's policy that is not intended to discriminate on the basis of pregnancy may still violate the *Pregnancy Discrimination Act*, if the policy imposes significant burdens on pregnant employees without a sufficiently-strong justification.

"Sex" Encompasses Sexual Orientation Under Title VII of the Civil Rights Act of 1964

In July 2015, the EEOC issued a decision that overturns 50 years of consistent application of Title VII, the federal statute that prohibits employment discrimination. In *Complainant v. Foxx*, the EEOC found that current Title VII law prohibits sexual-orientation-based discrimination, despite the fact that Title VII does not explicitly include sexual orientation as a protected class. "Sex" is a protected class under the statute, and ►

2015 REPORT OF COUNSEL *(continued)*

the EEOC reasoned that sexual orientation is inherently a sex-based consideration. The EEOC concluded that an allegation of discrimination based on sexual orientation is necessarily an allegation of sex discrimination under Title VII.

This decision marks the first time that the EEOC has formally declared that sexual-orientation discrimination violates Title VII. The decision may have limited effect, however. Since the case involved an appeal from a federal-agency decision (that is, the Federal Aviation Administration) to the EEOC, it is not binding on any federal court. ▲

ABOUT THE LAMBOS FIRM, LLP

The Lambos Firm, LLP is a full-service law firm concentrating in the areas of labor and employment, ERISA, administrative, business and insurance law. The Firm's clients span a broad spectrum of industries and include maritime entities, employer associations, foreign and domestic insurers, transportation companies, manufacturing concerns, health care organizations, real estate developers and contractors involved in market rate, affordable and supportive housing.

The Lambos Firm, LLP is a law firm with close ties to the maritime community that are manifested through active participation in long-standing maritime associations and support of charitable causes important to the industry. Our attorneys are dedicated and fully committed to serving the interests of the maritime community.

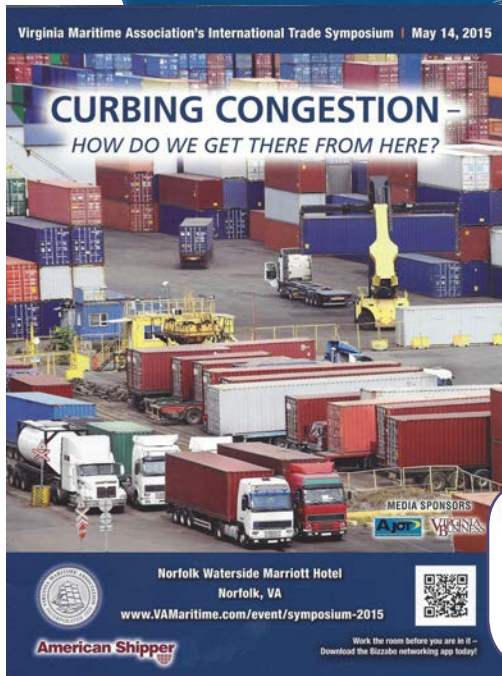
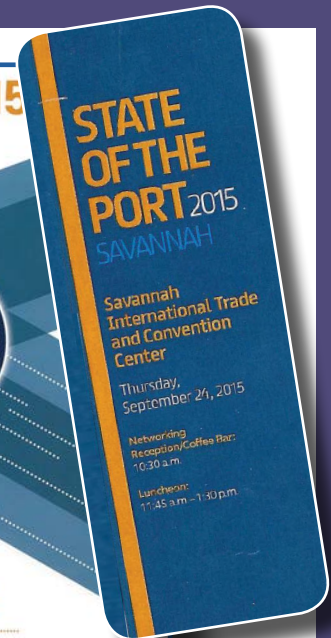
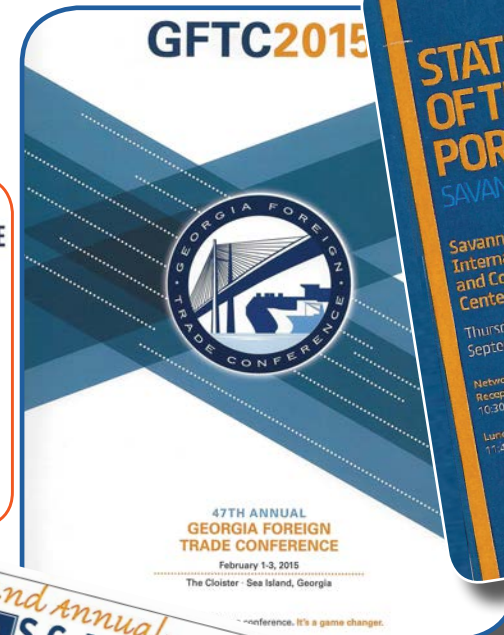


The Lambos Firm, LLP — Front Row (left to right): Ann Marie Flynn, Esq., Carol Notias Lambos, Esq.
Back Row (left to right): Ian A. Weinberger, Esq., William M. Spelman, Esq., Donato Caruso, Esq.,
Richard J. Ciampi, Jr., Esq., James R. Campbell, Esq.

2015 INDUSTRY HAPPENINGS



Containerization & Intermodal Institute:
CONTAINER TRADE OUTLOOK CONFERENCE
Wednesday, November 18, 2015
Houston, TX
David F. Adam
Chairman & CEO
United States Maritime Alliance, Ltd.



AGENDA - DRAFT

U.S. Labor and Employee Relations Network
The Ritz-Carlton, 1150 22nd Street, N.W., Washington, DC 20037
October 22-23, 2015 Fall Session



SC INTERNATIONAL TRADE CONFERENCE
Wednesday, September 16, 2015
Isle of Palms, SC
David F. Adam
Chairman & CEO
United States Maritime Alliance, Ltd.



2015 INDUSTRY HAPPENINGS (continued)



33rd Annual Maritime Industry "Good Scout" Award Luncheon

benefitting the Greater New York Councils and Patriots' Path Council, Boy Scouts of America

Honoree



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

James E. West
Award Recipient



Anthony A. Scioscia
Principal
Scioscia Management LLC

Honoree



David Cicalese
President
ILA Local 1
Vice President
Atlantic Coast District

Friday, November 20, 2015

11:45 A.M. - Reception 12:30 P.M. - Luncheon

Hilton Garden Inn, 1100 South Avenue, Staten Island, NY 10314

Event Co-Chair



Carol N. Lambos, Esq.
Partner
The Lambos Firm, LLP

Event Co-Chair



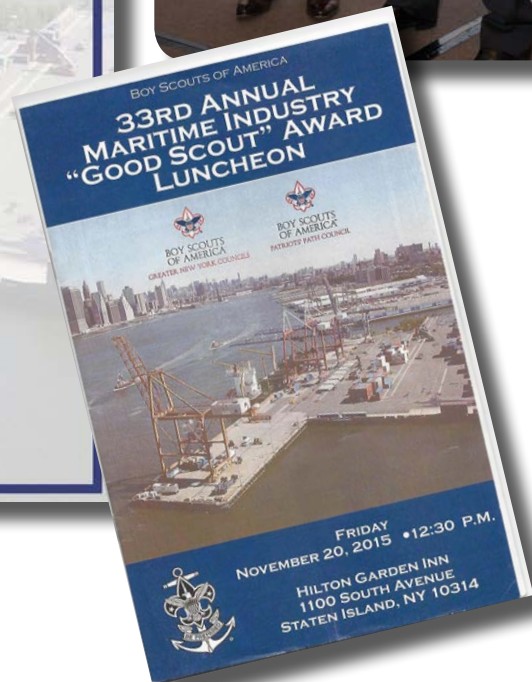
John Nardi
President
New York Shipping Association



BOY SCOUTS
OF AMERICA
GREATER NEW YORK COUNCILS



BOY SCOUTS
OF AMERICA
PATRIOTS' PATH COUNCIL



2015 INDUSTRY HAPPENINGS *(continued)*



United States Maritime Alliance, Ltd.

&



ARE PROUD TO SUPPORT THE

Boy Scouts of America

GREATER NY COUNCIL'S & PATRIOTS' PATH COUNCIL'S

33RD ANNUAL MARITIME INDUSTRY

GOOD SCOUT AWARD LUNCHEON

CONGRATULATIONS "GOOD SCOUTS"

DAVID F. ADAM

Chairman & CEO

United States Maritime Alliance, Ltd.

DAVID CICALESSE

President, ILA Local 1

Vice President, ILA Atlantic Coast District

BOCGR

BEST WISHES JAMES E. WEST RECIPIENT

ANTHONY A. SCIOSCIA

Principal

Scioscia Management, LLC

2015 INDUSTRY HAPPENINGS *(continued)*

PANAMA CANAL EXPANSION PROJECT

Project Update as of December 21, 2015

On December 21, 2015, at an industry event in Panama City, the Panama Canal Authority (ACP) announced that the first-ever expansion is 96 percent complete. ACP CEO/Administrator Jorge L. Quijano provided a next-step update covering key points that will ensure that the expansion project is completed.

Remainder of Expansion to be Completed

- Locks reinforcements are scheduled to be completed 2016
 - Testing of locks reinforcements and additional testing will occur
 - In April, transit trial tests with a chartered vessel in the Atlantic locks will occur (following conversations with GUPC)
- A date for the expansion's inauguration will then be selected (expected to be in the second quarter of 2016)
 - Subsequently, the commercial opening date will be selected, and will be scheduled soon after the inauguration

The ACP is building the expanded Canal for the long haul, and quality and testing are critical. The ACP will continue to provide updates on the project as more progress and information is made available.

Commenting further, Mr. Quijano expressed his anticipation of the imminent completion of this project.

"We are very close—only four percent remains to complete the project," Quijano said. "An expansion of the Panama Canal has never been done and we should all feel very good about where we are today."

"After a successful year, we look forward to being able to provide the benefits of the new Canal to our customers and the people of Panama."

Background

Work on the Canal Expansion began in September 2007 at a total cost of \$5.2 billion USD. The expansion is the largest project at the Canal since its original construction in 1904. ▲

Facts courtesy of Canal de Panamá www.PanCanal.com



CCC SERVICE CORPORATION

SERVICES UPDATE

2015 was another busy year for CCC Service Corp. (CCCSC). This division of USMX is currently responsible for providing the following essential services on its behalf:

- Administration of reporting/payment of USMX member assessments
- Payroll/general accounting and financial reporting for the companies and funds (USMX, CCCSC, CRCCF, CFS, CR5 & CRF)
- CCCSC, in conjunction with CRCCF, implemented the Central Collection System, while continuing to maintain the legacy system for those carriers still working to join the new system
- Maintained receivables at below a target of 45 days with a further reduction to be achieved by the centralized collection process
- Information technology services

CORPORATE RELOCATION

On February 17, 2015, the offices of USMX, CCCSC and CRCCF relocated from Iselin, NJ to Lyndhurst, NJ.

- CCCSC played an integral part in the coordination and preparation of the relocation
- This relocation provided significant cost savings
 - » The three organizations share office space, along with IT and administrative services
 - » USMX's quarterly Board of Director Meetings have been relocated from hotel venue to USMX Conference Room
- In May 2015, Richard Glogowski was promoted to Assistant Controller
- In June 2015, Andrew Heo was hired as IT Coordinator, to replace Patrick Stevens, IT Manager, who resigned from CCCSC after having worked for the company since 2009 ▲



CCCSC STAFF Front row, left to right: Mary Ann Decha, Emma Roginskaya, Eva Bata, Diane Trapp, Kelly Ryan. Back row, left to right: Nigel Jenkins, Daniel Melvin, Joseph Marino, Naum Samardin, Richard Glogowski, Andrew Heo.

USMX OFFICERS & STAFF



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Exec. Vice President, Administration



David F. Adam
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Director, Labor Relations



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Corp. Treasurer/CCC Service Corp. President



Beth Monica
Corp. Secretary/Director of Communications



Kim F. Perez
Executive Assistant



Roberta L. Beasley
South Atlantic District Contract Administrator



Candace Love
South Atlantic District Secretary

GREETINGS FROM USMX FUR BABIES



Coco
Rental Dog
Adam



CJ Adam



Sadie Monica



Molly Perez



Mo Sullivan

ACKNOWLEDGMENTS

THANK YOU FROM USMX

We would like to express our sincere appreciation to the USMX Board of Directors, Member Companies, Staff and Counsel for editorial contributions to the *USMX Annual Report 2015*.

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- Research conducted by USMX Staff
- Animated version of this report is available on the home page of usmx.com

*This book is dedicated to the memory of
Sandra Miller,
Founder of Uniquity Design Group.
She will be missed...*

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