

ANNUAL REPORT 2016

BOSTON



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

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 ▲

NEW ADDITIONS TO THE ANNUAL REPORT

On the Cover

Starting with this report, we will be featuring a USMX Port city on the front cover. Read more about the Port of Boston and all of our Port Association members, starting on Page 40.

Additional Member Profiles

Also new to this year's Annual Report is the addition of two new sections highlighting our other member classes: the USMX Carriers, starting on Page 6, and the USMX Direct Employers, starting on Page 22. ▲

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. ▲

TABLE OF CONTENTS

UNITED STATES MARITIME ALLIANCE 2016 ANNUAL REPORT

CHAIRMAN & CEO'S MESSAGE	ii
BOARD OF DIRECTORS.....	2
MEMBER ORGANIZATIONS.....	3
MEMBER RELATIONS & GOV'T. AFFAIRS.....	4
USMX CARRIERS	6
LABOR RELATIONS.....	18
MASTER CONTRACT TONNAGE/MANHOURS.....	21
USMX DIRECT EMPLOYERS	22
SAFETY	26
TRAINING	32
USMX-ILA JOINT TRUST FUNDS	34
MILA	34
CONTAINER FREIGHT STATION (CFS).....	36
CONTAINER ROYALTY 5 (CR5).....	38
CR CENTRAL COLLECTION	39
USMX PORT ASSOCIATIONS	40
SIMAS.....	62
REPORT OF COUNSEL	63
INDUSTRY HAPPENINGS.....	68
CCC SERVICE CORP.	72
USMX OFFICERS & STAFF	73
ACKNOWLEDGMENTS.....	74

CHAIRMAN & CEO'S MESSAGE



David F. Adam
Chairman & CEO

WELCOME

Hello, and welcome to the 2016 USMX Annual Report. Overall, 2016 was a very challenging year for the industry and for USMX—certainly, possibly one of the most difficult years ever. Looming largest on the list of challenges is the upheaval among the USMX Carrier class, with eight of our 24 carrier members [American President Lines; China Shipping (North America) Holding Company; Hamburg Süd North America; Hanjin Shipping Company; "K" Line America; MOL (America); NYK Line (North America); and United Arab Shipping Company] transitioning, beginning a transition and/or consolidating during 2016. These changes are marking a trend that we expect will continue as we move into the new year.

We have included a new section in this year's report called *USMX CARRIER MEMBERS*, with company profiles submitted by each organization, starting on Pg. 6.

HANJIN BANKRUPTCY

The Hanjin bankruptcy was, without a doubt, the single most traumatic and challenging event for USMX in 2016. Despite the loss of the world's sixth-largest international carrier and the largest carrier bankruptcy in world history, we were able to maneuver through the potentially devastating event quite skillfully, while keeping our Board abreast of our progress and with minimal effects to our members.

MEMBER SUCCESSES

Even with the carrier challenges, USMX did mark many significant events/successes throughout 2016:

Tonnage: We saw a positive overall increase of 2.6% in tonnage volume for contract year ending (CYE) 9-30-16, with minimal labor disruptions. For a look back at tonnage/manhour trends from 2006 through 2016, see Pg. 21.

Technology: Technology implementations by USMX members were also on the plus-side of the equation. We worked closely with our ILA partners on these deployments and we believe, in the end, that the process of modernizing parts of our industry worked to the advantage of both labor and management—illustrating that our 2012 technology agreement is working well for our employers as well as for the union.

Caribbean Basin Initiative (CBI): The parties successfully negotiated an 18-month extension of the popular CBI, extending it until the expiration of the current Master Contract on 9-30-18.

PERSONNEL TRANSITIONS

USMX is a relatively small organization, with just 11 staff members. In 2016, we saw the transition of Ole Sweedlund, from Executive Vice President, Administra-

tion, to Ole Sweedlund, retiree. Ole was one of the pillars of the USMX management team for 11 years, and losing that much experience and dedication to retirement is never an easy thing for any organization. I am pleased to report that the excellent work done by all involved resulted in a very successful transition. We thank Ole for his many years of contributions to the industry and to USMX, in particular. We wish him all the best in this next phase of his life. Over the course of his retirement transition, he and his wife became grandparents to twin boys. We enjoyed watching Ole's anticipation grow as grandfatherhood got closer and closer, and we know those boys will keep him and Stella busy in the days and years to come!

In the meantime, we are happy to welcome Anissa Frucci, Ole's replacement, to the USMX management team. She has successfully settled into her role as the "keeper of the numbers," and her expertise and business acumen make her an excellent fit. Numbers are the lifeblood of USMX's business, and Anissa has done a great job in this area. Welcome aboard, Anissa!

BOARD TRANSITIONS

With the loss of Hanjin Shipping, a transition took place on our Board of Directors—the departure of Michael Radak as Hanjin Shipping's representative to the USMX Board. As a director, Mike provided years of valuable guidance to USMX and always seemed to add great insight to our Board deliberations. We appreciate the time that Mike served in this role and we wish him all the success in his new endeavors. He will always have a friend in USMX.

In 2016, we welcomed two new directors to the USMX Board. Frank Grossi, Executive Vice President, Operations Management Division for COSCO SHIPPING Lines (North America), from the Carrier member class, and Nathan Wesely, President of the West Gulf Maritime Association, from the Port Association class. We look forward to working with them and the Board moving forward.

MASTER CONTRACT

Over the course of 2016, the current Master Contract continued to prove itself as one of the best Master Contracts of recent history. We continue to believe it was a very fair contract for both management and union, and we expect it will continue to serve the parties well until we negotiate a new one between now and October 2018.

LABOR RELATIONS

We continue to maintain a professional, productive relationship with the ILA at every level. They work very closely with us to address issues as they arise, so that in the best interest of ALL parties, potential problems can be mitigated. See more details about *LABOR RELATIONS* on Pg. 18.

DATA COLLECTION EFFORTS

USMX continues working closely with our member Port Associations to gather coastwise data around wages, manhours, assessments, training and safety. This will drastically improve our ability to provide cogent reports and business tools for our members and to properly assess cost impact to contract changes as we prepare for bargaining. ▶

CHAIRMAN & CEO'S MESSAGE

CENTRALIZED COLLECTIONS

The Container Royalty Central Collection Fund (CRCCF) system is up and running smoothly, has successfully brought all carriers live by CYE 9-30-16, has rolled out a CFS credit module matching containers with manifests, and has ensured proper management and documentation of Hanjin's bankruptcy to guarantee minimal exposure to the various royalty funds. Details on all of the *USMX-ILA JOINT TRUST FUNDS* start on Pg. 34.

INDUSTRY SAFETY

LTIFR: 2016 was a banner year, with our USMX ports logging an overall Lost Time Incident Frequency Rate of 3.9. This all-time low rate represents an approximate 10.5% reduction over previous years, and shows a marked increase in productivity and improved training for our workforce. Safety data and details can be found on Pgs. 26-31.

JSC: The Joint Safety Committee (JSC) has never had a greater presence than it did in 2016. Committee members together and individually interacted with USMX members and the ILA on a local (port operations/safety audits, port safety committee meetings) and coastwise (presentations at conferences, panels and meetings) basis. This continued participation makes the JSC a permanent fixture in the area of occupational safety and health in the maritime industry. JSC updates can be found on Pgs. 26-27.

NMSA Award: Additionally, we would like to congratulate our industry colleague, Mark Montgomery (Ports America Chesapeake), who was named the National Maritime Safety Association's 2016 Person of the Year, for efforts on behalf of NMSA and industry safety.

TRAINING

Contract year ending 9-30-18 marked the first full year since the implementation of the Joint Training Committee (JTC) to oversee training issues and approve the coastwise training budget. Safety remains a major focus area for our USMX member ports and employers and for the ILA and its workforce. Details on the USMX-ILA joint training program and JTC activities can be found on Pg. 33.

USMX MEMBER RELATIONS

It has long been a goal of USMX to communicate timely and accurate information to our members. In 2016, we continued our one-on-one dialogue with our direct employer members and our port association members in an effort to increase communication and participation in our various programs and initiatives. Member feedback and involvement with regard to this communication effort has been positive. We also spent time visiting with carrier member headquarters offices overseas, which proved a worthwhile effort for our member principals to put faces to the names of USMX's executive staff. Details regarding *USMX MEMBER*

RELATIONS & GOVERNMENT AFFAIRS is provided on Pg. 4. In addition to this year's inclusion of a new USMX Carriers section (Pg. 6) in the Annual Report, we have also instituted a new USMX Direct Employers section (Pg. 18). These two new sections, along with the regularly featured USMX Port Associations section (Pg. 40), provide company profiles and information for all three of our USMX membership classes.

GOVERNMENT AFFAIRS

Due to pushback from the contentious ILWU-PMA West Coast negotiations, we saw renewed focus by Washington, DC, on our industry. Ultimately, USMX spent considerably more time there in 2016 than in previous years. Our government affairs initiative continues on matters related to our four focus areas of particular importance to our members:

WRDA: Infrastructure development has been addressed in the new WRDA bill, with spending for port-related projects increased.

Pension Reform: Legislation was enacted in December 2015. The initial tests within the legislations have not met expectations, however, dialogue on bettering the legislation continues.

CBP Funding: USMX cosigned a letter to Congress calling for increased funding for Customs and Border Protection, particularly in the maritime sector.

LHWA Reform: Meetings were held with House/Senate representatives supportive of reform. A better chance of success is present with the new Administration in place.

2016 IN CONCLUSION

While 2016 was certainly a challenging year, we are confident that USMX will come out of it stronger than ever. We look forward to the challenges in the coming year, confident that we are a better organization because of what we have learned and accomplished in 2016. ▲

David F. Adam

2016 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, Inc.



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.



Frank Grossi
COSCO SHIPPING Lines
(North America) Inc.



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.



John A. Walsh
SSA/Cooper, LLC



Nathan Wesely
West Gulf Maritime
Association, Inc.

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

CARRIERS

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

MEMBER RELATIONS & GOVERNMENT AFFAIRS

MEMBER RELATIONS

A core component of USMX is an outreach program to its Port Association and Direct Employer members. The ability to foster robust communication and maintain alignment on Master Contract issues and on issues of strategic importance to its members are viewed as central to the mission of USMX. The program commenced several years ago with a goal of enhancing members' perspectives on pertinent issues to encompass both a port-centric and a coastal view, allowing them to gain an understanding from both a local and a national frame of reference.

The main channel of communication between USMX and its members is the day-to-day contact between the various departments of USMX and the Port Associations/Direct Employers. Subjects discussed run the gamut from contract interpretation to safety issues to training to funding. These one-on-one sessions keep both parties intimately in tune with each other.

CRISIS INTERVENTION

In 2016, during the Hanjin Shipping financial crisis, USMX and its member organizations worked hand-in-hand to limit the potential damages to the organizations and to our funds from the fallout. This common effort is an excellent example of the type of cohesive working relationship that USMX and its member organizations are achieving. USMX also met with government representatives to echo our members' concerns regarding the receipt and delivery of cargo affected by the crisis.

OUTREACH MEETINGS

In 2016, USMX continued its policy of holding Port Association and Direct Employer meetings. Three such meetings were held in member port cities, with updates on:

- USMX labor relations;
- the status of the various health and welfare programs;
- the Container Royalty Central Collection Fund Initiative;
- the Caribbean Basin Initiative;
- the progress of our safety programs;
- updates on training programs;
- and the status of the various Container Royalty funds.

Of particular interest in 2016 was the data collection effort that USMX

has undertaken for the past several years. USMX views accurate data as a key component of bargaining and the collection of that data from the resources of the Port Associations and Direct Employers as crucial to the bargaining process. In fact, the main agenda item for the second meeting was data collection.

Another main agenda item was preparing for the upcoming collective bargaining negotiations. Building an understanding of each port's issues and goals into a cohesive approach to bargaining on a Master Contract level begins with a base comprehension of those local issues and goals.

In the spring of 2016, USMX continued its policy of visiting with the home-office executives of our members with a trip through Asia. The visits were informative and well-received.

BARGAINING PREPARATION

As we approach the beginning of bargaining for our next contract, the formal and informal contact with our member companies will accelerate. The member relations efforts of the past several years have been, in part, directed at the upcoming contract talks in order to foster open and frank dialogue amongst our members as we reach our positions on negotiating matters.

GOVERNMENT AFFAIRS

2016 was a busy year in the arena of public affairs. The lead topic was the election of Donald Trump as the 45th President of the United States, along with a Republican majority in both the U.S. House of Representatives and the Senate.

President Trump's key initiatives include changing America's trade policy, tax reform, rebuilding infrastructure and repealing/replacing the Affordable Care Act, with a proposed suspension of the "Cadillac" tax until 2025.

The Administration wants to spend \$1 trillion on infrastructure projects over the next 10 years, with priorities in transportation, clean water, the electrical grid, telecommunications and security.

Mr. Trump is also promoting a rollback of Federal regulations as a key component to his goal of doubling U.S. economic growth to four percent. ►

MEMBER RELATIONS & GOVERNMENT AFFAIRS *(continued)*

POLICIES & EFFECTS ON THE MARITIME INDUSTRY

Of interest to the maritime industry, on trade policy, the Trump administration has withdrawn the United States from the Trans-Pacific Partnership, expects to renegotiate the North American Free Trade Agreement, threatened to withdraw from the World Trade Organization, and has threatened a border tax on any trading partners deemed as taking advantage of the United States.

Our industry can expect to see changes in the makeup and tenor of government agencies such as the National Labor Relations Board, the Federal Maritime Commission, the Environmental Protection Agency and the Federal Mediation and Conciliation Service.

Trump has appointed Elaine Chou as Secretary of Transportation. Secretary Chou has a background in the maritime industry and government, having previously served in the Federal Maritime Commission and as the U.S. Secretary of Labor.

President Trump has also appointed Wilbur Ross as Secretary of Commerce, Anthony Accosta as Secretary of Labor and General John Kelly as Secretary of Homeland Security.

USMX AND WASHINGTON, DC

The Maritime Industry retained a high profile in government during 2016.

- In March, an Industry Roundtable chaired by the Secretaries of Labor, Commerce and Transportation was held in Baltimore. Dave Adam attended on USMX's behalf.
- The U.S. Department of Transportation's Port Performance Freight Statistics Working Group was formed and completed its report by year end. Dave Adam is a member of the working group.
- The Verified Gross Mass standard was the subject of heated debate during the first half of the year and was ultimately implemented in mid-summer.
- The Caribbean Basin Initiative was extended and filed with the Federal Maritime Commission.
- The U.S. Coast Guard published the final TWIC reader rule to become effective in August, 2018.

USMX AND WASHINGTON, DC *(continued)*

- In December, the Cross-Border Trade Enhancement Act became a law enabling U.S. Customs and Border Patrol to enter into cost sharing, reimbursement and fee agreements with operating entities at ports of entry.
- USMX cosigned letters of support for a \$2.8 billion appropriation for the U.S. Army Corps of Engineers navigation program, for \$1.25 billion in funding for the Tiger Grant Program and for an increase in Customs and Border Patrol Funding.
- USMX has held meetings throughout the year with members or staff of the U.S. Congress, various government agencies and trade associations active in the maritime sector.
- In December, the Coalition For Fair Port Practices filed a petition with the Federal Maritime Commission arguing for rule-making on detention and demurrage practices by ocean carriers and marine terminal operators. USMX submitted a brief opposing the petition.
- The Water Resources Development Act (WRDA) was passed in December. This passage, hopefully, signals a return to a biennial schedule for WRDA bills.

LOOKING AHEAD

In 2017, the maritime industry will continue to have the potential to be heavily impacted by government affairs.

With the Trump Administration appointments in government in place, new courses will be charted for each department.

Washington will continue its careful watch on our industry as we approach the start of negotiations for a new labor agreement. The interest from both government and industry sectors has not abated since the conclusion of the West Coast labor agreement in 2015. ▲

USMX CARRIER MEMBERS



ABOUT ATLANTIC CONTAINER LINE (ACL)

Since 1967, ACL has been a specialized transatlantic carrier of containers, project and oversized cargo, heavy equipment and vehicles with the world's largest combination RORO/Containerships. The Company's headquarters are in Westfield, New Jersey with offices throughout Europe and North America. ACL offers five transatlantic sailings each week and a direct RORO/Container service under its parent company, Grimaldi Lines, between North America and West Africa and also handles the Grimaldi services between North America and the Mediterranean. The Company also offers oversized cargo service from North America to the Middle East, Far East and Oceania. In 2015, ACL's five new G4 (Generation 4) vessels, the largest RORO/Containerships (CONROs) in the world, replaced its existing fleet of G3 CONROs operating in the Company's transatlantic service. ACL is a subsidiary company of the Grimaldi Group of Naples, Italy. ▲



ABOUT AMERICAN PRESIDENT LINES (APL)

APL is a subsidiary of the CMA CGM Group and offers more than 90 weekly services and call ports in over 50 countries worldwide. APL provides container transportation through an international shipping network which combines high-quality intermodal operations with state-of-the-art information technology, equipment and e-commerce.

With over 160 years of experience, APL has the knowledge and the expertise to help customers grow their businesses in an increasingly complex and ever-changing global marketplace – whether that is venturing into new territories or growing in already developed markets. ▲

USMX CARRIER MEMBERS



ABOUT CMA CGM GROUP

Founded in Marseille, France, in 1978 by Jacques Saadé, the CMA CGM Group is a leading worldwide shipping group. Now headed by Rodolphe Saadé, from its base in Marseille, the CMA CGM Group is present in more than 160 countries through its network of over 600 agencies, with more than 29,000 employees worldwide (4,500 in France).

With a young and diversified fleet of 449 vessels, the CMA CGM Group serves over 420 of the world's commercial ports. Through more than 200 shipping lines, the company operates on every one of the world's seas. Its global presence and efficient ships like the CMA CGM BOUGAINVILLE enabled the CMA CGM Group to transport a volume of 15.6 million TEUs last year.

There are 2,300 staff members working at the Group's head office, the CMA CGM Tower in Marseille—a building worthy of a major player in the French economy. The Group has 6,300 French customers and CMA CGM is the largest private employer in Marseille. ▲



ABOUT COLUMBIA GROUP

The Columbia Group of Companies was founded in 1990 with its successful all-water container barge service, Columbia Coastal Transport. The company began with one barge and one service operating between New York and Boston. Twenty-seven years later, the company is recognized as the premier container barge feeder operator in the United States, and the greenest and most efficient mode of container transportation available today. In addition, the company has expertise in handling project, government and military cargoes. Presently, the company operates five U.S.-flag barges engaged in services in the Mid-Atlantic and Chesapeake regions. ▲

USMX CARRIER MEMBERS



ABOUT COSCO SHIPPING LINES (NORTH AMERICA)

COSCO & China Shipping were successfully integrated in 2016 to form COSCO SHIPPING Lines and will operate beginning in April 2017 as a member of the new OCEAN Alliance. COSCO SHIPPING operates a fleet of 311 container vessels with a capacity of 1.7 Million TEUs, providing world class service and worldwide capabilities. COSCO SHIPPING's United States East Coast & Gulf Coast port rotations include the ports of Boston, Baltimore, New York/New Jersey, Norfolk, Charleston, Savannah, Jacksonville, Miami, Mobile & Houston. ▲



ABOUT EVERGREEN LINE

Evergreen Line, a leading member of the Ocean Alliance, is in its 50th year of serving the world's trade and being responsible, reliable and committed to issues that impact the economic and social well-being of the areas they serve.

Evergreen Shipping Agency (America) Corporation are North America agents for the Taiwan-based global ocean carrier, which was founded in 1968 by Evergreen Group Chairman Dr. Yung-fa Chang.

Evergreen Line, operating 188 container vessels with total capacity of 1 Million TEUs and known for its customer service, award-winning e-commerce, modern ships and environmental leadership, is among the top five container vessel operating companies in the world, serving six continents and a full-range of ports in North America. ▲

USMX CARRIER MEMBERS



ABOUT HAMBURG SÜD NORTH AMERICA, INC.

Hamburg Süd offers premium ocean freight and logistics services around the world and we rank 7th among the world's top container lines.

We link North America with Asia, Latin America, Europe, the Mediterranean, Australia/New Zealand and the South Pacific Islands.

To and from the United States and Canada we offer 18 weekly departures, including 7 connections with Asia, to most major trading areas. Eleven (11) company owned offices in the United States provide a full range of services including intermodal service to key origins and destinations in North America.

We enjoy ISO 9001, ISO 14001 Environmental Management and ISM safety code certification, often exceeding the mandated standards. ▲



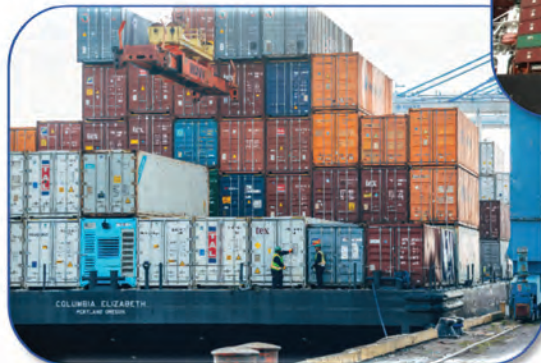
ABOUT HAPAG-LLOYD

With a fleet of 166 modern container ships and a total transport capacity of 963,000 TEUs, Hapag-Lloyd is one of the world's leading liner shipping companies. The Company has around 9,400 employees at 366 sites in 121 countries. Hapag-Lloyd has a container capacity of 1.6 million TEUs – including one of the largest and most modern fleets of reefer containers. A total of 128 liner services worldwide ensure fast, reliable connections between all the continents. Hapag-Lloyd is one of the leading operators in the Transatlantic, Latin America and Intra-America trades. ▲

USMX CARRIER MEMBERS



USMX CARRIER MEMBERS



USMX CARRIER MEMBERS



ABOUT "K" LINE

Kawasaki Kisen Kaisha ("K" Line) is diversified ocean shipping company operating a fleet of 524 vessels, including container ships, car carrier/high heavy ships, bulk ships, as well as LNG, LPG and crude oil tankers in global trade. It is "K" Line's vision to provide reliable and excellent services, while doing business in a fair way, respecting humanity, and relentlessly pursuing innovation.▲



ABOUT MAERSK LINE

Maersk Line, the global containerized division of A.P. Moller – Maersk, is dedicated to delivering reliable, flexible and eco-efficient ocean transportation services. Since its first vessel sailed in 1904, Maersk Line has expanded its business to become the world's largest ocean carrier. The Maersk Line fleet comprises more than 639 vessels and a number of containers corresponding to more than 3.3 million TEUs. This ensures a reliable and comprehensive coverage worldwide. We serve our customers through 306 offices in 114 countries, employing 7,600 seafarers and 21,600 land-based employees around the world.

We market our services through the Maersk Line, Safmarine, SeaLand (Intra-Americas), MCC Transport (Intra-Asia) and Seago Line (Intra-Europe) brands.

Maersk Agency U.S.A., Inc. is the agent for Maersk Line and Safmarine in North America, employing approximately 900 colleagues at our headquarters in Florham Park, New Jersey, and at other U.S. locations, including Charlotte, North Carolina, Chicago, Illinois, Houston, Texas, as well as in Canada. Maersk Line has line haul services regularly covering all major routes in and out of North America, including the Trans-Atlantic, the Trans-Pacific, Central and South America, Europe, Asia, Africa, the Middle East, the Indian Subcontinent and Australia/New Zealand. Safmarine specializes in the sea transportation of cargoes to and from Africa, the Middle East and the Indian Subcontinent. While its core focus is on the trades that connect those markets, Safmarine is also very active in North and South America, Europe, the Mediterranean and Asia.▲

USMX CARRIER MEMBERS



ABOUT MOL (AMERICA) INC.

Mitsui O.S.K. Lines, Ltd. (MOL) has one of the world's largest ocean shipping fleets. Backed by experience and technologies developed over 133 years, MOL moves today's global economy. MOL operates specialized bulk carriers for iron ore, coal, and woodchips; tankers that transport crude oil and LNG; car carriers; cruise ships; ferries and coastal liners; and containerhips that deliver a variety of finished products as part of the largest and most diverse global network of liner and logistics services. MOL (America) Inc. is a wholly-owned subsidiary of MOL. The MOL Liner website is www.MOLpower.com. Key performance indicators are published monthly on www.CountOnMOL.com. ▲



ABOUT MEDITERRANEAN SHIPPING COMPANY (MSC)

Mediterranean Shipping Company has an established fleet of 460 container vessels with an intake capacity of circa 2.75 million TEUs. Our global sailing schedules cover 200 routes, calling at 315 ports, allowing us to deliver your cargo almost anywhere in the world.

Our sea freight offering is complemented by our integrated warehousing and haulage services, which enable us to offer a true door-to-door service.

As a company, we believe in operating as independent national carriers—this means we're able to offer you a global service with unrivalled local knowledge.

We have trained, experienced experts available for our full range of services including reefer, out-of-gauge, breakbulk and each of our trade services—each operating in tandem with your business. This gives us the ability to uphold the personal service for which we're globally recognized and offers you peace-of-mind that we'll be on-hand to help whenever you need us. ▲

USMX CARRIER MEMBERS



ABOUT NYK LINE

Founded in 1885, Nippon Yusen Kabushiki Kaisha (NYK Line) has become a leader in global marine transport by achieving steady growth. NYK Line globally operates today nearly 100 container or semi container ships, which aggregate 5.8 million deadweight tons (kt). NYK Line (North America) Inc. is its owned agency responsible for the liner activities in both Canada and the USA. NYK Line's overall fleet is 780 vessels and 62 million deadweight tons (kt). The vessel fleet is comprised of container, dry bulk, car carrier, tankers, LNG, wood chip and multipurpose carriers. ▲



ABOUT TURKON LINE

Turkon Line, established in 1997, is the first dedicated Turkish Company providing container transportation and logistics services between Turkey and USA, North Europe and the Mediterranean, as well as direct service to/from Turkey, Egypt and the USEC with 8 connecting services operated in several intra-Mediterranean, Black Sea and North Europe trades. Turkon Line is in 28 countries with 500 employees and 43 offices and agencies and is a well-known container line located in the East Mediterranean. Turkon Line's USA Headquarters for commercial and operations, is in Secaucus, New Jersey, with branch offices in Norfolk and Savannah. ▲

USMX CARRIER MEMBERS



ABOUT UNITED ARAB SHIPPING COMPANY (UASC)

...a global carrier with a reputation for reliability, a customer-centric approach and ongoing commitment to industry leading eco-efficiency...

United Arab Shipping Company (UASC) is a global shipping company based in the Middle East. Founded in 1976, UASC has more than 185 offices around the world. UASC is committed to designing pioneering transport solutions. The Company operates an expansive global container line network, serving more than 275 ports and worldwide. UASC's dynamic and ambitious growth and market progression plans are underpinned by its industry-leading commercial partnerships and investment in some of the largest and most eco-efficient container vessels ever built. ▲



ABOUT YANG MING MARINE TRANSPORT CORPORATION

Yang Ming Marine Transport Corporation was established on December 28, 1972. Since that time, our staff members across the world have enhanced our transportation expertise and service quality. We always observe our core values of "Teamwork, Innovation, Honesty and Pragmatism" to fulfill our vision of becoming an excellent transport enterprise of the world. By forming strategic alliances with other carriers and providing our customers with high-quality "punctual, speedy, reliable, and economical" services, Yang Ming has become one of the leading shipping companies in the world and won the trust from customers. ▲

USMX CARRIER MEMBERS



USMX CARRIER MEMBERS



LABOR RELATIONS

FROM THE USMX LABOR RELATIONS DEPARTMENT

As we look back on the completion of 2016 (year four of the 2012-2018 USMX-ILA Master Contract), from a labor relations perspective, implementation of the various components of the Contract was fluid throughout the USMX ports. We continue to move forward, working with the International Longshoremen's Association to address various topics and challenges in our ports, such as the implementation of new technology, maintenance and repair issues in the South Atlantic region, ILA jurisdiction, chassis and local bargaining. Labor relations **PORT UPDATES** follow here, and additional material is provided in the *USMX PORT ASSOCIATION MEMBERS* section, which starts on Pg. 40 of this report.

Boston

- Boston Shipping Association (BSA) and the local ILA have been performing well under their local bargaining agreement of 2012.
- For further information on the Boston Shipping Association and this port, please see *PORT OF BOSTON*, Pg. 40.

New York/New Jersey

- New York Shipping Association (NYSA) continued to work toward implementing a relief system and achieving productivity gains in 2016. Improvements in manhours per container and vessel productivity were achieved, but more progress is envisioned. Past issues with labor shortages had hampered productivity enhancements. NYSA's elimination of those labor shortages will allow it to implement changes to further improve productivity moving forward.
- NYSA and the ILA continue to clash with the Waterfront Commission of New York Harbor, which alleges unfair hiring and discriminatory practices in the Port of New York and New Jersey. NYSA has no objections to the Commission's anti-crime efforts, but does to regulation by the Commission of control of the size of the port's longshore workforce and interference in day-to-day operations.
- 2016 saw ongoing implementation of new technology by several terminals, while adhering to the required provisions of the Master Contract.
- A considerable amount of effort has been expended in 2015 and 2016 regarding the formation of a "grey" chassis pool. Issues concerning the use of longshore labor in the traditional port locations have been resolved, but competitive issues concerning the major Intermodal Equipment Providers have stalled the implementation of the pool.
- For further information on NYSA and this port, please see *PORT OF NEW YORK & NEW JERSEY*, Pg. 42.

Philadelphia

- **NEW TECHNOLOGY:** In 2016, implementation of a new gate system at the Packer Avenue Terminal resulted in a request by the union for a visit by the ILA-USMX New Technology & Automation Committee and the ILA-USMX Jurisdiction Committee. Grievances had been filed by the union which contends, as it has since 2015 when the announcement was made of the intention to implement this system, that this new technology infringes upon the union's work jurisdiction.
 - A meeting of the Co-Chairs of the two committees was convened in the hopes that some of the union's issues could be worked out locally. These issues were still being discussed by both sides at the end of 2016.
- **JURISDICTION:** Grievances on issues related to ILA jurisdiction in the areas of reefers and warehousing were also filed in 2016.
- **M&R WORK:** The NLRB Advice Memo issued in July 2014 by its General Counsel, stated his opinion that the ILA's pursuit of work done by the IEM was not a secondary boycott. As of the end of 2016, the ILA has not acted on the advice memo.
- For further information on the Ports of the Delaware River Marine Trade Association and this port, please see *PORTS OF THE DELAWARE RIVER*, Pg. 44.

Baltimore

- The ILA monitor of Local 333 was removed in mid-2016 and a new slate of officers was elected.
 - With the new local administration, we anticipate greater stability from the union in terms of "labor peace."
- The Jurisdiction Committee, in 2015, issued a ruling that the ILA had the right to perform all covered Master Contract work, and that violations existed.
 - After this ruling, violations continued and on December 2, 2016, fines were issued under the terms of the current Master Contract Article VII (ILA Jurisdiction Generally), section (4) subsection (c) Jurisdiction Committee Decisions, subsection (iii) issuance of fines.
- The Local Industry Grievance Committee (LIGC) continued working with the new ILA administration to resolve the backlog of prior grievances.
- For further information on the Steamship Trade Association of Baltimore and this port, please see *PORT OF BALTIMORE*, Pg. 46. ►

LABOR RELATIONS

Norfolk

- In 2016, we saw multiple grievances and claims by the ILA surrounding implementation of new technology that occurred in 2015.
 - The union requested a visit by the ILA-USMX New Technology & Automation Committee and the ILA-USMX Jurisdiction Committee.
 - The hope is that these issues will be worked out locally by mid-2017.
 - In the event of no local resolution, then the Committees will be dispatched.
- Another letter of notification was issued in October 2016, of the implementation of new technology in the areas of gate and container handling equipment.
- For further information on the Hampton Roads Shipping Association and this port, please see *PORT OF VIRGINIA*, Pg. 48.

Wilmington, NC

- Wilmington posted a significant decrease in volume attributed to the Hanjin Bankruptcy.
 - Hanjin's volume loss in Wilmington equated to the start of an ILA man-hour decline in December.

Charleston

- In July of 2016, the South Carolina State Ports Authority implemented a new automated gate system (AGS).
 - Since the implementation of the AGS, ILA grievances were filed by the three Charleston locals in the following areas.
 - Jurisdiction
 - Safety
 - Manning
 - While discussions are occurring, the ILA has been working under protest to keep cargo moving.
 - We are hopeful that the parties will reach agreement on these issues.
- ILA Local 1771 (Clerks and Checkers) elected a new president, replacing a longtime incumbent to the position.
- For further information on the South Carolina Stevedores Association and this port, please see *PORT OF CHARLESTON*, Pg. 50.

Savannah

- In 2016, Savannah posted a steady rise in tonnage and increase in manhours.
- ILA Local 1414 (Longshoremen) elected a new president.
- For further information on the Georgia Stevedore Association and this port, please see *PORT OF SAVANNAH*, Pg. 52.

Jacksonville

- Labor relations between the Jacksonville Maritime Association (JMA) and ILA Locals 1408 and 1593 remained consistently steady and productive in 2016.
- For additional information on the Jacksonville Maritime Association and this port, see *PORT OF JACKSONVILLE*, Pg. 54.

Miami (Southeast Florida)

- Throughout 2016, issues remained with certain M&R work practices that are unique only to the ports in Southeast Florida.
- New gate technology implemented by South Florida Container Terminals in mid-2016 was met with resistance by the local ILA.
 - The parties are working to address the ILA concerns and expect the system to be operational in the first quarter of 2017.
- For additional information on the Southeast Florida Employers' Port Association and these ports, see *PORTS OF SOUTHEAST FLORIDA*, Pg. 56.

New Orleans

- During 2016, preparations were made for the implementation of new gate technology in both of New Orleans' container terminals.
 - Midgulf Association of Stevedores (MAS) and the ILA locals continue working together to fully implement as required by the terms of the Master Contract.
- For additional information on the Midgulf Association of Stevedores and this port, see *PORT OF NEW ORLEANS*, Pg. 58.

Mobile

- Notification of the intention to implement optical character recognition technology was issued in 2016 and discussions with the local ILA have commenced. ►

LABOR RELATIONS

Houston

- West Gulf Maritime Association (WGMA) and local ILA began discussions to renegotiate their expired local agreement.
 - At the end of 2016, the parties agreed to extend the existing local contract through the first quarter of 2017.
- Local 1351 (Clerks and Checkers) elected a new President, who replaced the longtime incumbent candidate.
- Local 24 (Longshoremen) elected a new President.
- For additional information on West Gulf Maritime Association and these ports, see *PORTS OF THE WEST GULF*, Pg. 60.

LABOR NOTES

Information Requests

- In 2016, the ILA sent out several requests for information from our USMX member companies:
 - **CHASSIS:** The ILA requested information regarding the sale of chassis by USMX carriers to see if the correct Master Contract language was inserted into the sale agreements.
 - USMX responded with the requested information.
 - **PORT OF DISCOVERY (POD):** The ILA sent out a request for information (description of each port's POD program) to our USMX member port associations to see if each port's program complied with the requirements of the Master Contract Article IX (ILA Jurisdiction Over M&R Work), section 5 (Port of Discovery).
 - USMX responded to the inquiry.
 - Next steps involve convening the ILA-USMX Jurisdiction Committee to review each port's POD program in depth.
- **DEFINITION CLARIFICATION:** The complete definition/interpretation of the word "control" as it pertains to the Master Contract from the USMX perspective has become a focus issue of the ILA. ▲

MASTER CONTRACT BARGAINING

As we continue preparing for some preliminary bargaining likely to take place in 2017, there are several significant ILA topics that we believe will be in the forefront of negotiations:

• ILA Jurisdiction

- Operating state ports authorities are an area of concern for the ILA as new terminals are being developed in the South Atlantic region.
- Since 2011, maintenance and repair jurisdiction over chassis has been a focus area of concern for the ILA.

• New Technology

- Implementation of equipment technology in reefer units by USMX carriers started in 2016.
- We are seeing greater pushback from the union as more instances of new technology are being implemented in our member ports.

• MILA Healthcare benefits

• Container Royalty

• Fully-Automated Terminals

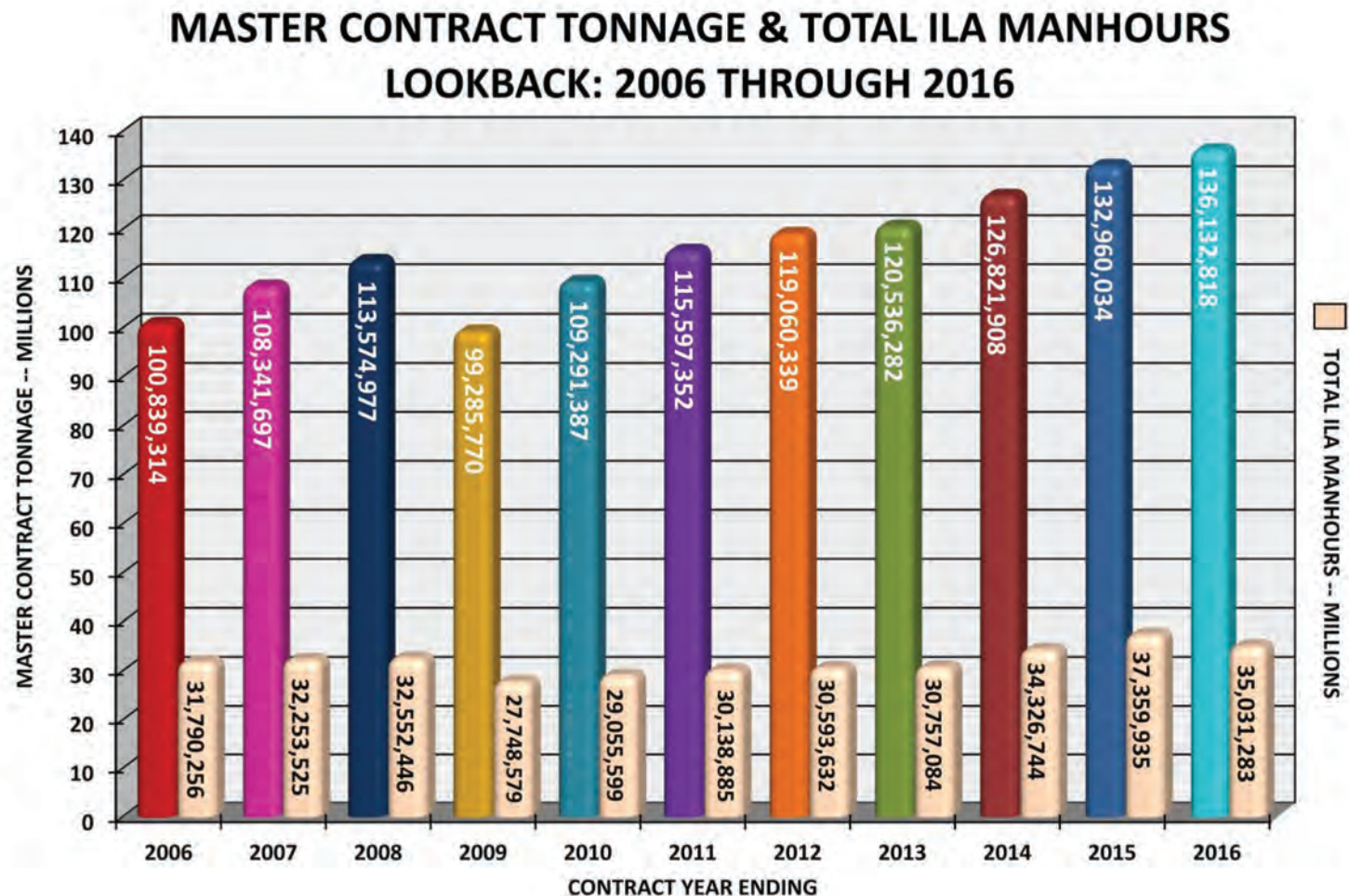
• Wages

The 2016 local ILA elections have resulted in new perspectives being brought to the labor relations arena, and we will definitely see a change in the union mindset as we move into bargaining with the ILA wage scale delegates.

MASTER CONTRACT TONNAGE & MANHOURS

LOOKBACK: 2012 THROUGH 2016

Total Master Contract tonnage in the USMX member Ports from Maine to Texas has steadily increased since the financial crisis of 2009, with contract year 2016 totals reaching an all-time high of 136 million tons. Since manhours are inclusive of all MILA-eligible ILA manhours, the trends do not always follow the same path as container tonnage. In 2016, there was a significant decline (greater than 6% over contract year 2015) in manhours due to a reduction in volume associated with non-container operations. ▲



USMX DIRECT EMPLOYER MEMBERS



ABOUT APM TERMINALS NORTH AMERICA

APM Terminals North America, the largest terminal operating company in the United States, operates an American terminal portfolio of five facilities, including APM Terminals Port Elizabeth, at the Port of NY & NJ; South Florida Container Terminal, at the Port of Miami (a joint venture with Terminal Link); and APM Terminals Mobile, at the Port of Mobile, Alabama. The 350-acre APM Terminals Port Elizabeth terminal, the largest APM Terminals facility on the US East Coast, will be upgraded as part of a \$200 million infrastructure investment program, which will include four next-generation STS cranes to handle Ultra-Large Container Ships, and increasing the terminal's annual throughput capacity to 2.3 million TEUs. APM Terminals Mobile, recently recognized by the Governor of Alabama with the Trade Excellence Award for 2017, is adding two new super-Post Panamax STS cranes with a 22 container-row reach, and will increase the existing container yard by 20 acres as part of a \$47.5 million expansion project, which will increase annual throughput capacity to 500,000 TEUs. ▲



ABOUT CERES TERMINALS INCORPORATED

Ceres Terminals Incorporated is one of the largest stevedores, marine and cruise terminal operators in North America. The company was established in 1958 and has grown to encompass operations in major ports throughout the U.S. and Canada. Ceres is a leader in the handling of containers, autos, roll on/roll off, breakbulk, bulk, project and cruise vessel operations. Ceres is a participant in the U.S. Customs & Borders' C-TPAT Program and is a certified participant of the Green Marine Environmental Management Program. ▲

USMX DIRECT EMPLOYER MEMBERS



ABOUT GCT USA

GCT USA operates two award-winning facilities: GCT New York on Staten Island, NY and GCT Bayonne in Bayonne, NJ.

GCT New York is the primary terminal in New York. The full-service container and general cargo facility is exceptionally customer-focused, boasting the fastest truck processing times in the harbor, housing the only terminal-affiliated customs exam station in the port.

International award-winning, semi-automated GCT Bayonne is one of the most advanced terminals in North America. Strategically located at the harbor entrance, the big ship ready, high productivity facility handles the largest ships calling the port of New York and New Jersey. ▲



ABOUT MAHER TERMINALS LLC

Maher Terminals LLC is one of the largest multi-user container terminal operators in the world. As a vital link in the container cargo movement chain, we are responsible for helping our customers effectively compete in the global marketplace by handling their cargo as expeditiously and economically as possible. We take this responsibility very seriously and have developed North America's largest marine container terminal in the Port of New York and New Jersey. This highly efficient container terminal operation strategically located in the heart of one of the world's most affluent consumer markets provides ample container throughput capacity to efficiently meet and exceed the current and longer-term operating requirements of our ocean carrier customers. The scope and flexibility of our highly-automated multi-user marine terminal operation truly make our facilities a "Port within a Port." This is best supported by the many ocean carriers that have been utilizing our facilities for decades, ranging from single trade lane operators to the world's largest global alliances. ▲

USMX DIRECT EMPLOYER MEMBERS



ABOUT PORTS AMERICA

Ports America is the largest American terminal operator and stevedore with operations in 42 ports and 80 terminals within the United States. With a highly skilled and trained labor force, Ports America has the experience and expertise to manage all types of cargo handling. Having handled more than 13.4 million TEUs, 2.5 million vehicles, 10.1 million tons of general cargo and 1.7 million cruise ship passengers annually, Ports America has operations ranging from pure container terminals to "under-the-hook stevedoring." Operations also include container, bulk, breakbulk, military, project and RoRo cargo handling; cruise terminal operations; intermodal facilities; and maintenance and repair. ▲



ABOUT SSA COOPER, LLC

With over 150 years in the maritime industry, SSA Marine and Cooper T. Smith joined forces in 2002 to form SSA Cooper, LLC. Our investments in our people, high-value locations and technology-driven efficiencies have made SSA Cooper a world-class handler for all types of cargo. Exceptional people working together as a team to create value for our customers and working as a local company in all communities we operate, make SSA Cooper a world-class terminal operator. ▲

USMX DIRECT EMPLOYER MEMBERS



ILA-USMX JOINT SAFETY COMMITTEE



JSC OSH BULLETINS

Since 2014, the JSC has been producing monthly OSH circulars on some very important maritime industry safety topics. These carefully-crafted bulletins are published in English and Spanish, and are widely distributed throughout the industry via the following methods: public postings on USMX and ILA websites; email blasts to USMX and ILA membership; distribution to all ILA locals; and distribution to rank and file workers at all meetings attended by the JSC.

The Committee encourages wide distribution of these important materials by management and labor, beyond what is already being done, and strives to keep the lines of communication open for better awareness and understanding of problem issues and to help prevent further accidents and/or injuries in our ports. Topics covered in 2016 include: container stacking; voluntary respirators; OSHA inspections; wind in the workplace; cat on a leash syndrome; speed kills; new OSH recordkeeping rules; falling twist locks; fire safety plans; container-over-container clearance; convention for safe containers; and enclosed space testing.

These important safety bulletins and others may be downloaded and distributed from the USMX website at the following link: <http://usmx.com/resources> ▶

ILA-USMX JOINT SAFETY COMMITTEE

THE JSC IN 2016

The end of 2016 signaled the close of the Joint Safety Committee's (JSC) fifth year of guidance and assistance to USMX member companies and their ILA counterparts in the ports from Maine to Texas. Since its inception in 2011, the JSC's role in the maritime industry has grown. The Committee, in whole or in part, continues its audits of port operations, its attendance and presentations at local and national safety meetings, and its one-on-one communications with safety personnel (labor and management) in our ports and with experts around the country, in furtherance of its mandate to maintain a proactive approach with regard to occupational safety & health (OSH) issues.

GUIDANCE AND INTERPRETIVE ADVICE

An especially important task that the committee performs on a regular basis is to answer inquiries from the USMX employers and the ILA employees on a wide variety of local and national safety topics. 2016 was a particularly busy year for updates and clarifications to questions related to: the Safety of Life at Sea (SOLAS) treaty as it pertains to container weight verification; International Maritime Organization (IMO) and Federal Motor Carrier Safety Administration (FMCSA) updates; and OSHA rulings and regulations related to hazardous cargo, PIT, and cargo handling. This year, in particular, there were a large number of inquiries on the updated OSHA rules on electronic reporting of accidents and illnesses. This particular OSHA update has been under several appeals throughout 2016. ▶

COMMITTEE ACTIVITIES

Over the course of the year, the JSC, in keeping with its resolutions to initiate, review, and create greater awareness of OSH issues on an industry-wide basis, completed the following tasks:

- Attended quarterly meetings of the National Maritime Safety Association (NMSA) Technical Committee (Mobile, Seattle, Philadelphia, Galveston)
- Attended the NMSA Annual Meeting in June
- Attended local safety meetings in several USMX member ports (New York/New Jersey, Savannah, Philadelphia, Norfolk, Houston)
- Made safety presentations at the following events:
 - Blue Ribbon Safety Panel (New Orleans)
 - ILA & ACD Executive Board Meeting (Tampa)
 - Occupational Safety & Health Conference convened by NYK Lines/Ceres (Savannah, New York/New Jersey, Philadelphia, Hampton Roads)
- Prepared quarterly Committee Activity Reports
- Accident investigations
 - Unfortunately, with fatalities occurring in Savannah and Jacksonville, JSC members were on hand to investigate and to spend time with the families of the victims ▲



MONTGOMERY NAMED 2016 NMSA PERSON OF THE YEAR

Mr. Mark Montgomery was named the 2016 Person of the Year at the NMSA annual meeting in Seattle, concluding his two-year term as the organization's president and in recognition of his dedication to the NMSA organization and his years in maritime safety. Mr. Montgomery, of Ports America Chesapeake, has served as a long-time board member of both NMSA and NAWA.

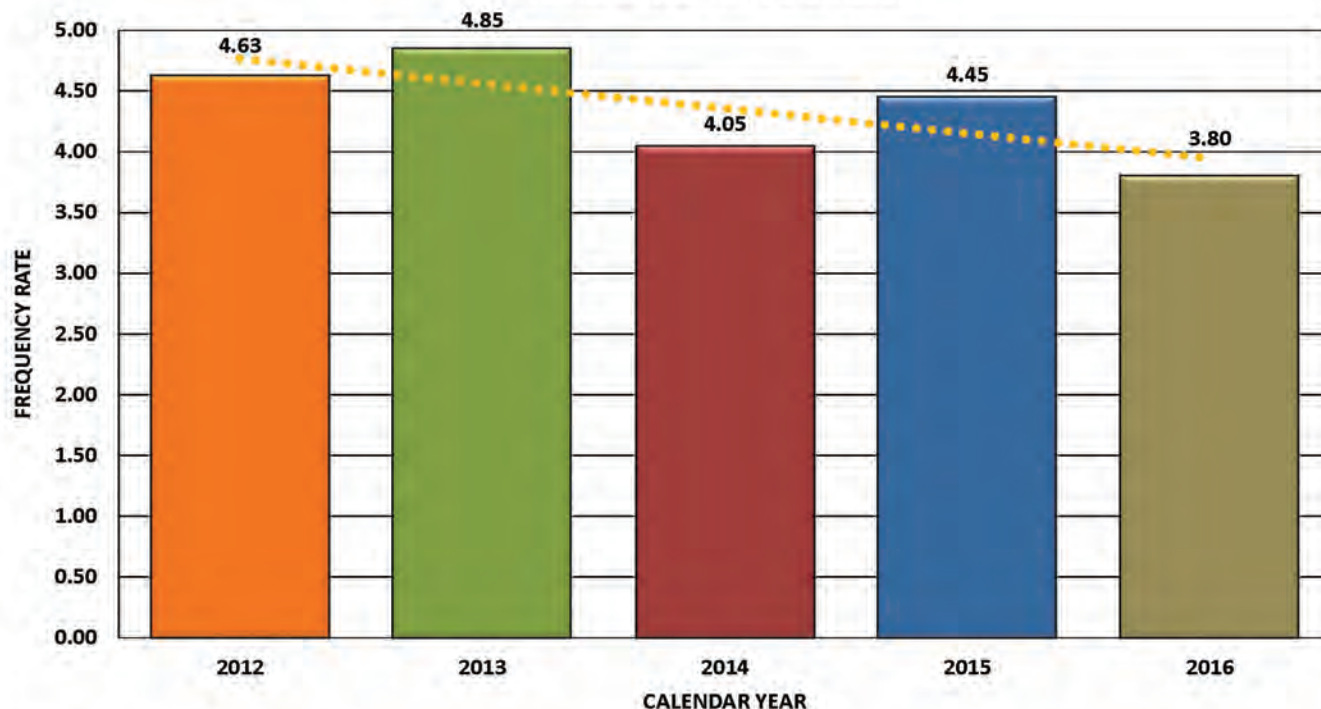
SAFETY DATA INITIATIVE

UPDATE: The JSC'S Safety Data Initiative was developed and implemented in late 2013. The initial project called for the collection of the annual total number of lost time incident frequency rates (LTIFRs) and manhours from USMX's employers of ILA labor in the ports from Maine to Texas. Working with previously noted LTIFR totals from 2011 and 2012, additional data collection allowed us to eventually develop a 5-year lookback model to use as a basis of comparison moving forward. Over the last three years, the parameters were broadened (from total incidents and manhours) to include a breakdown of those numbers by craft, type of incident/injury, and location of the incident/injury. This specific data provides our member employers and ILA labor with a more detailed perspective on their respective local safety programs across all operations. Ultimately, this data also helps USMX and the ILA to develop target-specific programs and materials to use in our workforce training to help lessen or avoid these types of incidents/injuries and/or unsafe situations. Greater workplace safety equals improved overall quality and productivity in our member ports. ►

2016 PROGRAM UPDATE

Now that the JSC has three full years of detailed data (craft, type, location) to share with our member companies and the ILA, we can see that our collective efforts are paying off. The 2016 data shows LTIFRs are at an all-time low (since 2011) for the ILA rank and file workforce in the USMX ports (see adjacent chart entitled *Lost Time Incident Frequency Rates in USMX Ports—Lookback: 2012 through 2016*). The overall rate of 3.80 in 2016 represents a significant decrease from the rate of 4.45 in 2015. In terms of lost time incidents, the ports reported a collective total of 733 in 2016, compared with 906 in 2015, a decrease of nearly 20%. We hope to sustain this decreasing trend moving forward by continuing to improve the collection and quality of our data through increased communications with our member direct employers and port associations. Their continued cooperation will enable us to upgrade our local safety plans and practices and better protect our biggest asset—our workforce. ►

**LOST TIME INCIDENT FREQUENCY RATES IN USMX PORTS
LOOKBACK: 2012 THROUGH 2016**



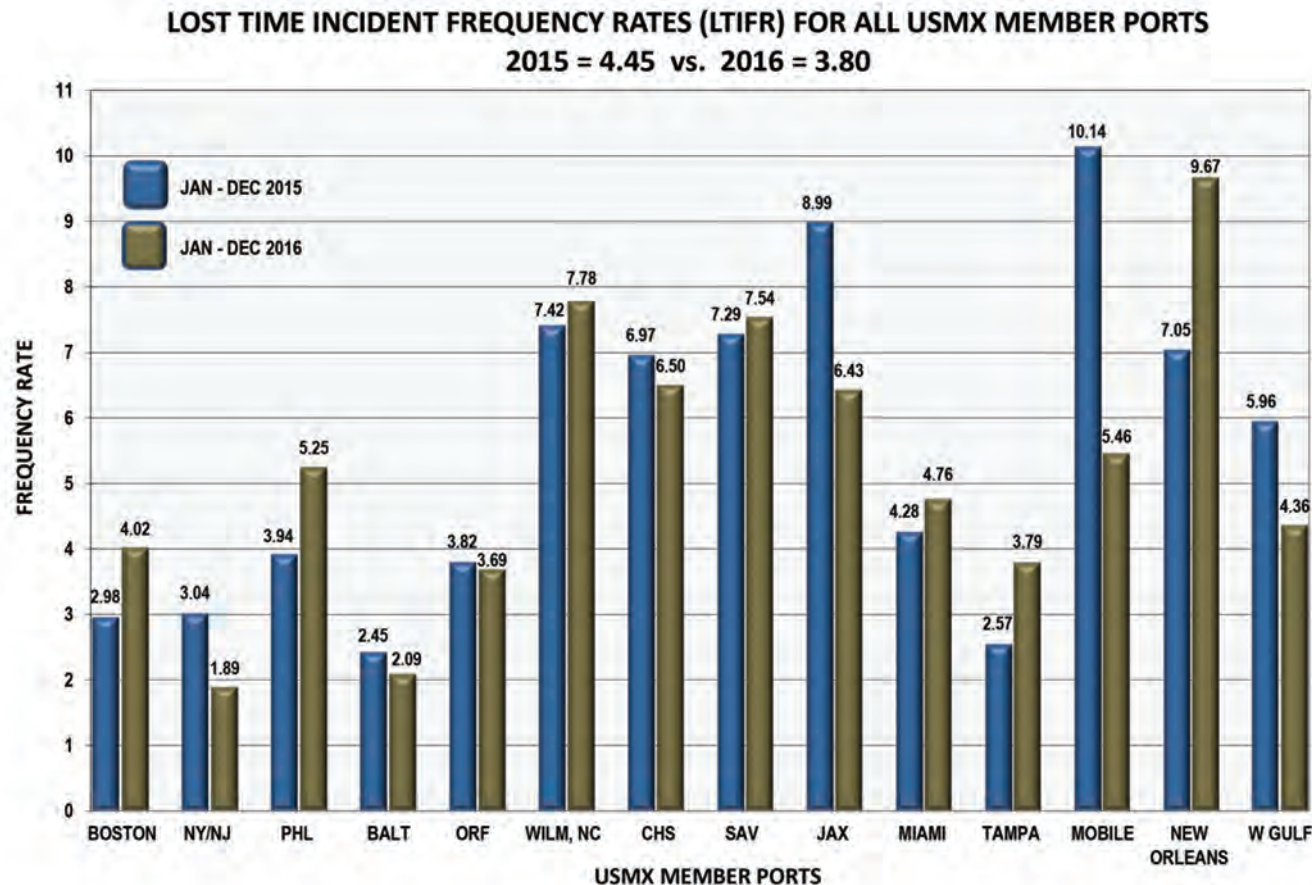
The lost time injury and illness incident rate is based upon Occupational Safety and Health Administration (OSHA) recordkeeping criteria and is considered a national standard used by the government for most industries. The formula considers the number of lost time incidents and illnesses occurring in 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.)

SAFETY DATA INITIATIVE

DATA REPORTING AND RESULTS

Over 120 companies employing ILA labor from Maine to Texas report their LTI data twice a year via a standardized reporting form. The data is then input into the Oracle reporting system, administered and managed by CCC Service Corp. All reported data is archived for analysis and the creation of individual charts and reports illustrating the various LTI components (total incidents, manhours, crafts, types, locations). Accuracy of data is of the utmost importance for accurate analysis and report preparation. These reports allow our member employers to track and identify the incident trends particular to their respective operations,

year over year. Those trends also help USMX confirm that we are providing the correct type of safety training in our current programs, and to pinpoint problem areas to focus upon when developing new training materials. We are appreciative of our members' continued cooperation in keeping their reported LTI data and employer/port information accurate and up-to-date throughout the reporting periods. The chart below (*Lost Time Frequency Rates for All USMX Member Ports, 2015 vs. 2016*) provides a snapshot of that year-over-year, port-by-port rate of frequency of lost time incidents. Additional LTI data charts by craft, type and location for 2014 through 2016 can be found on pages 30-31. ▶

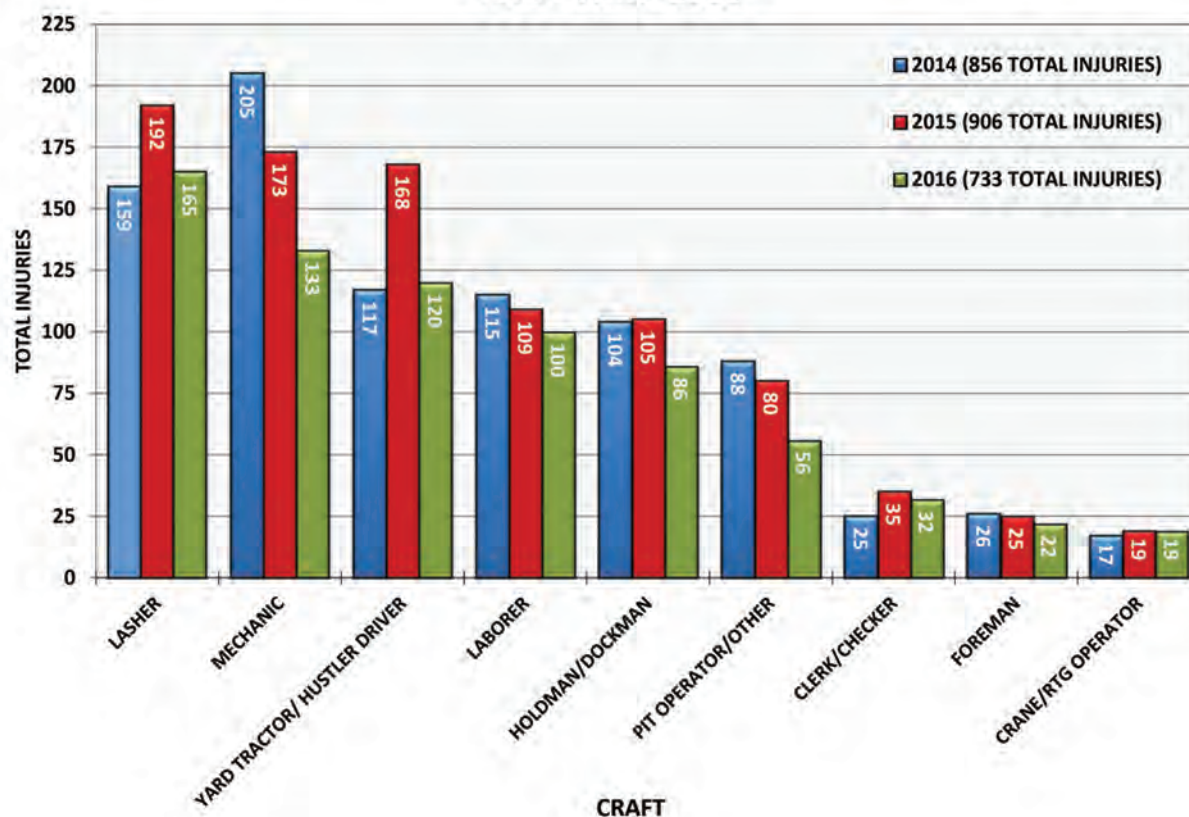


SAFETY DATA INITIATIVE

LOST TIME INCIDENT DATA LOOKBACK: 2014 THROUGH 2016

Lost time incident (LTI) data by craft, by type, and by location was collected from all of the USMX ports from 2014 through 2016. There are several reasons we collect this information: to lessen the toll that these injuries take on the workforce; to help the employers covering the costs of these lost-time claims become more aware of what incidents led their workers to lose time on the job; and how to prevent these workplace incidents from occurring in the future. This three-year look-back has pinpointed some very specific trends among the three categories. For example, the chart below (*Total LTI Data From All USMX Ports By Craft*), illustrates several points with regard to lost-time injury/incident trends among ILA crafts. LTIs reported over the three-year period total 2,495 across all crafts, with lashers registering the highest percentage of lost time injuries at 21%. Mechanics followed at 20%, yard tractor/hustler drivers at 16%, laborers at 13%, and holdmen/dockmen at 12%. PIT operators logged a rate of 9%, with clerks/checkers at 4%, foremen at 3%, and crane/RTG operators with the smallest percentage of LTIs, at 2%. Lashers and mechanics reported the highest rate of LTIs among the crafts by a wide margin of 41%. These two occupations remain the most dangerous on the waterfront. Even though the total number of incidents for those crafts did go down substantially from 2015 to 2016, they remain, on a percentage basis, the craft needing the greatest attention in the area of safety training. The craft with the third-highest overall percentage of LTIs is the yard tractor/hustler driver, with a 16% rate of frequency over the 2014-2016 period. Drivers have reported high rates of "jostling" when containers are being hoisted by cranes or yard equipment. Though these types of incidents spiked in 2015, they dropped significantly in 2016.

**TOTAL LTI DATA FROM ALL USMX PORTS BY CRAFT
2014 THRU 2016**



Even though the total number of incidents for those crafts did go down substantially from 2015 to 2016, they remain, on a percentage basis, the craft needing the greatest attention in the area of safety training. The craft with the third-highest overall percentage of LTIs is the yard tractor/hustler driver, with a 16% rate of frequency over the 2014-2016 period. Drivers have reported high rates of "jostling" when containers are being hoisted by cranes or yard equipment. Though these types of incidents spiked in 2015, they dropped significantly in 2016.

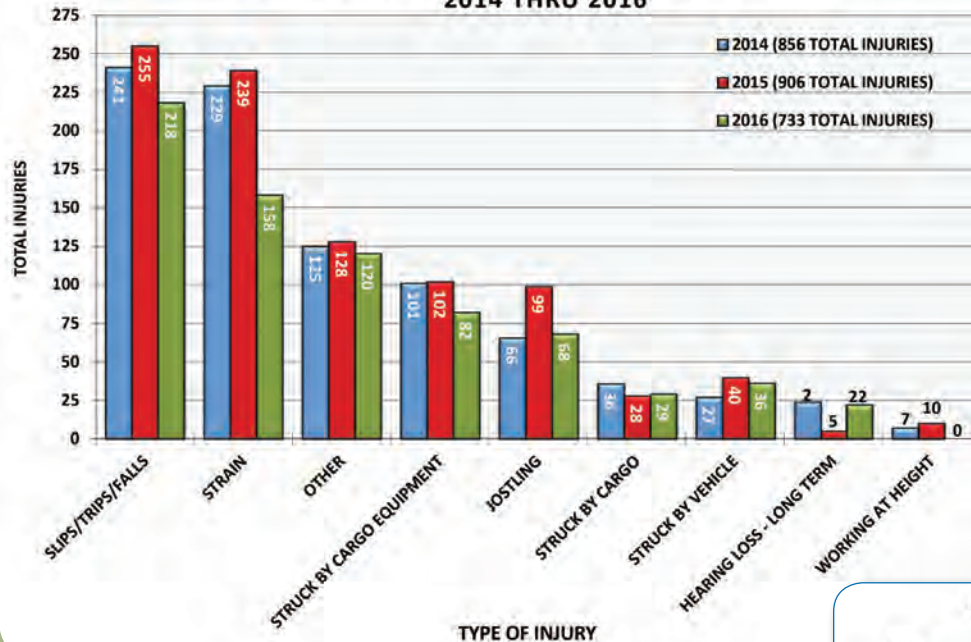
LTI REPORTS BY THE TYPE AND THE LOCATION OF WORKPLACE INJURIES

As previously stated, 2,495 LTIs were reported by USMX employers from 2014 through 2016. These incidents and injuries were broken down and analyzed. The adjacent chart titled *Total LTI Data From All USMX Ports By Type*, pinpoints slips/trips/falls as the type of injury with the highest number of occurrences at 241 for 2014, 255 for 2015, and 218 for 2016, representing a 25% overall occurrence rate from 2014 through 2016. ▶

2016. This represents a 29% occurrence rate over the three-year period. Strains were identified as the next most frequent type of injury at 229 for 2014, 239 for 2015, and 158 for 2016, representing a 25% overall occurrence rate from 2014 through 2016. ▶

SAFETY DATA INITIATIVE

**TOTAL LTI DATA FROM ALL USMX PORTS BY TYPE
2014 THRU 2016**



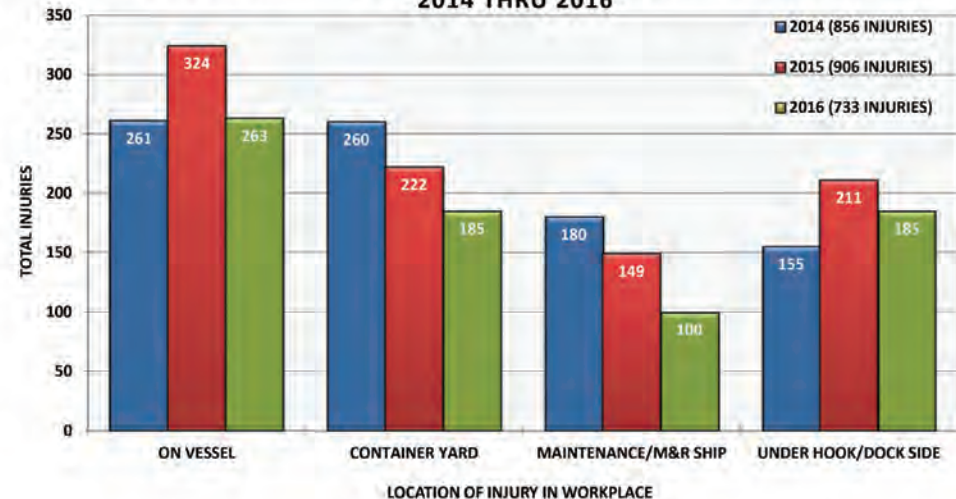
CONCLUSIONS REGARDING LTI RATE REDUCTIONS IN OUR USMX PORTS FROM MAINE TO TEXAS

At the conclusion of 2016 and moving into the future, the Joint Safety Committee, and its employer and workforce partners from USMX and the ILA, strive to ultimately reduce injuries and fatalities in our ports from Maine to Texas. Through the continued cooperative efforts and diligence of these concerned parties, we will continue to communicate with and educate our member employers and workforce to eradicate unsafe work practices and conditions. We will work to continue monitoring incident trends and develop safety programs and plans to address and reduce those trends, thereby reducing the monies spent by employers paying for LTI claims. Protection of our members, our workforce and our maritime workplaces are of the utmost importance, and ultimately, will result in improvements in worker and workplace safety and productivity. ▲

(cont'd. from Page 30)

Despite a drop in the occurrence of nearly all types of injuries reported across the board, when comparing 2015 numbers with 2016, slips/trips/falls and strains remain the most frequently-occurring lost time incidents, year over year. When looking at data on the workplace locations of injuries and incidents occurring in USMX ports in 2014 through 2016 (see adjacent chart titled *Total LTI Data From All USMX Ports by Location*), on-vessel incidents and container-yard incidents were reported as the locations where LTIs occurred most frequently (261 incidents in 2014, 324 in 2015 and 263 in 2016—a total of 34%). A positive trend to note is that the 2016 incidents reported for all locations show a marked drop from the 2015 numbers. ►

**TOTAL LTI DATA FROM ALL USMX PORTS BY LOCATION OF INJURY
2014 THRU 2016**



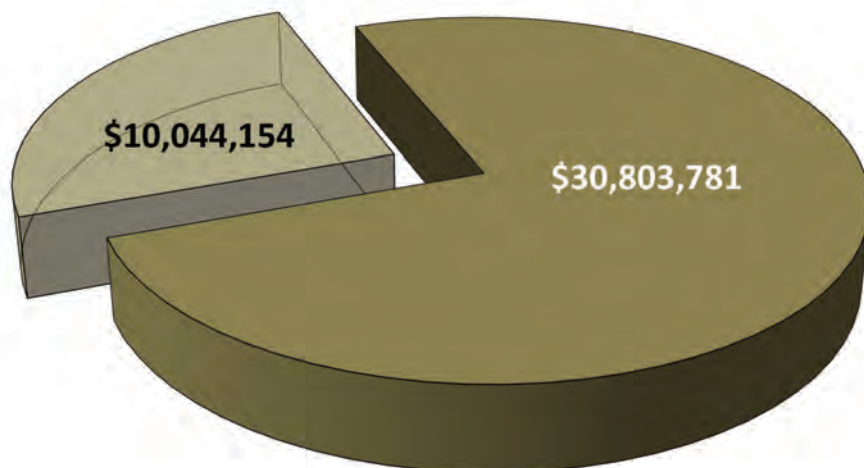
TRAINING OVERVIEW

TRAINING AND TECHNOLOGY FROM MAINE TO TEXAS

The ever present evolution of new technology implementation on the waterfront showed no signs of slowing down in 2016. High-tech equipment, such as RMGs, shuttle trucks, and next-generation straddle carriers and cranes, became the biggest focus area for local training programs this year. Besides the new equipment, there was a steady flow of new gate systems for both terminal and vessel operations in several Master Contract ports. Increased demand for the maintenance and repair (M&R) of chassis led to specialized training up and down the coast to ensure that the vendors and the ILA labor in the M&R field were properly trained on the regulations of the Federal Motor Carrier Safety Association (FMSCA). The M&R craft saw a major increase in the installation of new systems designed for the management of refrigerated containers (reefers) that will require intensive training over the next several years. High-tech training in the M&R field will now become a staple in our training programs and will, no doubt, become an area of growth for the ILA. Besides the maintenance of chassis, containers and specialized reefers, it will take highly-skilled mechanics to maintain and repair the rest of the new operating equipment mentioned above. In addition to the wave of high-tech training requirements, the USMX-ILA Container Freight Station Trust Fund also provides funding for all training required by our workforce to meet the current OSHA regulations. All USMX ports must keep up with hazardous cargo training and certification for each member of the workforce. The Powered Industrial Truck (PIT) training continues as well. Most new ILA workers must gain certification on several types of equipment, such as fork lift and yard tractor, then must be recertified every three years. Several new programs covering safety awareness and others pertaining to leadership training for foremen and supervisors are available. The tremendous hiring surge the industry went through over the last few years has tapered down considerably in 2016, enabling the ports to concentrate more on improving their efficiencies and increasing productivity with a steady workforce. ▶

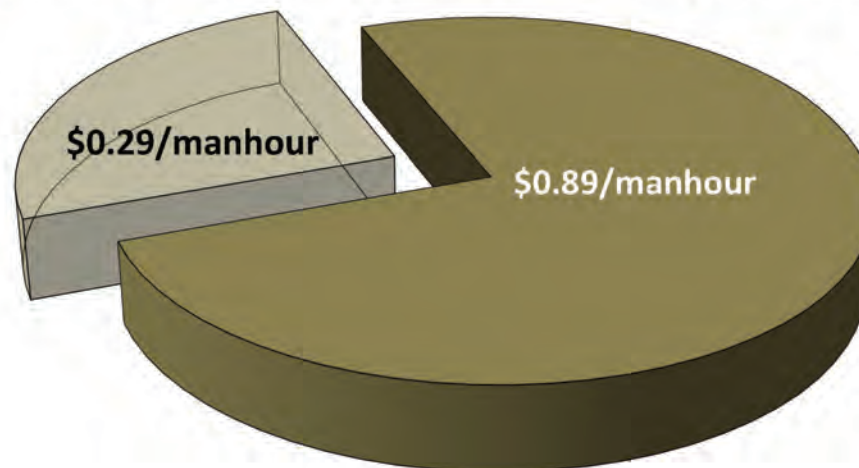
2016 (CALENDAR YEAR) TOTAL TRAINING EXPENSES: \$40,847,935

■ USMX TRAINING EXPENSES ■ PORT ASSOCIATION TRAINING EXPENSES



2016 (CALENDAR YEAR) TOTAL PER MANHOUR TRAINING EXPENSES BASED ON 34,614,943 MANHOURS @ \$1.18/MANHOUR

■ USMX PER MANHOUR COST ■ PORT ASSOCIATIONS PER MANHOUR COST

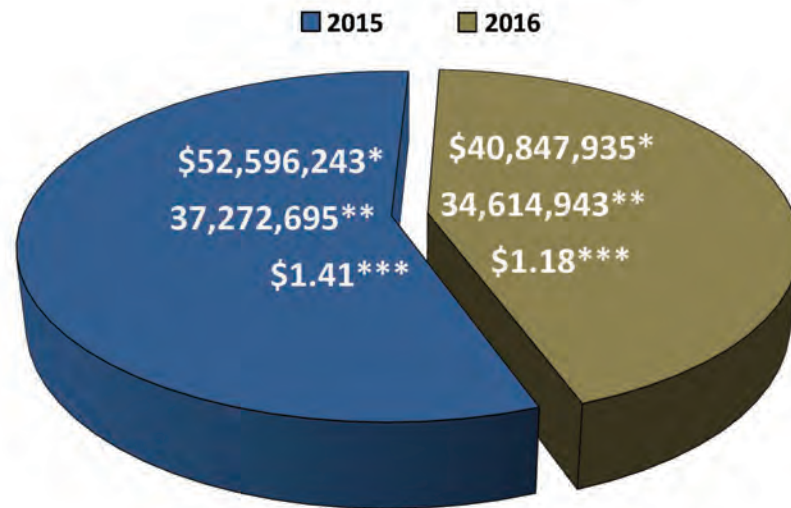


TRAINING OVERVIEW

FUNDING THE TRAINING EXPANSION

The CFS Trust Fund is only part of the training funding equation. Partnerships are essential to the continued funding for the highly technical path of training that the industry demands. Without the support of our USMX member port associations, terminal operators and stevedores, none of the aforementioned programs would be possible. As per the current Master Contract (in effect until 9/30/2018), the carrier members of USMX, through cargo assessments, contribute twenty-five (25) cents per ton to pay for training and to fund the Container Freight Station program. In 2016, the training expense contributed by the CFS Trust Fund was over \$10 million dollars. The balance of the training funds come from our member partners—a contribution estimated at nearly \$31 million dollars in 2016—to cover training expenses not currently covered by the CFS Trust Fund, such as management trainers, training facilities, equipment rentals, fuel and insurance, etc. Through these combined efforts, we provided coverage of training expenses in 2016 of nearly \$41 million dollars, or \$1.18 per manhour. ▶

**2015 VS. 2016 (CALENDAR YEAR)
TOTAL TRAINING EXPENSES**



* = TOTAL TRAINING EXPENSES

** = TOTAL MANHOURS

*** = TOTAL COST PER MANHOUR

ILA-USMX JOINT TRAINING COMMITTEE

The ILA-USMX Joint Training Committee (JTC) was established in 2015, and is responsible for establishment of the Master Contract training budget, as well as for the approval of all new training programs requested by our industry partners. The JTC consists of six members (three ILA/three USMX) and meets each January to establish the year's training budget, and additionally throughout the year, as needed.

MITAGS UPDATE

In 2016 our member ports sent 157 students to USMX-ILA training courses offered at the jointly-managed centralized training campus at the Maritime Institute of Technology and Graduate Studies (MITAGS)—surpassing the previous record high of 142 in 2015. Courses include simulation training for RTG and cranes, specialized training in the expanding field of M&R (diesel electric generator and container refrigeration), and students can prepare for EPA certification—all provided at no cost to the student. Transportation, room, and board are all provided through funding by the CFS Trust Fund. The MITAGS campus, outside of Baltimore, includes a hotel and cafeteria, a conference center, an academic building and the simulator building—a one-stop shop for the attendees. The Fund also pays for the maintenance and update of all simulator and M&R equipment at MITAGS, as well as for classroom materials and supplies. ▲



**Maritime Institute of Technology
& Graduate Studies (MITAGS)**



OVERVIEW OF USMX-ILA TRUST FUNDS

MASTER CONTRACT TRUST FUNDS

As part of the execution of the current USMX-ILA Master Contract, five trust funds are jointly-managed by Trustees from the ILA and from USMX to ensure proper management of collected assessments. This table describes each fund, its purpose, and the pages where you can find additional information about each fund within the context of this annual report. ▼

TRUST FUND	PURPOSE	PG NO.
Management-ILA Managed Healthcare (MILA)	Execution and management of healthcare benefits	34-35
Container Freight Station (CFS)	CFS subsidy and credit; approval and distribution of yearly training budget	36-37
Container Royalty 5 (CR5)	Master Contract automatic payments and local welfare funds subsidy based on yearly application review/approval	38
Container Royalty Central Collection (CRCCF)	Centralized collection of all Master Contract tonnage assessments	39

MILA MANAGED HEALTH CARE TRUST FUND

The MILA Managed Health Care Trust Fund is a collectively-bargained, multi-employer health plan. Its Board of Trustees, with representation from both management and labor, administers the MILA National Health Plan to provide medical, dental, vision and behavioral health coverage, as well as prescription drug benefits for more than 70,000 people (active and retired ILA members and their qualified dependents, and certain other non-bargaining unit employees who pay a premium for their coverage).

Rising healthcare costs and future trends continue to be a major concern for MILA. The MILA administration, along with the MILA Trustees, have remained vigilant to ensure that cost-effective measures are in place to maintain existing benefits and coverage. Due to a focus on high-cost areas, MILA's medical and prescription cost increases posted significantly below the national average for 2016. The MILA Board of Trustees and Staff are committed to meeting and exceeding the established standards required to ensure the continued success of the MILA program. ►

MILA

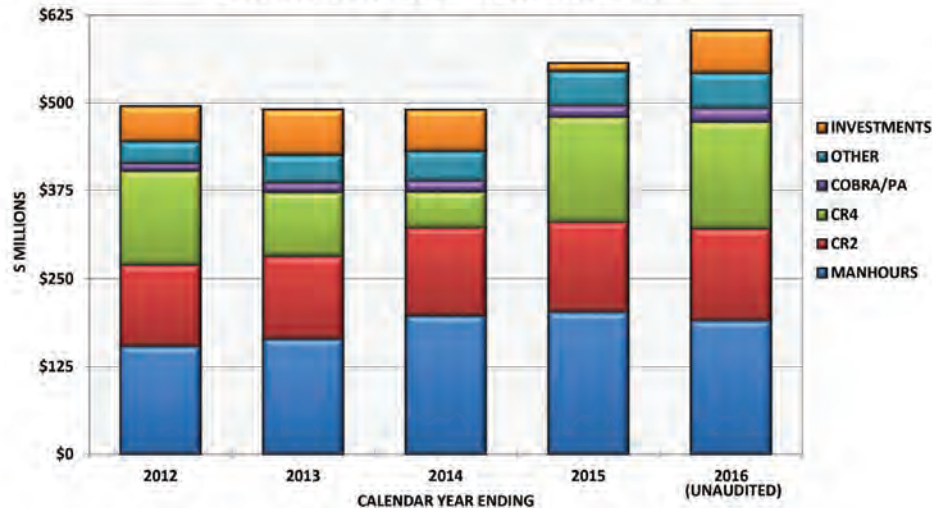


MILA ADMINISTRATIVE STAFF

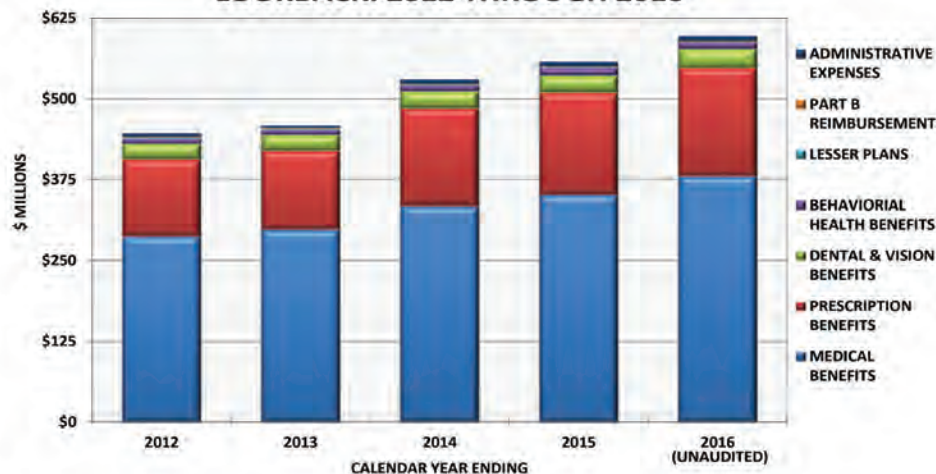
Front row, left to right: Angelina Kishore, Member Support Representative; Sharleka Millington, Administrative Assistant & Member Support Representative. Back row, left to right: Robin Csabon, Director of Accounting; Glenn Vanish, Receptionist; LaVerne Thompson, Executive Director.

MILA MANAGED HEALTHCARE TRUST FUND

MILA CONTRIBUTION CATEGORIES LOOKBACK: 2012 THROUGH 2016



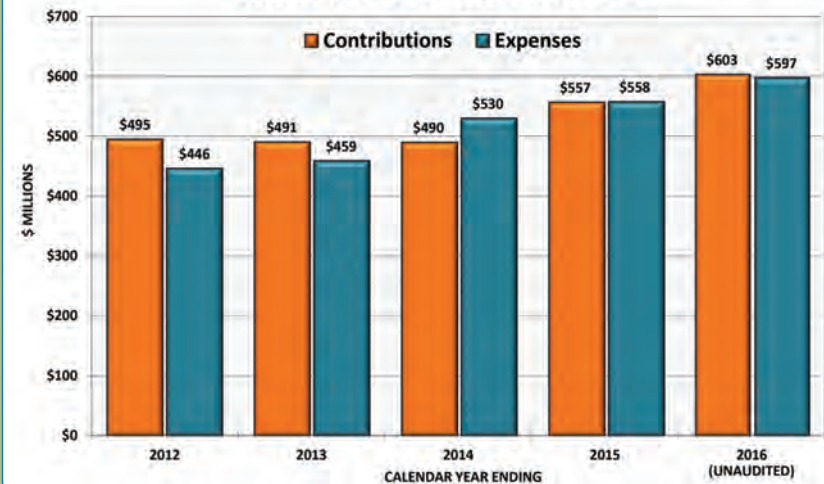
MILA EXPENSE CATEGORIES LOOKBACK: 2012 THROUGH 2016



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 CONTRIBUTIONS VS. EXPENSES LOOKBACK: 2012 THROUGH 2016



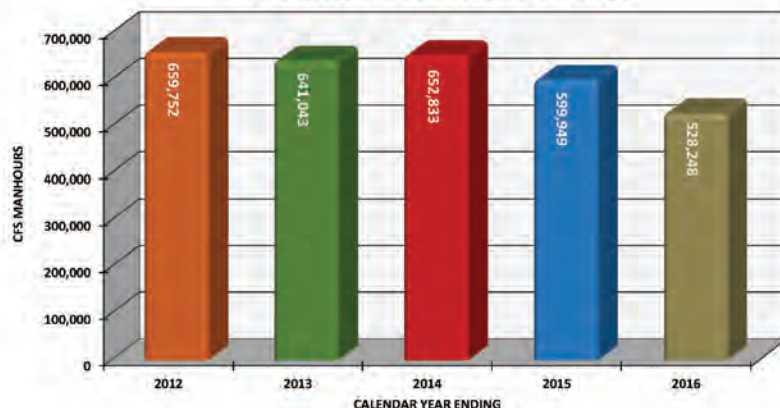
CONTAINER FREIGHT STATION TRUST FUND

2016 PROGRAM UPDATE

In 2016, the CFS program saw its first round of consolidations and a major downturn of business in Houston, due to the struggling oil business. As a direct result of the downturn in cargo we saw the sale of Shippers Stevedoring assets to the new partnership of Cooper/T. Smith and Ports America. The new partner group would merge the Shippers Stevedoring operations with its own under the new company C-PA. With the addition of C-PA, there would now be eight CF stations operating in the Houston area, four by C-PA and four by Ceres/Gulf Winds. Currently the CFS still operates in eight ports: NY/NJ, Baltimore, Hampton Roads, Charleston, Miami, Mobile, New Orleans and Houston. There are currently 21 separate CFS operations jointly managed by the ILA-USMX CFS Trust Fund. The CFS Trust program continues to preserve work for hundreds of ILA employees by subsidizing the operations and keeping the work in the port areas operated by ILA rank-and-file labor. This past year, the CFS program supported 528,248 ILA man-

hours to strip and stuff 82,806 containerized units. With the amount of units being worked in 2016, the Trustees paid out \$11,391,516 in subsidy to the stations. With the downturn in business, these figures represented a 8.96% drop in container volume and a subsequent 21.95% drop in subsidy dollars. Though there was a significant downturn in cargo in Houston (the program's largest port), all indications point to a rebound in 2017. ▼

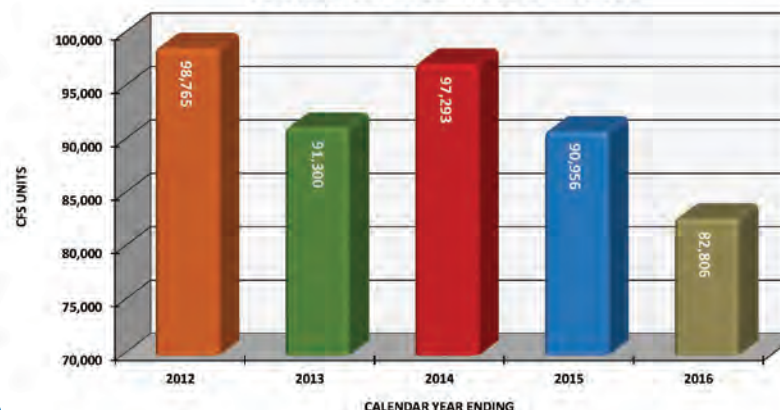
**CFS TRUST FUND MANHOURS
LOOKBACK: 2012 THROUGH 2016**



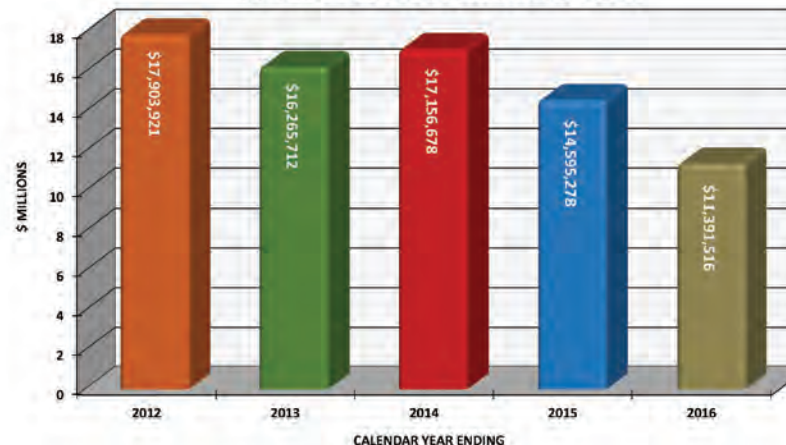
CFS FUND SUBSIDY RATES

On 10/1/16, the CFS subsidy rate dropped to \$22/hour from \$24/hour in 2015. These rates were established as per the current Master Contract (10/1/2012 through 9/30/2018). It is important to remember that the lowering of the subsidy rate in the contract should allow for managed growth and expansion, if and when needed. Another program edict arising from the current Master Contract is that any station that opens after 10/1/2012 will be subsidized at the rate in effect in 2017-2018 (\$21). This rate of (\$21) is also the subsidy for all stations in the last year of the current agreement from ►

**CFS TRUST FUND UNITS
LOOKBACK: 2012 THROUGH 2016**



**CFS TRUST FUND SUBSIDY EXPENSES
LOOKBACK: 2012 THROUGH 2016**



CONTAINER FREIGHT STATION TRUST FUND

CFS FUND SUBSIDY RATES (cont'd.)

10/1/2017 through 9/30/2018. The formula is simple: the hourly subsidy rate and the predetermined activity hours set the reimbursement paid to the operators for all stripping and stuffing operations.

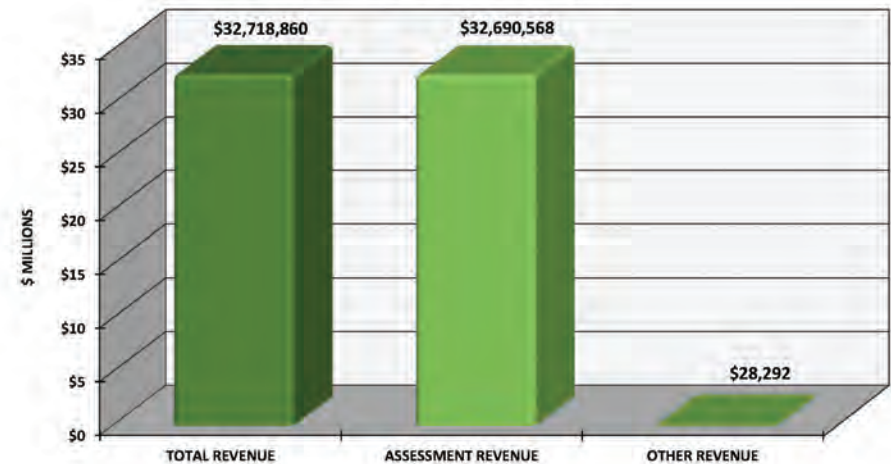
2016 CFS AUDITS

As mandated by the CFS Trustees and as required by the operating regulations of the CFS program, all stations must be audited. The larger CFS stations are audited yearly and the smaller stations as required. In 2016, audits were conducted for Shippers Stevedoring in Houston, VIT in Hampton Roads, SSA/Cooper in Charleston and Ceres and Ports America in New Orleans. It is important to note that all stations must adhere to the Audit Guidelines found in the CFS Operators' Manual. All stations are required to know the audit policies of this program and provide the auditors all information requested at the time of the audit.

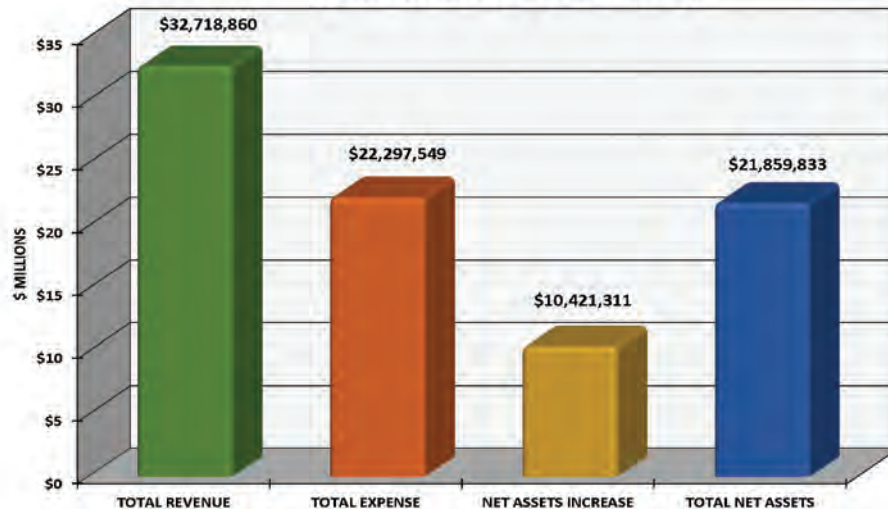
2016 CFS PROGRAM FINANCIALS

The three charts on this page provide a snapshot of the CFS Program audited financials for contract year 2016. ▲

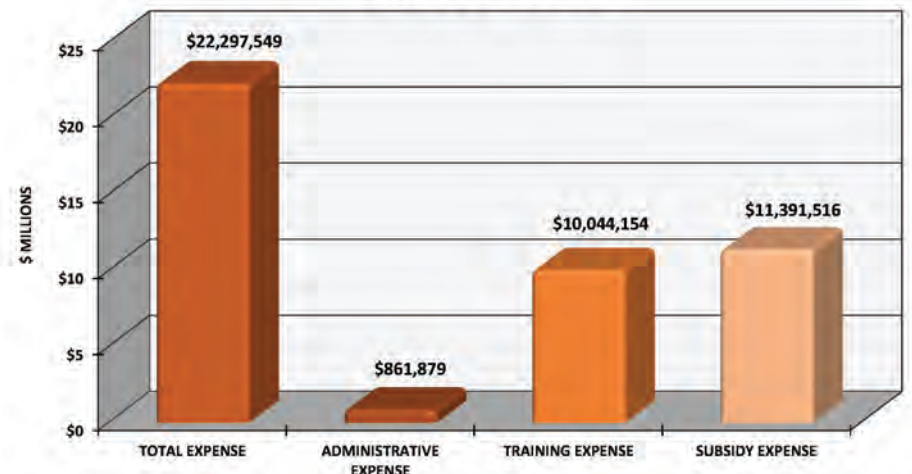
2016 CFS REVENUE



2016 CFS TOTAL REVENUE VS. TOTAL EXPENSE (CALENDAR YEAR AUDITED)



2016 CFS EXPENSE



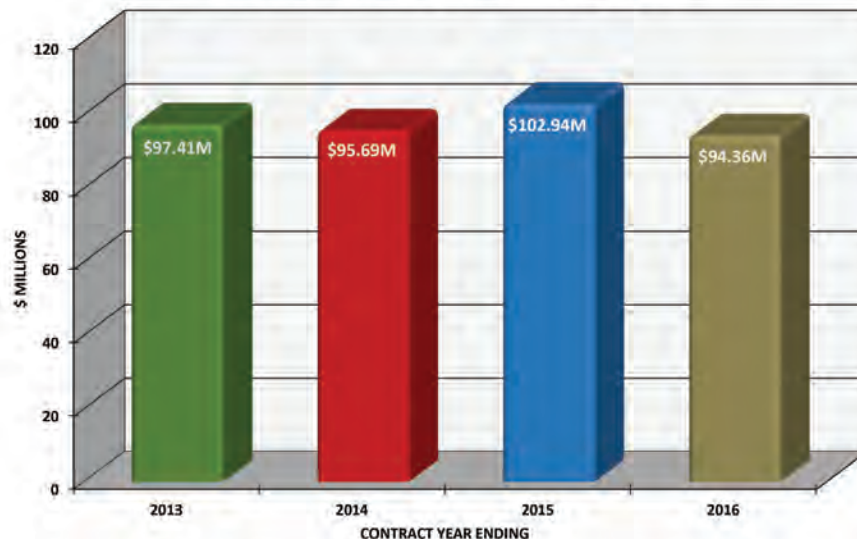
CONTAINER ROYALTY 5 (CR5) TRUST FUND

2016 CONTAINER ROYALTY 5 FUND UPDATE

The CR5 Fund is an essential resource for our member ports whose local welfare funds experience a shortfall and are unable to meet their Master Contract welfare obligations. The demand for CR5 funds has varied over the years due to increases in Vacation and Holiday benefits that are driven by wage increases and the wage progression offset by improved (due to volume increases and/or financial improvements) local welfare funds. Concern over adequate funding remains because of the difficulty in forecasting future demands.

In the Contract Year that ended September 30, 2016, CR5 paid out approximately \$35 million dollars in assistance applied for by our member ports, in addition to the automatic payments made as required under the Master Contract. This reduction from the 2015 applied-for assistance payout is the result of healthier local welfare funds. Under the current Master Contract, the ability exists for the Trustees to adjust the CR5 assessment if needed, either up or down, during the term of the agreement. For the contract year starting October 1, 2016, the Trustees agreed to continue the current CR5 assessment at \$0.70/ton. ▼

**CONTAINER ROYALTY 5 TRUST FUND ANNUAL PAYOUT
LOOKBACK: 2013 THROUGH 2016**



ABOUT THE CONTAINER ROYALTY 5 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 financed through a carrier assessment, and is jointly administered by Trustees from the ILA and USMX. ▲

CONTAINER ROYALTY CENTRAL COLLECTION FUND

CONTAINER ROYALTY CENTRAL COLLECTION FUND (CRCCF)

The CRCCF had an exciting year. The Contract Year Ending September 30, 2016, was the first full year of operations on the new CRCCF system, with all USMX carriers reporting "live." To ensure smooth, day-to-day operations for our member carriers and direct employer system users, the CRCCF team worked closely with them to establish data accuracy and to address technical and process inconsistencies. The new CRCCF system has brought a tremendous amount of value to all parties involved by streamlining the royalty collection process, providing timely and detailed reporting, and addressing and resolving errors in real time. In 2017, we will be rolling out a new Container Freight Station (CFS) module that will match CFS boxes to carrier manifests and then automatically issue CFS credits to the carriers. As with the other Master Contract Container Royalty Funds, CRCCF is jointly administered by Trustees from USMX and the ILA. ▼

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. ▲



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.

USMX PORT ASSOCIATION MEMBERS



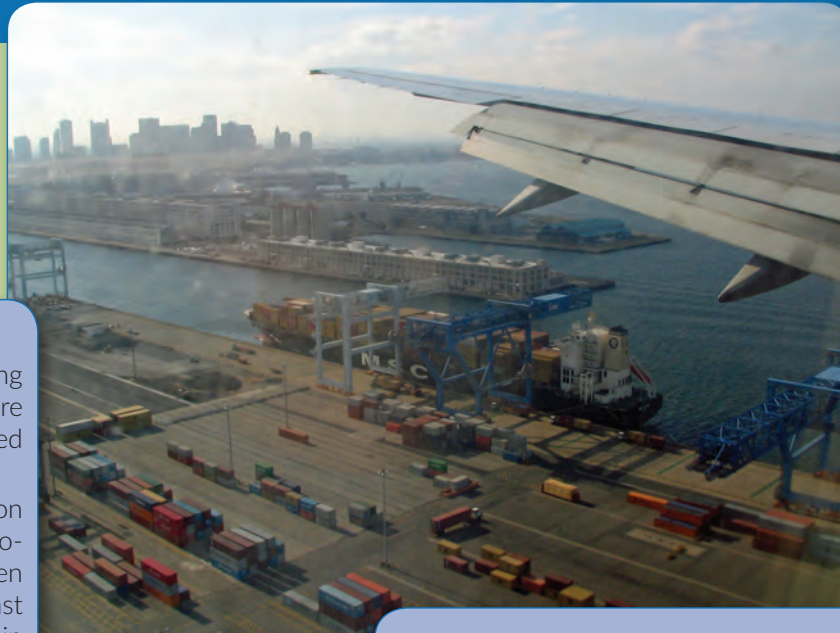
PORT OF BOSTON

Boston Shipping Association

Richard F. Meyer, Executive Director

Conley Container Terminal

- Conley Terminal has achieved back-to-back recording-breaking years for volume in 2015 and 2016, with exports increasing by more than 11% from 2015 to 2016. In 2016, Conley Terminal processed more than 248,300 containers.
- Massport, as a member of the BSA, participated in the negotiation of a new local CBA that has resulted in a 30% increase in crane productivity. This positive result represents a true partnership between the ILA in Boston and the various employers on the waterfront. Last year, The Journal of Commerce (JOC) ranked Conley Terminal #1 in North America for Improved Efficiency.
- Starting in April 2017, 12 of the world's top 15 shipping lines will be calling the Port of Boston versus five lines just four years ago.
- Massport won a \$42 million FASTLANE Grant from the U.S. Department of Transportation to modernize Conley Terminal's existing facilities.

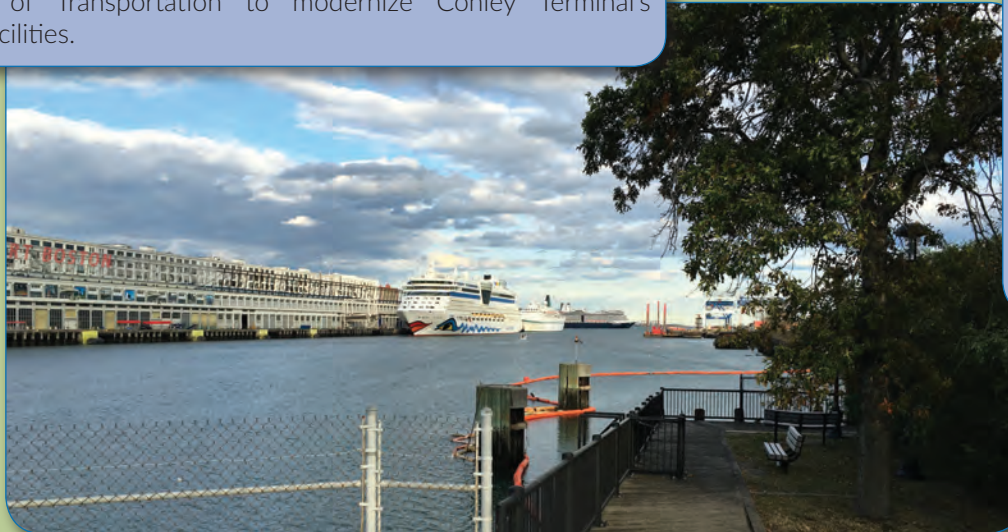


Flynn Cruiseport Boston at Black Falcon Terminal

- 2016 marked the 30th Anniversary of the cruise terminal and featured the Disney Magic and Viking Star's first call to Boston and five calls from RCI's Anthem of the Seas. In total, Flynn Cruiseport Boston attracted 114 ship calls and 309,000 passengers in 2016.
- Flynn Cruiseport Boston will welcome 152 ship calls, 390,000 passengers, and 19 different cruise lines in 2017.

Boston Autoport

- The Boston Autoport processed 78,332 cars in 2016. ▶



USMX PORT ASSOCIATION MEMBERS



Boston Harbor Dredging Project

- The approximately \$350 million Boston Harbor Dredging Project deepens the main navigation channels to allow the larger container vessels to call Conley Terminal and preserves vessels' capability to deliver home heating oil, jet fuel, and salt to terminals along the Chelsea and Mystic Rivers.
- The first phase (maintenance dredging) of the project is set to begin in April of 2017.

Port Safety

- 21 ILA Members trained at MITAGS for 2016.
- BSA's efforts in securing safety funding helped provide 8,676 hours of reimbursable Safety Training to the Port of Boston.
- There has been a steady reduction since 2013 of our Loss Time Accidents (LTA) by prioritized training on high-risk activities.
- Port of Boston was awarded a grant from the EPA to replace 5 RTG's with Tier-4 engines, reducing emissions from diesel equipment at the Port. ▲



Boston Fish Pier

- The seafood business occupancy has increased over 40% during the last three years and the Fish Pier is now 100% occupied.

Massport Marine Terminal

- Three developers are building new spaces on three separate parcels for a mix of seafood industry businesses on the 40 acre Massport Marine Terminal, further strengthening the Boston seafood cluster.

USMX PORT ASSOCIATION MEMBERS



PORT OF NEW YORK & NEW JERSEY

New York Shipping Association
John J. Nardi, President

BIG SHIP READY

Continued preparation for the mega container vessels, which are on the horizon for the Port of New York and New Jersey, remained a focus this past year. The final piece of this puzzle will be set into place when the Bayonne Bridge is open for navigational clearance in 2017.



The latest Harbor Deepening project, which began construction in 2004, provides 50-foot water access to the container terminals by deepening the Ambrose Channel from the Atlantic Ocean to the Verrazano-Narrows Bridge, Port Newark and the Port Elizabeth facilities, the Arthur Kill Channel adjacent to the Howland Hook Marine Terminal, and the Port Jersey Channel.

The project was completed at a total cost of \$2.1 billion dollars, which was \$800 million dollars less than the original project estimate. Accomplishing this project is a tribute to the hard work and vision of my predecessors at NYSA, the Army Corps of Engineers, the Port Authority of New York & New Jersey, our Congressional Representatives in Washington, DC and our local representatives in New York and New Jersey. ►

LABOR SHORTAGES DIMINISHED

For a port that has long had a reputation of labor shortages during summer months, I'm pleased to report that such shortages are virtually non-existent. Our main challenge now is accommodating the peak seasonal autumn cruise business, which is on our radar. All of the longshore and clerical hiring for labor which was initially requested in 2013 was finally completed in late calendar year 2015.



MAJOR PROJECTS

During 2016 we saw watershed accomplishments in our port and in the industry. When initially contemplated, these endeavors seemed so large in scale and far off into the future that they were out of reach. I am speaking specifically of the NY & NJ Harbor Deepening project to 50 feet and the expansion of the Panama Canal.

USMX PORT ASSOCIATION MEMBERS



HIRING PLAN FOR VETERANS

NYSA continued to be honored for the collectively bargained NYSA-ILA hiring plan, where 51% of Longshore and Clerical workers hired were to be Veterans. In 2016, NYSA was awarded the American Legion's prestigious National Employer of the Year award for large employers, recognizing the Association's commitment to hiring military veterans. In the past two years, over 400 veterans have been hired in applying the NYSA-ILA hiring plan. Our first Veterans Day event was held this year at GCT Bayonne to recognize those veterans who have chosen to continue their careers in the longshore industry. We are also working with the Veterans Administration to provide ongoing support and seminars to our veterans so that they are aware of and take full advantage of the benefits which they have deservedly earned through their service to our country. It's refreshing how our industry steps up to support our veterans and, even more so, how our veterans help each other.

TRAINING

Training continues for both practical equipment training and classroom training. While it is not at the hectic pace of recent years, we spent over \$13 million dollars the past year inclusive of fuel and machinery costs. In 2016 the Board of Directors of NYSA approved the purchase of two crane simulators which will be placed at the NYSA-ILA Training Center in Elizabeth. Qualified, skilled crane drivers are one of our most important assets and are one of the key factors in vessel productivity. The Port of NY&NJ has over 60 container cranes and all training currently takes place in a live setting. This crane simulator purchase and training program will help identify the best candidates to become crane drivers, provide a platform to show basic proficiency and facilitate moving on to live crane training. I'm thankful for our Board's commitment to improve productivity.

TRAINING SUMMARY CONTRACT YEAR 2016

CLASSROOM TRAINING

HazMat Initial/Refresher	972
Respect & Dignity in the Workplace	539
New Employee Orientation	187
Vessel Gang Training	162
PPGU Security Officer Training	47
PPGU WC Annual Refresher	321
TOTAL	2,228

CONCLUSION

Although we still have a long way to go, productivity in the port continues to slowly improve. Vessel productivity is climbing and our manhours per container continue to improve. Up until this point, a shortage of labor was always the default reason why productivity enhancing aspects of our collective bargaining agreement could not be implemented. These shortages have been eliminated and we look forward to implementing changes in 2017 to improve productivity levels to attract more vessels and cargo. ▲

USMX PORT ASSOCIATION MEMBERS



PORTS OF THE DELAWARE RIVER

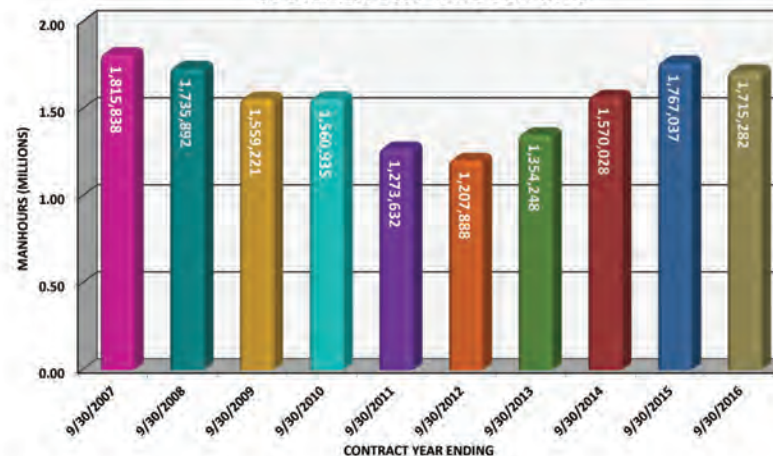
Ports of the Delaware River Marine Trade Association
Patrick T. Dolan, President

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 being to promote the interest of the ports of Delaware, Southern New Jersey and Southeastern Pennsylvania. Now, the Ports of the Delaware River Marine Trade Association (PMTA) represents all of the International Longshoremen's Association (ILA) employers operating at Delaware River facilities (Philadelphia, Southern New Jersey, Wilmington, DE).



TOTAL ILA MANHOUR COMPARISON BY CONTRACT YEAR
(PHILADELPHIA, PA • CAMDEN, NJ • WILMINGTON, DE)
LOOKBACK: 2007 THROUGH 2016



MANHOURS UPDATE

Hours worked for the contract year ending 9/30/2016 in the Ports of the Delaware River (Philadelphia, Southern NJ and Wilmington, DE) decreased from a record high of 1,767,037 manhours in 2015 to 1,715,282. The PMTA, its employer members and the ILA appreciate the continued support of USMX and its Carrier members who call the Ports of the Delaware River. ▶



USMX PORT ASSOCIATION MEMBERS

TRAINING

Despite the drop in hours, we have an increased need for additional trained and skilled ILA Labor. In 2016, the PMTA initiated roughly 350 physicals for new employees. The PMTA continues to work with Port Technical Training Institute to train and PIT certify all of our employees. The PMTA has also teamed up with the Collegiate Consortium of Pennsylvania to provide computer training, welding training and other college level courses to Longshoremen.



PROJECTS UPDATE

We have several projects underway in Philadelphia, Southern New Jersey and Wilmington, Delaware to accommodate more cargo. The Commonwealth of Pennsylvania has granted \$300 million in infrastructure improvements for our Employers' Terminals. The State of Delaware is also looking to add cargo handling capacity in the near future. These projects along with the continuing Channel Deepening Project and a new director of the Philadelphia Regional Port Authority 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. We also use our website to disseminate information on our Port Holidays and the USMX-ILA Safety Bulletins.

AUTOMATED HIRING SYSTEM

Work is almost complete 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. ▲



USMX PORT ASSOCIATION MEMBERS



STEAMSHIP TRADE ASSOCIATION
OF BALTIMORE, INC.

PORT OF BALTIMORE

Steamship Trade Association of Baltimore
Michael P. Angelos, President

CARGO UPDATE

The Port of Baltimore posted strong tonnage numbers in 2016, with over 10.1 million tons of general cargo handled through the public marine terminals. General cargo includes automobiles, roll-on/roll-off, containers, forest products, bulk and breakbulk cargoes.

Autos

Baltimore is the top Auto port in the United States for the sixth consecutive year, with 732,000 cars moving through both its public and private terminals in 2016.

Containers

In 2016, the Port of Baltimore posted another record year in container volume, with 538,000 containers handled at its public marine terminals, an increase of 3% from 2015. Containers are a key commodity for the Port of Baltimore, and account for most of the cargo that moves over its public terminals. Highly competitive, Baltimore's strategically sound technological and intermodal advancements speed cargo to its destination.

Forest Products

The Port of Baltimore's state-of-the-art warehouse facilities, quality rail system, operational efficiencies, existing deep water drafts, damage-free reputation, and proximity to large consumer groups consistently make it a leading forest products port. In 2016, overall forest products tonnage at MPA terminals rose by 12% over 2015. Paper/paperboard tons showed an increase of 30% over 2015, but pulp product tons were down by 14%. ►



USMX PORT ASSOCIATION MEMBERS

CARGO UPDATE (cont'd.)

Roll On/Roll Off (Ro/Ro)

The Port of Baltimore is the number one Ro/Ro port in the United States, due to its expert handling of the majority of the East Coast market share of Ro/Ro cargo annually. Though 2016 Ro/Ro tonnage was down 8% over 2015, Baltimore's overall operational capabilities, cargo handling expertise and its geographical proximity to the Midwest's major farm and equipment manufacturers (combines, tractors, hay-balers, excavators, backhoes) reaffirms its position as the top Ro/Ro hub in the country.

Breakbulk/Bulk

The Port of Baltimore handles breakbulk cargo such as wind energy components, transformers, locomotives, boilers, refinery and energy production components. In 2016, overall breakbulk tonnage fell 9% over 2015 in the public terminals. 2016 overall tonnage of bulk commodities, such as liquid products, slag, molasses and road salt, posted a 39% decrease over 2015. This decrease can be mainly attributed to the mild 2015/2016 winter that reduced salt import tons significantly.

CRUISE

Cruising from the Port of Baltimore continues to be a very popular option for Mid-Atlantic travelers. In 2016, more than 225,000 people sailed on a cruise from Baltimore. Both cruise lines that leave from the Port of Baltimore, Carnival and Royal Caribbean, signed extensions to continue year-round sailings for the next few years. The Port of Baltimore attracts cruise travelers from Maryland, Virginia, Delaware, West Virginia, Pennsylvania, Ohio, New York, New Jersey, and North Carolina. The location of the cruise terminal, right off Interstate 95, allows cruise passengers to drive right to their ship! It also has plenty of onsite parking. The port's cruise business has a major economic impact. It generates 500 jobs and provides \$90 million in economic benefits to Maryland each year. ▲



USMX PORT ASSOCIATION MEMBERS



PORT OF VIRGINIA

Hampton Roads Shipping Association
Roger J. Giesinger, President

ABOUT HAMPTON ROADS SHIPPING ASSOCIATION

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

PORT PROJECTS UPDATE

In 2016, The Port of Virginia, supported by the Governor and General Assembly, announced two large expansion projects that will provide momentum for continued growth and progress.

NORFOLK INTERNATIONAL TERMINALS (NIT)

The port's largest terminal will get even larger. This year, the port continued construction on the North Gate at Norfolk International Terminals (NIT). When completed in summer 2017, the 26-lane gate will more than double the terminal's gate capacity and link with the I-564 Connector,

a road project designed to give motor carriers faster access to market and cut emissions by reducing idle time in traffic.

In the spring of 2017, the port will begin making improvements to NIT's south-side container yard, with the help of a \$350 million investment from the

Commonwealth. By 2020, that renovation and reconfiguration to a Rail Mounted Gantry operation will increase the terminal's annual capacity by 46 percent (to 2.1 million TEUs) without increasing NIT's existing footprint. ▶



USMX PORT ASSOCIATION MEMBERS



PORT PROJECTS UPDATE

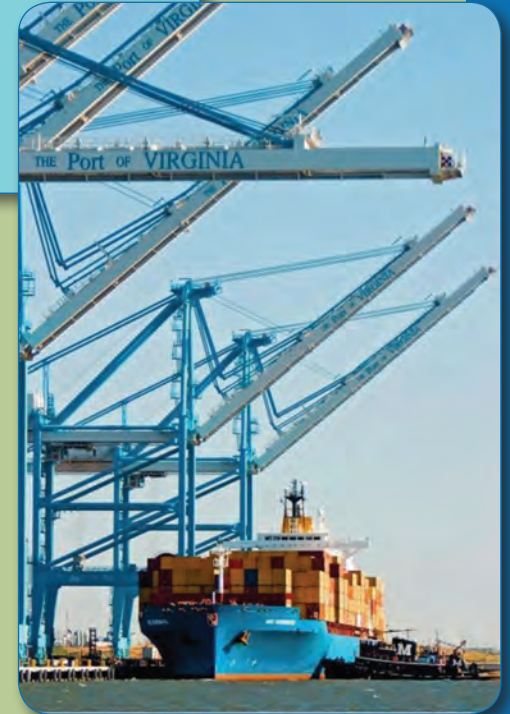
VIRGINIA INTERNATIONAL GATEWAY (VIG)

An historic, new long-term lease inked in September for Virginia International Gateway (VIG) in Portsmouth gives the port oversight and operating rights at the facility until 2065.

As part of a three-year, \$321 million project, the port is developing 60 unused acres inside VIG's 231-acre footprint to expand the container yard and double the annual capacity at the terminal to 2.1 million TEUs by 2020. To accommodate the largest container vessels working in the Atlantic, the pier will be lengthened, four Ship-to-Shore cranes added and the rail operation expanded. ▲

SOME FACTS ABOUT OUR PORT

- In 2016, the Port of Hampton Roads saw a 9% decrease in manhours over 2015
- Tonnage was up by 1% over 2015
- In 2016, HRSA hired 22 longshoremen
 - » 17 longshoremen in Maintenance & Repair
 - » 5 longshoremen as Technicians



USMX PORT ASSOCIATION MEMBERS



PORT OF CHARLESTON

South Carolina Stevedores Association
William J. Bean, III, Executive Director

2016 SCSA MEMBERSHIP

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

Operating Direct Employers

- Ceres Marine Terminals
- Ports America
- Shippers Stevedoring (10/1/16 to 9/30/16)
- Cooper/Ports America (CPA) (10/1/16 to present)
- SSA

Associate Members

- Charleston Gate Company
- Charleston Line Handlers



PORT PROJECTS

Harbor Deepening

On December 10, 2016, the U. S. Senate passed S.612, the Waterfront Infrastructure Improvement for the Nation (WIIN) Act, which included Congressional authorization for the 52-foot Charleston Harbor Deepening Project.

Hugh K. Leatherman Terminal

Construction is currently underway, and the anticipated opening date of the terminal's 171-acre first phase is planned for fiscal year 2019 or as market demand requires. In addition to the SC Ports Authority's (SCPA) efforts, the state Department of Transportation has also planned extensive mitigation for impacts associated with the Port Access Road and is currently working on the first phase of a direct access road from the terminal to I-26.



SC Inland Port

Building on the success of Inland Port Greer, the SCPA announced plans to develop a second inland port in Dillon, South Carolina to support growth of intermodal container volumes and expand access to markets in neighboring states and throughout the Northeast and Midwest. The SCPA Board of Directors unanimously approved a resolution authorizing the Port to move forward with construction of the terminal in the Carolinas I-95 Mega Site. SCPA will break ground on the new terminal in the first quarter of 2017 and plans to open the facility by the end of the year. Located in the "Pee Dee" region of South Carolina, the site was selected for its proximity to I-95, a critical transportation artery in the Southeast, as well as a significant base of existing Port users in the area that represent base cargo opportunities for the facility. ►

USMX PORT ASSOCIATION MEMBERS

PORT PROJECTS (cont'd.)

Existing Terminal Modernization and Infrastructure Projects

Wando Welch Strengthening: The first phase (Berth 2) of this project has been completed. Berth 2 is back in service and construction has shifted to Berth 1, with the project on schedule for completion in 12-14 months.

New Cranes: Two new cranes were delivered and erected (one is in service/the other will be in service soon). Construction to raise the remaining cranes will begin later this year.



LOCAL NEGOTIATIONS

The Terminal Advance Gate System (AGS) has been implemented at the Wando Terminal. North Charleston Terminal is scheduled to come online during the first quarter of 2017.

Clerks/Checkers

- A Local Agreement was reached with Local 1771.
- John Alvanos was defeated by Lance McLaughlin in election for president of the Clerks/Checkers Union

Longshoremen

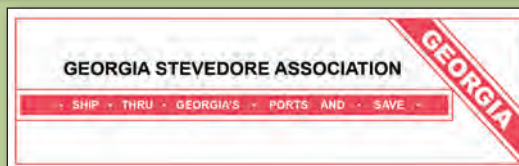
- Ken Riley is up for re-election at the end of 2017. He has stated that two of his main goals are to see a new contract negotiation and make sure "ALL" jobs at the new Hugh K. Leatherman terminal are done by the ILA.

Mechanics

- Mechanics have and continue to work with the new AGS gate system under protest and have said from the beginning the cameras do not allow them to do a complete inspection of the containers/chassis. ▲



USMX PORT ASSOCIATION MEMBERS



PORT OF SAVANNAH

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 United States, and the second busiest on the East Coast.

CALENDAR YEAR (CY) 2016

- Trade ratio: 57% Exports to 43% Imports by tonnage at the Ports of Savannah and Brunswick
- 3.64 million TEUs
 - » 2.95 million loaded TEUs (a new record)
 - » Up 2.5% from CY 2015

FISCAL YEAR (FY) 2016

- Vessel calls: 1,969 total container vessel calls

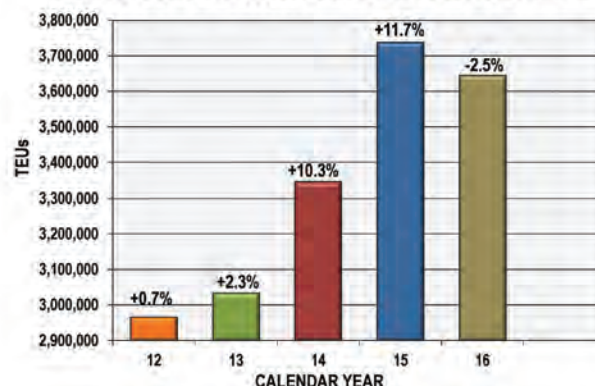
INTERMODAL CONTAINERS

- 375,011 intermodal containers
- YOY % growth: 3.5%
- 10-year compounded annual growth rate (CAGR): Savannah grew 5.4%—the fastest growing major port in the United States
- Savannah's 5-year growth was 22.9% and its total tonnage growth over the same period was 15.3%
- Total tonnage: 31,261,549
- Breakbulk tonnage: 2,566,279
- Bulk tonnage: 2,092,253
- Ro/Ro units: 640,897
- Refrigerated units: 65,101

VESSEL MOVES PER HOUR

- 34.8, YOY % Growth -0.9%

5-YEAR TEU GROWTH AT GARDEN CITY TERMINAL



NON-CONTAINER TONNAGE/UNITS

- Total GPA tonnage: 31.3M tons
- Bulk cargo: 2.1M tons
- Breakbulk: 2.6M tons
- Ro/Ro: 640,897 units

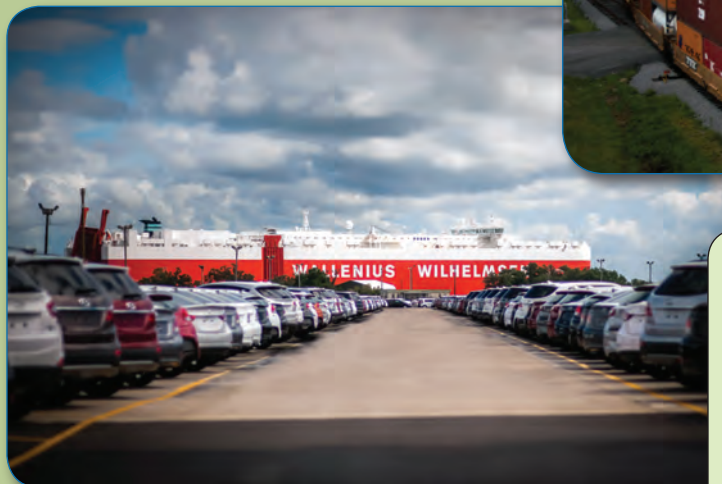
INVESTMENT

- Past decade: \$1 billion
- Next decade: \$2 billion
- Ship-to-Shore (STS) and Rubber-Tired Gantry (RTG) Cranes
 - » Four (4) new Super Post-Panamax STS cranes will be operational in Spring 2017
 - » 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
 - » In 2016, the Port of Savannah added 20 RTGs, for a total of 146 ▶

USMX PORT ASSOCIATION MEMBERS

SAVANNAH HARBOR EXPANSION PROJECT (SHEP)

- SHEP Update 2016
 - » \$300 million in funding in place (state share fully funded)
 - » Outer harbor (7-mile extension, 49-feet deepening): 50% complete
 - » Inner harbor (deepen to 47 feet): U. S. Army Corps. of Engineers will issue separate construction contract for this portion
 - Twice-daily high tides will increase inner harbor depth to 54 ft
 - » SHEP will allow 14,000-TEU-size vessels to transit the channel unimpeded by tidal restrictions



RAIL EXPANSION

- A rail expansion project at Garden City Terminal will double the Port of Savannah's rail lift capacity to 1 million containers per year
 - » A part of GPA's Mid-American Arc initiative, the expansion will better accommodate 10,000-foot long unit trains
 - » This \$128 million project will make routes running deeper into the American Midwest more attractive to rail providers by making more efficient use of rail infrastructure
 - » The Mid-American Arc enhances global trade options for manufacturers in cities such as Memphis, St. Louis and Chicago—potential customers who might not have considered Savannah previously, despite rail distances comparable to ports in the Northeast
 - » Partially funded by a \$44 million federal grant, the project will be complete in 2021

DOUBLING RO/RO CAPACITY

- At the Port of Brunswick, more than 200 acres are in the design or development stages, adding more space for auto processing at Colonel's Island Terminal
 - » Wallenius Wilhelmsen Logistics has already occupied 20 of those additional acres, while International Auto Processing has leased another 49
 - » A separate 30-acre parcel should come online in February 2017
 - » The long-term plan is to add 600 acres on the island's south side to support auto processing, doubling the capacity for cars and heavy machinery in Brunswick. ▲

USMX PORT ASSOCIATION MEMBERS



The Jacksonville Maritime Association
JACKSONVILLE, FLORIDA

THE JACKSONVILLE MARITIME ASSOCIATION

The Jacksonville Maritime Association negotiates and administers both the local and district contracts and all issues that may arise from them, including 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 areas of new container business, automobiles, and breakbulk cargoes.

PORT OF JACKSONVILLE

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

ABOUT THE PORT OF JACKSONVILLE

The Port of Jacksonville comprises three marine terminals owned and managed by the Jacksonville Port Authority (JAXPORT)—Blount Island, Dames Point and Talleyrand—and features container cranes, on-dock refrigerated and freezer warehousing, and the newly opened Intermodal Container Transfer Facility. Jacksonville's location at the crossroads of three major railroads and three interstate highways, make it convenient to speed arriving goods to market.

100-GAUGE CRANES MOVE FIRST CONTAINERS

BLOUNT ISLAND (Dec. 10, 2016) – Two 100-gauge state-of-the-art cranes were used to move containers from USMX carrier member Maersk Line's Sea-Land Comet. The electric cranes are equipped to service the wider, post-Panamax vessels currently calling on JAXPORT through the expanded Panama and Suez canals. Each of the three cranes can lift up to 65 tons and reach 22 containers across a ship's deck. The port's long-term strategic plan calls for the purchase of ten 100-gauge cranes for Blount Island in the next 10 years.



INTERMODAL CONTAINER TRANSFER FACILITY (ICTF)

DAMES POINT (Nov. 17, 2016) – JAXPORT's new ICTF is now open, with two unit trains each day (one inbound and one outbound) carrying up to 200 containers each and complementing the existing on-dock rail facilities at Talleyrand and Blount Island terminals. The ICTF facilitates the direct transfer of containers between vessels and trains, speeds up the shipment process, and reduces the number of trucks on the road. USMX direct employer Ceres Terminals Incorporated is responsible for managing the day-to-day operations and maintenance of the terminal. ►



USMX PORT ASSOCIATION MEMBERS

LARGEST PURE CAR AND TRUCK CARRIER (PCTC) SHIP ARRIVES

BLOUNT ISLAND (Sept. 30, 2016) – Hoegh Target, the largest vehicle carrier in the world, called Blount Island. The 8,500 CEU (car capacity) post-Panamax ship arrived at JAXPORT after traversing the Panama Canal locks.



NEW 100-GAUGE CRANES ARRIVE AT JAXPORT

BLOUNT ISLAND (Aug. 19, 2016) – Three 100-gauge, state-of-the-art, electric container cranes cruised in on the St. Johns River aboard the specialty vessel Zhen Hua 14, having departed Shanghai, China in early June. The cranes were offloaded at new Berth 35 of Blount Island Marine Terminal and were up and running in December of 2016.



MOL MAJESTY MAKES HISTORY AT JAXPORT

DAMES POINT (July 13, 2016) – USMX carrier member MOL (America's ship Majesty made history at JAXPORT as the first containership to arrive at the port through the new, expanded locks of the Panama Canal. The 991-foot Majesty has a maximum capacity of 6,724 TEUs requiring 46.5 feet of water when fully laden. The federal project to increase Jacksonville's harbor to 47 feet to accommodate larger container vessels fully loaded is moving into the construction phase.



2-MILLIONTH CRUISE PASSENGER SETS SAIL

JAXPORT CRUISE TERMINAL (July 7, 2016) – Amidst a flurry of leis and excitement, Carina Alejandro became the two-millionth passenger to set sail from the JAXPORT Cruise Terminal. Terminal officials, along with the Carnival Elation's captain, were on hand to present Ms. Alejandro with gifts and a commemorative plaque. She and her family are from North Carolina and were making their first cruise to attend the onboard wedding of Ms. Alejandro's boss, enroute to the Bahamas. ▲



USMX PORT ASSOCIATION MEMBERS

SOUTHEAST FLORIDA EMPLOYERS PORT ASSOCIATION

PORTS OF SOUTHEAST FLORIDA

Southeast Florida Employers Port Association
Chuck Maravolo, Secretary/Treasurer

CARGO SERVICES EXPANSION CONTINUES

MIAMI, FL (April 5, 2016) – The 2M Alliance, comprising Maersk Line and Mediterranean Shipping Co., announced the launch of a new service, the "Lone State Express," between Asian and the United States Gulf and East Coasts, which includes a weekly rotation at PortMiami. The Lone State Express started operations on May 2, 2016, using container vessels with a capacity of approximately 4,500 - 5,000 TEUs. The string includes the ports of Qingdao, Ningbo, Shanghai, Xiamen, Yantian, Busan, Cristobal, Houston, Mobile, Miami and Balboa.

bollard pull and 6,700-rated horsepower capacity. The HAWK augments towing services currently offered by Moran Towing Corporation's DIANE MORAN and GRAMMA LEE T. MORAN, both Z-drive tractor tugs with 5,100-rated horsepower capacity.



PORTMIAMI EXPANDS TUG SERVICES

MIAMI, FL (April 5, 2016) – PortMiami today announced expanded towing and harbor ship services for the berthing and departure of containerized cargo vessels with the arrival of Seabulk Towing's tractor tug, the HAWK. The HAWK provides a Z-drive thrust unit with an 80-ton

PORTMIAMI STANDS READY FOR THE NEW PANAMA CANAL ERA

MIAMI, FL (April 12, 2016) – The countdown to the opening of the expanded Panama Canal is on and PortMiami stands ready. Following the completion in 2015 of its most ambitious capital infrastructure program in its history, Miami offers the deepest shipping channel in the Southeast United States at -50/-52 ft., expanded towing and harbor ship services, Super-Post-Panamax cranes, a fast access tunnel from the port to the U. S. Interstate Highway System, and on-dock intermodal rail service.

\$33 MILLION IN STATE GRANT ALLOCATIONS FOR EXPANSION COMMITTED TO PORTMIAMI

MIAMI, FL (Oct. 27, 2016) – \$33 million in state grants have been allocated to PortMiami for capital improvements over the next 5 years. Projects include:

- Expansion of cruise terminals/business
- Procurement of three additional Super-Post-Panamax cranes
- Upgrades to cargo terminal yards
- Development of a future inland intermodal facility



RENOVATION AND EXPANSION OF PORTMIAMI CRUISE TERMINAL F KICKS OFF

MIAMI, FL (Nov. 30, 2016) – The expansion and renovation of Cruise Terminal F, once completed, will serve the cruise industry's new generation of cruise vessels, including MSC Cruises' SEASIDE, a 5,170-passenger vessel

- MSC has committed to homeport its SEASIDE in Miami beginning in the winter of 2017
- The SEASIDE is scheduled to sail year-round from Miami starting in December 2017 ▶



USMX PORT ASSOCIATION MEMBERS

PORT EVERGLADES SETS NEW RECORD FOR CARGO VOLUME IN 2016

- Broward County's Port Everglades had a record-setting month in December 2016, handling 104,590 TEUs of cargo volume moving through the port
- December is the highest producing month in the Port's nearly 90-year history
- This December 2016 tonnage is a 15% increase over December 2015
- USMX carrier member Hapag-Lloyd began a direct call to Port Everglades from Valencia, Spain, on its Mediterranean Gulf Express (MGX) service in July and is responsible for adding approximately 300 to 400 TEUs weekly
- USMX carrier members SeaLand and APL's North American Express Service (NAE/ACX) began service to Latin America in late 2015, and has been increasing its volumes in the first full year at Port Everglades
- Port Everglades handles more than 1 million TEUs annually



PORT CANAVERAL CRUISE PORT

- Port Canaveral is ranked as the world's second-busiest cruise port in multi-day embarkations and is striving to make improvements to reach number 1
- In 2016, \$195 million in renovations and remodeling were completed
 - » \$110 million New Cruise Terminal One
 - » \$48 million Renovation Cruise Terminal Five
 - » \$35 million Renovation Cruise Terminal Ten
 - » \$2 million Renovation Cruise Terminal Eight
- The Port features a homeported fleet, typically sailing above 100 percent capacity, because of more passengers per stateroom
- Ships sailing from the Port in 2016 include:
 - » Disney Dream and Disney Fantasy
 - » Carnival Magic
 - » Norwegian Epic
 - » Royal Caribbean Oasis of the Seas
- The Port appeals to cruise companies because of its:
 - » relaxed, beachside atmosphere
 - » no-stress arrivals and departures
 - » close-to-the-ship parking
 - » beautiful, modern facilities
 - » range of vacation options
 - » cruise-focused staff support for cruise operations ▲

USMX PORT ASSOCIATION MEMBERS

MIDGULF ASSOCIATION OF STEVEDORES

PORT OF NEW ORLEANS
Midgulf Association of Stevedores
Nick Jumonville, President

THE PORT OF NEW ORLEANS

The Port of New Orleans is the sixth-largest port in the United States based on volume of cargo handled, and 13th-largest in the U.S. based on value of cargo. It also has the longest wharf in the world, which is 2.01 miles long and can accommodate 15 vessels at one time.

The Port handles about 62 million short tons of cargo a year. The port also handles about 50,000 barges and over 1 million cruise passengers per year, making it one of the nation's premier cruise ports. The Port of South Louisiana, based in the New Orleans suburb of Laplace handles 193 million short tons. The Port of New Orleans and Port of South Louisiana combined form one of the largest port systems in the world by bulk tonnage and among the top ten in the world by annual volume handled.

Port of New Orleans "Did-You-Knows?"

Did you know the Port of New Orleans annually handles the equivalent of:

- 12.2 billion aluminum cans
- 660 million chicken pot pies
- 1 billion plastic shampoo bottles
- 20 million cups of coffee
- 1 million+ cruise passengers

Port Economic Impact: State/Local

	STATE	NATIONAL
JOBS	160,498	380,000
EARNINGS	\$8 billion	\$16 billion
SPENDING	\$17 billion	\$37 billion
TAXES	\$800 billion	\$2.8 billion

Infrastructure Investment

- \$500 million invested in the past 10 years
- \$67 million invested in the container terminal since 2011
- \$100 million invested in infrastructure since 2011 ▶

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 a 361-day common hiring and training facility for use by its members. In addition, the Association represents member employers on pension, welfare, vacation, holiday, and royalty funds, national and local safety matters, and master contract negotiations.



USMX PORT ASSOCIATION MEMBERS

2016 PORT STATISTICS

Twenty-foot Equivalent Units (TEUs)

- Container TEUs up to 16.7%
- 840,000-TEU capacity
- Expansion footprint to 1.5 million TEUs

Top Import Commodities

- Iron and Steel: 3.5 million tons
- Non-ferrous metals: 345,000 tons
- Natural rubber: 350,000 tons
- Coffee: 250,000 tons
- Forest products: 466,700 tons

Top Export Commodities

- Chemicals: 1.7 million tons
- Paper and Pulp: 376,208 tons
- Frozen poultry: 466,700 tons



2020 MASTER PLAN

The capital improvement plan that the Port of New Orleans has entered into is an attempt to capitalize on the changing demand of the shipping industry. The overall breakbulk growth in the next 10-20 years

is likely to be in the range of just 2-3%. A survey of competing East Coast and Gulf ports supports the expectation of growth in container traffic for all coastal ranges in the United States. In addition, the following industry trends are highlighted: growth in world trade and containerized cargo as a percentage of world trade; relocation of manufacturing to Northeast Asia (China); growth in regional and intraregional demand; and the increase in container terminal capacity and related infrastructure at East Coast ports. Strategic and master planning for competing ports affirms continuing growth in the volume of containerized cargo in the North America market. A significant six percent annual growth rate is anticipated through 2020.

A major factor in the port selection is inland transportation costs. Rising rail costs at West Coast ports, coupled with port congestion and lengthy transit times, are causing shippers to seek cost-effective alternatives. As a result, the market share of Asian cargo has dramatically increased on the East and Gulf Coasts and ports are expanding terminal capacity and improving the inland transportation infrastructure in response. The Port of New Orleans can provide less expensive inland transportation and faster transit times to the industrial Midwest and the East Coast than Houston, which continues to experience inland congestion because of its large local market to the north and west, including Dallas and Kansas City.

The above factors support efforts by the Port of New Orleans to expand container terminal capacity and indicate opportunities to capitalize on the projected growth in container traffic. The grand total for all 15 short- and long-term projects included in the plan is \$1.04 billion. These investments will go toward the expansion of the Napoleon container terminal, converting a wharf into a new cruise ship terminal, and relocation of cold storage facilities, among other projects. ▲

USMX PORT ASSOCIATION MEMBERS



**WEST GULF
MARITIME ASSOCIATION**

PORTS OF THE WEST GULF

West Gulf Maritime Association
Nathan Wesely, President

ABOUT THE WEST GULF MARITIME ASSOCIATION

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.

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 (ILA).



WGMA MEMBER SERVICES

Labor Relations

The Association's local multiemployer collective bargaining agreements were set to expire on September 30, 2016. The Association entered into a six-month extension with the ILA so that the local multiemployer collective bargaining agreements will now expire on March 31, 2017. The Association and the ILA have been training for negotiations using Federal Mediation and Conciliation Service (FMCS) and interest-based bargaining methods.

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 Customs and Border Protection (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. ▶

USMX PORT ASSOCIATION MEMBERS



WGMA MEMBER SERVICES (cont'd.)

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 record keeping for the industry. Twenty-five 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. ▲



SHIPPING INDUSTRY MUTUAL ASSURANCE ASSOCIATION (SIMAS)

HISTORY & 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. ▼

COVERAGES PROVIDED BY SIMAS

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 Management Services (Bermuda) Limited. SIMAS's 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 2016, USMX-carrier members were able to avail themselves of coverage under SIMAS for the following legal matters:

- Representation of a USMX-carrier member before the National Labor Relations Board in connection with an unfair labor practice charge filed against the carrier by the ILA;
- Preparation for an expedited arbitration in anticipation of a portwide walkout in Charleston;
- Prosecution of a federal district court action in Baltimore to enforce the \$3.9 million Arbitration Award against ILA Local 333; 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. ▲



*The organizing committee of
the Bermuda Captive Conference is delighted to induct*
**Shipping Industry Mutual
Assurance Association Limited**

into
Bermuda's Captive Hall of Fame

*in recognition for their commitment to
Bermuda as a captive domicile as of 2015 for*

34 Years

T. Mc Mahon
Chairman, Bermuda Captive Conference
June 9th, 2015



REPORT OF COUNSEL

ABOUT THE FIRM

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; healthcare organizations; real estate developers, and contractors involved in market rate, affordable, and supportive housing.

The Firm has 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 service 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.

2016 REPORT OF COUNSEL

Hanjin Shipping Company Bankruptcy

August 2016 saw the collapse of the seventh-largest container shipping company in the world, Hanjin Shipping Co., Ltd. (Hanjin). Hanjin owed almost \$5 million to the Container Royalty Central Collection Fund (CRCCF). Through its Korean Counsel CRCCF filed a claim in the Hanjin proceeding in Korea. In December, the court-appointed receiver recognized 75% of CRCCF's claim, which was pending at year's end, as was Hanjin's petition for recognition of the Korean bankruptcy proceeding by the courts of the United States.

Port Performance Freight Statistics Working Group

The Chairman and CEO of USMX was designated as a member of the Port Performance Freight Statistics Working Group that was created in accordance with Section 6018 of the *Fixing America's Surface Transportation (FAST) Act* (P.L. 114-94; Dec. 4, 2015; 129 Stat. 1312). The 35-member Working Group supports development of the newly-established Port Performance Freight Statistics Program, managed by the Bureau of Transportation Statistics (BTS), and had one year in which to provide recommendations on measuring port performance and to devise a methodology to collect data. The group's first Annual Report to Congress was being prepared at year's end. ►

REPORT OF COUNSEL

MASTER CONTRACT ISSUES

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

In July 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 International Longshoremen's Association, AFL-CIO (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 of 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's end. The district court action to confirm the \$3.9 million Arbitration Award was stayed during 2016, pending a decision by the court of appeals on the local-contract-ratification vote.

USMX-ILA Technology Committee

During 2016, the ILA-USMX Joint Technology Committee received requests from several ports, including Miami, Hampton Roads, Baltimore, Charleston, New Orleans, and Philadelphia, 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 refrigerated containers by a remote-satellite system that will notify shoreside operations of the need for repairs and temperature adjustments.

Master Contract Administration and Enforcement

Throughout 2016, Counsel represented USMX and its members in the following matters related to the administration and enforcement of the Master Contract:

- Response, on behalf of USMX members, to ILA requests for information on chassis sales and the implementation of Port of Discovery systems in each Master Contract port;
- Representation of USMX members in Local Industry Grievance Committee hearings in Philadelphia, Baltimore, Houston, Hampton Roads, Savannah, Jacksonville, Miami, and New Orleans;
- Representation of USMX and its members at meetings with the ILA to discuss and review issues in Charleston, Savannah, and Jacksonville related to the USMX-ILA South Atlantic Maintenance & Repair Contract;

- Representation of USMX members during Jurisdiction Committee hearings to address issues in Baltimore, Charleston, Hampton Roads, and Philadelphia;
- Represented USMX carrier members in Miami to protect them against claims under the Point of Discovery program, a non-Master Contract program; and
- Represented USMX carrier members in New Orleans, Philadelphia, and Gulfport in connection with the payment and calculation of container royalty assessments.

Threatened Work Stoppage by ILA Local 1771 in Charleston, SC

In anticipation of a portwide walkout in Charleston due to the June 20, 2016 installation of a new automated-gate system by the Charleston Gate Company (CGC), USMX prepared to invoke the Master Contract expedited-arbitration procedure with hearings before a Master Contract arbitrator in mid-June.

The matter was resolved on June 17, when ILA Local 1771 advised that its members would train and report to work at CGC. On July 14, 2016, the Co-Chairmen of the ILA-USMX Jurisdiction Committee met with Local 1771 representatives, the CGC, and the South Carolina Stevedores Association to review the issues raised in connection with the new gate system.

International Longshoremen's Association, AFL-CIO v. Mediterranean Shipping Company (USA), Inc., NLRB Case No. 22-CA-187354

In October, the ILA filed an unfair labor practice charge with the National Labor Relations Board (NLRB) against USMX member Mediterranean Shipping Company (USA), Inc. (MSC), alleging that MSC had violated the National Labor Relations Act by failing to include in contracts of sale or transfer of its chassis provisions required by the Master Contract.

USMX Counsel filed a position statement with the NLRB in December, requesting that the charge be dismissed or deferred to arbitration because the dispute involves an alleged breach of a labor contract, which should be resolved under the grievance-and-arbitration procedure set forth in the Master Contract between the ILA and USMX. The matter was under review by the NLRB at year's end. ▶

REPORT OF COUNSEL

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

ERISA Fiduciary Cannot Enforce Lien against Participant's General Assets

In January 2016, the Supreme Court of the United States held by an 8-1 vote that the Employee Retirement Income Security Act of 1974 (ERISA) prohibits an ERISA plan administrator from enforcing a lien against a plan participant's general assets after the participant obtains a third-party judgment and then dissipates the settlement on "non-traceable" items, such as food. *Montanile v. Bd. of Trustees of Nat. Elevator Indus. Health Ben. Plan*, 136 S. Ct. 651 (2016). The Court further held that a lien could be enforced against specifically-identified settlement proceeds in the participant's possession or against traceable items purchased with the settlement proceeds, such as a car.

CIRCUIT COURTS OF APPEAL

Debtor-Employer Can Reject Expired Labor Contract in Third Circuit

In January 2016, the United States Court of Appeals for the Third Circuit held, as a matter of first impression in that circuit, that a bankruptcy court may grant a bankruptcy debtor's motion to reject an expired collective bargaining agreement and that Section 1113 of the United States Bankruptcy Code overrides the National Labor Relations Act's prohibition against an employer unilaterally changing an expired labor contract's terms and conditions. *In re Trump Entertainment Resorts UNITE HERE Local 54*, 810 F.3d 161 (3d Cir. 2016).

Debtor-employers in states covered by the Third Circuit (Delaware, New Jersey, and Pennsylvania) no longer have to maintain the status quo, when a labor contract expires. The court of appeals found that the bankruptcy-code provision applied to expired labor contracts and was intended to permit reorganization despite labor obligations that would otherwise prevent reorganization and result in liquidation and job elimination. In May 2016, the Supreme Court of the United States declined to review the Third Circuit's decision.

Human Resources Director Individually Liable for Family and Medical Leave Act (FMLA) Violations in Second Circuit

In March 2016, the Court of Appeals for the Second Circuit, which includes the States of New York, Connecticut, and Vermont, reversed the judgment of the district court and ruled in a case of first impression in that circuit that a company's human resources director could be held individually liable for violations of the FMLA based on the level of control

that the individual had over an employee's exercise of rights under the FMLA. *Graziadio v. Culinary Institute of America*, 817 F.3d 415 (2d Cir. 2016).

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES (USCIS)

In late 2016, the USCIS issued a revised version of Form I-9 (Employment Eligibility Verification). Effective January 22, 2017, employers must use this newly-released version for verification of new hires and re-verification of current employees. An employer must maintain a completed Form I-9 for every employee on its payroll and for terminated employees during the required retention period (three years after the date of hire or one year after the date of termination, whichever is later).

UNITED STATES DEPARTMENT OF LABOR (DOL)

In April 2016, the DOL released *The Employer's Guide to the Family and Medical Leave Act* together with a revised FMLA poster for display by employers in a conspicuous location in their workplaces. The guide addresses frequently-asked questions about the FMLA and provides information on each phase of the leave process, including employee-notification requirements, the certification process, and the procedures to follow during an employee's leave.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)

In January 2016, the EEOC issued a lengthy outline of proposed guidance on retaliation, seeking public comments. In August 2016, the EEOC published its manual on retaliation entitled, *EEOC Enforcement Guidance on Retaliation and Related Issues*, which updates guidance last issued in 1998. Since that time, the number of retaliation charges that have been filed with the EEOC has doubled, and retaliation now constitutes the most-frequently alleged type of discrimination in both the public and private sectors.

In February 2016, the EEOC implemented nationwide procedures that provide for the release of an employer's position statement and its non-confidential attachments to a claimant upon request during the investigation of a charge of discrimination. The claimant will have twenty days in which to respond to the employer's statement. The claimant's response will NOT be provided to the employer. These procedures apply to all EEOC requests for position statements made to employers on or after January 1, 2016.

In May 2016, the EEOC published guidance for employers, *Employer-Provided Leave and the Americans with Disabilities Act*, which addresses the rights of employees with disabilities who seek leave as a "reasonable accommodation" under the *Americans with Disabilities Act* (ADA). Topics include the interactive process, maximum leave policies, "100% healed policies," and reassignment. Undue hardship issues are also treated, including the amount or length of leave required, the frequency of leave, the predictability of intermittent leave, and the effect on the employer's business and its ability to serve its customers timely. ►

REPORT OF COUNSEL

The guidance clarifies that employers must not only provide their employees with disabilities access to leave as an accommodation on the same basis as similarly-situated employees without disabilities, but they may also be required to modify their policies to provide leave for a disability, even when the employer does not offer leave to other employees.

In June 2016, the EEOC issued the following three resource documents that address women's rights in the workplace in a question-and-answer format: *Equal Pay and the EEOC's Proposal to Collect Pay Data*; *Legal Rights for Pregnant Workers under Federal Law*, including the *Pregnancy Discrimination Act* and the *ADA*; and *Helping Patients Deal with Pregnancy-Related Limitations and Restrictions at Work*.

Also, in June 2016, the EEOC published a final rule increasing the civil monetary penalty from \$210 to \$525 for each separate violation of the notice-posting requirements in Title VII of the *Civil Rights Act of 1964*, the *ADA*, and the *Genetic Information Non-Discrimination Act* (GINA). Employers must post notices describing the pertinent provisions of Title VII, the *ADA*, and *GINA* in prominent and accessible places where notices to employees, applicants, and members of labor unions are customarily maintained. The final rule was effective July 5, 2016.

FEDERAL MARITIME COMMISSION (FMC)

In February 2016, the FMC sought public comments on possible modifications to its rules governing agreements by or among ocean carriers and marine terminal operators (MTOs) that are subject to the *Shipping Act of 1984*. Several MTO groups submitted comments in April and October 2016, opposing (1) the proposed modification that would require MTOs that belong to a conference or discussion agreement to submit their marine terminal service agreements to the FMC and (2) the proposed modification that would replace the existing filing exemption, which permits further agreements with respect to stevedoring, terminal, and related services to be reached and implemented pursuant to existing agreement authority without a subsequent agreement filing. The MTOs also urged the FMC to maintain the *status quo* with respect to the treatment of requests for additional information.

NATIONAL LABOR RELATIONS BOARD (NLRB)

Definition of "Joint Employer" Is Broadened

In August 2015, the NLRB significantly expanded the definition of a "joint employer" to include employers that 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. *Browning-Ferris Industries of California, Inc.*, 362 N.L.R.B. No. 186 (2015). 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. The case is on appeal to the Court of Appeals for the District of Columbia Circuit and was fully briefed at year's end. Oral argument had not been scheduled at year's end.

Employers Cannot Ban Recording or Videotaping in the Workplace

In a December 2015 decision the NLRB held that an employer's policy that prohibited employees from using cameras or recording devices in the workplace without prior management approval was unlawful because it could have a chilling effect on an employee's protected, concerted activity under Section 7 of the National Labor Relations Act. *Whole Foods Market, Inc.*, 363 N.L.R.B. No. 87 (2015). The case is on appeal to the Court of Appeals for the Second Circuit and was fully briefed at year's end. Oral argument was scheduled for Feb. 24, 2017.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

Improved Tracking of Workplace Injuries and Illnesses

In May 2016, OSHA published a Final Rule that permits it to obtain and to release to the public incident-specific information regarding workplace injuries and illnesses. Effective January 1, 2017, a company with 250 or more employees in the previous calendar year must transmit electronically the injury-and-illness data it currently maintains on OSHA Forms 300, 300A, and 301. Companies with more than 20 and fewer than 250 employees in industries with high-illness-and-injury rates must also transmit the same data electronically on OSHA Form 300A. The electronic transmission must be done on an annual basis by July 1 in 2017 and 2018 and by March 2 in 2019. This data will be posted on a public website with personally-identifiable information excluded.

The Final Rule also enhances anti-retaliation protections regarding reporting injuries and illnesses in the workplace. As of December 1, 2016, employers that are currently required to report workplace injuries and illnesses must inform employees of their right to report work-related injuries and illnesses free from retaliation and must establish and inform employees of the procedure for filing the injury-and-illness reports.

Increased Eye-and-Face Protection

In March 2015, OSHA published proposed updates to its eye-and-face-protection standards for the marine-terminal-and-longshoring industry by incorporating the most recent version of the standards issued by the American National Standards Institute (ANSI or "national consensus standard"). In March 2016, OSHA adopted the amendments as proposed. They took effect on April 25, 2016, as a Final Rule. ►

REPORT OF COUNSEL

PENSION BENEFIT GUARANTY CORPORATION (PBGC)

During 2016, both the PBGC and the Congressional Budget Office released reports that projected that the multiemployer program is likely to run out of money by 2025 and that there is considerable risk that it could run out of funds before that date. Premiums will need to increase from the current \$27 rate to over four and one-half times that in order for the PBGC to meet its average, projected financial-assistance obligations through 2035.

The PBGC reported a \$58.8 billion deficit as of September 30, 2016, compared with \$52.3 billion in the prior fiscal year. The larger deficit is due to the eleven additional multiemployer plans that are newly-terminated or are expected to run out of money within the next ten years and by decreases in interest factors that are used to value the PBGC's liabilities, *i.e.*, the current value of PBGC's future financial-assistance payments.

TRANSPORTATION WORKER IDENTIFICATION CREDENTIAL (TWIC)

Cyber-Related Security

In February 2016, the Department of Homeland Security announced the availability of \$100 million in port-security grants to be used for the protection of critical infrastructure, training, cybersecurity, and implementation of the TWIC. Sustainable Terminal Services, Inc., a non-profit corporation composed of the six marine-terminal operators in the Port of New York and New Jersey that was created under the authority of the FMC, applied for and was awarded a FY 2016 grant for undertaking certain cybersecurity training for terminal IT professionals and cybersecurity assessments for its members' facilities.

TWIC-Reader Rule

The TWIC-Reader Rule was published in August 2016. Implementation will take place two years from the publication date. The Rule requires higher-risk vessels and facilities (Risk Group A) that are regulated by the *Maritime Transportation Security Act of 2002* to conduct electronic TWIC inspections for access to secure areas or to board vessels. Risk Group A includes vessels or facilities that carry or handle "Certain Dangerous Cargo" in bulk or facilities that berth vessels carrying more than 1,000 passengers. Approximately 525 facilities have been designated as being in Risk Group A. Container terminals are in Risk Group B, which is exempt from the Rule. The Rule also exempts any vessel with twenty or more TWIC-holding crew members from the electronic TWIC-inspection requirements.

TWIC Act

On December 16, 2016, the *Essential Transportation Worker Identification Credential Assessment Act* was signed into law as Pub. L. No. 114-278. The law directs the Department of Homeland Security (DHS) to assess the effectiveness of the TWIC program in two steps. DHS will initially review the program's vetting standards before requiring it to be used at United States ports and then will analyze the effectiveness of the program in limiting security risks for maritime facilities and vessels after making the program mandatory.

TWIC Enrollment

At year-end there were 4.218 million TWIC enrollments since inception in 2007 with 2.170 million active TWIC cards in use. The OneVisit Enrollment Program, which was implemented in June 2014 to streamline the TWIC-enrollment process and to eliminate the need for a second visit to an enrollment center to pick up an issued TWIC, has been a success. At year's end there were over 800,000 OneVisit enrollments, which constituted 70% of all enrollments. ▲



INDUSTRY HAPPENINGS

23rd Annual International Maritime Hall of Fame Awards
Congratulations to the 2016 Ship's Lookout Award Honorees

William (Bill) Payne
Vice Chairman, NYK Line (NAL Inc.)
Vice President, NYK Ports, LLC

C. Duff Hughes
President, The Vano Brothers Company

Robert (Rob) P. Kustiel
Vice President, Logistics & Transportation of Excellence, Honeywell International

Simon P. Palios
Chairman & CEO, Diana Shipping, Inc.

Christopher (Chris) J. Wiernicki
Chairman, CEO, American Bureau of Shipping

CONGRATULATIONS 2016 AOTOS HONOREES

ARTHUR E. IMPERATORE
Founder/President
New York Waterway

CAPT. DONALD J. MARCUS
International President
International Organization of Masters, Mates & Pilots, IMA, AFL-CIO

CHRISTOPHER J. WIERNICKI
Chairman, President & CEO
American Bureau of Shipping

WE SALUTE YOUR OUTSTANDING CONTRIBUTIONS AND COMMITMENT TO THE U.S. MARITIME INDUSTRY

United States Maritime Alliance, Ltd.

CONNIE AWARDS 2016

CAROL N. LAMBOS

Carol Nolas Lambos, partner of The Lambos Firm LLP, who has more than a broad range of legal services to the international maritime industry.

The Lambos family has a proud tradition of service to the maritime industry. Carol's father-in-law, the late C. Peter Lambos, was the longtime counsel to the employer associations that negotiated longshoremen's contracts on the Atlantic Gulf Coast. Carol's husband, Peter, was a long-time advocate of the transition to containerization, as is evidenced by the numerous ship and harbor in which containerized cargo is transported and handled.

She has been instrumental in the development and proper implementation of the economic impact of the transportation industry. She has been instrumental in the development and proper implementation of the economic impact of the transportation industry.

Fourth Annual International Longshoremen's Association Award Dinner

Stephen K. Kert
President, Kert & Associates, Inc.

Sheril Gordon-Hall
President, Gordon-Hall & Associates, Inc.

NY/NJ Foreign Freight Forwarders and Brokers Association 2016 PERSON OF THE YEAR

Mario Cordero
CHAIRMAN, FEDERAL MARITIME COMMISSION

United States Maritime Alliance, Ltd.

Georgia Ports Authority

March 10, 2016

David Adam
US Maritime Alliance, Ltd. (USMCA)
125 Church Ave., Suite 350N7
Lyndhurst, NJ 07071

Dear David,

As you may know, I will be moving on as of July 1, 2016, and will no longer be Executive Director of the Georgia Ports Authority. One of the many things that has made my experience at GPA so positive is the strong partnership GPA has had with so many in our industry. That includes the firm support of the Georgia Foreign Trade Conference (GFTC) by sponsors such as you and your company. I greatly thank you for your support, and hope you will extend that same partnership and support to my successor, Cliff Lynch, and to all at the GPA and the UFTC.

We are now turning to the planning stages for the next GFTC, which will be held on February 5-7, 2017. It promises to be as supportive a gathering as the one we just finished. I hope to attend many GFTC conferences in the future and look forward to the possibility of seeing you again for your support.

Thank you again for your support.

Sincerely,
Curtis J. Foltz
Curtis J. Foltz
Executive Director
Georgia Ports Authority

United States Maritime Alliance, Ltd.

Proudly Salutes the
Foreign Commerce Club of NY's
102nd Annual Steamship Night Dinner

CONGRATULATIONS TO THE 2016 HONORED SPEAKER

Klaus Jepsen
Global CEO, Shipco Transport

Salute to Patriotism 2016-2017 Anniversary Gala

NEW JERSEY VIETNAM VETERANS MEMORIAL FOUNDATION

Thursday, October 27, 2016

PORT OF BALTIMORE

EXECUTIVE DIRECTOR JAMES J. WHITE

ON THE PASSING OF THE HONORABLE HELEN DELICH BENTLEY ON AUGUST 6, 2016:

"There has never been one person more identified with the Port of Baltimore than Helen Bentley. Throughout her long and distinguished life, Helen had a deep appreciation for the important role that seaports, and specifically the Port of Baltimore, play in our economy. There was no better advocate for the Port of Baltimore and the men and women who work there than Helen. She understood the value of a port as a creator of jobs and as an economic engine and worked much of her life in various capacities to impart that value.

Helen was truly one of a kind. She was in rare air as a female newspaper reporter in the 1940's who covered the male-dominated waterfronts. Soon after, she helped educate people to the waterfront life and the Port of Baltimore through a new medium—television. Her show, "The Port That Built a City and State," lasted 15 years. In 1969, Helen was appointed by President Nixon as the first woman chair of the Federal Maritime Commission and in 1984 she was elected to Congress for the first of five terms, where she was a strong advocate for U.S. economic opportunities and manufacturing.

But her long-time devotion was always focused on her pride and joy, the Port of Baltimore, which of course today is named after her and is the only port in the U.S. named after a single person. Helen was a tremendous asset for us, one that other U.S. ports did not have. She contributed to our success in many ways. Whether that meant delivering unique historical knowledge to help us on current issues, helping to mediate labor matters, or working with U.S. presidents and elected officials to assist the maritime industry and the Port of Baltimore. As a congresswoman, Helen pushed strongly for a 50-foot deep channel that the Port of Baltimore has had since 1990. That deep channel is a major reason why the Port of Baltimore is well positioned today to accommodate the largest ships in the world and continue serving as one of Maryland's top economic generators.

We say a very deep thank you to a truly incredible woman, the First Lady of the Port of Baltimore, Helen Delich Bentley. We will never forget her."

US
MX

INDUSTRY HAPPENINGS



CHARITABLE ENDEAVORS

ILA CHILDREN'S FUND-USMX HOLE IN THE WALL GANG CAMP FUND CHARITY TOURNAMENT



Seven-year-old Hole in the Wall Gang Camp Fund camper Nicholas Cirelli (standing on chair next to his mother, Erin Cirelli) stole the hearts of over 350 people at the 2016 ILA Children's Fund and USMX's Hole in the Wall Gang Camp Fund Tournament, held Monday, May 23, 2016 at Forsgate Country Club in Monroe Township, New Jersey. Nicholas' father, Dino, and his mother, Erin, addressed the overflow crowd, and thanked USMX and the ILA and proudly accepted their donation of \$100,000 on behalf of their son's special camp (pictured left to right are: Dino Cirelli, Erin Cirelli, Nicholas Cirelli, Dave Adam, and Harold Daggett). Jimmy Canton, Hole in the Wall Gang Camp Fund Executive Director, thanked USMX's CEO Dave Adam and ILA President Harold Daggett for their 23-year commitment to this charity and for having partnered to raise nearly \$3 million on its behalf. The Cirellis spoke of the struggles of Nicholas, and of his healthy brother, John. They said that camp not only offered a bright light in Nicholas' life, but also in John's, since he gets to enjoy Camp's sibling program. The Hole in the Wall Gang Camp was founded by the late actor Paul Newman, for children with cancer and other life-threatening illnesses, and for their families, as a place where Newman said they can all "raise a little hell," forget about their illness, and enjoy a typical summer camp experience. The Tournament day was a great one for USMX and the ILA, with over 250 golfers playing in the charity event, and a host of volunteers from

the maritime industry. The ILA's Great Lakes District Council added \$10,000 to the monies raised at the outing. Young Nicholas, who had a blast at the sundae bar, jumped for joy



when he found out he was going home with tickets to two games of his beloved New York Yankees, thanks to the generosity of Anthony & Vincent Marino of Container Maintenance Corp., and of Carol Notias Lambos and Partners of the Lambos Firm, LLP. USMX would not be

able to participate in this worthy endeavor if it were not for the generosity of our USMX Member partners. We truly appreciate your efforts each year on behalf of the Hole in the Wall Gang camp charity. ▲

SALVATION ARMY ANGEL TREE PROGRAM

The Christmas holidays remind all of us how fortunate we are to be employed and to be able to support our families. The holidays also remind us of the difficulties that many families who lack resources face, especially when trying to provide a Christmas holiday for their children. In November of 2016, USMX Vice President Anissa Frucci, spearheaded an office-wide Christmas gift-giving program with the employees of USMX, CCC Service Corp., and CRCCF, through the Salvation Army's Angel Tree program. The Salvation Army provided Ms. Frucci with a



list of Angels (deserving children), each of whom had a wish-list of two to three special items they wanted for Christmas. Each of our staff members then adopted at least one Angel for Christmas,



and committed to fulfilling those Angels' Christmas wish lists. The joy of giving was clearly evident through the generous cache of presents that were assembled each day of the campaign. By the time the Salvation Army picked up of all the presents for distribution, our group had been able to provide for 35 Angels, who ranged in age from infants to toddlers to tweens to teens. The children would ultimately receive gifts ranging from clothes to dolls to games to drones—three Angels even received mountain bikes and helmets! We are extremely proud and are grateful to all of our Lyndhurst-based colleagues for the generosity and good citizenship they exhibit, not just at the holidays, but each and every day. ▲

CCC SERVICE CORPORATION

SERVICES UPDATE

CCC Service Corp. (CCCSC), a 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 services and financial reporting for the companies and funds (USMX, CCCSC, CRCCF, CFS, CR5 & CRF)
- CCCSC, in conjunction with CRCCF, has successfully transitioned all major carriers over to the new CRCCF central collection system, which accounts for nearly 99% of all tonnage being reported
- Reduction of receivables from a target of 45 days to 38 days (through the centralized collection process)
- Expedited data submission from carriers by implementing interest charges on late payments, based on sail date
- Successful migration (by CCCSC in-house IT group) to a more efficient system platform to improve speed and data security, at a lesser cost than previous vendor
- Automation of CFS credit process through the CRCCF data application
- Information technology services ▲



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

HISTORY OF CCC SERVICE CORPORATION

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

In 2002, United States Maritime Alliance, Ltd. (USMX) and New York Shipping Association, Inc. (NYSA), related parties, invested in an ownership interest of CCCSC, split 60% and 40%, respectively. On June 25, 2009, USMX acquired all of NYSA's common shares of CCCSC, taking 100% ownership of it.

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

USMX OFFICERS & STAFF



Thomas J. Simmers
Executive Vice President



David F. Adam
Chairman & Chief Executive Officer



Anissa Frucci
Vice President



F. Paul De Maria
Vice President, Labor Relations



Thomas P. Sullivan
Director, Labor Relations



Anthony J. Dalonges
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

ACKNOWLEDGMENTS

THANK YOU FROM USMX

We would like to express our sincere appreciation to the USMX Board of Directors, Carriers, Direct Employers, Port Associations, Staff and Counsel, along with MASSPORT, Port Authority of NY/NJ, Philadelphia Regional Port Authority, Maryland Port Administration, Port of Virginia, South Carolina Ports Authority, Georgia Ports Authority, JAXPORT, PortMiami, New Orleans Port Authority, and the Port of Houston Authority for editorial and photo contributions to the USMX Annual Report 2016.

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- The animated version of this report is available at usmx.com

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US MARITIME ALLIANCE, LTD.
125 CHUBB AVENUE, SUITE 350NC
LYNDHURST, NJ 07071
732-404-2960
USMX.COM