Pacific Maritime Association
Headquarters

CERTIFICATION

I, JAMES C. McKENNA, President and Chief Executive Officer of Pacific Maritime Association (PMA), certify that at a Special Meeting of the Membership of PMA held at its principal office in San Francisco, California, on May 1, 2018, duly called by order of the President and Chief Executive Officer pursuant to PMA's Bylaws, the members of PMA, acting pursuant to PMA's Articles of Incorporation and the Bylaws adopted the attached MEMORANDUM AGREEMENT OF DECEMBER 14, 1983, CONCERNING ASSESSMENTS TO PAY ILWU-PMA EMPLOYEE BENEFIT COSTS, AS AMENDED THROUGH MAY 1, 2018.

DATED May 1, 2018, at San Francisco, California.

PACIFIC MARITIME ASSOCIATION

James C. McKenna
President and Chief Executive Officer

Encl.

CERTIFICATE

555 Market Street • Third Floor • San Francisco, California 94105
(415) 576-3200 • FAX (415) 348-8392

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MEMORANDUM AGREEMENT
OF DECEMBER 14, 1983
CONCERNING ASSESSMENTS TO PAY
ILWU-PMA EMPLOYEE BENEFIT COSTS,
AS AMENDED, THROUGH
May 1, 2018
201103

The members of Pacific Maritime Association ("PMA"), acting pursuant to the Articles of Incorporation and the Bylaws of the Association, agree as follows:

1. Effective Date

This Agreement will become effective December 14, 1983. There are presently two PMA Membership Agreements which govern determination and collection of assessments to pay ILWU-PMA employee benefits:

(1) Federal Maritime Commission Agreement LM-80, which governs all but the CFS Program assessments; and

(2) Federal Maritime Commission Agreement LM-81;

the CFS Program agreement which further allocates certain employee benefit costs between those who perform CFS-type operations and those ship and barge operators who load or discharge containers. On December 24, 1983, Federal Maritime Commission Agreement LM-80 will be cancelled, and this Agreement will operate in its place. Federal Maritime Commission Agreement LM-81, which governs the CFS Program allocations, continues.

2. Employee Benefits

"ILWU" refers to the International Longshore and Warehouse Union. "Employee benefits" refers to benefits provided by plans which were established under, and became a part of, the ILWU-PMA Pacific Coast Longshore and Clerks' Agreement or the ILWU-PMA Coast Walking Bosses' and Foremen's Agreement. The plans include:

(1) the ILWU-PMA Pension Plan,

(2) the ILWU-PMA Welfare Plan,

(3) the Vacation Plan,

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(4) the PMA Paid Holiday Plan,

(5) the PMA Longshore & Clerk Pay Guarantee Plan,

(6) the Industry (Voluntary) Travel Plan,

(7) the PMA Walking Bosses & Foremen's Pay Guarantee Plan.

3. Assessment Rates

Assessments per man-hour and assessments per ton will, in the normal course, be calculated and published periodically. Assessment rates will be calculated and be made effective as described below.

4. Estimate of Benefit Plan Costs

Each calculation of assessment rates will be based on an estimate of benefit plan costs for the period during which the rates will be in effect.

5. Calculations

Calculations described below as of July 1, 2018 are illustrated in Appendix 1.

6. Man-Hour Assessment Rate

The Man-Hour Assessment will be the amount obtained when estimated total annual benefits plans cost is divided by 43,578,918 through June 29, 2018 in the case of man-hour rates and June 30, 2018 in the case of tonnage rates, and by 47,334,592 as of June 30, 2018 in the case of man-hour rates and July 1, 2018 in the case of tonnage rates.

7. Steady Foremen Incentive Pay Supplemental Assessment

In addition to the Man-Hour Assessment rate provided by Section 6 above, there shall be a Steady Foremen Incentive Pay Supplemental Assessment on the hours worked by foremen who are hired as regular or "steady" employees (i.e., not through the dispatch hall) ("steady foremen hours"). The purpose of this supplemental assessment on steady foremen hours is to replace the lost assessment revenue caused by implementation of the Letter of Understanding regarding Walking Bosses/Foremen's Steady Pay Guarantee, dated July 1, 2014 (the "Steady Foremen Incentive Payment") and replacement of the previous steady guarantee arrangement established pursuant to Joint Foremen's Labor Relations Committee Meeting No.

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01-10 (the "Previous Steady Foremen Guarantee"). This Steady Foremen Incentive Pay Supplemental Assessment on steady foremen hours shall be calculated as follows:

1. In the fiscal year ending June 30, 2016 (FY2016), the Steady Foremen Incentive Pay Supplemental Assessment will be calculated by:
   - Determining the number of steady foremen guarantee hours assessed under the Previous Steady Foremen Guarantee during the fiscal year ending June 30, 2015;
   - The total number of steady foremen guarantee hours assessed will be annualized and multiplied by the projected Man-Hour assessment rate for FY2016 to project the amount that would have been assessed under the Previous Foremen Guarantee in FY2016;
   - That amount will then be divided by the projected number of steady foreman hours in FY2016 to determine the Steady Foremen Pay Supplemental Assessment amount, to be applied only to steady foremen hours in FY2016;
2. In fiscal year ending June 30, 2017, and in all subsequent years, the amount of Steady Foremen Incentive Payment paid in the then-current fiscal year will be annualized and used to project the amount for the then-subsequent year;
3. The total dollar amount will be divided by $200, which is the daily pay guarantee for each shift worked up to a maximum of five (5) shifts under the Steady Foremen Incentive Payment, to establish the number of shifts that would have been subject to the Previous Steady Foremen Guarantee;
4. The number of shifts will be multiplied by two (2) to establish the total hours that would have been assessable under the Previous Steady Foremen Guarantee ("Lost Hours");
5. The Lost Hours will continue to be included in the rate calculations under Sections 8 and 9 so as not to increase artificially the man-hour and tonnage rates;
6. The projected Man-Hour Assessment rate will be multiplied by the total Lost Hours to determine the assessment revenue shortfall amount;
7. The shortfall amount will be divided by the projected number of steady foremen hours for the subsequent fiscal year to determine the Steady Foremen Pay Supplemental Assessment amount, to be applied only to steady foremen hours.

8. <u>Portion of Benefits Cost Assessed on Tonnage</u>

The "Tonnage Portion" of benefits plans costs will be the amount obtained by multiplying the Man-Hour Assessment Rate by estimated annual man-hours (adjusted as provided by Section 7(5)) and subtracting the result from estimated total annual benefits plans cost.

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9. Tonnage

Tonnage shall be reported by PMA members and assessed in accordance with PMA rules respecting the method for reporting tonnage to the Association. Tonnage is classified by the geographic range in which it moves. Tonnage is reported as either "Offshore & Intercoastal" or "Coastwise." Offshore & Intercoastal Tonnage is cargo transported by water that is either destined for or leaves from a California, Oregon or Washington port and does not have as its origin or destination another California, Oregon or Washington port. Coastwise Tonnage is cargo that is loaded in a California, Oregon, or Washington port for discharge in a California, Oregon, or Washington port. Noncontainerized Lumber & Logs and General Cargo inbound from British Columbia, Canada are also classified as Coastwise Cargo.

10. Assessment Rate per Revenue Unit

The assessment rate per Revenue Unit (RU) will be the amount obtained when the Tonnage Portion is divided by the sum of:

(a) Container Revenue Units,

(b) General Tonnage multiplied by 0.058824,

(c) Lumber & Log Tonnage multiplied by 0.058824,

(d) Automobile & Truck Tonnage multiplied by 0.004764,

(e) Bulk Dry Tonnage multiplied by 0.001165,

(f) Coastwise RU's multiplied by 0.705891,

(g) Coastwise General Cargo multiplied by 0.024258,

(h) Coastwise Lumber/Logs multiplied by 0.024258,

(i) Coastwise Autos/Trucks multiplied by 0.004764 x 0.412383,

(j) Coastwise Bulk Dry multiplied by 0.001165 x 0.412383.

11. OFFSHORE & INTERCOASTAL TONNAGE ASSESSMENT RATES

(a) General Cargo. The assessment rate per ton of General Cargo will be the assessment rate per Revenue Unit multiplied by 0.058824.

(b) Lumber & Logs. The assessment rate per ton for Lumber & Logs will be the

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assessment rate per Revenue Unit multiplied by 0.058824.

(c) Automobiles & Trucks. The assessment rate per ton for Automobiles & Trucks will be the assessment rate per Revenue Unit multiplied by 0.004764.

(d) Bulk Dry Cargo. The assessment rate per ton for Bulk Dry Cargo will be the assessment rate per Revenue Unit multiplied by 0.001165.

12. COASTWISE TONNAGE ASSESSMENT RATES

(a) Container Revenue Unit. The Coastwise assessment rate per container Revenue Unit will be the Offshore & Intercoastal assessment rate for a Container Revenue Unit multiplied by 0.705891.

(b) General Cargo. The Coastwise assessment rate per ton of General Cargo will be the Offshore & Intercoastal assessment rate for General Cargo multiplied by 0.412383.

(c) Lumber & Logs. The Coastwise assessment rate per ton of Lumber & Logs will be the Offshore & Intercoastal assessment rate for Lumber & Logs multiplied by 0.412383.

(d) Automobiles & Trucks. The Coastwise assessment rate per ton for Automobiles & Trucks will be the Offshore & Intercoastal assessment rate for Automobiles & Trucks multiplied by 0.412383.

(e) Bulk Dry. The Coastwise assessment rate per ton for Bulk Dry Cargo will be the assessment rate for Bulk Dry Cargo multiplied by 0.412383.

Assessments on Coastwise Tonnage will be paid by the company responsible for the discharge of the cargo. No assessment will be payable for loading of coastwise cargo.

13. Assignment of Man-Hour and Tonnage Rates to Benefits Plans

(a) The ILWU-PMA Pension Plan cost will be paid by man-hour assessments, including the Steady Foremen Incentive Pay Supplemental Assessment provided by Section 7.

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(b) The Vacation Plan benefits and related costs will be paid by man-hour assessments, including the Steady Foremen Incentive Pay Supplemental Assessment provided by Section 7. If, when added together, the total of the man-hour pension rate and the man-hour vacation rate exceed the Man-Hour Assessment Rate calculated in accordance with Section 6, the vacation rate will be reduced so that the sum of the vacation rate and the pension rate equals the Man-Hour Assessment Rate. If the vacation rate is reduced in accordance with the above, there will be paid to the vacation fund from tonnage assessments an amount equal to the amount which would have been paid to the fund by that portion by which the vacation rate was reduced.

(c) The PMA Paid Holiday Plan will be paid by man-hour assessments, including the Steady Foremen Incentive Pay Supplemental Assessment provided by Section 7. If, when added together, the total of the man-hour pension rate, the vacation rate, and the holiday rate exceed the Man-Hour Assessment Rate calculated in accordance with Section 6, the holiday rate will be reduced so that the sum of the holiday rate, the vacation rate and the pension rate equal the Man-Hour Assessment Rate. If the holiday rate is reduced in accordance with the above, there will be paid to the holiday fund from tonnage assessments an amount equal to the amount which would have been paid to the fund by that portion by which the holiday rate was reduced.

(d) The ILWU-PMA Welfare Plan will be paid by man-hour assessments, including the remaining Steady Foremen Incentive Pay Supplemental Assessment provided by Section 7, plus tonnage assessments to pay such estimated costs as are not met by the man-hour assessments.

(e) The costs of other collectively bargained fringe benefits plans which are or become subject to this Agreement will be paid from the tonnage assessments provided by this Agreement.

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APPENDIX 1

ILLUSTRATIVE ANNUAL EMPLOYEE BENEFITS PLANS COST,
MAN-HOUR ESTIMATES, AND CARGO TONNAGE ESTIMATES,
ON AND AFTER JULY 1, 2018

NET FUNDING FOR ANNUAL EMPLOYEE BENEFITS COSTS	$1,617,577,870
MAN-HOURS ESTIMATE FOR PERIOD	31,988,381
CARGO TONNAGE ESTIMATES	
Offshore & Intercoastal	
Revenue Units	17,317,152
Tons	
General Cargo	6,884,721
Lumber & Logs	1,772,546
Automobiles & Trucks	28,316,506
Bulk Dry Cargo	50,985,085
Coastwise	
Revenue Units	75
Tons	
General Cargo	0
Lumber & Logs	105,253
Automobiles & Trucks	0
Bulk Dry Cargo	0

MAN-HOUR ASSESSMENT RATE

Man-Hour Assessment Rate $1,617,577,870 / 47,334,592 = $34.17 Per Hour

TONNAGE ASSESSMENT RATE

Tonnage Portion $1,617,577,870 - (31,988,381 x $34.17) = $524,534,891

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APPENDIX 1 (Continued)

		Per Unit	Per Ton
Offshore & Intercoastal Rates			
Per Revenue Unit		$29.10	
= $524,534,891 /			
((17,317,152 x 1.000000)	[Revenue Units]		
+(6,884,721 x 0.058824)	[General]		
+(1,772,546 x 0.058824)	[Lumber/Logs]		
+(28,316,506 x 0.004764)	[Autos/Trucks]		
+(50,985,085 x 0.001165)	[Bulk Dry]		
+(75 x 0.705891)	[Coastwise RUs]		
+(0 x 0.024258)	[Coastwise General]		
+(105,253 x 0.024258)	[Coastwise Lumber/Logs]		
+(0 x 0.004764 x 0.412383)	[Coastwise Autos/Trucks]		
+(0 x 0.001165 x 0.412383))	[Coastwise Bulk Dry]		

General Cargo	$29.10 x 0.058824	$1.712
Lumber & Logs	$29.10 x 0.058824	$1.712
Automobiles & Trucks	$29.10 x 0.004764	$0.139
Bulk Dry Cargo	$29.10 x 0.001165	$0.034
Coastwise Rates		
Per Revenue Unit	$29.10 x 0.705891	$20.54
General Cargo	$1.712 x 0.412383	$0.706
Lumber & Logs	$1.712 x 0.412383	$0.706
Automobiles & Trucks	$0.139 x 0.412383	$0.057
Bulk Dry Cargo	$0.034 x 0.412383	$0.014

SUPPLEMENTAL FOREMEN MAN-HOUR ASSESSMENT RATE

(125,000 Lost Hours x $34.17 Man-Hour Assessment Rate) / 755,000 Projected Steady Foremen Hours = $5.66 per Steady Foreman Hour

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