

## MEMORANDUM OF UNDERSTANDING

**Memorandum of Understanding of January 14, 2000 between American Ship Management (ASM) and the Seafarers' International Union - Pacific District (SIU-PD), comprised of the Sailors' Union of the Pacific (SUP), Marine Firemen's Union (MFU) and the Seafarers' International Union - AGLIWD (SIU).**

**Whereas, American Ship Management is the labor contract holder for it's affiliate Patriot Contract Services, LLC, and**

**Whereas, Patriot Contract Services, LLC desires to manage Ready Reserve Force (RRF) vessels under the resultant Ship Manager Contract(s) from RFP DTMA 91-97-R-0000 and**

**Whereas, the parties agree to all terms and conditions of the above referenced RFP and any items not identified herein default to the collective bargaining agreement, and**

**Whereas, MARAD plans to operate one or more RRF vessels as Reduced Operating Status (ROS) manned vessel(s),**

**Now therefore the parties hereby agree to the following:**

- 1     **The size and billet requirements of the ROS unlicensed crew(s) will be determined by the Company as required by MARAD. A ROS vessel will generally be manned as below. Wages and related items are as per Appendix 1**

<b>Deck Maintenance</b>		<b>Mt. Electrician</b>
<b>Mt. Jr. Engineer</b>	<b>General Vessel Utility</b>	<b>Steward/Cook</b>

2.     **The determined manning, working as a team, will perform all planned maintenance work on board the vessel, and will provide subsistence and quarters for the crew without the payment of overtime.**

- 3     **The Deck Maintenance man will have the qualifications and experience of a Bosun.**

**The Maintenance Electrician shall have the qualifications and experience of a Chief Electrician.**

**The Maintenance Jr. Engineer shall have the qualifications and experience of a QMED.**

**The General Vessel Utility shall have the qualifications and experience of an Ordinary Seaman, Wiper and Food Handler.**

The Maintenance Steward Cook shall have the qualifications and experience of a Chief Steward and Chief Cook.

4. All of the above named shall be permanent employees and must sail with the vessel if activated. Upon Full Operating Status (FOS) wages shall be as the attached Appendix 2
5. The company reserves the right to approve each and every crewmember. All crewmembers shall be considered probationary for the first sixty (60) calendar days of their employment. During this probationary period, employment may be terminated by the Company for any lawful reason, and there shall be no recourse through the grievance procedure. If the company terminates his employment he will be ineligible to sail on any RRF vessel. All crewmembers must comply with the requirements of the International Convention on Standards of Training, Certification and Watchkeeping (STCW).
6. Transportation will be paid at the government rate upon becoming NFFD.
7. The work hours for the Deck and Engine Department will be 0800 to 1700. Monday through Friday, with one (1) hour for lunch and fifteen (15) minutes for coffee in the morning and in the afternoon.

The work hours of the Steward's Department shall be eight (8) hours in a spread of twelve (12) hours, Monday through Friday.

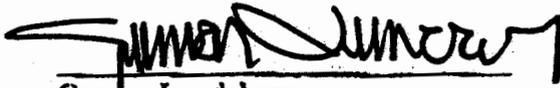
Any additional hours shall be payable at time and one-half.

8. ROS crewmembers will receive a daily meal allowance in accordance with the government's Joint Travel Regulation (JTR) rate for the city in which the vessel is berthed any day in which the Company has not provided meals. Quarters will be available at all times.
9. Room and bunk is to be kept in a neat and clean condition. The individual occupant of each room shall maintain this condition provided the same clause is applicable to the Officers.
10. The following holidays will be observed while the vessel is in the Maintenance (ROS) Phase:

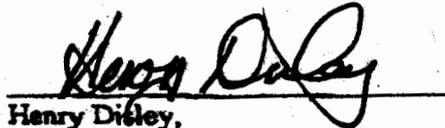
New Year's Day  
Martin Luther King Day  
Presidents Day  
Memorial Day  
Independence Day

Labor Day  
Columbus Day  
Veterans Day  
Thanksgiving Day  
Christmas Day

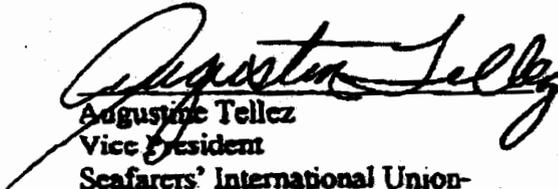
11. ROS crewmembers will be paid semi-monthly. There will be no discharges, but time worked under this agreement will qualify for seniority changes. The Company will pay vacation directly to the employee in their semi-monthly paycheck.
12. At the second, third and fourth anniversary date of the awarding of the RRF contract to Patriot Contract Services, LLC, there shall be a three percent (3%) increase in the total labor cost of ROS and FOS to be apportioned as determined by the Company and the Union. The duration of this contract is five (5) years. Should it extend past that period, the Union and Company will meet to negotiate any additional increases.
13. The Seafarer's International Union - Pacific District agrees to no strike, no work stoppage in accordance with Appendix 3.



Gunnar Lundeberg,  
President  
Sailors' Union of the Pacific



Henry Disley,  
President  
Marine Firemen's Union



Augustine Tellez  
Vice President  
Seafarers' International Union-  
AGLIWD



Saunders A. Jones,  
Executive Vice President, COO  
American Ship Management, LLC

01-11-00

## Appendix 1

### ROS Wages and Related Items:

<u>Rating</u>	<u>Daily Wage</u>	<u>Benefit Base</u>
Mt. Bosun	154.23	120.18
Deck Maintenance, AB	115.43	89.95
General Vessel Utility, Mt. OS	85.04	66.26
Mt. Chief Electrician, Chief Pumpman	154.23	120.18
Reefer Engr, Reefer Mech	154.23	120.18
Mt. Jr Engineer, QMED, Pumpman, 2 <sup>nd</sup> Elect	115.43	89.95
Mt. Oiler, FWT, Deck Engr	110.30	85.95
Mt. Wiper	85.04	66.26
Mt. Chief Steward, Stwd/Ck, Stwd/Bkr	154.23	120.18
Mt. Chief Cook	120.53	93.92
Mt. Second Cook, Asst Ck/Util	102.56	79.92
General Steward Utility, Stwd/Util, SA	85.04	66.26

While in ROS/RAV, the manning scale shall be as agreed upon between MarAd and the Company.

### ROS Fringe Benefits and related items:

	<u>Welfare</u>	<u>Training</u>	<u>JEC</u>	<u>MPB</u>
SUP:	34.51	5.00	2.00	13.00
MFU:	34.51	5.00	2.00	13.00
SIU:	34.51	5.68	5.58	7.18

The daily rates above are seven (7) day per week rates.

Unlicensed personnel shall earn one and one-half (1 ½) days of paid vacation and one (1) day of sick leave for each thirty (30) days on the payroll. Vacation pay and sick leave benefits shall be paid directly by the Company. A maximum of four (4) sick days per calendar year is permitted without a physician certification of illness. Thereafter, all sick days must be supported by proper medical documentation. All sick days shall require the unlicensed crewmember to notify the vessel via telephone or facsimile. The occurrence of singular sick days shall not be cause for notification of same to the Marine Index Bureau (MIB).

## Appendix 2

### FOS Wages and Related Items:

<u>Rating</u>	<u>Daily Wage</u>	<u>Benefit Base</u>
Bosun	120.18	120.18
Deck Maintenance, AB	89.95	89.95
General Vessel Utility, OS	66.26	66.26
Chief Electrician, Chief Pumpman	120.18	120.18
Reefer Engr, Reefer Mech	120.18	120.18
Jr Engineer, QMED, Pumpman, 2 <sup>nd</sup> Elect	89.95	89.95
Oiler, FWT, Deck Engr	85.95	85.95
Wiper	66.26	66.26
Chief Steward, Stwd/Ck, Stwd/Bkr	120.18	120.18
Chief Cook	93.92	93.92
Second Cook, Asst Ck/Util	79.92	79.92
General Steward Utility, Stwd/Util, SA	66.26	66.26

While in FOS, the manning scale shall be as agreed upon between MarAd and the Company. The manning scales shall be adjusted only in accordance with the provisions of the Agreement between MarAd and the Company; provided, however, that the manning scale shall always be no less than that required by the Certificate of Inspection issued by the United States Coast Guard.

### FOS Fringe Benefits and related items:

	<u>Welfare</u>	<u>Training</u>	<u>JEC</u>	<u>MPB</u>
SUP:	34.51	5.00	2.00	13.00
MFU:	34.51	5.00	2.00	13.00
SIU:	34.51	5.68	5.58	7.18

Unlicensed personnel shall earn fifteen (15) days of paid vacation for each thirty (30) days on the payroll, or pro rata while employed in FOS.

### Appendix 3

**Re: RFP No. 91-97-R-00002**

The Seafarers' International Union – Pacific District (Sailors' Union of the Pacific, Marine Firemen's Union and Seafarers' International Union – AGLIWD) has reviewed the above captioned RFP along with its amendments and agree to the following:

1. The Unions have collective bargaining agreements with the Company covering unlicensed personnel employed by the Company. The duration of the operating agreement (Ship Manager Contracts) between the Company and MarAd will be for a period of five (5) years.
2. Recognizing that critical and sensitive services are required under this contract, it is essential that continuous operation of the ships be maintained. Therefore, there shall be no work stoppages of any type, including but not limited to strikes, sympathy strikes, boycotts, slowdowns, sick-outs, primary or secondary picketing, protests against unfair labor practices, contract violations, social or political protests and any other protests or interruption or interference with work on board the vessel(s) for the full term of the Ship Manager Contracts resulting from the above referenced RFP. Let it be known that our collective bargaining agreements contain provisions for resolution of labor disputes through binding arbitration coupled with "no-strike, no lockout provisions."
3. Additionally, with regard to the subject RFP and the specific requirements imposed by MarAd to manning, the Unions agree that any crewmember discharged for cause may be denied future employment aboard an RRF vessel, including vessels operated by another ship manager.
4. The Unions will provide qualified personnel for the operation of the above-referenced vessels and will work with the Company in performing the necessary training programs.
5. The SIU – Pacific District Unions fully understand and whole-heartedly support the mission of the RRF. Should emergency activation of the RRF fleet occur, the Unions will take all steps necessary to ensure timely and complete manning of all activated RRF vessel(s).