

Pacific Maritime Association Headquarters

July 1, 2014

Mr. Robert McEllrath, International President International Longshore and Warehouse Union 1188 Franklin Street, 4th Floor San Francisco, CA 94109

LETTER OF UNDERSTANDING Chassis

Mr. McEllrath,

During the course of 2014 ILWU-PMA Contract negotiations, the Parties discussed the maintenance and repair of chassis (PCLCD Section 1.7 [chassis], Section 1.81, and the Letter of Understanding – Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction).

The Employers agree that at all PCL&CA facilities in the Ports of LA/LB, Oakland, Seattle, Tacoma, and Portland inspections of chassis shall be performed (Section 1.81 "red-circled" as to chassis excluded). All chassis, except for those chassis owned by an independent truck driver (owner/operator) or owned by an independent (i.e., non PMA affiliated, see Section 1.74 of the PCLCD) trucking company and identified and proven as such, shall go through a roadability inspection as identified in this letter. The inspection of a chassis shall include the following items:

- 1. Lights Operational; not missing or broken
- 2. Reflectors and conspicuity Intact
- 3. FHWA sticker Valid; not expired
- 4. Mud Flap Not missing or loose
- 5. Brake system Visual check for proper brake operation; no missing; broken; cracked; contaminated; worn or loose components; no audible air leaks
- 6. Landing Legs Intact; no missing or loose components
- 7. Connecting Devices Intact
- 8. Tires and wheels Tires: visual check for good order; no flats; worn; flat spotted or cuts to cord; Wheels: visual check for no sign of cracks; bent; loose or missing components

*Drivers are not to exit their trucks and mechanics are not to go under a chassis during the inspection.

Mr. Robert McEllrath, President Letter of Understanding – Chassis July 1, 2014 Page 2 of 2

Chassis that pass roadability may exit the facility. If any of the eight inspection items fail, the chassis must be repaired or replaced by longshore mechanics as required and necessary for continued use, subject to the following exception: chassis leased long term and requiring maintenance by an independent truck driver or an independent (i.e., non PMA affiliated, see Section 1.74 of the PCLCD) trucking company and identified and proven as such, may have repairs performed by mechanics represented by the ILWU or the container shall be removed and the chassis will be permitted to exit the facility. This exception does not apply to any shared/pooled chassis.

The Employer shall determine the location where the chassis inspection occurs and, when necessary, repairs are to be performed. The Employer can maintain records on inspected chassis by any means (electronic or otherwise) in accordance with the PCL&CA.

It is agreed that neither Party shall engage in gimmicks relative to this LOU and shall observe the terms contained herein as required by PCLCD Section 18.

Sincerely,

/s/ James C. McKenna

James C. McKenna President and CEO