

MEMORANDUM OF UNDERSTANDING

PCS -- SIUPD

2015 Ready Reserve Force (RRF) Ships Contract

This Memorandum of Understanding (hereinafter this “MOU”) is made as of September 4, 2015 between Patriot Contract Services, LLC (the “Company” or “PCS”) and the Seafarers’ International Union – Pacific District (“SIU-PD” or the “Union”), which Union is comprised of the Sailors’ Union of the Pacific (“SUP”), Marine Firemen’s Union (“MFOW”) and the Seafarers’ International Union of North America, Atlantic, Gulf, Lakes and Inland Waters’ District (“SIU-AGLIWD”), regarding the terms and conditions of employment for the operation and maintenance of vessels that are part of the United States Maritime Administration (MARAD) NDRF/RRF fleet (collectively the “Vessels”) under MARAD RFP DTMA91R140002 (the “RFP”).

WHEREAS, PCS intends to bid on a contract to maintain and operate the Vessels under the above-referenced RFP, and the Union desires continuing job opportunities;

WHEREAS, the parties desire to have an agreement in place on the terms and conditions governing the employment of members of the Union on the Vessels in the event PCS is awarded the contract relating to the RFP (the “MARAD Contract”);

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Agreement

This MOU applies to all Deck, Engine and Steward department unlicensed personnel hereinafter employed aboard the Vessel(s). Such crewmembers, unless otherwise indicated, shall be referred to herein as “Unlicensed Personnel.”

The Company recognizes the Union as the sole representative of the Unlicensed Personnel for the purpose of collective bargaining.

The parties agree to the terms of the RFP and the MARAD Contract. In the event PCS is awarded the MARAD Contract, the employment of Unlicensed Personnel shall be governed by the terms of the MARAD Contract and this MOU, in that order of precedence. If there is a conflict or inconsistency between the MARAD Contract and this MOU, the terms of the MARAD Contract shall govern. Without altering that order of precedence, the parties acknowledge that where there is no inconsistency between the MARAD Contract and this MOU, the MARAD Contract shall not be invoked arbitrarily to preempt the terms of this MOU. No preexisting or other memoranda of understanding, collective bargaining agreements or arbitration decisions (the “Agreement”) between the parties shall be deemed applicable to this MOU, except as specifically and expressly incorporated herein by reference. If there is a conflict or inconsistency between this MOU and any portions of a preexisting collective bargaining agreement, memorandum of understanding or arbitration award that has been made applicable to this work, this MOU shall govern.

Section 2. Employment

(a) Right to Select.

The Company shall have the right to select all Unlicensed Personnel.

(b) Qualifications.

All Unlicensed Personnel shall be trained, qualified, medically/dentally and psychologically fit consistent with the Vessels' mission and projected areas of operation. All Unlicensed Personnel shall be U.S. citizens holding valid passports for the full length of the assignment, provided that per RFP section C-5.4.1.1.2 on vessels other than MDA vessels, not more than 25% of the Unlicensed Personnel may be resident aliens. At times of heightened security of a special project all Unlicensed Personnel may be required to be US citizens. All Unlicensed Personnel shall possess U.S. Coast Guard seaman documents and STCW endorsements and all other papers required to occupy their positions valid for the full length of their assignments. The Unlicensed Personnel must be literate in English. Unlicensed Personnel shall have the government security clearance required by the MARAD Contract, if any. All Unlicensed Personnel shall have valid Transportation Worker Identification Cards for the full length of the assignment. The Company and the Union shall work cooperatively to accomplish the mariner vetting required by the RFP (see, e.g., section C-5.4.8) and by law.

(c) Tour of Duty

In ROS, a tour of duty shall be a minimum of eight (8) months and a maximum of twelve (12) months.

In FOS, Unlicensed Personnel accepting employment in the deck and engine departments on the Vessels will be required to serve on that Vessel for a minimum of four (4) months on but not more than six months (6) months without a relief, and Unlicensed Personnel accepting employment in the Steward's Department shall be dispatched for 210 days, subject in all situations to the operational requirements or unless they are reassigned or their services are terminated at an earlier date by the Company. Except in case of emergency, the Company shall not be required to pay travel expenses for a crewmember leaving the Vessel prior to the expiration of the one hundred twenty (120) day period of service.

No Crew member shall depart the Vessel without being properly relieved, unless specifically authorized to do so by the Master before the arrival of such relief.

ROS crews and crews working during a shipyard/drydock period will sail with the Vessel on activation to FOS; provided, however, that this shall not preclude routine rotation of ROS crewmembers with qualified replacements.

(d) Hours of Work and Overtime.

In FOS and ROS, Unlicensed Personnel shall work eight (8) hours a day, five (5) days a week, Monday through Friday. Overtime shall be paid at the rates stated in the Appendices for all hours worked in excess of eight (8) hours Mondays through Fridays and any time worked on Saturdays, Sundays or Holidays.

In both FOS and ROS, overtime work shall be in accordance with the requirements of the Vessel as determined by the Master or, in ROS, the Chief Engineer, and there is no guaranteed amount of overtime. Overtime shall be paid in ½ hour increments, except that there shall be a minimum payment of one (1) hour of overtime.

When a Vessel is in port in ROS or FOS the Company may put Unlicensed Personnel on a watch rotation, such that the watch will be compensated at the normal daily rate and any other hours will be paid at the overtime rate.

(e) Employment Status and Discharge.

All Unlicensed Personnel shall be considered probationary employees for the first sixty (60) days of their initial employment on one of the Vessels. During this probationary period, employment may be terminated by the Company. If employment is terminated during the probationary period, there shall be no recourse through the grievance procedure.

In the event MARAD shall have any reason to be dissatisfied with the qualifications, conduct or performance of any person employed by the Company, the Company will promptly investigate it and take appropriate corrective action, including, but not limited to discharge. If MARAD notifies the Company that the employment or continued employment of a Unlicensed Personnel is prejudicial to its interests or endangers the security of the United States of America, the assignment of the concerned Unlicensed Personnel shall be canceled immediately.

A crewmember who is discharged for cause shall be given, at the time of payoff, a written statement advising of the discharge, and a detailed explanation of the reason for the discharge. The Company shall also provide a written statement and detailed explanation of the reason of discharge to the Union Headquarters. Failure to furnish such a written statement will presumptively establish that the crewmember has been discharged without just cause unless there is notification that the Government was dissatisfied with the conduct, qualifications or performance of the individual. Such statement must be furnished to the Union Headquarters if the crewmember is not available. Per section C-5.6.3.3 of the RFP, any crewmember discharged by the Company for cause shall not be eligible for future employment onboard any RRF vessel, unless the termination for cause is later reversed.

The parties acknowledge that Unlicensed Personnel on the Vessels are employed by the Company, not the U.S. Government, as provided in RFP section C-5.6.1.

(f) Crew Rotation.

The parties recognize that the RFP contains strict limits on crew rotation (see Section C-5.9.4.1). The Company shall not change out/rotate more than half of the officers or crew at one time within the Deck, Engine or Stewards' Department.

To comply with those and other requirements the Union and the Company agree to work together to create a pool of mariners who are qualified to be assigned to these Vessels, and they shall seek to augment that list as appropriate to ensure timely filling of all positions. The Company shall be entitled to select Unlicensed Personnel from that pool of mariners, taking into account the need to return mariners to Vessels on which they have served previously. Without limiting the foregoing, the Company shall have the right to stagger the times at which Unlicensed Personnel are relieved, and the Company shall have the right to require that an Unlicensed Crewmember stay on the Vessel longer than his assignment or depart the Vessel at the end of his assignment.

Subject to subsection 2(c) above, all Unlicensed Personnel shall be permitted to return to work after periods of sick leave or other authorized leaves, mutually agreed to by the Union and the Company, including time spent in training.

*Entry rated personnel after having attained enough seetime to upgrade for a rating in their particular department shall not be able to maintain a permanent entry position.

The Company shall have the right to transfer personnel from one Vessel to another, and to promote qualified personnel aboard ship. Transfer of personnel from one department to another shall only be permitted if agreed to by the crewmember involved, and such transfer is necessary for the efficient operation of the Vessel.

(g) Crew Size

The Vessels shall be continuously crewed with the number and ratings of personnel specified in the MARAD Contract, Attachment J-14, provided that manning may be modified in accordance with section 5.8.2.2 and 5.9.2.2.

(h) Failure to Provide Unlicensed Personnel.

If the Union is unable to provide acceptable and qualified Unlicensed Personnel within a reasonable time, or in any event in time to avoid a potential delay in the operation of the Vessels or a penalty to the Company, the Company may obtain the required ratings from whatever source is available, including another union. In that situation, the benefit contributions associated with the work done by such replacement personnel shall be paid to the union that provided the replacement personnel rather than to the union that was unable to supply the required personnel.

(i) Hiring Hall Clearance.

No one is to be employed or reassigned without proper clearance from a jointly operated Labor-Management hiring hall, unless necessary to the operation of the Vessel to which the crewmember is to be assigned.

(j) Shipping Articles

The Parties agree that the provisions of this MOU shall be, and be deemed to be, incorporated in and part of the Shipping Articles covering voyages of the Vessel(s) covered by this MOU when applicable, and further agree that appropriate notation thereof be made on the Shipping Articles. No Shipping Articles shall be for a duration in excess of twelve (12) months without prior written consent of the Union.

Section 3. Exclusions

Without limiting the provisions of Section 1 of this MOU, the following provisions of the Agreement (however entitled) shall explicitly be deemed waived and have no application to this MOU:

- (a) Sales and Transfers
- (b) Severance
- (c) Delayed Sailings
- (d) Restriction to Ship*
- (e) Penalty work

* When restricted to ship, the Unlicensed Personnel shall be subject to the same restriction provisions as civilian employees of the Government when restricted at the direction of the Government.

Section 4. Union Membership

(a) Joining the Union.

All Unlicensed Personnel who are not members of the Union at the commencement of their employment must become and remain a member in good standing or agency fee payer on the thirty-first (31st) day of employment as a condition of continued employment, unless the individual has been hired as a result of the Union failing to provide qualified crewmembers and the individual is a member of another union.

All Unlicensed Personnel who are presently or become members of the Union or up to date agency fee payers shall be required to remain members or agency fee payers during the term of this MOU as a condition of continued employment, provided, however, that the Company has no obligation to take action under this Section until first notified by the Union that any of its unlicensed crew has lost his membership or is not up to date in the payment of agency fee and that such crewmember has been afforded an opportunity to regain his membership.

Notwithstanding the requirements of this Subsection (a), the Company shall not be required to discharge any employee prior to the completion of the term of his shipboard employment.

If the Company at the Union's request terminates or takes action against an unlicensed crewmember as a result of his failure to remain in good standing with the Union or up to date agency fee payer, the Union will hold harmless, defend and indemnify the Company for any losses, expenses, claims, suits, actions and/or legal fees which the Company may incur in connection with terminating and/or taking such other action against the employee.

(b) Dues Deduction.

The Company will deduct basic dues or applicable agency or service fees from the employees' paycheck, but will not deduct initiation fees, special assessments, fines, or any other Union deductions, except for dues or applicable agency or service fees as aforementioned. The Union will defend and hold the Company harmless against any claims made and against any suit instituted against the Company on account of payroll deductions of Union dues or applicable service fees. Union members or agency fee payers shall pay their dues or applicable service fees through a payroll deduction or directly to the Union. Union members shall fill out the proper authorization card stating their preference. If applicable, tender of the Union's periodic dues and initiation fees or applicable service fee uniformly required as a condition of acquiring or retaining such membership shall, for the purpose of this MOU, be considered membership in the Union.

(c) Passes for Union Representatives

The Company agrees to issue passes to Union representatives for the purpose of contacting its members aboard the Vessels and shall arrange, if possible, for clearance at all military installations where the Vessels may be located. Union representatives agree to timely provide the Company with personal data required for obtaining Government issued badges at Government facilities.

Representatives of the Union shall be allowed on board at any time during normal working hours when the Vessel is in port, provided that MARAD provides permission. Representatives shall not interfere with crewmembers at work unless said crewmembers are properly relieved. (Such relief shall receive no extra compensation.)

(d) Ship's Committee and Departmental Delegates (SIU-AGLIWD)

This Subsection 4(d) applies to the SIU-AGLIWD only.

The Unlicensed Personnel shall elect from the various unlicensed ratings a ship's Chairman, Secretary Reporter, Educational Director and a departmental delegate.

They shall perform the customary duties of the various designations and hold regular meetings for the purpose of resolving any dispute or complaints that can be resolved aboard ship.

Complaints or disputes that cannot be resolved aboard ship are to be handled in accordance with Section 14.

Section 5. Compensation.

(a) Monetary Matters

Additional manning, compensation and work rules shall be as specified in Appendix 1 (applicable to the SUP only), Appendix 2 (applicable to the MFOW only), and Appendix 3 (applicable to the SIU-AGLIWD only). The Company shall have no obligation to pay any wages, fringe benefit contributions, benefit plan contributions or other compensation that are not expressly stated in this MOU or on Appendices 1, 2, or 3.

Wages and benefits shall commence on the day the Unlicensed Personnel actually "turns to" aboard the Vessel; provided, however, that an Unlicensed Personnel, when traveling from one Company ship directly to another Company ship, shall be paid the daily base wage and full benefit plan contributions.

Given the mission of these Vessels there shall be no additional compensation in connection with Unlicensed Personnel being required to bear arms at any time during their employment.

Unlicensed personnel shall be entitled to War Risk Second Seaman's coverage and any War Risk Bonuses and Imminent Danger Pay for which the Company is reimbursed by MARAD in accordance with section C-5.9.6.1 of the RFP. War Risk Bonuses and Imminent Danger Pay are not paid concurrently.

(b) Money Draws and Allotments

Monies tendered for draws in foreign ports shall be made in United States currency, failing which traveler's checks shall be issued at the Company's expense, except where currency laws established in foreign countries prohibit such issuance.

When American money is aboard, advances shall be put out the day before arrival in port.

Procedures shall be established on all Vessels on foreign or intercoastal articles whereby allotments or remittances may be made at the behest of the crewmembers, not less than once every thirty (30) days if so requested by the crewmember.

(c) Holidays

The contracted holidays shall be as follows:

New Year's Day	Labor Day
Martin Luther King, Jr.'s Birthday	Columbus Day
President's Day	Veteran's Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

If a holiday falls on a Saturday or Sunday, it shall be observed on the day designated by the Federal Government.

(d) Vacation and Sick Leave

ROS Vacation shall be accrued at the rate of two (2) days for every thirty (30) calendar days worked. Sick leave shall be accrued at the rate of one (1) day for every thirty (30) days worked as a ROS crewmember.

Per RFP section G 9.2, ROS mariners are not entitled to unearned wages and instead are entitled to use sick leave accumulated under the terms of this MOU.

In accordance with MARAD policies, Unlicensed Personnel shall take full advantage of the vacation benefit by using leave regularly rather than accumulating a large amount of leave for use, or which the ROS crewmember may intend not to use, near the expiration of the MARAD contract or any extensions of the MARAD contract.

MARAD will determine on a case by case basis if a position will be filled while the crew member holding the position is absent.

Per the RFP, accrued but unused vacation and sick leave will be lost upon termination of employment or the end of the MARAD contract, whichever comes first.

(e) Subsistence

Given the Monday to Friday work schedule in ROS, meals will not be provided to ROS Unlicensed Personnel on weekends; provided, however, that on weekends or holidays if Unlicensed Personnel are called in to work and actually turn to, and if a meal is not provided, they will be provided with subsistence at the rate specified in the GSA's Federal Travel Regulations (FTR).

Section 6. Physical Condition.

The Union shall not supply Unlicensed Personnel who have any existing health conditions which constitute a hazard to that person or others onboard ship, notwithstanding that the health condition is being effectively controlled by medication in accordance with USCG fitness for duty requirements. All Unlicensed Personnel shall be screened in accordance with the RFP (see Attachment J-3) to ensure that they are in good physical condition, do not have a history of injuries

onboard ship, and do not have a history of inability to perform the physical requirements of the position for which they are applying. The Company shall confer with the Union on the basis of any such dismissals or refusals and present any reasonably necessary documentation to the Union if so requested. All physical examinations should be recent enough so they will not lapse during the expected length of the Vessel's upcoming mission assignment.

Unlicensed personnel shall not be accepted for employment if previously repatriated for a medical condition, unless a complete report from a physician provides verification that the predisposing condition has been corrected or cured, and the Company's licensed physician has approved such report.

Unlicensed Personnel joining the Vessel shall comply with all medical requirements of the MARAD Contract (including without limitation having a physical within the last six months prior to an activation, if required by MARAD) and must present or show evidence of the following prior to travel or boarding the Vessels (or, if traveling overseas, the aircraft):

- (a) Documentation of current physical examination with a statement certifying fitness for duty in accordance with the requirements of the MARAD Contract;
- (b) Immunization record;
- (c) Sufficient prescribed medications and prescription glasses;
- (d) The medical history form provided by PCS; and
- (e) A medical envelope or clinic card;
- (f) Any other documentation required by the MARAD.

Personnel not in possession of the above items will not be permitted to travel to or board the Vessel or aircraft, and shall not be entitled to transportation reimbursement thereto or there from. The Company and the Union shall assist Unlicensed Personnel in the acquisition, reproduction, and maintenance of these records.

Maintenance shall be paid at the rate of \$16 per day.

Section 7. Immunizations

Unlicensed Personnel employed to serve aboard the Vessels shall, as a condition of employment, be required to receive all immunizations associated with commercial trade, and all immunizations/inoculations required by MARAD and/or the Commander, Military Sealift Command (COMSC). Such immunizations/inoculations may be required at the time of their employment and/or at any time during their employment. Unlicensed Personnel must have received all required immunizations/inoculations prior to being hired. Furthermore, all Unlicensed Personnel employed on the Vessels must, as a condition of employment, agree to comply with any supplemental immunization programs later established for RRF vessels through written policies or directives. A seafarer unwilling or medically ineligible to receive all required

immunizations or inoculations is ineligible for employment on the Vessels. Decisions regarding crewmembers who are medically unfit to receive inoculations/immunizations will be made on a case by case basis depending upon DoD medical advisories.

In addition to the foregoing, at any time during the period of the MARAD Contract and any options or extensions hereto, COMSC, MARAD or other entities may establish, through written policies or directives, immunization programs for civil service or other mariners, which shall apply with the same force and effect under this MOU to Unlicensed Personnel, unless specified otherwise. All Unlicensed Personnel shall comply with all such immunization programs. Upon request each Unlicensed Personnel shall provide the Company with information pertaining to his or her immunization status when necessary for the Company to meet its requirements under Section C-5.4.7 of the RFP.

The Company shall be entitled to remove from any of the Vessels any Unlicensed Personnel who refuses to comply with or is ineligible for such a supplemental immunization(s), and any such person shall not be eligible for future employment onboard any of the Vessels. Such removal shall occur as soon as possible, but not later than the next port call, unless authorized by the Contracting Officer, and the Company shall be entitled to replace that Unlicensed Personnel with personnel who either have the required immunization or are eligible to receive them, and will comply with the policy/directive. Any removal and replacement of personnel pursuant to this clause shall be solely at the Unlicensed Personnel's expense if the Unlicensed Personnel refuses to take the immunization or is deemed ineligible; provided, however, that if an Unlicensed Crewmember is declared ineligible for a supplemental immunization due to a condition that both (a) was required to be disclosed as part of the MARAD physical and (b) was actually disclosed by the Unlicensed Crewmember, then the cost of repatriation shall be for the Company's account.

Section 8. Training, Drills & Exercises

Unlicensed Personnel shall at their expense obtain and maintain all STCW training. In the event STCW training is reimbursed by MARAD, to that extent the Company shall reimburse the appropriate training plan. The cost of Government required training shall be reimbursed to the Unlicensed Personnel or to their training plan, provided it is reimbursable by the Government under the MARAD Contract. Unlicensed Personnel shall become familiar with and participate in the Company's Quality Management Programs (ISO/ISM/SQMS). Unlicensed Personnel shall participate in all drills specified in the MARAD Contract, and in all training reasonably necessary for the effective implementation and maintenance of the Company's safety and quality management systems and for security of the Vessels.

Section 9. Crew Requirements and Duties

(a) Duties.

Members of all departments shall perform the necessary duties for the continuance of the operations of the Vessel as set forth in the MARAD Contract, to ensure continuity of maintenance and repair and that the equipment is well preserved and in a high state of readiness at all times. Work schedules for each Unlicensed Personnel shall be consistent with the Vessel's mission and the

terms and conditions of this MOU. Maintenance crews shall be expected to work as a team with no regard to departmental boundaries when work is related to maintaining the safety, security and habitability of the Vessels. The type of work that all maintenance crewmembers would be expected to do as a team includes, but is not limited to, the following: securing the Vessels for prevailing weather conditions; adjusting or doubling up/stowing mooring lines; adjusting the gangway; taking on and stowing the Vessel's stores and spare parts; operating cargo equipment for storing or testing; assisting with Vessel habitability requirements; and housekeeping.

On ships that are nested or berthed in proximity to each other, a single Steward's Department may be used to service multiple ships.

Members of the Deck Department may be assigned to any maintenance work outside of the engine room spaces if qualified to perform the specific work assigned to them.

When it is necessary to shift a man to fill a vacancy, the man so shifted shall perform the duties of the rating to which he is assigned.

The Unlicensed Personnel agree to obey the lawful orders emanating from the Secretary of the Navy, Secretary of Defense, and/or President of the United States in all cases relating to unusual emergency, natural disasters, contingency, mobilization and/or war.

Nothing contained in this MOU is intended to limit the authority of the Master and/or ship's officers to ensure the obedience of the Unlicensed Personnel to any lawful order.

(b) Uniforms, Equipment and Appearance.

The appearance, dress and behavior of the crew shall be a credit to the U.S. Government status of these Vessels pursuant to the provisions of the RFP. If Unlicensed Personnel are required to wear uniforms, the cost shall be for the Company's account. Unlicensed Personnel shall provide and bring with them customized personal protective equipment such as glasses and shoes.

(c) Personal Emergencies

Personal emergencies arising while a Vessel is operationally employed will not be considered justification for aborting the mission or otherwise calling on any port solely to accommodate the emergency. The appropriate course of action for handling medical emergencies at sea will be decided on a case-by-case basis by the Master and/or the Medical Person in Charge in consultation with the Operational Commander.

(d) Email

All email and other message traffic will be handled via the Government's communications systems, and the operation of the Vessels may be classified. Therefore, certain types of information and transmissions may be prohibited, and all communications must be appropriate in all respects for transmission via those systems. Additionally, there will be times when no personal communications may be transmitted from the Vessels. Crewmember communications may be monitored by the

Government or the Company without further notice. In FOS, all personal calls will be at the Master's discretion.

(e) Prohibited Substances

The Company is required to maintain a zero-tolerance, drug/alcohol free environment aboard the Vessels in accordance with the MARAD Contract. The introduction, possession or use of alcoholic beverages by any person onboard these ships is prohibited, as stated in section C-5.4.4 of the RFP. Similarly, the introduction, possession or use of narcotics, controlled substances, marijuana, or substances containing narcotics, or paraphernalia which are used to administer, dispense or carry narcotics, except for authorized medical purposes, is prohibited onboard these ships. Each crewmember shall comply with all Government regulations relating to alcohol or substance abuse, smuggling, dangerous weapons and gambling.

(f) Smoking Policy

There shall be no smoking in or on the Vessels except in areas specifically designated as smoking areas by the Master.

(g) Riding Crews

The Company shall have the option of employing Unlicensed Personnel as members of a "riding crew" consisting of such ratings as it deems necessary to conduct a viable maintenance and repair program aboard its Vessels.

(h) Weapons

Unlicensed Personnel are not allowed to bring firearms on board the Vessels, and knives with blades over six inches in length are not allowed.

(i) Ship Smartness

The ships to be operated under this contract are public vessels of the United States. Material conditions, personal appearance, discipline, customs and usage should all be maintained at a sufficiently high standard that the conduct of the operation of these ships will not bring criticism or discredit upon the United States.

At all times, the Vessel shall meet the highest possible standards of appearance and vessel smartness through a continuous program of vessel maintenance. Additionally, all living spaces, staterooms, passageways and stairwells shall be maintained in a clean and sanitary condition.

Section 10. Travel

Unlicensed personnel traveling to and from a Vessel by air will be expected to travel on military aircraft if such aircraft are made available for that purpose. If travel is via commercial

aircraft, transportation and lodging shall be provided in accordance with the Federal Travel Regulations (FTR). The Federal Travel directory shall be used to verify current maximum allowable subsistence and lodging rates. All air travel shall be coach or economy class. There will be no reimbursement without proper and complete receipts.

Return transportation, when payable, shall be to the location from which the crewmember received transportation to join the Vessel unless the crewmember requests and the Company in its discretion approves an alternate location. The Company shall not be required to pay the travel expenses of a crewmember who is discharged for cause, departs a Vessel without a discharge or fails to join a Vessel. Also, per RFP section C-5.8.6.2, the Company shall have no obligation to reimburse transportation for an ROS crewmember who elects to terminate his/her employment.

When sent from one Vessel to another or from one port to another in the course of employment, the crewmember shall be paid regular wages and provided transportation and lodging in accordance with the FTR at the highest rates afforded civilian personnel for the area. Except for the foregoing, there shall be no payment of wages or benefits for travel days.

Section 11. Launch Service and Shore Leave

The Master shall provide launch service only when safe conditions warrant it.

While the Vessel is in port, selected Unlicensed Deck Personnel may be required to serve as a "gangway watch," with or without firearms. Such unlicensed personnel shall comply with the Government's security requirements and procedures in regard to performance of their duties as gangway watchmen. While serving as a gangway watchman unlicensed personnel shall receive the same compensation as if performing any customary watchstanding duty.

Due to the operational requirements of these Vessels whereby they may operate in remote and hostile environments, it is recognized that there may be instances whereby Vessel personnel may be restricted from shore leave by local civilian/military government authorities or the local MARAD on-site representative. When docked at a military facility, crewmembers are subject to base regulations including detainment/arrest for violations. If the crew is to be restricted to the Vessel, the Master shall post timely notice of this in a public location. This notice shall state the reason for restriction and the government agency that required it. Masters shall make an entry in the Vessel's log. If a Vessel is not restricted but no launch service is available, the Master shall post this notice and obtain from local authorities (or at the minimum the local agent) a letter stating that the Vessel was not restricted but that launch service was not available.

Section 12. Benefits Plans

It is agreed that the Company will remain a party to the benefit plans of the Union.

There shall not be any duplication of contributions for days when there is an overlap between an Unlicensed Personnel relieving another Unlicensed Personnel. Contributions shall be paid on behalf of the departing seaman.

Section 13. No Work Stoppages or Lockouts

Because the Union recognizes that it may cause irreparable harm to the United States if the Vessel is delayed, hindered or prevented from performing its mission, the Union agrees that there shall be no work stoppages of any type including but not limited to: strikes, sympathy strikes, boycotts, slowdowns, sickouts, primary picketing, secondary picketing, protest against unfair labor practices or contract violations, social or political protest or any other protest even though the underlying dispute does not concern the parties herein, or any other interruption or interference with work aboard the Vessel for any cause or reason whatsoever even though not expressly included herein; the Company agrees that there shall be no lockouts due to any dispute with the Union.

The Company will notify the Union, and the Union shall notify the Company of any such occurrence mentioned above by any form of communication whatsoever.

Upon notification of an attempt to induce a violation or of an actual violation of the provisions of this Section by any one or more of the Unlicensed Personnel, the Union shall publicly disavow such action and instruct the Unlicensed Personnel engaged in such activity to forthwith end such attempt or actual violation and return to work immediately, failing which the Company shall discharge forthwith the Unlicensed Personnel engaged in inducing or participating in any such violation and replacing same. Any member of the Unlicensed Personnel so discharged shall have no recourse against the Company.

Whenever it is claimed that the Company or the Union has violated this section, either party may notify an impartial arbitrator in writing, by mail or by hand-delivery. A copy of such notice shall be sent or delivered simultaneously to the party who is alleged to have violated this section. The claim shall be submitted to arbitration no later than twenty-four (24) hours after receipt by the impartial arbitrator, and his award shall be issued no later than twelve (12) hours after conclusion of the hearing. If the impartial arbitrator cannot, for any reason, conduct the hearing within the aforementioned twenty-four (24) hour period, the parties shall designate another person to act as arbitrator.

Section 14. Grievance Committee

The Union and PCS shall endeavor to resolve any disputes relating to the interpretation or performance of this MOU without resort to arbitration.

Any labor dispute that cannot be resolved through the normal grievance procedure shall be subject to final and binding arbitration.

For the adjustment of any grievances arising in connection with performance of this MOU which cannot be satisfactorily adjusted on board the Vessel there shall be established a Grievance Committee, which shall meet at a mutually agreed location. The Grievance Committee shall consist

of two (2) representatives from the Union and two (2) representatives from the Company, and it shall be the duty of the Grievance Committee to meet within five (5) days of being notified of an unresolved grievance, Saturdays, Sundays and Holidays excluded. In the event the Grievance Committee cannot agree, the dispute shall be submitted to final and binding arbitration before an arbitrator mutually selected by the Union and the Company.

In the event the Union and the Company cannot agree on the selection of an Impartial Arbitrator, then the Parties will select an Arbitrator pursuant to the procedures of the American Arbitration Association.

Expenses of an arbitrator shall be split. Each party shall pay its own attorneys fees.

All shipboard grievances must be filed by the unlicensed crewmember or his designated representative at the time of pay-off, or if incapacitated, within fifteen (15) days of pay-off (Saturdays, Sundays and Holidays excluded).

Section 15. No Discrimination.

The Company agrees not to discriminate against any member of the Union for legitimate union activities, and the Company further agrees that no person shall be discriminated against because of race, creed, color, sex, age, national or geographic origin, or status as a military veteran, when the same is required by Federal regulation. The Company agrees that it shall not unlawfully discriminate against employees on the basis of a physical or mental disability. The Union agrees that employees dispatched from the hiring halls will be qualified to perform shipboard duties in accordance with the MARAD Contract.

Section 16. Separability.

The provisions hereof are subject to Federal and State law and if any part hereof is in conflict therewith, such part shall be deemed inapplicable and to the extent thereof, shall be deemed severed from this MOU the remainder of which shall remain in full force and effect.

Section 17. Duration.

The term of this MOU shall commence upon the commencement of the MARAD Contract and shall remain in effect for the term of the MARAD Contract, including any extensions, provided that this MOU shall terminate upon the termination or expiration for any reason of the MARAD Contract.

If the MARAD Contract is extended beyond its initial term (including extensions provided for in the RFP), the wage and benefit rates applicable to the final year shall remain in effect for the remainder of the extended term of the MARAD Contract, up to an extension of six (6) months. In the event the MARAD Contract is terminated, the Company shall notify the Union in writing of such termination within fifteen (15) days.

The parties agree that, to the maximum extent permitted by law, no obligations on the part of PCS created by this MOU shall carry forward or in any way extend beyond the termination of this MOU, with the sole exception of benefits earned prior to the termination of this MOU.

Except as specifically provided for herein, the work rules and employment conditions shall conform with the customary and traditional jurisdiction working environment.

Patriot Contract Services, LLC

Sailors' Union of the Pacific

By: _____

By: _____

Date: _____

Date: _____

Marine Firemen's Union

**Seafarers' International Union of North America,
Atlantic, Gulf, Lakes and Inland Waters District,
AFL-CIO**

By: _____

By: _____

Date: _____

Date: _____