



MINUTES

OPERATIONS COMMITTEE MEETING INTERMODAL ASSOCIATION OF NORTH AMERICA

WEDNESDAY, APRIL 30, 2008
10:00 a.m. – 11:30 a.m.

COURT F OAK BROOK HILLS MARRIOTT RESORT OAK BROOK, ILLINOIS

IANA Operations Committee Chairman Barry Michaels of Union Pacific Railroad Co., convened the meeting at 10:03 a.m. and the antitrust guidelines were read by IANA staff member Tom Malloy. Malloy then provided a brief recap of the committee's November 9, 2007 meeting and took a roll call, after which a quorum was declared. Minutes of the November 2007 meeting were approved, following a motion by Ed McQuillan, Optimization Alternatives and seconded by Jim Reo, CMA-CGM.

Michaels said the scope of meetings of the committee is undergoing a format change and noted the importance of hearing from representatives from the water, rail, and motor carrier designates as to the major issues affecting their portion of the intermodal business. He also stated that he is hopeful that these opportunities will facilitate improvements in future proceedings and actions of the Operations Committee.

Briefing Sessions

ATA/ IMCC Initiatives

Dave Manning, Tennessee Express, and Chairman of the ATA IMCC, conducted a briefing on the American Trucking Associations (ATA) and its Intermodal Motor Carriers Conference (IMCC) initiatives. He said the effective date of roadability rules are currently set for Sept. 5, but continues to be pushed back. Regarding the California Clean Truck Ports Proposal, Manning reported that the ATA stands ready to file legal action against both the Port of Los Angeles and the Port of Long Beach – the Port of Los Angeles in particular – regarding impacts that would include the reduction in the number of trucking companies that could provide services and the requirement that they run company-owned equipment. Regarding the TWIC program, Manning said there are significant concerns related to the overlap and redundancy of port security requirements, causing expense and inconvenience, as well as concerns related to ports requiring additional credentials.

On the subject of intermodal infrastructure improvements and financing, he said there is a universal understanding that insufficient amounts of money are being spent, noting that the ATA is willing to support a fuel tax increase provided there are assurances that generated funds will go toward “bottleneck” improvements that reduce congestion. He added that the ATA sees a fuel tax increase as a much better alternative than tolling, and that ATA is opposed to states efforts to privatize toll roads. On the subject of limited hours of port operations, Manning said driver waiting times could be reduced if operating hours of

facilities are increased and other inefficiencies removed, as OTR drivers could avoid hand-offs with local drivers at the motor carriers terminal.

Finally, on the subject of Ocean Carrier Equipment Management Association (OCEMA) chassis pools, Manning said that in the past, motor carriers had improved opportunities with the free flow aspects of chassis, but the creation of the consolidated pools has reduced the opportunity to street-turn equipment. Committee Chairman Michaels noted that a large number of these issues will be discussed during the O&M Seminar. Manning said communication between ATA and IANA has improved greatly and that he looks forward to the organizations collectively addressing solutions to resolve issues.

OCEMA – Chassis Pool & Port Initiatives

Scott Smith of APL Ltd. said many new pool locations have been established since the last update and the resultant reduction in unnecessary assets has been the major benefit. Scott then cited specific areas of recognized reductions including: Denver-Salt Lake City (a reduction of 20 to 25 percent), Memphis-Nashville (a minimal reduction as significant efficiencies already existed), South Atlantic (currently at 44,000 units, with a drop of 8,000 anticipated), and Hampton Roads (down from 20,000 chassis to a current 12,000-14,000). A new Midwest pool serving the St. Louis-Kansas City market has just opened, he said, while efforts are afoot to establish a Gulf pool that would include some 40,000 chassis and cover Texas markets as well as New Orleans. That, Smith said, would bring the total number of chassis in such pools to about 112,000.

Plans are for expansion into the Chicago market by the end of 2009. Smith said program acceptance has been superb. Also, he said, equipment flow through railroads has been improved and equipment repositioning costs have been reduced. In response to a question regarding how people may be able to obtain more detailed information by pool location, Ted Prince advised that the CCM Web site will be up and operational within the next 30 days or so, and will contain additional information regarding locations and operations information.

Regarding port initiatives, Jeff Grahovec of APL Ltd. reported that initial high-level negotiations had begun in the International Longshore and Warehouse Union talks, with the current contract due to expire July 1, 2008, and that he is optimistic that a shutdown of West Coast ports would be averted. Grahovec said there is a huge push this year and into next to increase on-dock rail loading in California to avoid the emerging issues surrounding motor carrier capacity and port requirements. This may pose challenges with related railroads, but he said he sees the overall impact as positive.

Grahovec said challenges remain related to PierPass, including those relative to certain proposed environmental fees. He said container fees remain largely a Southern California issue, with hefty add-on costs to result. Smith commented that there have been successes with PierPass but cautioned that, should additional container fees be implemented in California and should inland points add fees, the costs would impact shippers at per unit fees that could be several hundred dollars higher than today.

Grahovec said environment-related concerns for ships, handling equipment, trucks and terminal expenses are particularly impacting the West Coast, with Los Angeles/Long Beach not having had a major terminal improvement project in eight years and progress that is being made is coming at a hefty price. On the subject of security, Grahovec questioned whether drivers and truckers will disappear as labor remains

largely nonresponsive to the TWIC initiative. He added that Customs is requiring more and more inspections, including at inland rail terminals, thus slowing velocity of freight.

AAR Car Performance & Intermodal Operations Sub-Committees

Dan Klaus, Union Pacific Railroad Co. gave the first of two briefings on matters related to the Association of American Railroads (AAR) activities. Reporting on progress of the Car Performance Subcommittee, Klaus reported that two specifications have been revised and thus far had not received any negative comments. One is the revised M-952 Intermodal Container Support and Securement System for Freight Cars, which were sent to subscribers for comments by the close of business May 1, 2008. The other involves the update to the Manual of Standards and Recommendation M-930 for manufacture and inspection of containers, which now allows for wide-top pick boxes.

In the second AAR-related briefing, Paul Dean gave an update on matters related to AAR activities of the AAR Intermodal Operations Subcommittee. Dean said the committee approved the interchange of Chassis Stacking Units (CSU) as shown in Figure 849 in the AAR Open Top Loading Manual. He also noted concerns related to tripping hazards caused by long-handled IBCs, citing 8 inches as proper length. Dean said the subcommittee was given a presentation from a company regarding universal container locking systems, which would attempt to eliminate the need for IBC's and ground personnel. Other topics discussed were, the AAR Intermodal Interchange Rules.

IANA Initiatives

In the first of four briefings on IANA initiatives, IANA President and CEO Joni Casey spoke about the Global Intermodal Equipment Register (GIER). She said GIER is a business solution to accommodate compliance issues regarding roadability and noted that a pilot application was filed with the FMCSA by IANA and other parties in late December. Currently, Casey said, potential roadability regulations call for a re-stenciling of chassis – at an initial estimated cost of \$60 million and \$2 million to \$3 million a year thereafter – expense that could be saved through usage of such a registry. The pilot application remains pending, with hopes continuing for a prompt response, as Casey said she is hopeful that the GIER program could be launched at the time of roadability rules release, now set for September 2008.

The next three briefings on IANA initiatives came from Malloy, beginning with the briefing on the Intermodal Driver Database (IDD). He said work with current subscribers (Union Pacific Railroad, BNSF Railway and CSX Intermodal) is yielding benefits, including elimination of terminal recordkeeping, reduction of departmental resources, reduction of gate delays and improved security. He said IDD now includes more than 700,000 driver records, 300,000 active drivers, and more than 267,000 active unique drivers associated with 7,300 motor carriers. Malloy said motor carriers register current drivers and are responsible for accuracy and maintenance of the information. Motor carriers provide driver information by Web user interface or electronic files. He said the database requires 10 mandatory fields to be filled in by motor carriers: SCAC, driver hire date, dispatch office, first name of driver, last name of driver, license number, license state, license country, license expiration date and whether or not the license-holder has a valid CDL.

On the subject of the North American Rail Intermodal Terminal Directory (NARITD), Malloy said IANA has gone to all rail division members with a 35-field spreadsheet, but limited response has been received. Michaels said that, if full participation is not achieved, the effort should be re-evaluated. When questioned

on the lack of information submitted, three Class one railroad representatives responded that, the major issue they have is, their respective companies consider some of the more detailed operating information as proprietary. After much discussion, Michaels said it would be unfair to those who have voluntarily provided full information for their information to be up on the Web site. Malloy said there is no intention to put proprietary information on the Web site – only general terminal information – and suggested the matter return to the designated task force for evaluation. Ted Prince of Consolidated Chassis Management LLC said it may be necessary to go back and get agreement on each of the 35 information fields to determine what will and won't be published and what items should be considered proprietary. Michaels called for a “return to the drawing board”, to go back to the railroads and determine out what information they are willing to share, and handle efficiency issues separately from general terminal information that is posted to the IANA Web site.

The fourth briefing on IANA initiatives – on the Motor Carrier Service Directory (MCSD) database – also came from Malloy. He said the database currently is populated with information from 62 percent of IANA's 336 motor carrier members and is online with live links to the respective motor carriers' Web sites and e-mail contacts.

Task Force Updates

Terminal Efficiencies Task Force

Shelton provided an update on the Terminal Efficiencies Task Force, which he said has been in effect for a half-dozen years and has become somewhat stale. He proposed reorganization and expansion for the task force, which, he said, initially was staffed with 10 members but now is down to only three (Tom Kelly, BNSF, Prince and himself). Shelton urged expansion of the task force (which was established to include railroad, supplier, motor carrier and rail terminal operator representation) to add marine terminal representation, as well as development of a new charter to refocus the group's activities.

Shelton said there are opportunities for possible efficiency enhancements, such as increased terminal throughput, a reporting and identification process for trailers and containers, reduced gate delays, faster terminal processing times, improved data integrity, and enhanced security. Shelton then asked for input as to whether the task force should continue, perhaps in the revised mode. Bob Huffman, Norfolk Southern voiced support for continuation and expansion of the task force. Following no objections from the floor, Michaels asked Shelton to follow up and solicit members of the committee to take part in the task force.

Security – TWIC Task Force

James Shondel, Nascent Technology and Task Force leader, provided a brief update on TWIC activities. He advised committee members that IANA has been instrumental in keeping the membership advised of all happenings with the TWIC program through its participation in a TWIC Stakeholder Communications Committee run by Lockheed Martin and TSA. James urged members to reference the IANA Web site for all the latest updates as it was the best source for aggregated information. James then presented the most recent enrollment “dashboard” which stated that there were 318,000 pre-enrollments and 72,000 activated cards. Shondel said nothing has changed regarding the status of the biometric reader / technology effort.

Next Meeting/Adjournment

The committee's next meeting is set for Friday, Nov. 14, in Fort Lauderdale. There being no further business, this meeting, following a motion by James Shondel and seconded by Joe DeCapua, IDCS, was adjourned at 11:28 a.m.

Operations Committee Action Items

Subject	Item Description	Name	Date
Terminal Efficiencies Task Force	Development of new charter text/ language to refocus groups efforts. Commence with review of terminal data collect and presented on IANA Web site.	Ben Shelton, UP, Task Force Leader	August 4, 2008