

VISA EXECUTIVE WORKING GROUP (EWG) MEETING MINUTES, 21 June 2012

1. NOTICE: The Executive Working Group (EWG) was organized by the National Defense Transportation Association (NDTA) Sealift Committee in March 1995, and consists primarily of representatives from the Department of Defense (DOD), the Department of Transportation (DOT) and the transportation industry. Industry representatives on the EWG are selected by Mr. James Henry, Chairman of the NDTA Sealift Committee (telephone (301) 423-3335). The purpose of the EWG is to study transportation issues of interest to government and industry and report the status of these issues to the NDTA membership. The EWG is a forum for the exchange of information. DOD officials participating in the EWG may not transfer any authority or responsibility for government decisions to industry or to the industry members of the EWG. By making the minutes of EWG meetings available electronically, DOD, DOT, and the NDTA promote other forums for the exchange of information. DOD invites interested parties to comment on issues considered at EWG meetings, to provide additional information, or to request further information. The DOD point of contact is Mr. Ken Mills, who can be contacted by e-mail kenneth.mills@ustranscom.mil, telephone (618) 220-1529, fax (618) 256-6877, or by mail: USTRANSCOM, ATTN: TCJ5J4-IS (Mr. Mills), 508 Scott Drive, Scott Air Force Base, Illinois, 62225-5357. Interested parties also may contact the NDTA through Mr. James Henry [telephone (301) 423-3335], the DOT through Mr. Kevin Tokarski [telephone (202) 366-5400], or any industry member of the EWG. Industry members of the EWG are (in alphabetical order):

<u>Name</u>	<u>Organization</u>	<u>Telephone</u>
Mr. Edward Berti	Horizon Lines	(704) 973-7017
Mr. Jay Brickman	Crowley Maritime Corporation	(305) 470-4098
Mr. Eric Ebeling	American Roll-On Roll-Off Carrier	(240) 482-3711
Mr. Michael Garvin	Matson Navigation Company	(415) 957-4200
Mr. Jared Henry	Hapag-Lloyd USA	(813) 276-4698
Mr. Peter Johnston	Central Gulf Lines and Waterman Steamship	(504) 593-8394
Mr. William Kenwell	Maersk Line Limited	(703) 351-0124
Mr. Lars Magnusson	American President Lines	(202) 496-2484
Mr. Eric Smith	Overseas Shipping Group	(212) 953-4100
Mr. Augie Tellez	Seafarers International Union	(301) 899-0675
Mr. John Tirpak	Foss International	(206) 315-3537
Mr. Robert Wellner	Liberty Global Logistics	(516) 488-8800

2. The agenda is at Attachment 1.
3. The list of EWG attendees is at Attachment 2.
4. The updated list of tasks from the EWG is at Attachment 3.
5. Meeting Summary.

a. Opening Remarks

- (1) LTG Gainey opened the meeting welcoming everyone and thanking Bob Wellner, Liberty Global Logistics, for hosting the event. LTG Gainey highlighted the importance of

maintaining the dialogue between the members of the group as we move forward to face the challenges we will face in the next few years.

- b. **Quick Hits**—Mr. Ken Mills (TCJ5J4-IS) reviewed the quick hit agenda items.
- (1) Partial payment--Mr. Williams (SDDC). **Complete.**
 - (a) SDDC hosted Invoice conference February 23, 2012. SDDC will make advance payments once SDDC has certifiable invoice items. Industry stated there are still gaps in the process, not partial payment, but in the administrative burdens. SDDC stated that DoD must operate within the confines of the regulations that do not give much flexibility. USTRANSCOM must insure that employees are not exposing themselves by certifying invoices without validation. SDDC mentioned that they have been challenged during past audits for using carrier provided certification for validation.
 - (b) Accessorials remain an issue in invoice validation. Industry will provide TCAQ a consolidated listing of accessorials that will be reviewed for a possible ways to streamline the process.
 - (2) Multimodal--Ms. Jorgenson (TCAQ). **Complete**
 - (a) GSA rejected the bid protest on the Multimodal proposal. USTRANSCOM moving forward with the Multimodal contract.
 - (3) USC-07--Ms. Jorgenson (TCAQ). **Complete**
 - (a) Questions raised at the Feb 2012 VISA EWG have been addressed.
 - (4) US Bank--Mike Williams (SDDC). **Complete**
 - (a) LTG Gainey directed SDDC to re-invigorate the Shipper Performance Working Group to address shipper errors and report back on the status and progress made.
Comment: SDDC has established a working group and is aggressively identifying that causes of erroneous data inputs. An interface issue between DSS-GATES-IBS has been identified by DLA. The workgroup is continuing to identify and resolve data accuracy and SDDC is coordinating with USTC, GATES PMO, and DLA to correct the DSS-GATES interface. Additionally, SDDC reports many of the shipper agencies are taking greater ownership for their responsibilities in the reporting process.
 - (5) Carrier Holding Yards (CHY)--CAPT Carrier (SDDC). **Complete**
 - (a) New issues are addressed in taskers from this meeting.
 - (6) Foreign Military Sales (FMS) Breakdown--CAPT Carrier (SDDC). **Complete**
 - (7) Afghanistan Public Protection Force (APPF) Security--CAPT Carrier (SDDC). **Close**
 - (a) Re-address at a later date due to implementation delays by the Host Nation.
 - (b) TCAQ stated that USTRANSCOM will address the issue once PAKGLOC is re-opened. Once APPF is a reality it will be addressed as either a cost of doing business or an extraordinary issue. TCAQ stated that the government will pay costs that they are authorized to pay.

- c. Carrier Performance—briefed by Mr. Brian Rivera (SDDC)
 - (1) Mr. Rivera presented graphics displaying the carrier performance. All carriers achieved “Alpha” status based on a 90 day rolling average. Mr. Rivera additionally showed a graphic of how the carriers would be rated if the standards to be used in USC-07 were utilized. He indicated that most of the lower averages were due to X1 transactions. If an X1 transaction is not received by SDDC the shipment is registered as late. There will be delay codes available in USC-07 to allow carriers to indicate delays/issues.
- d. U.S. Bank—briefed by Ms. Cheryl Garcia (US Bank)
 - (1) US Bank representative noted that there is a downward trend in the days to pay due to the efforts of this group. US Bank has worked with SDDC to automate the inbound file transactions (EDI 858) which was implemented in March. US Bank displayed a graphic showing the goal of payment in 5 days. Industry questioned, believing the standard to be 3 days. LTG Gainey directed SDDC to review MRM15 to determine the actual requirement for days to pay. LTG Gainey additionally directed SDDC to provide an update on the steps to automate processes to achieve a 3 days payment.
 - (2) Ms. Garcia presented a timeline for Matching Implementation Approval to meet an August 15 deadline for EDI 858 BOL. LTG Gainey directed SDDC and US Bank to develop a more specific timeline to achieve the August 15 goal and for SDDC to provide an update. The group agreed to a 27 June conference call between SDDC & US Bank and will publish a follow-on brief for carriers to attend. US Bank indicated that they have already begun answering carrier questions on 310 invoice matching.
 - (3) LTG Gainey requested information on what needs to happen before carriers can begin testing.
- e. Maritime Administration Update—briefed by Mr. Kevin Tokarski (MARAD)
 - (1) Mr. Tokarski addressed numerous issues of interest for the group
 - (2) Cargo Preference--Mr. Dennis Brennan is the new Director of the Office of Cargo Preference. Mr. Brennan will be reconvening the US Government Shipping Agency to address cargo preference issues. Despite the fact that the Ex-Im Bank was recently re-chartered, serious concerns remain regarding administration and enforcement of the cargo preference laws, as well as whether the diminishing pool of preference cargoes is sufficient to sustain the current US-flag fleet. This group will convene in late July/early August 2012.
 - (3) Strategic Petroleum Reserve (SPR)--Mr. Tokarski indicated that there is a plan for maximum utilization of US flag capacity (vessels, barges, & ITB/ATB) if there is a drawdown of the SPR.
 - (4) National Level Exercise--Mr. Tokarski provided a brief review of a recent NLE that addressed Cyber Security and the response to a cyber threat. He offered to have the MARAD representative attend the next EWG to provide a more in-depth briefing on potential impacts to commercial shipping. Multiple carriers participated in the

NLE and the comment was made that carriers are very well prepared on cyber security matters.

- (5) Tonnage Tax--MARAD opposes an IRS attempt to make MSP payments subject to the tonnage tax.
- (6) USMMA Sexual Harassment Policy--Mr. Tokarski directed the carriers to review new policy located on the Maritime Administration website. All MSP carriers are subject to carrying two USMMA cadets for training and are thus subject to certain reporting requirements outlined in the policy.

f. Industry Concerns

- (1) PAKGLOC – Industry is concerned with DoD Enhanced ITV requirements for the movement of containers on the PAKGLOC. Carriers do not have sufficient supply of ITV devices in country for all the containers. Industry has requested TCJ3 provide additional guidance as to the requirements for ITV.
- (2) Industry indicated there are 3000-4000 containers in Karachi with tags that have expired and would need to be reactivated. Industry is concerned over who pays the cost since the closure of the PAKGLOC was not within their ability to control. Additionally, if DoD requires GEN 2 tags the carriers indicated they would need a 10-12 week lead time to get the tags. Additionally, the installation of GEN 2 tags on these containers would require the containers to be opened.
- (3) Empty Container Storage--Carriers indicated they were getting charged for additional staging areas for empty containers. LTG Gainey asked the carriers to provide additional information on the issues of empty containers not being allowed to transit the PAKGLOC and import/export restrictions and costs. This issue and concerns over cargo detention fees were discussed by the DOS negotiation team with the Government of Pakistan.
- (4) Additional industry PAKGLOC concerns/comments:
 - (a) Unit cargo in Karachi may be re-exported if that can be arranged with the Pakistanis (or may be destroyed in theater).
 - (b) Port storage and other "hostage fees" as a result of the GLOC closure were noted as unforeseeable and extraordinary, and will be handled by REA.
 - (c) Carriers suggested that part of any government-to-government settlement include consideration of payment or waiver of port storage fees to enable expediting cargo and limiting exposure.
 - (d) Carriers noted that there was a lot of cargo in the port even before the 26 November 2011 closure that was being held up for various reasons by government directive- carriers asked whether REA will apply for such charges that took place 26 November- government did not provide an answer, but promised further feedback.
 - (e) In response to carrier concerns over carrying/paying millions of dollars that resulted from the unforeseeable nature and duration of the GLOC closure, TRANSCOM agreed to issue "broad guidance" to certifying parties to expedite payment.
 - (f) Carriers asked whether USC-06 or USC-07 terms will apply- cargo booked under USC-06 will move under USC-06 terms.

- (g) It was noted by government that normal COGSA exceptions may apply.
- (5) USCG has started applying color blind tests to merchant mariners working in the engine room. Industry is concerned this will have a negative impact on the availability of qualified engine room personnel.
- (6) Emission Control Areas (ECA)--Industry noted the implementation of EPA ECAs in North America. There is a requirement to burn specific types of fuel to reduce emissions. This fuel is currently not available in the US. Industry estimates this could add ~\$1000/day to operating costs. This impacts all vessels within ECAs, not just US flag vessels. Industry is developing a briefing on the upcoming requirement to use Low Sulfur Fuel Oil (LSFO) in the ECAs and its potential impact to Industry and will forward to TCJ54. TCAQ will need to evaluate how this will impact BAF calculations in the future.

g. Wrap up/Review the Taskers. See Attachment 3 for tasks stemming from this EWG.

h. Review/Amend EWG Schedule.

(1) Current schedule shows the following dates:

Scheduled Meetings

6 Sep 2012, Piney Point

Tentative Meetings

Feb 2012, TBD

Jun 2013, TBD

i. Closing Remarks.

(1) LTG Gainey closed the meeting thanking everyone for attending.

(2) Meeting adjourned.

6. Point of contact for updates or corrections to these minutes is Mr. Ken Mills at (618) 220-1452, fax (618) 256-6877, e-mail: kenneth.mills@ustranscom.mil.

Attachments:

- 1. EWG Agenda
- 2. EWG Attendees
- 3. Tasker list from EWG

VISA Executive Working Group Meeting
Hosted by: Liberty Global Logistics
Glen Cove Mansion Hotel and Conference Center
200 Dosoris Lane
Glen Cove, New York 11542

June 20-21, 2012

AGENDA

Wednesday, June 20, 2012

Dress: Casual, open collar with no jacket

TIME	TOPIC	POC
1830-2030	Evening Social LOCATION: Glen Cove Mansion Hotel and Conference Center ROOM: Poolside (weather permitting)	Mr. Philip Shapiro Mr. Bob Wellner

Thursday, June 21, 2012

Uniform: Khaki's, Class "B"
Civilian: Open collar with jacket

TIME	TOPIC	POC
0700-0815	Morning Refreshment Break outside Oak Meeting Room (Bagels, muffins, sliced fruit, assorted pastries, yogurt, hard boiled eggs, juices, coffee, etc.)	All
0815-0830	Arrive Meeting Room LOCATION: Glen Cove Mansion Hotel and Conference Center ROOM: Oak Room	All
0830	VISA EWG Begins <ul style="list-style-type: none"> • Opening Remarks 	All LTG Kathy Gainey Mr. Jim Henry Mr. Kevin Tokarski Mr. Bob Wellner
0845-1015	Quick Hits (Update on taskers from February EWG at Mobile, AL)	Mr. Ken Mills TCJ5J4-IS
	<ul style="list-style-type: none"> • Identify what needs to happen to enable partial payment for segments of bills we agree on and what data the carrier must submit on the second invoice for disputed segments of bill. LEAD: SDDC 	
	<ul style="list-style-type: none"> • USTC arrange coordination with Industry to better understand customs and diplomatic note processes. LEAD: TCJ5/4-P 	
	<ul style="list-style-type: none"> • Multimodal; Gather industry concerns on model. LEAD: TCAQ 	

VISA Executive Working Group Meeting

TIME	TOPIC	POC
	<ul style="list-style-type: none"> • USC 07 <ul style="list-style-type: none"> ○ Requiring special reporting and accounting systems ○ Review collective bargaining rates that apply to Service Cargo Act ○ Why do we have security requirement for CONUS moves? ○ DOL guidance on book keeping + compliance LEAD: TCAQ 	
	<ul style="list-style-type: none"> • Tanker discussion follow-up <ul style="list-style-type: none"> ○ Review discrepancy between MSC business processes and DFAR (30 vs. 45 days) LEAD: MSC 	
	<ul style="list-style-type: none"> • US bank capabilities available but not in use <ul style="list-style-type: none"> ○ Two capabilities SDDC is not leveraging: <ul style="list-style-type: none"> ▪ Attachments for billing ▪ Approval routing for verification of service or payment LEAD: SDDC 	
	<ul style="list-style-type: none"> • APPF security requirement <ul style="list-style-type: none"> ○ What has GOA defined as requirement? ○ What agency do carriers go to? ○ Will it be ready to implement 20 March? LEAD: SDDC 	
	<ul style="list-style-type: none"> • US Bank next steps <ul style="list-style-type: none"> ○ Present POA&M to TCDC (within 30 days) and brief at next EWG. LEAD: SDDC 	
	<ul style="list-style-type: none"> • Fix erroneous shipper data input to IBS LEAD: SDDC 	
	<ul style="list-style-type: none"> • US bank said we are not using the full capabilities of the Powertrak. <ul style="list-style-type: none"> ○ Can we make better use of it and how do we reconcile with statement in DTIC? LEAD: SDDC 	
	<ul style="list-style-type: none"> • Monthly audit exception rate <ul style="list-style-type: none"> ○ Codify actions in the SDDC business rules. LEAD: SDDC 	
1015-1030	Carrier Performance <ul style="list-style-type: none"> • FMS Cargo Update 	CAPT Carrier SDDC
1030-1050	Break	All
1050-1105	US Bank Update <ul style="list-style-type: none"> • Progress Made • Road Ahead 	Ms. Cheryl Garcia US Bank
1105-1130	On the Horizon <ul style="list-style-type: none"> • Cargo Preference • Cyber Security 	Mr. Mike O'Malley, MARAD
1130-1200	NDN Performance Brief	MAJ Dan Bartlett TCJ3-GP
1200-1300	Lunch – Location TBD	All

VISA Executive Working Group Meeting

TIME	TOPIC	POC
1300-1400	<p>PAKGLOC Concerns</p> <ul style="list-style-type: none"> • Costs: Substantial storage cost is expected to be charged for all the cargo that's been held. Industry estimates potential storage costs of \$20-25M or more. Additionally, Industry feels USTRANSCOM/SDDC should pay all storage charges as this was not a consideration when USC-6 was signed. • Liability: Assuming the GLOC does reopen and storage costs are paid, cargo will then need to move up the GLOC to its final destination. The question of liability for cargo damaged while at the port (e.g. major damage, dents, scratches, dead batteries, flat tires, etc.) will be an issue. Industry desires everything to be jointly surveyed before it leaves the port and any survey costs should be a pass-through. • Contract Terms and Conditions: Cargo was booked under USC-06, but much of it will likely move after USC-7 begins and likely under different terms, conditions, costs etc., imposed by the Pakistani authorities and/or local trucking entities than was originally foreseen at the time of original booking. There will be additional fees/costs, and perhaps intermediaries. Carriers will ask for clarity on contract terms and reimbursement. 	Industry/SDDC/TCAQ
1400-1430	MARAD Update	Mr. Kevin Tokarski
1430-1450	Break	All
1450-1500	Labor/Industry Concerns	Labor/Industry
1500-1515	<p>Wrap-up</p> <ul style="list-style-type: none"> • Review/Amend the Schedule • Review EWG Taskers 	Mr. Ken Mills TCJ5J4-IS
1515-1530	Closing Remarks	Mr Wellner Mr. Tokarski Mr. Henry LTG Gainey
1530	EWG Meeting Adjourns	

ATTENDEES

LTG Kathy Gainey	TCDC
Mr. Kevin Tokarski	MARAD
Mr. Jerome Davis	MARAD
Mr. James O'Malley (Mike)	MARAD
Mr. John Thackrah	MSC
Mr. Michael Williams (Mike)	SDDC
CAPT Kevin Carrier	SDDC
Mr. Brian Rivera	SDDC
Ms. Sandra Baker (Sandy)	SDDC
Mr. James Henry (Jim)	Transportation Institute / Chair, NDTA Military Sealift Committee
Mr. Donald Stanton (Don)	DASD (TP)
CDR Scott Hudson	JSJ4 Sealift Officer
Mr. Edward Berti (Ed)	Horizon Lines
Mr. Rick Boyle	Maersk Line, Limited
Mr. Jay Brickman	Crowley Maritime Corporation
Mr. Eric Ebeling	American Roll-On Roll-Off Carrier, LLC
Mr. Michael Garvin (Mike)	Matson Navigation Company
Mr. Jared Henry	Hapag-Lloyd USA, LLC
Mr. Peter Johnston (Pete)	Central Gulf / Waterman
Mr. William Kenwell (Bill)	Maersk Line, Limited
Mr. Lars Magnusson	American President Lines
Mr. Augie Tellez	Seafarers International Union
Mr. John Tirpak	Foss International
Mr. Robert Wellner (Bob)	Liberty Maritime Corporation
Lt Col Chad Annunziata	USTRANSCOM TCDC-EA
Ms. Gail Jorgenson	USTRANSCOM TCAQ
Brig Gen John Michel	USTRANSCOM TCJ5J4-D Military
Mr. Peter Ries	USTRANSCOM TCJA
Mr. Al Lopez	USTRANSCOM TCJ5J4-IS
LCDR Christopher Gilbertson (Chris)	USTRANSCOM TCJ5J4-IS
Mr. Kenneth Mills (Ken)	USTRANSCOM TCJ5J4-IS
MAJ Daniel Bartlett (Dan)	USTRANSCOM TCJ3-GP
Mr. Timothy Grout (Tim)	CGI Federal
Ms. Cheryl Garcia	US Bank
Mr. Jeff Webb	US Bank

TASKERS

TASK	Update Due
<p>1. Industry representatives provide TCAQ a consolidated list of accessorial with a recommendation of how the process could be streamlined. MAERSK consolidate and submit.</p> <p style="text-align: right;">LEAD: MAERSK</p>	27 Jul
<p>2. TCAQ present consolidated carrier accessorial recommendations to SDDC and shippers for review on ways to minimize accessorial.</p> <p style="text-align: right;">LEAD: TCAQ</p>	27 Jul
<p>3. SDDC “re-invigorate” Shipper Performance Working Group to address shipper errors. Report back on status and progress at next EWG.</p> <p style="text-align: right;">LEAD: SDDC</p>	27 Jul
<p>4. Afghanistan Public Protective Force (APPF)--once implemented, address carriers concerns over costs associated with moving containers in/out PAKGLOC.</p> <p style="text-align: right;">LEAD: TCAQ</p>	27 Jul
<p>5. SDDC review Management Reform Memorandum #15 (MRM15) to determine the actual goal for shipper payment (e.g., 3 or 5 days).</p> <p style="text-align: right;">LEAD: SDDC</p>	27 Jul
<p>6. SDDC provide TCDC update on steps for DoD/SDDC to automate process to get to a 3 day payment goal.</p> <p style="text-align: right;">LEAD: SDDC</p>	27 Jul
<p>7. TCJ5/4 provide assessment of financials for other commodities vs. unit/sustainment cargo (TPS, HHG etc.)</p> <p style="text-align: right;">LEAD: TCJ5/4</p>	27 Jul
<p>8. SDDC & US Bank provide a more detailed timeline for the 15 Aug goal for the Matching Implementation Approach briefed.</p> <ul style="list-style-type: none"> - SDDC brief TCDC. - Schedule phone conference for 27 June with SDDC & US Bank. - Provide carriers date for meeting with carriers. <p style="text-align: right;">LEAD: SDDC</p>	27 Jul
<p>9. USTC provide guidance to carriers on disposition of containers and cargo held in Karachi due to closure of PAKGLOC.</p> <ul style="list-style-type: none"> - For Enhanced ITV items that were booked and now have lost power carriers need update direction on disposition and ITV requirements - What items are not being moved forward but returned to CONUS or other disposition direction (e.g., contents destroyed) - Containers that currently do not have Enhanced ITV, does USTC want anything different? <p style="text-align: right;">LEAD: TCJ3; COORD: TCAQ</p>	27 Jul

TASKERS

TASK	Update Due
<p>10. Carriers provide update on “empty container storage issue” and need to acquire additional storage areas in Kabul and Kandahar due to inability to move containers across PAKGLOC.</p> <p style="text-align: right;">LEAD: APL; COORD TCJ5/4</p>	27 Jul
<p>11. Carriers identify what the issues will be and what documents they will receive for “hostage cargo” storage fees so USTC & SDDC can notify bill payers of potential costs.</p> <p style="text-align: right;">LEAD: TCJ5/4; COORD:TCAQ</p>	27 Jul
<p>12. TCAQ & SDDC develop “broad guidance” and develop business rules for certifying officials to use when adjudicating costs for cargo frustrated due to closure of PAKGLOC.</p> <p style="text-align: right;">LEAD: TCAQ; ASSIST: SDDC</p>	27 Jul
<p>13. TCJ3 notify services of disposition for frustrated equipment and cargo in holding yards.</p> <p style="padding-left: 20px;">- TCJ5/4 make this a topic of discussion at next JLB.</p> <p style="text-align: right;">LEAD: TCJ3</p>	27 Jul
<p>14. TCJ5/4 address storage issue during negotiations with DOS and Government of Pakistan to propose waiving storage fees. Communicate this issue to services downrange to manage expectations.</p> <p style="text-align: right;">LEAD: TCJ5/4</p>	27 Jul
<p>15. TCJ5/4 determine how USTC coordinates with MARAD to identify negative performance issues with commercial carriers. Determine how a vessel loses ability to compete for DoD contracts. Identify process for USCG or MARAD to notify USTC of a vessel losing qualification to carrier preference cargo.</p> <p style="text-align: right;">LEAD: TCJ5/4; COORD: TCAQ & MARAD</p>	27 Jul