

## PRESIDENT'S REPORT

### 45th ANNUAL MEETING OF THE MEMBERSHIP

### HOUSEHOLD GOODS FORWARDERS ASSOCIATION OF AMERICA, INC.

October 14-17, 2007

Marriott New York Marquis  
New York, New York

### OPENING COMMENTS

As President of the Household Goods Forwarders Association of America, I am pleased to provide my Eleventh Annual "President's Report" to the Membership of the Association, the Executive Committee, the Associate Members' Management Board and the Management Board of the "Young Professionals" (YP-35) Group.

The information contained within this report and reports of other Association professional staff members, elected Association Officers and Standing Committee Chairpersons, are provided to enable the Membership to obtain an overview perspective on the current status of the Association. More importantly, these reports will provide information as to what the focus has been relative to the Association's energies, manpower and financial resources over the course of the last year, as well as, our strategic objectives for the coming year.

### MEMBERSHIP

Ms. Jean Mathis, Manager of Membership Services for the Association, works diligently and continues to provide a high level of effort aimed at membership recruitment and retention, as well as, support to the existing Membership.

The Association initially launched its newly created memberships for "Students" and "Industry Veterans" in early April.

Also, the new increased Associate Membership Application Fee of \$500 (was \$125) became effective on January 1, 2007. This has proved to be a better financial qualifier for new applicants, but has not lead to a depreciable reduction in new applications.

The Association represents a varied range of entities involved in the shipping, forwarding, moving, removals and relocation industries in **167 countries worldwide**.

The Association began the last Fiscal Year (06/07) on July 1, 2006 with –

101	Active Members
437	U.S. Associate Members
1306	Overseas Associate Members - <b>Totaling 1844 Members</b>

The current Fiscal Year (07/08) began on July 1, 2007 with –

114 Active Members  
443 U.S. Associate Members  
1366 Overseas Associate Members - **Totaling 1926 Members**

As of October 1, 2007 Membership in each category is:

114 Active Members  
456 U.S. Associate Members  
1409 Overseas Associate Members  
3 Student Members  
2 Industry Veteran Members

**Total Worldwide Membership as of October 1, 2006: 1984**  
**(In 167 Countries Worldwide)**

## **FINANCIAL**

**Overview** - Mr. Bel Carrington, HHGFAA's General Manager, continues to properly oversee the financial and administrative operations of the Association.

**Year End Audit** - The Association is undergoing the official Annual Audit and Financial Review for Fiscal Year 2006/07 by our outside public accountants, Jones & McIntyre, PLLC. It is anticipated that finalized "**Financial Statements and Independent Auditors' Report**" will be available for review and distribution to the Executive Committee, Associate Members Management Board and the Active Membership shortly following the Annual Meeting. A "draft" copy of the Report will be reviewed and approved by the Executive Committee when it meets at the beginning of this Annual Meeting.

*(Note: On November 2, 2007, the Association transferred its outside accounting and audit requirements to Jones and McIntyre in order to maintain its' long standing relationship with Mr. J. Jones, now operating his own CPA firm.)*

**Revenues - Total Revenues for FY 06/07 were \$3,000,829** which reflects a significant increase of \$214,649 from the last Fiscal Year. Revenues were increased in the areas of Active, Associate and YP-35 Membership dues. Initiation fees were dramatically increased as a result of the increase to application fees for new Associate members.

Again this year we experienced a significant contribution from interest and investment income.

Reversing a trend from last year, we also saw increases in advertising and publication income. Revenues from the newly launched HHGFAA "Job Board" have been positive, however, they remain below anticipated and desired levels.

The only two revenue categories where we experienced decreases were in the sale of metal security seals and dues from participants in the HHGFAA - FMC tariff.

**Expenses - Total Expenses were \$3,133,344** which reflected a substantial increase of \$322,563 over last year's expenses. Increased expenses were seen in staff related expense categories such as payroll, payroll taxes, auto allowance, insurance and pension contributions.

Also increased were expenses for office rent and operations, primarily stemming from our larger office and rent increases as provided for within our lease.

Overall printing costs have been reduced due to Annual Meeting material now being web-based. However, printing still remain comparatively high and postage was increased primarily due to the growth in page size and overall distribution of The Portal magazine, as well as, two postal rate increases that went into effect in both 2006 and 2007.

Web related expenses were decreased, which is a reversal of trends over the past several years, as we developed and enhanced our presence on the Web. The Association manages web sites not only HHGFAA, but also the YP-35 Group, ISA and the "Alan F. Wohlstetter Scholarship Fund."

Annual Meeting Expenses – A preliminary review of the financial statements and supporting expense documentation would indicate that the pricing (registration fees) for our annual meetings has not kept pace with the expense for managing and hosting the annual event. Of specific note is that food and beverage costs over the past two years have soared. The hotel environment has improved since 2001 and competition for meetings has waned, with most associations being back to full swing with their meetings since the draw back years immediately following 9/11.

Our annual meeting expenses for audio visual needs, entertainment, etc., have also seen large increases, not only due to our choice of upgrading and enhancing the events and functions, but also due to price increases from the various vendors, service providers and the hotels with whom we contract.

As we have the opportunity to fully analyze last year's expenses and those from this year's meeting, we will be faced with some obvious and hard decisions. Either we cut-back on the level of product and service we provide during the annual meeting and/or, we increase the registration fees in order to properly cover the expenses incurred.

Recognizing that almost 48% of the association's annual revenue and income to cover yearly operating expenses is generated from the annual meeting – we will most likely have to consider a combination of both. Otherwise, we will have to cut-back in other areas and/or raise the annual membership dues to offset the downward trend in revenues contributed from the annual meeting.

**Cash Flows** - At the end of FY 06/07, **Net Cash Provided (Used) by Operating Activities was (a negative) <\$239,771>** as compared to a negative <\$14,156> drawdown to operating cash last year.

**Cash and Investments – Cash End of the Year was \$984,465. Investments total \$948,392** as compared to \$965,896 the year before.

**Members' Equity - The "Return of Members' Equity" or net change in Assets is a negative <\$132,515>** for the Fiscal Year ending June 30, 2007.

**Net Assets** - Our Statement of Activities reflects that our **Total Unrestricted Net Assets (Retained Members Equity) for FY 06/07 are \$2,198,995.**

## **ISSUE and ACTION UPDATES**

### **Re-Engineering of the DoD Personal Property Program**

#### **“Families First” Program**

Families First, Phase II, is moving forward, although Industry’s efforts to impact and influence changes to the Business Rules and Defense Personal Property System (DPS) have been frustrated by a number of factors.

The current timeline for the launch of Families First has the Qualifications (and Open Season) process taking place in December of this year; I believe we will see the Request for Offers coming out in late November or early December; Rate Filing for the (16 Sites) targeted for the Initial Operating Capability (IOC) will be done in January, with shipments for IOC starting to move in April of 2008; Rate Filing for all other sites will be in March with those shipments being brought on line from May forward until all sites are using DPS by September, 2008.

I believe they will accomplish the roll-out to other than the 16 sites in phases from May until September, bringing on-line additional sites as they determine the DPS system is working and/or gain the confidence of the various military services and installations.

This timeline and plan does not allow for any lessons learned for operational or system functionality and/or related costs, either for the Department of Defense and/or the Industry.

**Business Rules** – HHGFAA, and the other trade association representing Industry, continue to work with SDDC, TRANSCOM, the Military Services and other stakeholders to identify, potentially address and amend infirmities with the Business Rules.

Very little changes resulted from the Industry’s extensive “Comments” submitted in response to the Federal Register Notice on the Phase II Business Rules.

Considerable effort has been extended to not only address the concerns with the Business Rules, but also the identified disconnects and gaps between the Rules, DTR and the DPS system. Many of these “process” versus “policy” disconnect and gaps became readily apparent in the recent testing of the DPS system by some members of the industry.

One major step still needing to be accomplished will be the adoption or incorporation of the Families First, Phase II Business Rules into the Defense Transportation Regulations (DTR). This responsibility rests with the J 4/5 Section of US TRANSCOM. It is my understanding that this process is currently being addressed with various rules and procedures being vetted with the military services.

During the recent meeting of the National Defense Transportation Association (NDTA), as well as, during a recent “Town Hall” meeting conducted by USTRANSCOM with Industry, it was advised that the full and final Business Rules for Phase II will be published in the Federal Register toward the end of October or early November, 2007.

**Defense Personal Property System (DPS)** – About one year ago the US Transportation Command (US TRANSCOM) took over from the (Military) Surface Deployment and Distribution Command (SDDC) the responsibility for the testing and further development of the DPS system.

At that same time, TRANSCOM also took over responsibility for all SDDC systems, including the TOPS system used for shipment data collection in the Current Personal Property Program. Since this transfer of responsibility, there have been several groups of civilian and uniformed personnel assigned to the oversight of the various existing systems and the development of DPS.

This past spring TRANSCOM established the Joint Program Management Office for Household Goods Systems (JPMO-HHG), which was originally overseen by a LTC Shaffer (USA) and, as of early August, is now headed by LTC William Carberry (USA).

JPMO-HHG under LTC Carberry and his new staff continue to assess the work accomplished on DPS up to this point; derive a strategy for moving DPS forward; and develop a plan for the accomplishment of DPS's Full Operating Capability, as well as, the sun-setting of all the various (25) legacy systems (including TOPS) that DPS has been conceived and presumably designed to replace.

Industry and the Military Services continue to be concerned with the operational and functional effectiveness of the DPS system, as well as, the priority need for proper training to be provided to all system users (PPSOs, TSPs, MCOs, Service Members, etc.), prior to any initial or full implementation of DPS and/or the shutting down of the old systems.

Once TOPS has been shut down there no longer will be in place any back-up or fall back system, whether or not Families First - Phase II, the Business Rules and, more importantly, the DPS system are proved effective and affordable.

## **US Transportation Command (TRANSCOM)**

Previously, interaction with TRANSCOM was limited to issues with the Defense Transportation Regulations (DTR) and other case-by-case issues, such as Custom Clearance, ISPM-15 (wood restriction), etc.

With the relocation of SDDC to Scott AFB and the assumption of responsibilities by TRANSCOM from SDDC for Acquisition and Systems; there has been considerable more need and opportunity for interaction with TRANSCOM staff and its senior leadership.

**Strategy, Policy, Programs and Logistics - (J4/5)** - is headed by Ms. Margaret Leclaire (SES). The section has responsibility for policy (DTR) in the Current Program, as well as, policy (Business Rules) in the Families First Program.

Primary communications are with Barry Smithey, Bob Shannon and Debra Bernard. Randy Teske, formerly of the Air Force HQ staff and PACOM more recently, has just joined the J4/5 and presumably be working on incorporation of the Business Rules into the DTR.

**Command, Control, Communications and Computer Systems - (J6)** – is headed by Ms. Virginia Williamson (SES).

Many of the HHGFAA members have had the opportunity to meet Ms. Williamson at either the DPS demonstration held at SRA Corporation last fall or, more

recently, at the “Town Hall” meeting at Scott AFB last month.

During the Town Hall meeting the Industry was addressed by General Norton Schwartz, the Four Starr Commander of TRANSCOM. This was the first real public meeting between the Commander and Industry, which hopefully is indicative of the interest and involvement we now hope and need to see from the leadership of TRANSCOM, in both the current and future personal property programs.

In addition to the TRANSCOM and JPMO-HHG staff mentioned earlier in this report, the HHGFAA staff has had the opportunity to interact with other key TRANSCOM leadership, including Vice Admiral Ann Rondeau, Deputy to the Commander, and Major General Charles Fletcher, Director of TRANSCOM Operations. You may recall General Fletcher was a previous Commander of SDDC.

## **Surface Deployment and Distribution Command (SDDC)**

The BRAC directed move of SDDC to Scott Air Force Base in Illinois (East St. Louis) has led to what appears to be a mass departure of staff, as well as the predicted brain-drain or loss of staff with practical knowledge and/or historical perspective on the objectives and past agreements for the re-engineering efforts.

Very few of the SDDC staff formerly located in Alexandria, Virginia chose to relocate out to Illinois. Even many of the staff that currently remains in Alexandria are due to retire in the next few months. There are close to 31 positions that SDDC is presently interviewing to fill with new hires. Until those slots are filled, the daily workload is being conducted by a number of temporary contractors, all of whom have little or no knowledge of the programs and/or household goods transportation in general.

Major General Kathleen M. Gainey (USA) remains as the SDDC Commander with perhaps no more than a year or two remaining in her tour with the Command. Under a recent reorganization General Gainey reports to both TRANSCOM and the Army Material Command (AMC) as her superior commands.

The Deputy to the SDDC Commander’s is still Ms. Patricia Young (SES).

Lt. Colonel Daniel Bradley (USAF) has just recently replaced Lt Col Amato as the new Deputy Chief of Staff for Passenger and Personal Property (DCSPPP).

Jim Johnson is currently serving as Lt. Colonel Bradley’s Deputy Chief of Staff and is currently the main point of contact for initiating new issues and topics. However, Mr. Johnson himself will be officially retiring shortly.

### **The following are issues worked by HHGFAA with SDDC this past year:**

#### **SDDC (BRAC) move to Scott AFB**

- Introduction and orientation of new staff leadership and support staff
- Awaiting various position assignments and new communication list

#### **Families First Program - Phase I**

##### PowerTrack

- PowerTrack Legal Suit - 1% Fee (still awaiting Court’s Ruling)
- Prompt Payment/Interest – SDDC/US Bank automating process
- AF Participation in PowerTrack
- Bunker, Congestion & War Risk (Security) surcharges

### Customer Satisfaction Survey – ICSS

- Low Response Rates
- TSP Validity – New Entrant placement
- Continued need for “Appeals Process”

### **Families First Program - Phase II**

- GAO Report on FF/DPS/FRV
  - Current Implementation Time line – Fall 2007
    - DPS System – ongoing exercises and development/testing
    - DPS Technology Limitations –two way interface
    - DPS Training for Industry – Cooperative efforts
  - Dunn’s Number Registration – Carrier, Agents, Vendors
  - FF International Tender
  - Release of the Domestic 400-NG Tariff
  - Final Business Rules
    - Incorporation and rewrite of DTR
    - Efforts to open further discussion on “Policy”
      - 13% Rate Caps (International Rate Reasonableness)
      - Universal Scoring and Best Value
      - Minimum Performance Score
      - Quality Scoring - Customer Surveys & Administrative Scores
      - Claims Metric
      - International Rate Cycles and Cancellations
      - Qualifications, Suspensions & Appeals
- \* Potential for future Changes and/or Delays from DoD side
- \* Potential Legal or Protest issues/action by Industry

### **Families First Program - Phase III**

- DPM/NTS/Intra-Theater Shipments
  - Time Line for implementation
  - DPM to now remain a component
  - Status of CONOPS/Business Rules
  - Full Value Replacement for all DoD UAB/HHG

### **Families First - “Change Management”**

- Training issues and concerns
  - Potential for joint training ventures with JPMO-HHG, SRA and others

### **Current Program**

Full Replacement Value (FRV) – Implementation in October 2007

Industry comments to Federal Register Notice

- SDDC’s Review and adoption of suggested changes

Submission of updated Insurance Cargo Liability Certificates

Requirement of a Performance Bond for Non-Temporary Storage contractors

SDDC “Sole Discretion” – Attempts to change this mentality

SDDC - Carrier Review Boards (CRBs)

- Firearms
- TSP Failure to meet Financial Ratios

SDDC PAM 15-1, new revisions to policy governing CRBs and disqualifications

TSP - Financial Reviews

- Carriers removed from program for not meeting ratios

SDDC no longer engaging in "Payment Disputes" between TSPs and Agents

No notice provided to Agents and/or TSPs

(DoD TSP Approvals) Qualification 'Open Season' Period

Military & Industry (M/I) Symposium Meetings

No M/I scheduled for this Fall due to SDDC BRAC move to Scott AFB

New M/I "Charter" circulated for review and comment – Status unknown

Where will future M/I Meetings be held?

Need to insure this M/I forum is maintained for benefit of all stakeholders

"Transit Times Task Force" – Revision of arbitrary "60 Day" policy

- Required Delivery Dates

Germany 2007 Summer Surge Issues

- Secondary Surge anticipated for 2008 winter cycle (Jan-Feb)

Iceland – Carry over issues from installation closure and drawdown of personnel

Digital Certificates & ETA

- Dunn's Numbers as a requirement for FF/DPS

Recent Domestic Rate Filing

- Possible filing of mistakes by TSPs (non-compensatory rates)

Recent ITGBL Rate Filings

- Identification of EOC bases/traffic

HHGFAA GAO Protest IS-07 rate filing (Jan '07)

Joint GAO Protest to Solicitation I-19 (May '07)

Future Rate Filings

Rate Filing Schedule for Fall '07 – IS08 Cycle

Release Date and Changes for the next or subsequent Solicitations

- Proposal to divide Germany into different rate areas for future cycles
- Transcom's new automated Customs Clearance procedures

Special Solicitation – Efforts to have SDDC identify basis for awards

Letters of Intent (LOI) Issues

- Agent representation of managed (multi) carriers
- Air Force enforcement of DTR and agent limitation on number of TSPs

JJPSO Hawaii requiring "compliant" lift vans; policy does not apply HI to CONUS

- USA ISPM-15 Restrictions on NMWP (Wood) Lift vans

"PierPass" – Off-hours Work Program at Ports of LA and Long Beach

Accessorial Regional Rate Reviews - Current and Future Reviews

Key West Surcharge – need for increase

Overseas Line Haul Rate Tables

Customs Changes on Motorcycles TO/FROM Italy

(Hawaii) Special Forms requirement for Motorcycles/Moped coming in from overseas

SDDC Fuel Surcharge

- Recent changes to HHG policy and reset of FSC Baseline Charge
- Plus Up (12%) of SIT and accessorial charges as result of baseline change
- Proposal for International Fuel Adjustments/Surcharges
- Application of fuel surcharge to Inter-Modal (rail) shipments

Defense Transportation Regulations (DTR)

Clarification of numerous topics and issues

Non-Temporary Storage

New Bonding Requirements – HHGFAA filed Comments

- Retraction of Bond requirement
- Installation Security Issues - Base Access and Background Checks
  - "RAPIDGate" Test/Program at Installations
- Air Force Expansion of Regionalization Plan
  - Centralized JPPSO Command
  - Centralized AF Claims Center
  - JOLT System – (Will it be expanded if Families First Phase II is again delayed?)
- Pending Regionalization of Navy PPSOs – Discussions with Air Force, Army, etc
- Ocean Carrier Issues
  - Cancellation of Customs Clearance on Code 3
  - Termination of US Flag service – use of alternative carriers & waivers
- Foreign Flag AIR service/Code 8 - TSP Self-Certification Process

### **Military Claims Issues**

#### 2007 Defense Authorization Bill

- Legislation to implement Full Replacement Valuation (FRV) in Current Program
- Recent Amendments in legislative language

#### 2008 Defense Authorization Bill

- Proposal to add Service Member restrictions for obtaining FRV
  - Aimed at generating higher CSS response rate
  - Impact on increased Nay-sayer bias

#### Implementation Plan and Guidance for FRV in the Current Program

Meeting(s) between Claims Services and members of HHGFAA Claims Committee

Hurricane Katrina - Act of God - MCO and PPSOs actions and TSP denials

Depreciation Guide – proposed Amendments – DOHA decisions

### **Recent - Future Meetings (Military & Government Related)**

#### **National Defense Transportation Association (NDTA) - Annual Forum**

September 15 -19, 2007

Charleston, South Carolina

#### **JPMO-HHGs – "Town Hall" Meeting**

September 20, 2007

Scott AFB, Illinois

#### **Military/Industry (M/I) Meeting**

No - Fall 2007 M/I meeting planned

And no details are yet available on any 2008 M/I meetings

#### **HHGFAA 44<sup>th</sup> Annual Meeting**

October 14 - 17, 2007

New York, New York

#### **International Shippers Association (ISA)**

(Annual Membership Meeting)

October 15, 2007

New York, New York

**General Services Administration**  
**Office of Travel and Transportation Services Workshop**  
October 30 – November 12, 2007  
Arlington, Virginia

**2008 Military Personal Property and Claims Symposium (M/I Meetings)**  
No Dates or Venue (Cities) have been identified

**GSA/AMSA Household Goods and Freight Forum**  
April 1-4, 2008  
Orlando, Florida

*\*\*\* GSA/AMSA Forum and AMSA Education Conference & Expo  
are planned to be held simultaneous and in the same hotel.  
Details on how registration(s) will be handled are forthcoming.*

**AMSA Education Conference & EXPO**  
April 1-5, 2007  
Orlando, Florida

**SDDC-HQ Training Symposium**  
April 29 - May 1, 2008  
Orlando, Florida

**SDDC European Workshop**  
Currently no 2008 meeting is planned

**SDDC Pacific Workshop**  
Current plan is to hold 2008 SDDC Workshop with HHGFAA Annual Meeting  
(Oct. 4-7, 2008) in Honolulu, 2008. Probably the two days (10/8&9) following.

For Other Meetings involving the Moving and Relocation Industry  
– Please consult the “Industry Calendar” in The Portal and/or on the HHGFAA  
web site:

**<http://www.hhgfaa.org/calendar.html>**

And you may wish to consult the Calendar of Events on the SDDC Web Site:

**<http://www.sddc.army.mil/Public/Home/Events>**

## **Defense Finance and Accounting Service (DFAS)**

Besides issues relating to invoicing and Prompt Pay under Phase I  
CWA/PowerTrack, DFAS has been engaged very little with Industry over the past year.

DFAS continues to be involved in the back office accounting issues that relate to  
the Air Force’s reluctance to become fully involved in PowerTrack billings.

## **General Services Administration (GSA)**

The Association continues to maintain contact at various management levels within the sections of GSA that manage both the GSA "CHAMPS" Program and the Transportation Audits Division.

GSA continues to undergo a major reorganization which has led to a number of personnel being reassigned and/or leaving, as well as, some familiar faces returning.

It is anticipated we will be provided an update on GSA activities and new personnel assignments during the GSA presentation at the Government and Military Affairs Panel presentation during this year's Annual Meeting.

The Association's General Counsel and staff, along with several Transportation Service Providers have been in discussions and negotiations with the GSA Transportation Audits Division in addressing a number of issues stemming from a recent reversal of policy on the pass-through billings and payment of various surcharges.

Unfortunately, the discussions with GSA-Audits have not brought positive results; therefore, the industry has been forced to seek relief within the Courts, as well as, solicit involvement and mediation at the congressional level.

The Association will once again support and participate at the "*GSA Household Goods and Freight Forum*" to be held in Orlando, Florida in April of 2008.

## **Government and Military Relations**

Mr. Charles (Chuck) White III, HHGFAA Director of Government and Military Relations, continues to represent the HHGFAA membership with its key government and military accounts.

Mr. White and other HHGFAA staff have traveled extensively this past year attending and speaking at numerous events relating to a wide variety of government and military activities which has greatly enhanced the image of the Association with government agencies and regulatory authorities, as well as, other public entities.

The majority of Mr. White's time and energies has been focused on addressing issues that arise with the current DoD Personal Property Program, as well as, a major involvement with SDDC and USTRANSCOM in developing the Business Rules and DPS system for Phase II and III of the Families First Program.

Acting on the direction of its Executive Committee, the Association has recently entered into a professional services contract with Ms. Erin Davis as its Project Manager for Families First and the DPS system.

Ms. Davis' primary focus is aimed at assisting HHGFAA staff and leadership in further influencing the Families First Business Rules and, as a secondary priority, working with various DoD agencies and stakeholders in developing and providing training on the Business Rules and DPS for the benefit of the Association's Membership.

## **Congressional and Government Representation**

The Association continues its long standing professional services contract with The Pace Companies, formerly known as PaceCapstone. This contract now runs through June 30, 2008.

Jim Wise, a principal with The Pace Companies, holds the responsibility to monitor, promote and advocate on behalf of HHGFAA in all federal legislation, regulations and programs that could possibly have an effect on the Industry and the members of HHGFAA.

HHGFAA Staff and Mr. Wise have worked a number of issues for the Association's Membership over the past year, the major ones including:

### "Families First" Program

Defense Authorization and Appropriation Bills

May 2007 GAO Report on Families First

- Projected Costs and Risk Assessment

- Rate Reasonable Caps

Prompt Pay Act – PowerTrack/CWA

Defense Personal Property System (DPS)

Congressional Mandate for Full Released Valuation (FRV)

### DoD Implementation Plan for FRV

- Current Program and Families First

- Industry's Proposal to have Government "Self-Insure"

### Security and Trade Facilitation

Container and Port Security

Bio-Terrorism Act

TSA - Unknown Shippers Regulations

Customs and Border Protection, C-TPAT Program

USDA Wood Import Restrictions (ISPM-15)

SBA - Proposed Change to Size Standards

Association Health Plans

DOT – Surface Transportation Board -Elimination of Anti-Trust Immunity

Base Realignment and Closure Act (BRAC)

Federal Maritime Commission (FMC)

Requirement for individual Electronic Tariffs

New Licensing and Bond Requirements for NVOCCs

GSA Transportation Audits – Surcharge Issues

## **International Shippers Association (ISA)**

The HHGFAA professional staff continues to coordinate and provide administrative support to ISA under a management agreement.

The Board of Directors of the ISA has determined that the current shipping environment and low ocean carrier pricing levels has not been conducive to developing the commercial segment of the ISA cooperative buying program. However, ISA does intend to maintain and support its relationship with a variety of Preferred Vendors (NVOCCs) who continue to provide quality service and competitive pricing.

The ISA Board of Directors elected not to renew the professional services contract for its previous general manager, whose primary responsibility was to market and manage the commercial activities of ISA.

ISA continues to maintain its relationship with the TAAFLO and TPAFBO Shipping Conferences and all the "American Flag" ocean carriers. The ISA General Counsel oversees negotiations for Service Contracts with the conferences for rates and services.

Activity in the ISA Military and Government traffic sector remain strong. A 'Patronage Dividend' totaling \$35,000 was recently distributed to the MIL/GOV Group of ISA participants for their 2006 through-put.

ISA continues its Agency Service Agreements with its two military shipping agents for military/government traffic in the North Atlantic trade lanes.

ISA and its agents are currently in discussions with the ocean conferences to insure the ISA members are properly informed and provided with projected ocean rates for the eventual rate filings for Families First, should that program be implemented in the current targeted time line of first quarter 2008.

ISA's web site can be found at: - <http://www.isaship.org/>

Membership in ISA is open to both HHGFAA and non-HHGFAA members.

### **As of October 1, 2007 - ISA has a total Membership of 198**

## **Young Professionals (YP-35) Group**

The "Young Professionals" or YP-35, is open to all HHGFAA Members 35 years and under. This group serves as a focused networking group for those new in their careers and the Association.

Pursuant to the proposed By-Law revision that was approved at last year's Annual Meeting, the YP-35 Management Board (MB) was restructured to align its geographic regions to be identical to those of the Associate Members' Management Board (AMMB). The one difference is that the YP-35 MB consists of one representative per region and the AMMB has two representatives per region.

The YP-35 group elects its leadership to serve two-year terms and conducts its elections proceedings "On-line." Elections for the current term were held just prior to the meeting in San Francisco last October.

Currently Stephan Guerts, Jr. serves as the Chairman of the YP-35 Group and represents the YP-35 membership on the HHGFAA Executive Committee. Paula Colemanres serves as the Vice Chair. The YP-35 Chairman, working in consultation

with his Vice Chair and the HHGFAA President, appoints the Regional Representatives to the YP-35 Management Board.

The YP-35 web site: <http://www.yp-35.org/> continues to evolve and offers its members a variety of useful informational sections on the activities and programs of the group. There is a full page in The Portal magazine dedicated to reporting news on the YP-35 activities.

The YP-35 group provides the promotional fund raising efforts for the HHGFAA Scholastic Assistance Program and the "*Alan F. Wohlstetter Scholarship Fund.*"

**As of October 1, 2007 – the YP-35 Group has a total Membership of 132**

### **HHGFAA Scholastic Assistance Program** ***"Alan F. Wohlstetter Scholarship Fund"***

The AFW Scholarship Fund, named in honor of the long serving HHGFAA General Counsel, was established as part of the Association's 40<sup>th</sup> Anniversary in 2002 with an initial endowment of \$35,000 provided in the name of the full HHGFAA membership. Current Fund balance exceeds \$140,000.00.

Over the past five years the Fund has established itself as a viable entity with its own corporate identity and Board of Directors.

The HHGFAA professional staff provides the administrative support for the AFW Scholarship Fund. The staff receives its direction from the Fund's Board of Directors, which is comprised of a number individuals from the HHGFAA Executive Committee, AMMB, Commercial Affairs Committee and the Association's Membership.

Heather Engel serves as the President of the AFWSF and Jackie Agner as its Secretary.

The AFWSF Board of Directors is extremely active and engaged in a variety of fund-raising activities, as well as, an outreach program to numerous colleges and universities that offer curriculums focused on transportation and logistics as careers.

The Board of the AFWSF also serves as the selection committee who review applications for scholarships and determine the awardees.

This year the Scholarship Fund awarded a total of Five (5) \$2,000 scholarships to HHGFAA Member company's employees and/or their dependants and a new Student Member of HHGFAA.

The concept and creation of the HHGFAA 'Student Membership' was developed by the AFWSF Board of Directors to foster knowledge of the Association and engage individuals outside the Association's normal sphere of involvement.

Scholarships are available on a worldwide basis and not just for education in the USA. One of the five awards this year went to a student in Nigeria.

Several fund-raising activities are planned for this year's Annual Meeting and they include a "Wheel of Fortune" to be run during the Opening Reception, a 50/50 Raffle, wherein the winner splits the proceeds with the Fund; the second year of sales for the collectable tee-shirts sporting a design created in recognition of this year's 45<sup>th</sup> HHGFAA Annual Meeting and theme

Also, this year the AMMB is getting into the fund-raising act by conducting a "Penny Drop" game of chance on the first day of the annual meeting.

## Programs and Education

Mr. Boris Populoh, the HHGFAA Director of Programs and Education, continues to monitor and disseminate information to the membership on a wide variety of topics, with a concentrated focus on 'security' issues and other new enforcement regulations that potentially impact the Industry and shipping in general.

HHGFAA had previously created and published the "**HHG Shipment Security & Awareness Pamphlet**," which is available for the Membership and provides guidance in establishing security programs within their own companies.

The Association continues to take an active role and participates in many organizations and coalitions that distribute information and influence public policy in the areas of transportation and security and the resulting impact on trade and shipping.

Mr. Populoh attends a number of shipping related conferences and has authored various articles in shipping trade magazines such as The Journal of Commerce, Cargo Security International (United Kingdom), Traffic World, Inbound Logistics, and the Employee Relocation Council's (ERC) Mobility Magazine.

The past year the Association entered into a strategic partnership with the publishers of Marine Digest and Cargo Business News. This relationship has not only provided the membership with a free subscription to the publication, but has allowed Mr. Populoh to obtain 'press credentials' which provide him free and unrestricted access to a number of shipping events, conferences and public hearings potentially impacting the membership and industry.

The Association and Mr. Populoh conducted a very information seminar in Hong Kong, China in May 2006. The educational event was highlighted by a port tour and presentations revolving around technologies currently being developed and deployed to better protect the international supply chain and associated infrastructure.

**Technology Partnership** - HHGFAA, through its newly established "*Technology Partnership*" is pursuing the development of international "Standards" for the moving industry's exchange and archiving of electronic shipment data and tracking information.

Recently, the Association has submitted an application to the **American National Standards Institute (ANSI)** to become an accredited Standards Developer.

It is the intent of the Association, through the formation and establishment of the Technology Partnership and the ANSI accreditation of HHGFAA as a Standards Developer, to involve a variety of industry suppliers, technology users and other trade associations in this initiative. The overall objective is to insure there is a level playing field, as well as, an open and common set of "Standards" for the application and development of technology in the moving and relocation industries.

**Receivable Protection Plan** - The Association has just recently released announcements that the long anticipated HHGFAA – "*Receivable Protection Plan (RPP)*" will be launched at this year's Annual Meeting.

The RPP, in its initial phase, is conceived and designed to provide protection on accounts receivables for the participating HHGFAA members when another member goes bankrupt and/or ceases operation. Assuming the RPP is supported by the members, future phases will be focused on identifying and controlling slow-payers, as well as mediation on member-to-member payment/collection disputes.

**Healthcare Insurance** - The Association is actively engaged with other Industry trade associations on a plan and program to make affordable healthcare insurance available to the U.S. Membership.

## **HHGFAA Publications and Web Site**

The Association's magazine, **The Portal**, a bi-monthly full color publication averaging over 100 pages per issue, remains the most widely read publication within the Industry. It is estimated that over 10,000 people view or read each issue of **The Portal**.

Participation of the Membership in extremely cost-effective advertising opportunities has allowed the magazine to continue its expansion in size and scope.

The magazine regularly incorporates "focus" articles that, according to member feedback, are deemed to be extremely timely and educational for themselves as well as their clients and the accounts they service.

All the back issues of **The Portal** for the last five years are archived and available for research or download from the Association's web site.

The commercially oriented "***e-Portal***" and the government and military focused "***Gov/Mil e-Portal***" electronic newsletters continue to provide the Association with a viable and cost-effective means to keep the membership informed on a variety of topics, issues and events affecting the industry.

The HHGFAA Web Site (**[www.hhgfaa.org](http://www.hhgfaa.org)**) continues to expand and contains useful information - both for the membership and the consumer. The web site and the 'On-line Directory' afford Members the opportunity to maintain up-to-date contact information on their company's listings in both the on-line and printed versions of the HHGFAA Membership Directory.

The Association continues to develop useful information for the ever expanding interest of the "Consumer" and National Accounts in seeking information on international moving via web-based or Internet searches. HHGFAA has partnered with a number of State Moving Associations and Federal Agencies who have also expanded their guidance for the shipping public over the World Wide Web.

Based on activity from January-September the HHGFAA web-site is projected to generated over three million hits and close to 200,000 individual visitors, far exceeding the web site's traffic from last year.

Two years ago the Association created a dedicated "Meetings" web site (**[www.hhgfaameetings.org](http://www.hhgfaameetings.org)**). This web site is the "one-stop-shop" means of providing information, attendee/hotel registrations, as well as the exhibitor and sponsorship opportunities for the membership participating in the Annual Meetings.

Moving to an 'all-electronic' format for the Annual Meeting material has again saved the Association over \$30,000 in printing and another \$26,000 in mailing costs this year. The acceptance and positive response by the membership to these expanded on-line services is greatly appreciated.

**HHGFAA Job Board** - The launch of the HHGAA "Job Board" has been successful; however, the demand for job/resume postings is below what was initially anticipated and or desired.

In order to increase the viability of the Job Board, HHGFAA has recently partnered in revenue sharing arrangements with the *National Defense Transportation Association* and several large State Moving Associations to increase the traffic and use of this affordable tool by job applicants and employers seeking to fill positions.

## **HHGFAA - “Hall of Honor”**

The Executive Committee, under a Special Ad Hoc Committee chaired by Jeff Coleman, has moved forward with the concept and program of establishing a process to honor and recognize individuals, companies, products or services that have made outstanding contributions to our Association and/or have had a profound effect on the moving, transportation, forwarding and relocation industries.

There will be four Categories of Recognition:

“Founder Award” - “Innovator Award” - “Distinguished Service Award” and “Life Time Achievement Award.”

The full details of the “Hall of Honor” program will be advised to the Active Members during this year’s Annual Meeting. Subsequently, I will be appointing a Hall of Honor Selection Committee of Active, Associate and YP-35 members, who will begin solicitation and review of formal nominations in the first quarter of 2008.

It planned and anticipated that the first inductees to the HHGFAA "Hall of Honor" will be announced at the 2008 Annual Meeting in Honolulu, Hawaii.

## **Dates and Venues for Future HHGFAA Annual Meetings**

### **HHGFAA 46<sup>th</sup> Annual Meeting**

Hilton Hawaiian Village  
Honolulu, Hawaii  
October 4 - 7, 2008

### **HHGFAA 47<sup>th</sup> Annual Meeting**

Swan and Dolphin Hotel and Resort  
Orlando, Florida  
October 10 - 13, 2009

### **HHGFAA 48<sup>th</sup> Annual Meeting**

Manchester Grand Hotel  
San Diego, California  
September 29 - October 2, 2010

### **HHGFAA 49<sup>th</sup> Annual Meeting**

Denver Hyatt Regency  
Denver, Colorado  
September 12 - 15, 2011

The year 2012 will be the Association’s **50<sup>th</sup> Anniversary**, so the current plan is to hold that year’s Annual Meeting in Washington, D.C.

This would appear to be the logical choice in recognition of it being the city where the organization was originally established and current home of the organization’s headquarters. Plus, Washington DC is home base to so many of the Industry’s and the

Association's counterparts - public and private, that would want to join the Membership in celebrating what has been accomplished over the past half-century.

Beyond 2012, the association's staff is researching a variety of cities including; Vancouver, Canada; Anchorage, Alaska; Ft. Lauderdale, Florida; Long Beach, California to name a few possibilities.

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Additional information relating to past, current and future activities and program of the Association will be provided during the Annual Meeting in the formal reports of the Standing Committee Chairpersons, as well as, other Officers and Staff of the Association.

**TERRY R. HEAD, President**

**HOUSEHOLD GOODS FORWARDERS  
ASSOCIATION OF AMERICA, INC.**