

San Jose 1Q06 Conference Meeting Minutes

Copies of PowerPoint presentations will be placed on the web site (members only section) once approval is obtained from all presenters.

Day #1: February 7

Welcome and agenda review – Bob Bullington

“Raising Your Risk Management Profile” (Phillip Luect, Marsh)

1. Risk management requires building credibility within the organization
2. Determine how the organization views risk?
3. Determine how risk is “benchmarked”
 - a. Retained losses
 - b. Risk transfer
 - c. Internal staff
 - d. Risk mitigation/safety/security
 - e. Service providers
4. Risk management – tactical strategies
 - a. Avoid
 - b. Control
 - c. Finance
 - d. Transfer
5. Formalized risk assessment is the most efficient approach
 - a. Prioritize risks
 - b. Communicate to upper management
6. Marsh overview
 - a. Industry (and players) have changed substantially in the last 15 years
 - b. Broad line of specialization of risk management/mitigation coverages
 - c. Kroll is a recent acquisition (mid-2005)
7. Summary – critical questions
 - a. Does management agree on what the risks are for your firm?
 - b. Does management agree on the importance of these risks?
 - c. Does management know the real level of impact and likelihood for these risks?
 - d. For risks that are “under” managed, do you have a plan in place to improve the management of these risks?
 - e. For risks that are “over” managed, does your firm have a plan in place to redeploy these resources?
 - f. Does your firm take inconsistent levels of risk?
 - g. Is risk management an integral part of your strategic planning process?

Member Introductions

Proposed Changes To TAPA By Laws (Bob Bullington)

1. Changing the TAPA name: change the name to TAPA-The Americas without reference to “technology”
 - a. Goal is to be more inclusive and international
 - b. Additional target industries: pharma, high value, others
 - c. Addition of IIS has changed the “value proposition” for being a TAPA member
 - d. Key question: how much is the “technology” in TAPA a deterrent to other industries?
 - e. Need to change the mission and charter also

2. Board Of Directors are not currently required to meet the membership requirements of TAPA membership – need to officers and BOD Members must be TAPA members in good standing
3. Membership type change
 - a. Proposal to expand our membership to “full members” and “associate” members
 - b. College students and academic: no membership fee; no voting rights and no access to IIS
 - c. Law enforcement: need to be related to cargo crime; have access to IIS
 - d. Auditing companies: have voting rights; membership dues are “optional”
 - e. Vendors as associate members was not
4. Expansion of MAL Board
 - a. New positions needed for
 - i. High tech manufacturing
 - ii. Logistics, freight forwarders, cartage
 - iii. Insurance
 - iv. Pharmaceutical
 - v. Carrier (DHL, FedEx, UPS)
 - vi. Retail distribution
 - vii. Designer label
 - viii. Law enforcement (no BOD voting rights)
 - ix. Previous Chair (no BOD voting rights)
 - b. Positions will be added as each group gets to “critical mass” of TAPA members
5. Quarterly TAPA meetings for 2006
 - a. 2Q: Motorola – Dallas
 - b. 3Q: Falvey Cargo – west coast
 - c. 4Q: TAPA Symposium – location TBD

TAPA- The Americas – Future Direction (Bob Bullington)

1. Joe Baker is retired from ICSC and is looking for paid position with TAPA
 - a. Has led NCSC since mid-1990’s and has increased membership
 - b. Alot of focus on vendors (they seem to drive the ICSC organization)
 - c. Has volunteered to “no compensation” model for first two years
 - d. Agreement that TAPA
2. ICSC strengths
 - a. Strong US Government alignment
 - b. Training Partnership with GMATS (USMMA)
 - c. Loss Bulletins
 - d. Domestic Networking (ATA, etc...)
3. Strengths versus weaknesses of TAPA
 - a. Is industry exclusive considered strength or a weakness?
 - b. Strength = Global footprint
 - c. Strength = Published Standards / Best Practices
 - d. Strength = Working Groups
 - e. Strength = IIS (Data Mining)
 - f. Strength = Strong US Government partnership (CTPAT)
 - g. Weakness = No formalized training schedule or process
 - h. Weakness = Poor communicators
4. Opportunities for improvement – how can success be measured?
 - a. Expand membership
 - b. Training – agreement to NOT outsource training
 - c. Communication
 - i. Quarterly newsletter
 - ii. Webpage

Preventing Violence And Sabotage In the Workplace (Gregory Boles, Kroll)

Incident Information System – Update (Brandon Stroud)

1. Software updated to version 1.5
 - a. Mostly minor “fixes”
 - b. Excel download capability
2. Incident records = 80 (as of Jan 31, 2006) which is for \$ 12M of losses
3. 1Q06 quarterly report is now ready to be distributed
 - a. Report presented at 1Q
 - b. Soft copies to be sent to paid members only
 - c. Quarterly reports until enough data for monthly reports
4. Participation in adding data to system is critical
 - a. 60% of incidents are being entered by FADV from ICSC bulletins
 - b. Need to address what reluctance exists to enter data
 - c. TAPA-EMEA’s first year input was under 50 incidents (second year was 100 incidents)

Symposium Opportunity (Peter Scobie, AIG)

1. Purpose is to introduce TAPA as a premier worldwide organization in regard to securing of cargo throughout the Supply Chain.
2. Goals is to bring on new members by gaining access to a broader scope of corporate groups, particularly: pharmaceutical; retail (wearing apparel & footwear); heavy equipment; tobacco; cosmetics; insurance, etc
3. Target dates: Sunday, November 12 thru Tuesday, November 14
4. Location will likely be Miami, FL
5. Preliminary version of conference agenda has been prepared
 - a. Sun: registration and cocktail reception
 - b. Mon AM: General session with keynote speaker
 - c. Mon PM: Breakout sessions
 - d. Tues AM: General session with keynote speaker
 - e. Tues PM: Breakout sessions
6. Preliminary P+L predicts possible profit for TAPA of approx

Committee Updates (Bob Bullington)

1. Membership/Promotion
 - a. Communicate to different industries
 - i. Industry associations
 - ii. Company direct
 - iii. Web page
 - b. Increase awareness – newspapers and trade publications
 - c. Promotional materials (flyers, mailers, promotional)
2. Annual Symposium
 - a. Two day forum with educational theme
 - b. Membership drive implications
3. FSR Change Board
 - a. Review current FSR
 - b. Work with each MAL to develop new FSR
4. Incident Information System
 - a. Assure IIS program is robust and captures the needs of the membership
 - b. Assure distribution and protection of data
5. Benchmarking Committee
 - a. Annual benchmarking study data collected
 - b. Report documented and presented
6. Webpage And Newsletter
 - a. Quarterly newsletter
 - b. Web team to access to publish/host

Team Working Sessions

1. Membership/Promotion
 - a. Will have monthly conference calls
 - b. Referral reward system for new member referrals
 - c. Certificates to be issued to new members
 - d. Tri-fold brochure to be developed
 - e. Try to get ICSC members to join TAPA also/instead
 - f. Find out how to use other organization's conferences to distribute TAPA info
 - g. Advertise the TAPA symposium in trade publications
 - h. Possible prizes to be awarded at TAPA meetings to increase attendance
 - i. "Bring a friend" concept
 - j. Website hits tracking
 - k. Update the law enforcement listing
 - l. Need to work with ASIS workshop
2. Annual Symposium
 - a. Hotel will not be Embassy Suites
 - b. Possible BOD meeting on Saturday, November 11
 - c. Quarterly TAPA-only meeting on Wednesday (Nov 15) morning
 - d. Looking for keynote speakers (CEO?)
 - e. Rapid development of agenda (specific speakers and panel members)
3. FSR Change Board
 - a. Committee chair has not been selected
 - b. Need to get a Forwarder member added to committee
 - c. Waiver committee is on-going process (not high volume of waivers recently)
 - d. 2007 is revision year which will be headed by TAPA-EMEA
 - i. Benchmark dates for deliverables and decisions
 - ii. TAPA-Americas will try to get as much "advance" work done
 - iii. Dedicated email address will help consolidate member feedback
4. Incident Information System
 - a. 2006 "game plan" is being developed and distributed
 - b. Several issues that have surfaced will be analyzed and discussed

Day #2: February 8

TAPA – Brazil Update (Bob Bullington)

1. Has cargo crime peaked-out? – only 1% increase in Sao Paulo State (compared to previous year)
2. Campinas region remained a critical Zone and recorded main gang actions
 - a. Warehouse invasion (Libraport and Freight Terminal - TIC)
 - b. Robbery at a Cash Transportation company warehouse.
3. SP DIG (General Investigations Headquarters) created a Freight Theft Repression Group to cover the Great Campinas area.
4. Brazil FSR committee customized FSR 2005 getting TAPA WW Council approval, which considered that it reflected Brazil's dangerous conditions.
5. TAPA Brasil provided Internal & External Auditors
 - a. SGS
 - b. BVQI

Auditing Firm Updates

1. SGS (Lois O'Brien)

2. BVQI (Dave Church)
3. Germanischer Lloyd (Pablo Cruz)

Budget Update And Membership Dues (Fred Smith)

1. Current cash balance is approx \$ 83,619
2. Accrued payables are \$ 30K for IIS and \$15K for admin (total committed is \$ 65K for the rest of the year)
3. Dues for 2006: \$ 45K received so far
4. Reminder letter to non-paid members to get dues paid-up or be dropped from TAPA membership list

MAL Updates

1. Manufacturing (Andrew Parkinson)
 - a. New initiatives and projects are being identified and planned
 - b. Will try to create a manufacturing communications network to interact with each other
2. Suppliers (Gus)
 - a. Gus has been promoted to new position
 - b. An additional attempt to reach Gus will be made to determine if he wishes to continue to maintain TAPA involvement
3. Insurance (Tom Deist)
 - a. Seeking feedback and issues from insurance members
 - b. Recommends the Insurance Information Institute (III) as a good source of information on a variety of insurance topics

Open Discussion

1. Concern that a major TAPA member will not be re-certifying their locations
 - a. Issue is the ongoing "compliance versus certification" discussion
 - b. Topic need to be reexamined and discussed
 - c. Try to devote a half-day at 2Q06 meeting to re-visit this issue
2. Need to identify law enforcement and task force members to invite to future meetings
3. Symposium would benefit from "giveaways"
4. Speakers for symposium are already being selected, but need people that are knowledgeable about
 - a. Diversion and trademark issues
 - b. CT-PAT process experiences

Day 1 Agenda

February 7th, 2006

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| 8:30-8:45am | Welcome/Agenda Review/Introductions | Bob Bullington |
| 8:45-9:45am | "Preventing Violence and Sabotage in the Workplace" | Gregory Boles <i>guest speaker</i> |
| 9:45-10:30am | Proposed Bylaw Changes | Bob Bullington |
| 10:30-10:45am | <AM BREAK> | All |
| 10:45-11:45am | Joe Baker / ICSC / USMMA Discussion | Lead by Bob Bullington |
| 11:45-12:45pm | <LUNCH> | All |
| 12:45-1:30pm | Marsh Presentation | Phillip Luecht |
| 1:30-2:00pm | IIS Update | Brandon Stroud |
| 2:00-2:15pm | <PM BREAK> | All |
| 2:15-3:15pm | Discuss Symposium Opportunity | Peter Scrobe |
| 3:15-4:00pm | Committee Updates | Committee Chairs |
| 4:00-4:15pm | 2006 Committee Formations | Bob Bullington |
| 4:15-5:00pm | Team Working Session | All |

Day 2 Agenda

February 8th, 2006

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|---------------|----------------------------------|------------------|
| 8:30-9:00am | TAPA Brazil Update | Bob Bullington |
| 9:00-10:00am | Auditing Firms Updates | SGS, BVQi, GL |
| 10:00-10:15am | <BREAK> | All |
| 10:15-10:30am | Budget Updates / Membership Dues | Fred Smith |
| 10:30-11:15am | 2006 Chairman Goals | Bob Bullington |
| 11:15-11:30am | MAL: Manufacturer Update | Andrew Parkerson |
| 11:30-11:45am | MAL: Supplier Update | TBD |
| 11:45-12:00pm | MAL: Insurance Update | Tom Deist |

<<Meeting Adjourned for General Membership>>

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| 1200pm | BOD Working Lunch | 2006 BOD |
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