



BETWEEN THE LINES



October 2006

Mid Year Report TIA Board of Directors

As past chairman of the Transportation Intermediaries Association (TIA), VHI Board Chairman David Gee attended the latest meeting of the board of directors in August in Amelia Island, Florida. These are the meeting highlights he reports:



David Gee, CTB

The model contract agreements created by TIA and NITL have met great market place success and receptivity. Shippers are calling TIA members and asking for the TIA-NITLEAGUE Model Contract to use.

More recently, the TIA Model Broker-to-Carrier agreement has been adopted as a standard. The important provision in this agreement is that the carrier will look to the broker for payment and the broker will pay on terms the carrier set, regardless of whether the broker is paid by the shipper.

With both of these first two agreements so well received, the board requested that a third model be created – this one a Broker-to-Broker Agreement. The continued growth of 3rd, 4th and even 5th party transportation providers makes this request more important than ever.

The Board heard reports of a new strategy in trans-

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TransCredit Report – VHI 100

Have you seen the latest TransCredit report for VHI? We would greatly enjoy sharing it with all of our customers and carriers. It is evidence of our solid, expeditious payment methods and credit history. As you will see, the reference information now includes our preferred partners - Mabe, Legacy and Wells. Alone and with these additions, our credit score continues to be an astounding perfect 100.

For a copy of the TransCredit report, send your email to brucegee@vhitransport.com.

Container World

By Denise Galloway

VHI Container World has created our own Fuel Matrix to assist our customers in determining costs for shipping their goods. This is just the latest in the never-ending series of improvements created for our ever-growing list of container clients.

It seems that every time we take on a new customer, there are new ground rules, new requirements and new considerations. For one such customer, for instance, we had to answer extensive inquiries, then submit our questions – all to have our Intent to Bid accepted.

Our crew in Container World has learned to expect the unexpected and rise to the occasion. I do believe it is the key to our continuing success and growing portfolio. We have mastered the business and learned its lessons well. We now apply this knowledge and expertise to every new customer with ease and panache.

What a business. I wouldn't trade it for the world! Actually, we do trade it – WITH the world.

Until next time, keep well and keep shipping.



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From the President

CARRYING THE TORCH

by Bruce Gee, VHI President

In the last issue, my dad, David Gee, titled his President's column, "Passing the Torch." I guess you might say I just received that catch. It's a good thing too. I would hate for my first presidential duty to be remembered as burning down the building!

This is my first column to you, having moved from the position of CFO of the company to President. I am aware of the foot-steps I follow and the respect my dad has accumulated in the industry overall as well as with our customers and carriers. I pledge to you that I have had good training, a good mentor and an outstanding role model on which to base the company's future leadership.

You will see no change in the company's pride and focus on financial management and stability. I too believe that pristine cash flow is critical to any third party transportation intermediary that wants to survive in today's market.

To remain viable, we must offer a quality product to our customers. We do this by providing you, our customers, with the best quality carrier service at the lowest possible price.

This does not mean that our job is to find the cheapest carrier. It means we seek out the best value for the money. We arrange lanes, timing and appointments to be most advantageous to the carrier. We negotiate and renegotiate. We know the tactics to use to reduce costs and we use them wisely to be fair to all parties, but extremely cost conscious.

Just as important to our continued success is finding quality partners in our customers. One of the strategies used to maintain our perfect credit score is to have the best customers. We seek out companies that are dependable and ethical; those who pay us on time. One of the ways that you can help us is by paying us electronically. This is how we can maintain our practice of paying our carriers every 10 days and explore ways that we can pay them faster. When we need carriage, considering our performance over more than 25 years, we capture attention and service.

It's all about the cycle of money. We focus on it because it results in satisfaction for both our shipping customers and our carrier customers. And that's what we seek to accomplish as we move toward 2007 and its opportunities for new success.

Trucking Industry Recruiting Older Drivers

The Wall Street Journal has reported that the trucking industry is looking to older drivers to solve the driver shortages. It said that trucking companies are aggressively recruiting older drivers, including husband and wife teams.

Schneider National searches for potential long-haul drivers aged 50 and up through the American Association of Retired Persons. They are putting older couples through driving school, the Journal said. Currently 20% of Schneider's 15,000 independent contractors and drivers are older people, according to the Journal report.

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Between the Lines

is published quarterly by
Virginia Hiway, Inc. D/B/A

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ICC MC 172093

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Mary Peters Nominated – Department of Transportation Secretary

President George W. Bush has dubbed Mary Peters to be the nation's new Transportation Secretary. If confirmed by the Senate, Peters, a former federal highway administrator, will succeed Norman Mineta.

"Her skill and charisma inspire confidence in her leadership inside and outside of the federal government," said Mineta, who stepped down in July of this year.

While serving as federal highway administrator, Peters advocated additional investment from the private sector in the U.S. road system. She worked for improving bridges and safety on the nation's highways.

Earlier, she was the head of the Arizona Department of Transportation, bringing together local governments and other transportation members in public and private partnerships.

Peters will be the second woman in this position after Elizabeth Dole, who served as transportation secretary for five years, starting in 1983. She is expected to become a strong advocate for reorganizing the transportation infrastructure and for using fees and tolls to build new highways.

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Watching VHI Grow

By *Connie Whitley, Director,
Sales & Marketing*

What a joy it is to watch VHI grow and prosper. I've been with the company for more than ten years now and it is really exciting to literally see dreams come true.

Years ago, we would gather for our sales meetings and plan for the day when we'd be in larger, more modern headquarters, with state-of-the-art technology, divisions that handled various types of transportation and worldwide outreach. Today, we look around and see all this as reality.

This fall, we welcome three additions to our sales team, which means we can serve even more shippers throughout North America. Our team of Logistics Specialists has already been increased. Container World is thriving, as are our many other divisions.

Earlier this year, we worked with our Marketing Consultant Annette Petrick to craft a strategy to make VHI stand out in the Transport Topics brokerage directory. All the other third party ads were directed toward shippers. Ours focused on carriers and the benefits we bring to them – including our Dedicated Division.

By working closely with carriers and customers both, we can often establish consistent lanes with frequent runs that are cost effective for the shipper and provide backhaul for the carrier. Our Dedicated Division Manager Melissa Proffitt puts in a lot of time to close this loop but it winds up being a win/win situation for all concerned.

Thank you for your continuing support and co-operation. Please review our list of divisions on page 2 and see if there is some additional way that we can be of service.

California Bill Would Tax Containers

Amendments to California Senate Bill 927 would assess a fee of \$30 per twenty-foot-equivalent unit (TEU) for cargo moving through the Ports of Los Angeles and Long Beach. State Senator Alan Lowenthal is sponsor of the bill, which would assess the fee against the owner of the cargo. Fees would be used to create the Port Congestion Relief Trust Fund to improve the rail system (including on-dock rail facilities), enhance security and mitigate the environmental pollution caused by port operations.

An earlier attempt to enact a container tax bill (SB 760) was declined consideration by the state legislature's Appropriations Committee. The new changes in the amendments introduced by Senator Lowenthal shifted the burden for the fees.

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continued from page 1

portation emphasis. With more and more manufacturing moved off shore, major trucking entities have placed new emphasis on their assets. They will set aside power units for international container movements with dedicated trips that pay round trip miles. The board felt this will reduce the number of trucks available for pure spot business and could serve to drive spot prices up more.

The Board spent several hours discussing the current status of Logistics today. This was done by polling each member, one member doing several billion dollars a year, a few doing several hundred million dollars a year and a few doing less than 5 million dollars annually. The flavor of the pooling indicated that there is tremendous growth in the business.

An example is that 10 years ago, there was 20 brokers doing over 100 million dollars. Today, there are 20 doing over one billion dollars of business. As a result, the TIA will redefine size of broker companies. Small will be categorized as those under five million dollars. Medium will be those from 5 to 100 million. Large brokerages will be those over one hundred million dollars annually.

TIA expects to launch its Guaranteed Payment Plan Program by April of 2007. More details on that next year.

A committee was empowered to study the state of insurance requirements for brokers and define a common terminology for the industry.

The Board approved the proposal of Traffic World to produce and distribute the organization's **Logistics Today** magazine.

Rebound - The Port of New Orleans

Katrina first anniversary reports reflected continued devastation to much of New Orleans. One of the most remarkable rebounds since the big hurricane is the Port of New Orleans. Cargo tonnage there has now exceeded pre-Katrina levels.

During the first five months of this year, The Port of New Orleans reached cargo levels up 4.1%. Average for the same months over the past four years was 3.94 million short tons.

Some three-quarters of the Port's facilities on the Mississippi River didn't flood. Only wind damage affected warehouses and transit sheds.

Cruise ships are also returning to the Port. Its state-of-the-art, \$37 million, Erato Street Cruise Terminal is scheduled to open at the end of this month. It's a 90,000 square foot facility with a 1,000-vehicle parking garage.



RECEIVED BY DAVID GEE - - -

I was recently reviewing my copy of *The Servant* by James Hunter. It gave me pause, and I stopped and took a few minutes to reflect on the lessons I learned from this book. Years later, I feel that this book, and my opportunity to work with you and the folks at VHI, have been life changing experiences. I felt that I would be remiss if I didn't take a minute and send you a quick email to thank you for both the book and the life lessons that I learned from you, David.

I wish you all the best of luck for the future and I know that God blesses those who hold Him close and do His work well.

Jim Taylor,
Advantage Transport



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