

New Year, New Standards: Elevating Transportation Agreements with FedEx

TSPA: Key Updates and Clarifications for TSPs

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Tim Goff

Founder & CEO of mygroundforce®

- ❖ Over 25 years experience as a Senior Executive (VP or above)
- ❖ Head of a Division in a Fortune 500 Company (twice)
- ❖ Responsible for over \$125M in annual revenue
- ❖ COO in a Private Equity startup
- ❖ Movie: The Hummingbird Project
- ❖ CEO Today Magazine: Top 100 US Executives 2018, 2019
- ❖ CEO Today Magazine: Global 500 Top Executives 2020
- ❖ Line Haul TSP 2018-2024
- ❖ >50 Trucks
- ❖ ~10M 2022 Revenue
- ❖ CO-Founder of the Line Haul Summit
- ❖ Gold Medal TSP – Q4 2023
- ❖ Founder/CEO of mygroundforce®
- ❖ AI-enabled business management software for TSPs

See you at



FedEx Summit
October 1, 2024

Alex Frum

President/Owner | Alpha Kilo Logistics Inc.

6 years of experience as a FedEx TSP

- ❖ Army Veteran
- ❖ 15-year career on Wall Street
- ❖ Head of multiple trading desks
- ❖ Head of branch sales
- ❖ Underwrote over \$50bn in Agency Debt
- ❖ Co-Founder of Linehaul Summit
- ❖ Real Estate Investor
- ❖ Movie: Heart of Champions (2021)

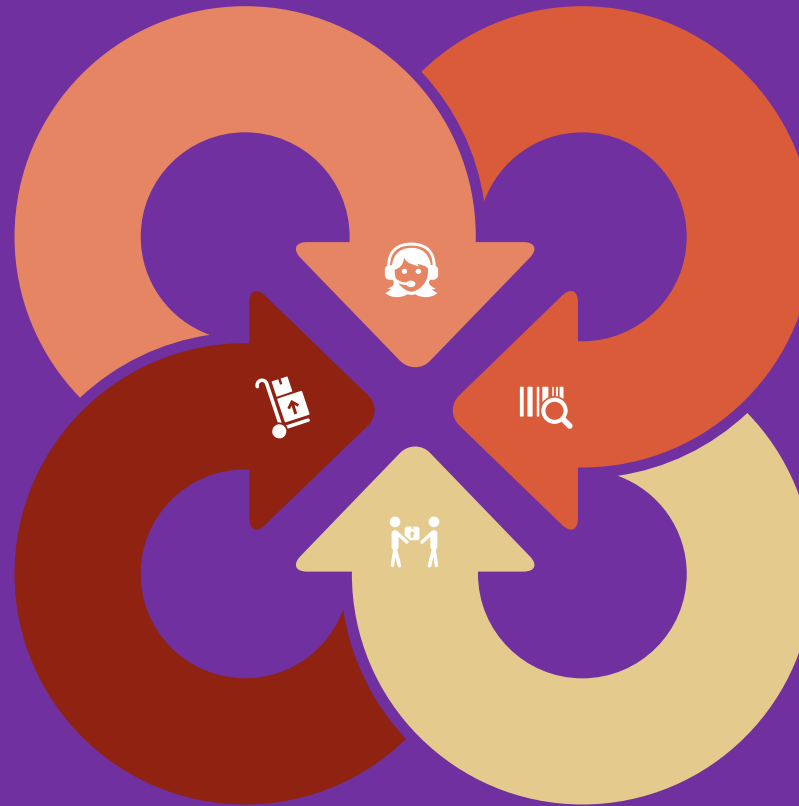
Why This Session Matters

Ensuring Compliance

Understanding the latest updates in the TSPA is crucial for maintaining compliance with contractual obligations and legal requirements.

Mitigating Risks

Being aware of key clauses helps in identifying and mitigating potential risks, thereby protecting your business from legal and financial repercussions



Enhancing Operational Efficiency

Clear knowledge of operational and reporting requirements ensures smoother processes and better alignment with FedEx standards.

Preparing for Future Changes:

Staying informed about upcoming changes, such as TSA clearance requirements and automated reporting, helps in proactive planning and adaptation

Reinforcing Key TSPA Clauses

*Clarifying TSPA Clauses amidst Amazon Lawsuit:
Ensuring Compliance and Transparency*

TSPA Key Clauses

a. TSP retains full discretion and responsibility for:

- Routes traveled
- Equipment type and quantity
- Staffing and personnel decisions

b. No officer, agent, or employee of FedEx has the authority to:

- Hire, train, discipline, or terminate TSP personnel
- Set compensation, schedules, or other employment terms
- Supervise the methods or means used by TSP personnel to achieve contracted results

c. TSP is responsible for all employment expenses, including:

- Wages, salaries, and benefits
- Employment taxes, unemployment insurance, and workers' compensation
- Compliance with all applicable federal, state, and local laws

Key Change: Enhanced Enforcement Ability

01

Cause a breach of Sections 3.4 (B) or (C)

- Forging recipient's signature as proof of delivery
- Conveying false Shipment Tracking information
- Intentionally applying incorrect Status Code
- Mis-coding services for Settlement purposes

02

Fail to meet the terms of the Agreement

- Safety standards
- Anti-violence and anti-harassment policies
- Other posted standards and legal requirements

03

Impact

- Increased Accountability: Ensures personnel adhere to strict standards.
- Enhanced Compliance: Reduces risk of fraudulent activities.
- Stronger Enforcement: Provides FedEx with more authority to terminate contracts for non-compliance.

TSA Clearance & Identification

*Preparing for Future TSA Clearance Requirements
for Drivers*

Key Change: Identification and Access Control

TSP Personnel will wear and display an identification badge provided by FedEx.

Any identification badges provided to TSP Personnel will be returned to FedEx when TSP Personnel are no longer providing Services under this Agreement.

Impact

- **Enhanced Security:** Ensures only authorized personnel have access.
- **Compliance Readiness:** Prepares for potential TSA clearance requirements.
- **Operational Efficiency:** Streamlines identification and access control processes.

Mileage and Reporting Requirements

*Adapting to Future TSA Clearance Requirements for
Drivers*

Changes to IVMR reporting requirements



Daily Mileage Recording

- TSPs must record mileage on a daily basis.
- Mileage should be based on the Equipment's OEM odometer reading.



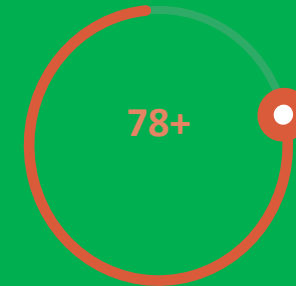
Weekly Mileage Reporting

- TSPs must report the recorded mileage to FedEx on a weekly basis.
- This requirement applies even if you do not participate in IFTA.

Upcoming Changes and Their Effects

Impact

- **Improved Accuracy:** Ensures precise tracking of mileage.
- **Enhanced Compliance:** Aligns with regulatory requirements.
- **Streamlined Processes:** Future integration with ELD providers will simplify data capture.



Future Developments

FedEx is working on developing the ability to capture this data directly from ELD providers.

Remember: Key Contractual Provisions

Contractual Clauses for Compliance and Termination

Compliance and Termination

Breach and Termination Clauses

TSPA 12.3: Material Breach

TSP agrees:

- Any default and collection activity exceeding \$25,000 in aggregate constitutes a material breach of this agreement.

TSPA 15.2 (C): Termination Rights

Either party may terminate this Agreement:

- Upon institution of insolvency, receivership, or bankruptcy proceedings by or against the other Party.
- Upon adjudication of the other Party as insolvent or bankrupt by a court of competent jurisdiction.

TSPA 15.3: Breach and Cure Period

Any breach of this Agreement:

- Must be cured to the other Party's satisfaction within seven days of written notice.
- Failure to cure warrants immediate termination of this Agreement upon notice by the terminating Party.
- FedEx may mitigate damages by exercising its Rights to Ensure Service.

TSPA 15.3 (1): Immediate Termination

The Terminating Party has the right to immediately terminate this Agreement:

- For making false certification of fact.
- For falsifying DOT-related documents.

Assignment and Transfer

Impact

- **Ensures Consistency:** Aligns agreements with the new assignment.
- **Maintains Compliance:** Ensures all parties adhere to the updated terms.
- **Facilitates Smooth Transitions:** Provides clear guidelines for assignment or transfer processes.

Conditions of Consent to Assignment

▲ Key Point

- FedEx's consent to an assignment or transfer to an entity under agreement to FedEx is conditional.

▼ Conditions

- Both TSP and the assignee must modify their respective Agreements appropriately.
- The modifications should reflect the transfer or assignment.

Upcoming Changes to UR Assignment Process



Schedule A 2.3: New UR Assignment Process

- Upcoming changes to UR assignment processes with a 60-day advance notice
- This update has been in the works for years and is not a change to the contract but an update to the language.



Schedule A 4.4: Terms and Processes for Pause

- Terms for pausing URP (Under Review Process), caveat on selling or bidding with paused URP

Clarification:

- A TSP can sell a paused URP and can bid on growth opportunities with a paused URP

Additional Updates



Schedule A 11.5

Availability

Threshold moved back to 90%
for URRs



Schedule C 5

Fuel Mileage Settlement

MPG reimbursement updated



Schedule C 7

Drop & Hook

Increase in rates



Schedule C 8.5

Toll Transponders

TSPs must return transponders
within 7 days or be charged



Schedule D, 1.2 A

Baseplates Cost

Charged back in 16 weekly
installments starting four
weeks after registration

Offenses and Disqualifications

Schedule E 3.3 (7):

Major offenses, including causing fatalities in CMV operations

Schedule E 5:

Employee prohibitions updated
(possession, distribution of
controlled substances)

Safety and Technology Compliance

Schedule E 8.5

Requirement to certify compliance in writing regarding safety technology upon request

VEDR Data

Authorization for FedEx access to de-identified, aggregated VEDR data

Indemnification

Schedule G 2.3.2 (D):

TSP's are responsible for up to
\$35,000 for rear-end collisions



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Contact Us



Thank You

For your attention

