SMCDA
SOUTHLAND MOTOR CAR DEALERS ASSOCIATION

the southlander

YOUR ASSOCIATION NEWS UPDATE

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inside

May/June 2008

SMCDA Thanks the 2008 Scholarship Golf Tournament Sponsors

Dealers Visit State Capitol to Meet With Legislators

New Auto Center Opens at Long Beach City College

College's Advisory Teams Honored at Annual Breakfast

Cerritos College Awards Student Auto Scholarships

Required Upgrades on Gas Dispensers

Scholarship Golf Tournament Funds Auto Industry Future

Annual Fundraising Tournament is Monday, July 21

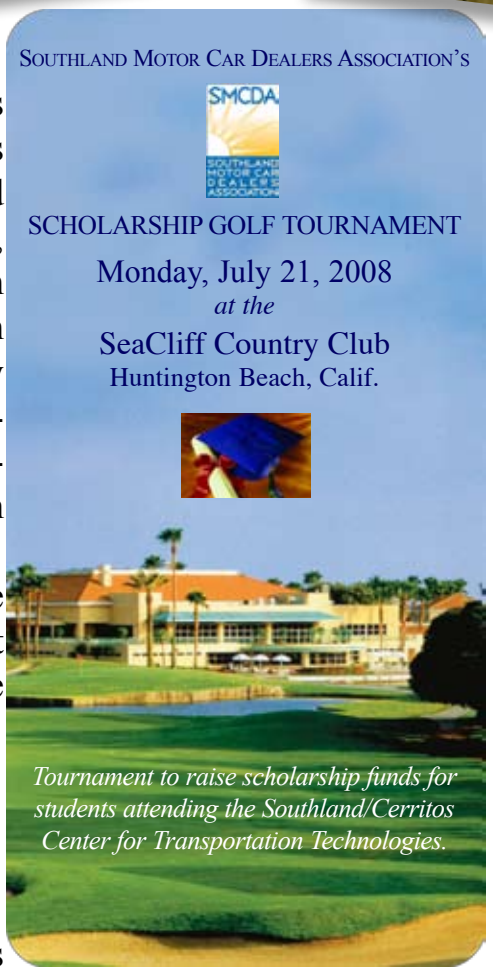
Mark your calendars! SMCDA will host its annual golf tournament Monday, July 21 at the SeaCliff Country Club in Huntington Beach.

"Last year's tournament was a sell out, and more importantly, we raised enough money to touch the lives of many future employees," said Tournament Chairman Terry Schaier.

"To date, we have spent almost 90 percent of the funds raised from last year's event, and if we do our job, we will have given it all away by the time this year's tournament starts."

SMCDA heartily thanks the many sponsors who make this event a success and help provide much-needed funds for a worthwhile cause.

If you don't see your company or organization's logo on page three and wish to participate, the sponsorship deadline is Friday, May 30. Please contact SMCDA offices at (562) 595-4326 or at ddocton@smcda.org.



The Southlander is an official publication of

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To advertise in an upcoming issue, please contact Todd Leutheuser at (562) 595-4326.

Message from the President

Terry Schaier
Shaier's Nissan

As president of the SMCDA, I get to see and meet a lot of people I wouldn't necessarily meet in my daily life at the dealership. When we're at the store, we're focused on our inventory supply, sales reports, the factory, and a myriad of other issues to ensure that things are kept running smoothly.

When I was first invited to sit on the SMCDA board, I wondered what this group was about and how it helps our industry and my business directly. Since then, I have sat through some board meetings, golfed in a few golf tournaments, made several trips to Sacramento, visited Washington D.C., and met a lot of great people. While these experiences are personally fun and enlightening, I am more impressed with what the association does for our businesses.

I can tell you firsthand that the SMCDA was instrumental in stopping the so-called "Feebate" bill that would have changed the face of our industry in California with very negative consequences. The same is true with the SMCDA's education efforts. Cerritos College now has five major automotive education initiatives that not only feed Southland dealers, but dealers throughout Southern California and is a model for other colleges and associations around the country. I am proud to announce that next month Northwood University will honor the first class of graduating students from its West Coast campus at Cerritos College. These working adults will have completed bachelor's degrees in business or in automotive marketing. And to think that having Northwood University in California was just a dream a few short years ago.

We are fortunate to have a dedicated staff who cares about our industry and who keeps us informed of the important issues of the day. They are our advocates in uniting and leading us, ensuring that we have excellent local representation. Sometimes we are so busy focusing on the day-to-day grind that we don't realize what a great asset we have right here in our backyard. If you haven't participated in a SMCDA-sponsored workshop or activity, please consider becoming involved. I guarantee that not only will you enjoy it, but also that your business will be richer for it.

Sincerely,

Terry Schaier
SMCDA President

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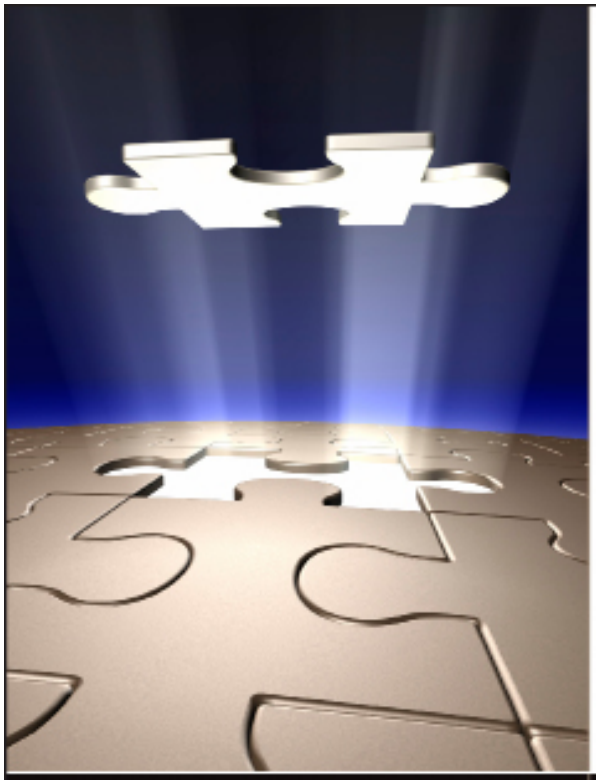
Dealers Visit State Capitol to Meet with Legislators

One of the strengths of the SMCDA is its political involvement at the local, state and federal levels. Recently, the SMCDA board joined other California dealers in Sacramento for the California New Car Dealers Association's annual dealer day where dealers met with their legislators to talk about current issues that affect our industry. In SMCDA's case, things went very well as the dealers visited many members in their offices and hosted even more legislators for dinner at a local Sacramento restaurant.

SMCDA dealers visit the State Capitol to discuss issues with elected officials. (L to R) Greg Timmons, Ron Charron, and Terry Schaier.

"Breaking bread with our local representatives was more like having dinner with old friends then lobbying for a cause," said Greg Timmons, of Timmons VW in Long Beach.

SMCDA is proud of the long-term relationships that have been developed over the years when many of our state representatives, early in their careers, were serving on city councils. To date, one of CNCDA's key legislative issues—the document preparation charge increase—has passed the Assembly and is on its way to the Senate. Read your CNCDA bulletin for more information on this and other legislative issues.



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New Auto Center Opens at Long Beach City College

20,000 Square-Foot-Facility Will Serve More Than 500 Students Each Semester

Long Beach City College's new Aviation and Automotive Center, a 20,000-square-foot facility located at the Pacific Coast Campus PCC, will serve more than 500 students each semester and will feature the latest technology in automotive mechanics, aero piloting and hybrid mechanics. The Automotive lecture training classrooms have the latest in computer and audio visual equipment. Vehicles can even drive right into training rooms for demonstrations during lecture.

Long Beach City College's new 20,000-square-foot Aviation and Automotive Center, will serve more than 500 students each semester.

The Long Beach City College Automotive program moved into its new 11-bay facility now sporting NATEF Certification. The program's faculty recently revised the curriculum, organized the lab and passed the individual ASE exams. In addition to the technical course content, course curriculum now includes instruction in math, reading and writing skills required of tomorrow's technicians. Job readiness skills, such as communication skills, teamwork, timeliness, and work ethic are also interwoven into daily instruction. The end result is a NATEF-certified program in a new state-of-the art facility full of students learning skills for a high-tech and high-wage industry. Classes leading to a certificate or an associate's degree in Automotive Technology are now in full swing on the campus.

In an effort to attract the best and brightest high school-aged students to the automotive industry, beginning with the fall 2008 semester, Long Beach City College will offer a series of classes on the Long Beach Unified School District's Cabrillo High School campus that offer students credits toward earning a certificate or an associate's degree in Advanced Transportation Technology.

Courses will be offered every nine weeks, allowing students an opportunity to complete four college-level alternative fuels classes each school year. Cabrillo High School students may enroll in these classes as early as 11th grade. By the time Long Beach Cabrillo High School students graduate high school they can earn a certificate in Alternative Fuels and be ready to go right to work. The college will be encouraging them to continue on at LBCC to earn their associate's degree.

The new facility is open for tours. Contact Dean Farley Herzek at (562) 938-3507 for more information.

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College's Advisory Teams Honored at Annual Breakfast

Cerritos College Officials Recognize Todd Leutheuser for His Support of Auto Students and Programs

Cerritos College hosted nearly 300 industry professionals at the tenth annual Advisory Committee Members' Recognition Breakfast on April 10. Members of 46 individual committees include business, industry and community leaders who preside on various advisory committees at the college to provide consultation and development of career and technical education programs. Also attending the breakfast were representatives from the area unified school districts and regional occupational program, and staff representatives of the local and the state elected officials. Dr. Patricia Stanley, deputy assistant secretary, U.S. Department of Education, Office of Vocational and Adult Education, served as keynote speaker for the breakfast.

Appointed by President Bush as deputy assistant secretary for her comprehensive knowledge of community colleges and experiences with workforce and adult education. She spoke about how employers can help colleges and high schools build career pathways and stressed the importance of creating the smooth transition between educational segments.

"Industry role in career technical and adult education is crucial," she said. "You are building a strong future workforce by providing resources and internships, serving on advisory committees."

"I'm thrilled to see the great partnerships Cerritos College has with the business industry."

During the program, SMCDA's own Todd Leutheuser was presented with an award—the first of its kind—for his consistent support of automotive technology at the college. Leutheuser serves on the Automotive Mechanical Program Advisory Committee, as a member of the Board of Directors of the Cerritos College Foundation, and has been instrumental in building partnerships for the college with the automotive dealers, manufacturers, and the college's partnership with Northwood University.

Dr. Patricia Stanley of the U.S. Department of Education spoke at Cerritos College's Advisory Committee Members' Recognition Breakfast. Todd Leutheuser was honored for his continuing support of the college's automotive programs.

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Cerritos College Awards Student Auto Scholarships

Jeannie M.T. Yang and SMCDA/Northwood Scholarships Honor Promising Students

The Cerritos College Foundation and the Southland Motor Car Dealers Association awarded three automotive scholarships to eight outstanding students on March 13.

The Jeannie M.T. Yang Scholarship, a $500 award was presented to Gabriel Cisneros of Whittier and Juan Morales, of Santa Fe Springs. The Jeannie M. T. Yang Automotive Scholarship awards a total of $2,000 each year to four promising students in the automotive department at Cerritos College. Dr. Jeannie M.T. Yang was a community college professor originally from mainland China who had a great passion for education.

The SMCDA Northwood 3rd Year Scholarship, a $1,000 award, was awarded to Obdulio Rivera, of Los Angeles. This award assists students who have completed their first two years in automotive technology training and are pursuing their bachelor's degree through Northwood University's program offered at the Cerritos College campus.

The SMCDA Automotive Technology Scholarship, a $600 tool voucher toward the purchase of MATCO tools was received by Sherwin Marino, of Long Beach; Adolfo Flores, of Downey; Hector Medina, of Inglewood and Ricardo Martinez, of Downey. This scholarship was designed to assist the college's automotive apprentice program students in purchasing tools to use in their classes.

Todd Leutheuser presents the SMCDA Northwood 3rd Year Scholarship to Obdulio Rivera of Los Angeles.

"There is no doubt that these outstanding students will become great assets to the automotive industry," said Todd Leutheuser, executive director of SMCDA. "It is exciting and truly inspiring to see these dedicated students work hard towards their career goals."

Cerritos College offers special programs in the disciplines of automotive repair, advanced transportation technology, auto collision repair, intelligent transportation systems and alternative fuel and EV hybrid vehicles, making it one of the most comprehensive programs in the U.S. Students can also earn a bachelor's degree in automotive management at Cerritos College through an agreement the college has with Northwood University.

Upcoming SMCDA Events

May 14-15 NADA Lifeline to Profits Program

May 16 Lunch with Assemblyman Tony Mendoza

June 24 Northwood Graduation

July 15 Red Flag Seminar & Workshop, Long Beach

July 21 SMCDA Scholarship Golf Tournament

Kelly's Korner | Negative Equity

By Jan Kelly, president of Kelly Enterprises

I read in a recent e-mail that a lender bounced a contract because the contract showed negative equity. The F&I manager was beside himself. A bounced contract hurts cash flow and, more than likely, the customer needed to be called and asked to resign a contract. While this occurred in Pennsylvania, I wonder how many of you run into this situation.

I understand that the federal government and many states want negative equity to be disclosed on a separate line in the itemization portion of the retail installment contract. While it still affects the amount financed, it does not affect the sales tax or the license plate fees.

I am continually amazed when I hear that some lenders refuse to recognize negative equity. My question to them is, why? It simply makes sense. We have been writing retail installment contracts for years without any cash investment from customers. Customers desire to trade in vehicles prior to being in any equity status. In fact, most customers acknowledge they are in a negative equity position. They simply want to know how much negative equity they are refinancing.

Equity takes cash - either at the beginning, during, or at the end of the ownership. I do not know of any other way to reap the rewards of a positive equity position when it comes to vehicles.

For those few states that do not recognize negative equity, I recommend dealer principles and state associations to work together toward getting lenders and state legislation in sync with federal regulations and opinions.

As we all know, I am not a lawyer and is this article is not meant as legal advice. It is an educational piece and a plead for consistency in dealing with the negative equity plague.

Article written by Jan Kelly, President of Kelly Enterprises. She is a sales trainer and consultant, convention speaker and writes frequently for industry publications. For information about training opportunities or joining one of our F&I 20 groups, call 800.336.4275 or visit www.JLKelly.com.

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State Regulations to Require Upgrades on Gasoline Dispensers

By Sam Celly, Celly Services, Inc.

The California Air Resources Board (CARB) has adopted regulations that require upgrades to the gasoline dispensers by April 1, 2009. The Phase II Enhance Vapor Recovery (EVR) systems are required to be installed on dispensers with underground gasoline tanks. This is the Godzilla among all upgrades required for underground gasoline tank dispensers. Above-ground gasoline tanks are not impacted by this regulation...yet. First, a perspective of recent upgrades on gas tanks & dispensers:

"This is the Godzilla of all upgrades required for underground gas tank dispensers."

By December 31, 2003: All gasoline dispensers were required upgrades, including the installation of dispenser pans and conducting various tests such as Vapor Recovery Tests, Monitoring System Testing, Secondary System Testing and the ever lasting Tank Precision Test.

By January 1, 2005: Designated operator were required for the gasoline tank. The tank must be inspected every month by the designated operator and certain employee training requirements. The designated operator is a certification given after completion of a test.

By April 1, 2005: All Phase I recovery system were required to be changed to the Enhanced Vapor Recovery System. This was basically applicable to the filling equipment on underground tanks and tank vent lines.

NOW BY APRIL 1, 2009: Gasoline dispensers are required to have Phase II EVR upgrades. The upgrades consist of a vacuum pump inside each dispenser to suck the gasoline vapor and transport them to a metal tank with a bladder. The gasoline vapors are expected to condense in the bladder and go the underground tank. The hoses, nozzles and break-aways must be compatible. The electrical system will probably need an upgrade too. The vapors coming from the gas tank on an automobile are now condensed and sent to the underground gas tank rather than polluting the air. If you dispense, most unlikely, more than 600,000 gallons of gas a year, further upgrades are needed.

WHAT IS IT GONNA COST: We have been advised by multiple contractors that depending upon the

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Continued from previous page

gasoline tank and dispenser configuration, this can cost anywhere from $17,000 to $25,000 with one tank and one dispenser. Only two EVR systems have been approved by the CARB to date. These are as follows:

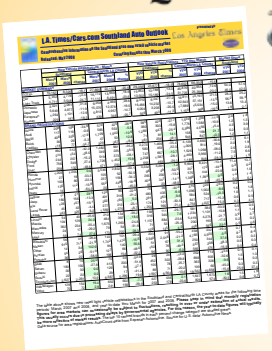
- Franklin Healy E.O. VR-201 or 202
- VST Phase II EVR E.O. VR-204-A

Be mindful that the upgrades are going to need permit from your local AQMD, as well as other civic departments such as the Fire Department and City Planning Department.

Summary: Decide whether you really want to keep the gas tank. If you do, call your contractor and get the upgrade process started! Visit www.arb.ca.gov/vapor for more information.

New L.A. Times/Cars.com Southland Auto Outlook to be Delivered Monthly

The SMCDA is proud to announce a new partnership with the Los Angeles Times and Cars.com, which will provide the new "L.A.Times/Cars.com Southland Auto Outlook." The Outlook is now going to be published monthly versus quarterly and is a quick, two-page summary of new vehicle registrations in Southland and the rest of L.A. County.



Look for the L.A. Times/Cars.com Southland Auto Outlook to be available the third week of each month in The Accelerator, SMCDA's weekly e-newsletter, as well as online at www.smcda.org. SMCDA members will also receive hard copies of *L.A. Times/Cars.com Southland Auto Outlook* by mail.

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