

inside TRALA

Summer 2007

TRALA TACKLES LEASE ACCOUNTING CHANGES

Last July, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) announced that they would begin an overhaul of lessee and lessor accounting rules. This project was prompted by a report issued by the Securities and Exchange Commission (SEC) that identified off-balance sheet leases as major obstacles to true financial reporting. The SEC estimated that such off-balance sheet lease obligations totaled \$1.25 trillion.

The stated goal of the lease accounting changes is to create greater transparency regarding lease transactions and to provide more complete and useful information about them in financial statements. One possible result of the project would be new accounting rules requiring capitalization on all operating leases that are now currently considered “off-balance sheets.”

“The FASB Lease Accounting Project looms as an important issue for TRALA because it holds the potential to negatively impact TRALA’s members by imposing more restrictive accounting practices,” said TRALA President

and CEO Peter Vroom. “There have been some problems in other areas of equipment leasing, but for the most part, vehicle renting and leasing has not been part of the problem. TRALA is working hard to make certain FASB recognizes this fact as they structure their proposal and that they avoid attempts to treat the industry as one entity.”



TRALA has already created a FASB Working Group that is composed of industry accounting experts. The group is in the process of compiling information to share with FASB involving the specifics of full service truck and vehicle leasing and in June held a teleconference that included a presentation from lease accounting consultant Bill Bosco. Bosco is also serving on the International Working Group for the FASB/IASB Lease Accounting Project.

The Leasing Accounting Project is not expected to be completed quickly and FASB has estimated that it could take several years. The preliminary drafts of a plan should be released by the FASB in 2008 for public comment, with a final rule expected in 2009 or later.

Security Remains a Top Industry Priority



Congressman
Chris Carney (D-PA)

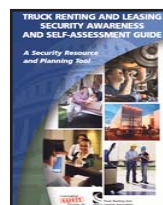
With transportation security at the top of the federal government and the industry’s agenda, **Congressman Chris Carney (D-PA)** met and spoke with TRALA’s Executive Committee during its annual meeting in Washington, DC on June 13.

Congressman Carney is of particular importance to the industry as he serves on the House of Representatives’ Transportation and Infrastructure Committee and the House Committee on Homeland Security.

Congressman Carney praised TRALA’s primary security publication – *The Truck Renting and Leasing Security Awareness & Self-Assessment Guide* – as a “big deal” and said the industry is “leading the way” and “very smart” to

be producing such publications on a voluntary basis for its membership.

He urged TRALA to continue its outreach and relationship building with the various government agencies involved in transportation security to ensure that there is recognition of the industry’s ongoing efforts to enhance and promote security measures and programs.



Click here to download electronic copies or to order complimentary copies of TRALA’s security publications.. TRALA asks all of its members to incorporate the TRALA security reference guides and other security tools into their employee training programs so that they are widely circulated throughout the industry.

TRALA LEADERSHIP INTERVIEW

Ty Cross, Vice President of Maintenance for Ryder System, Inc., of Miami, FL, is Chairman of TRALA's Equipment and Technology Advisory Council.

As the new Chairman of the Equipment and Technology Advisory Council (ETAC), what do you believe will be the most pressing issues for the Council over the next year?

I believe the three most pressing issues will be the CAFE (corporate average fuel economy) standards, the EPA's 2007/2010 emission regulations and the technician shortage.

In the six months since the 2007 emission standards went into effect, has Ryder been using the new 2007 engines, and if so, how are they running?

Ryder has been using the 2007 engines since late 2005. We have 11 power units in observation fleets, which allowed us to run all different types of applications and in all seasons to see how the equipment held up to stresses and shake out problems. The fleet has a combined 740,000 miles with the oldest unit at 200,000 miles. Over the course of the last two years, we worked very closely with the OEMs to find the weaknesses with the systems before the 2007 technology was released to reduce the problems. As of July 14th of this year, we had ordered 2,700 2007 power units and had taken delivery of 1,500 power units. Right now we have not had any significant or systemic problems. 2007 was much like the Y2K effect, everyone prepared for the worst, but everything has gone smoothly.

What sort of impact on vehicle maintenance and the industry do you see resulting from the next step in emission reductions slated for 2010?

I believe the schedule for preventative maintenance will need to include more routine checks and labor time to complete the inspections. There will need to be new technician certification for specialty skills to repair the equipment. It is also becoming apparent in talking with the OEMs that part of the answer in 2010 will be the use of urea as part of the selective catalyst reduction (SCR). This will require new tools, training, and having maintenance procedures in place to support the new required reduction in emissions.

You were one of several ETAC members that visited Aberdeen Proving Ground in Maryland last year to get a first-hand look at the U.S. Army's vehicle maintenance training program and the transition training for individuals leaving the Army. What were your impressions?

First, my experience at Aberdeen was special because I am a military veteran. When I came out of the military in 1985, there was no guidance or programs like the ones I witnessed that day. I was quite impressed with the program and the difference it was making in helping veterans with specific

skills transition into our industry or linking them with employers. I observed a lot of qualified and informed individuals who were learning basic job prep skills such as preparing a resume, applying for a job, and interviewing. This program is a great step forward.

Is enough being done to address the maintenance technician shortage? How do you think the industry can remedy this issue?

The industry still has a long way to go to address this issue. Employment of diesel service technicians and mechanics is expected to grow as freight transportation by truck increases and the volume of freight shipped nationwide grows. We need to continue to change the stereotypical perception of these careers and make people understand that it is a high tech career, not just a job. Opportunities for high wages and challenging work will be there for individuals who complete formal training in diesel mechanics. We must quicken our pace to partner with secondary and post-secondary vocational schools to ensure we can entice interested young men and women in this career and ensure they have the right skill set to meet the technical demands of today's complex vehicles.

With a tight workforce and an annual technician turnover of 10 percent, the industry must focus heavily in the political, educational, technological and training arenas to ensure an adequate influx of highly skilled technicians are available to keep America moving.

A FEW MINUTES WITH...

Ty Cross



TITLE: Vice President, Maintenance

PERSONAL: Wife, Karen, three daughters and one son.

EDUCATION: BA, Aviation Operations & Management, Golden Gate University

HOBBIES: Cycling and playing the guitar

TRALA Chairman Sommer Makes the Rounds on Capitol Hill



TRALA Chairman
Charlie Sommer

In conjunction with this year's meeting of the TRALA Executive Committee in Washington, D.C. on June 12, Board Chairman **Charlie Sommer**, president of Public Service Truck Renting in Long Island, New York, engaged in some face-to-face advocacy on Capitol Hill with TRALA President and CEO Peter Vroom and Vice President for Government Affairs Tom James, where they discussed TRALA's legislative priorities and security program.

On the Senate side, the group met with **U.S. Senator Susan Collins (R-ME)** who serves as the Ranking Minority Member of the Senate Committee on Homeland Security and Government Affairs. Senator Collins is a key legislator with whom TRALA works on truck-related security issues. Sommer discussed with Senator Collins his own experiences and sensitivity to the importance of security as an owner of a renting and leasing company in

New York City. "Truck security issues since 9/11 have taken on major significance in our industry," said Sommer. "I'm gratified that many in the Congress have pointed to TRALA's programs as a prototype for what they would like to see adopted by others."

TRALA's lobbying team also made visits to the House of Representatives, where they met with **Congressman Tom Davis (R-VA)**, a senior Republican on the House Committee on Homeland Security. "It's important that we build and maintain strong relationships with Members of Congress in key positions to educate them on the industry's proactive and voluntary security program," said Vroom. "Our industry has worked hard to maintain heightened security preparedness and we are going to make certain that Congress is aware of this. We appreciate Chairman Sommer making the time to join us on these Hill visits."



Coughlin to Chair TRALA 2008 Annual Meeting



Kevin Coughlin
Freightliner

Kevin Coughlin, manager of contract maintenance for Freightliner LLC in Portland, Oregon, has been appointed by TRALA Chairman Charlie Sommer as the 2007-2008 Chairman of **TRALA's Annual Meeting Planning Committee**. He will be responsible for leading the Committee and TRALA Staff in their preparation for the 2008 Annual Meeting,

which will be held April 2 to April 5 at the **Arizona Biltmore Resort and Spa in Phoenix, AZ**. "We are very pleased to have Kevin on board to chair next year's event that also marks the organization's 30th anniversary," said TRALA President & CEO Peter Vroom. "We are planning a real celebration to commemorate this special occasion."

"The TRALA meeting brings together leaders of the industry," said Coughlin. "This is a unique opportunity for suppliers to have quality time with the key leasing professionals who make the buying decisions on more than \$25 billion in equipment and services. I look forward to working with my colleagues on the Annual Meeting Program Committee, Peter and the TRALA staff, to put together a program that will peak your interest and entertain you."



Arizona Biltmore Resort & Spa
Phoenix, Arizona

Available Now... *The TRALA 2007-2008 Membership Directory and Buyers Guide!*

The new edition of the Membership Directory has been mailed to TRALA members, so keep an eye on your mailbox for your copy.



This reference tool is only available to TRALA members. Please contact Maggie Brown, mbrown@trala.org with questions.

The 2nd Annual Washington Briefing and Council Meetings will be held November 6-7. Watch TRALA's website and email for your invitation. Plan to attend this outstanding networking opportunity in the nation's capital!



Ritz Carlton
Arlington, Virginia

TRALA RECOGNIZES LONG-TIME ASSOCIATE MEMBER COMPANIES

2008 will mark TRALA's 30th anniversary as a vital part of the truck renting and leasing industry. There are 12 associate member companies that have been a part of TRALA since the very beginning and we wanted to thank them for their continued dedication and support over the years. Some fun facts about four of these companies are highlighted below. The remaining eight will be featured in the fall and winter editions of Inside TRALA.



Fortune Magazine named **Cummins** one of the 50 "Best Places to Work for Minorities" twice in three years. Their corporate commitment to an inclusive work environment was also recognized by *Business Ethics Magazine*, which placed Cummins first on its list of "Best Corporate Citizens" in the U.S. in 2005. They have made the list in all six years of its history. *BestJobs USA* recognized Cummins as Employer of Choice for outstanding accomplishments in benefits, training, diversity and innovation.

Mike Breeden, Executive Director/National Accounts
(812)377-1309 <http://www.cummins.com>



Great Dane

Great Dane was called The Steel Production Company until 1958, when it changed its name to **Great Dane Trailers, Inc.** It was named after the dog breed, known for its strength and stamina.

Chris Hammond, VP/Distributor Sales -- (912) 644-2173
<http://www.greatdanetrailers.com>

DETROIT DIESEL



When General Motors formed the GM Diesel Division - the ancestor to **Detroit Diesel** - back in 1938, the trucking world was changed forever. As World War II heated up, the first engines that rolled off their assembly line were compact, lightweight, two-cycle products developed to power standby generators, tanks, landing craft and road building equipment.

Kirk Gavaghan -- kirk.gavaghan@detroitdiesel.com
(678) 341-6180 <http://www.detroitdiesel.com>



Commercial Vehicle Group, Inc. announced that 4 State Trucks, home of "Chrome Shop Mafia" and hit television series *Trick My Truck*, will offer a chrome version of CVG's National brand high performance seat. CVG created the special chrome model High Performance seat in October 2006, based on interest generated by the Chrome Shop Mafia.

Raymond Miller, VP/Sales & Marketing-- (423) 884-6657
<http://www.cvgrp.com>

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<http://www.cvgrp.com>

Upcoming Events

September 22 -27, 2007

Technology & Maintenance Council Fall Meeting

Nashville, TN



NationalLease

September 30 - October 1, 2007
NationalLease 63rd Annual Meeting
Toronto, ON

October 3 - 6, 2007

TRALA Fall Leadership Meeting

Dana Point, CA



October 20-23, 2007
ATA Management Conference
Orlando, FL

Joining Us...



For 50 years **Waltco Truck Equipment Co.**, has been the leading manufacturer of truck and trailer mounted hydraulic liftgates for the transportation industry. With capacities up to 6,600 pounds and over 50 models to choose from, including Flipaway, rail-type, conventional, cantilever, slider and side loading, Waltco offers a liftgate solution for most any application. Waltco can also use its years of liftgate engineering and design experience to help address any specialized applications or custom requirements.

Rod Robinson, President -- (330) 633-1418
<http://www.waltco.com>

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