



Northwest TIRE TALK

OFFICIAL NEWSLETTER FOR TIRE, WHEEL & AUTOMOTIVE SPECIALTY PROFESSIONALS
PUBLISHED BI-MONTHLY BY NORTHWEST TIRE DEALERS ASSOCIATION FOR IT'S MEMBERS

DICK NORDNESS - EXECUTIVE DIRECTOR - NORTHWEST TIRE DEALERS ASSOCIATION

Northwest Tire Talk • Kennewick, WA 99338 • Ph: (509) 948-2433 • Email: rnordness@nwtiredealers.org

November | December 2018

TIRE PRICE INCREASES

At least eight tiremakers have increased their tire prices in the last two months, due to a variety of factors in an eventful year for the tire industry.

At the start of October, Kumho Tire USA, Bridgestone Americas, Cooper Tire & Rubber Co. and Firestone Ag increased prices, with the highest increase at up to 6% across Kumho's products. The month prior, Goodyear Tire & Rubber Co. increased prices on select consumer tire lines by up to 3%. Giti Tire USA announced up to a 5% price increase on passenger and light truck tires and up to a 10% hike on all TBR tires starting Nov. 1. As tiremakers struggle to keep healthy operating margins, many manufacturers cite the rising cost of raw materials, transportation and labor as the reason for raising prices at this time.

"It's hurting us and everyone about the same way," says Richard Smallwood, CEO and president of Sumitomo Rubber North America Inc., about the increase of raw materials. Sumitomo, which manufactures Falken Tires, increased its prices 3-7% on certain Falken products in April.

The bad news is that there may be another price increase in the first quarter of 2019.

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TIA ELECTS NEW BOARD MEMBERS

The Tire Industry Association (TIA) members have elected representatives of three independent dealerships and one supplier company to the TIA board of directors for the coming three years.

The new board members are: John Baldwin of Discount Tire, Russell Devens of McCarthy Tire Service, Stephen Lyons of Monro Inc. and Dan Vanderheyden of Hennessy Industries Inc. They took office on Oct. 29 at TIA's board of director's meeting in Las Vegas prior to the opening of the 2018 SEMA Show.

In addition, Keith Jarman of AME International has agreed to fill a vacant one-year term.

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DAN NORTHDURFT ELECTED TIA SECRETARY

The Tire Industry Association (TIA) board has elected Dan Nothdurft, founder and president of Tires, Tires, Tires in South Dakota, as the board secretary for 2018-19, putting him in line to become the association's president in 2020-21, according to the group's bylaws.

Mr. Nothdurft has been on the TIA board since 2016 and is chairman of TIA's Training and Education Committee.

He took over the office Oct. 29 during the Global Tire Expo-Powered by TIA in Las Vegas, succeeding Brian, Rigney, president of Dill Air Controls Products, who will become vice president for 2018-19, then president for 2019-20.

Mr. Nothdurft opened the first Tires, Tires, Tires store in October 1986. He and his brother Dale now operate four stores, two each in Sioux Falls, S.D., and Sioux City, Iowa, under the Tire Pros umbrella.

Mr. Nothdurft was the Tire Dealer Humanitarian in 2012 and Tire Review magazine's Top Shop dealer in 2010.

TIA ANNOUNCES THE 2018 HALL OF FAME HONOREES

The Tire Industry Association (TIA) has announced the names of the honorees for the 2018 Hall of fame and Ed Wagner Leadership Award.

The inductions took place at the Tire Industry Honors Awards Ceremony Monday, October 29th at the Paris Las Vegas Hotel.

The 2018 Hall of Fame honorees are:

- Bob Majewski, president, Sumerel "Tire Service, Inc.

- Arvind Poddar, chairman and managing director, Balkrishna Industries Ltd.

The 2018 Ed Wagner Leadership Award honorees are:

- Mike Baggett, retired, Yokohama Tire Corporation
- Freda-Pratt-Boyer, senior auditor, Purcell Tire Company

The Hall of Fame Award is the Tire Industry Association's highest honor that recognizes individuals who have made a significant impact within the tire, rubber and transportation industries. The Ed Wagner Leadership Award is presented to individuals or companies that demonstrate leadership or innovation in products and services that foster and promote the tire, retreading and/or tire recycling industries.

CALIFORNIA TCI TIRE CENTERS SOLD

Commercial tire dealership/retreader Border Tire has struck a deal with Michelin North America Inc. to acquire five TCI Tire centers commercial service locations and one MRT retread plant in California.

The deal, which El Paso-based Border Tire said it expects to close Nov. 30, covers the last remaining assets of a commercial tire sales entity that at its peak comprised more than 125 service locations and 17 retread plants.

Border Tire, a Michelin dealer and Oliver rubber-affiliated retreader with five commercial locations in Arizona, New Mexico and Texas, said the deal cover TCI commercial sales/service locations in Bakersfield, Van Nuys, Fontana, Santa Fe Springs and Lakeside, California and the MRT plant in Fontana.

SEATTLE ANNOUNCES HIGHER MINIMUM WAGE IN JANUARY

The Seattle Office of Labor Standards has announced new minimum hourly payment levels for workers beginning in January.

Pay will be \$16 an hour for companies employing more than 500 workers worldwide beginning January 1, 2019. The two-tiered payment system that allowed employers who contributed to individual medical benefits to pay less than those that did not ends in 2019.

Employers with 500 or fewer employees must pay at least \$15 an hour starting January 1. Small employers can meet this requirement by paying not less than \$12 an hour in wages while contributing at least \$3 per hour toward an employee's medical benefits and/or reported tips.

PAID FAMILY LEAVE & OVERTIME RULES

The Northwest Tire Dealers Association has been working closely with the Washington Retail Association (WRA) on the latest issues relating to new regulations on paid family leave and overtime rules.

The current rulemaking process for paid family leave is important in determining how the program will be administered for employees by their employers.

Deductions for the leave program will begin in January so that claims can be entertained starting in January of 2020. WRA's COO, Tammie Hetrick explained that WRA's participation in rulemaking is meant to ensure the integrity of the benefits claims and payments. "We're very engaged in all of the rulemaking, she said. "We want to make sure that it's a fair system and to make sure that benefits are

paid out fairly."

Employment Security is establishing rules in a phased process.

Tammie is also involved in the new proposed overtime rules and recently testified to Labor & Industries about its plan to change rules by which workers qualify for overtime pay.

Hetrick asked L&I to slow down and see the results of similar outreach being done by the federal government. In short, contemplated changes would raise the salary threshold for overtime pay that would increase payroll costs for retailers. In other words, more employees would qualify for overtime pay.

BRIDGESTONE AMERICAS' TRAINING

Bridgestone Americas' Retail Operations is one of three automotive aftermarket companies singled out by the ASE Training Managers Council (ATMC) for its ATMC National Excellence in Training Awards, which was presented in Las Vegas October 31.

The ATMC presents its National Excellence in Training Awards annually to spotlight "highly effective or innovative" training programs and to emphasize the importance of training to the success of the transportation industry.

Bridgestone is being recognized for its "BSRO Tech Foundation Workshop", a program developed by BSRO and delivered by NAPA Autotech personnel, ATMC said.

The workshop is an extensive onboarding and training program that provides newly hired technicians and service advisers with instruction on how to conduct retail service operations, with 65 % of the program consisting of hands on learning.



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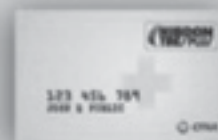
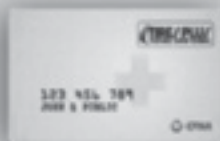
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2018 NWTDA GOLF CLASSIC

The Northwest Tire Dealers Association's Annual Golf Classic was held at McMenemy's Edgefield in beautiful Troutdale, Oregon. We thank Nexen Tire for being this year's premier sponsor.



NWTDA's V.P. Doug Ray was on hand to hand out the first place trophy to the Industrial Tire team of Greg Hogan, Larry Coleman, Matt Stotts and Rob Tetz. Also voted the most colorful team.



Richey's Point S team of Dealin' Dave, Doug Whitlock, Warren Webb and Jim Greear went home with the second place trophy and the best polo shirt team.



The Northwest Wholesale Team of Isaac, Matt and Jeff along with Klyde Thompson of Del's Point S Tire took home the 3rd place trophy.



Bill Dodak of Avaun Tire showed up with his new teammates Sherko Rasouli, Freddie Capshaw and Harry Dalgaard.



NWTDA's President Ed Tuck and V.P Doug Ray joined forces with Jim and Rosemary Hawkes of Longview Tire Factory. Ed went home with a trophy for the highest score. Ed you're spending too much time at the shop and not enough time on the course.

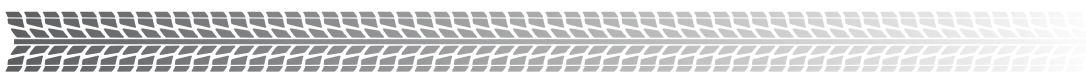


Doug Ray presented the Walt Kaufman / Greenball "Big Money" Award to Kent Comer of Howard's Pont S Tire. Walt has been the sponsor of the "Closest to the Point" competition for many years.

1968 **50** 2018

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ATD FILES FOR CHAPTER 11 BANKRUPTCY

American Tire Distributors Inc. (ATD) voluntarily has filed for Chapter 11 bankruptcy, a court-supervised process that allows North America's largest tire distributor to take the next step toward reducing its debt.

According to a news release issued late on Oct. 3, ATD reached agreement with approximately 75% of its bondholders on the terms of a recapitalization that will reduce the firm's debt by around \$1.1 billion.

ATD also said it has secured a commitment for \$250 million in new financing to fund the process.

The terms of the agreement, ATD said, are "substantially" similar to the agreement in principle that the company announced Sept. 4.

The bottom line, according to ATD, is that business will continue as normal.

ATD CEO Stuart Schuette made that clear to the company's 5,000 employees across North America in a letter emailed to them shortly after the announcement was made.

"We are moving forward on a clear and expedited path to strengthen our financial position and continue our successful, game-changing transformation," Mr. Schuette wrote.

"We intend to move through this process as quickly as possible. The strong support of our bondholders will allow us to do so on an accelerated basis," he wrote in the letter.

Continued on page 9

SEARS FILES FOR CHAPTER 11 BANKRUPTCY

Sears Holdings Corp. has filed for voluntary Chapter 11 bankruptcy protection and disclosed plans to close 142 unprofitable stores by year-end.

Sears also said Edward Lampert has stepped down as CEO but continues as chairman.

Sears and Kmart stores and online platforms will remain open.

Sears did not disclose at this time which of the 142 stores are closing.

Sears only recently expanded its tire installation agreement with Amazon.com Inc. to 295 Sears Auto Centers nationwide.

"The chapter 11 process will give (Sears) the flexibility to strengthen its balance sheet, enabling the company to accelerate its strategic transformation, continue rightsizing its operating model and return to profitability," said Chairman Lampert. "Our goal is to achieve a comprehensive restructuring as efficiently as possible, working closely with our creditors and other debtholders, and be better positioned to execute on our strategy and key priorities."

Since 2012, Sears losses have topped \$10 billion. This past week, Sears took a number of steps to prepare for the filing, including hiring a boutique advisory firm, naming a new restructuring expert to its board of directors and negotiating a possible bankruptcy loan.

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ATD'S BANKRUPTCY

SNOW TIRES & WHEELS WITH TPMS

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Mr. Schuette told employees three key items about what this means for them and the company's future:

- ATD remains open, "taking care of our customers and supporting them across all channels, as well as the consumers they serve."
- Employees will continue to receive pay and benefits, just as they always have; and
- ATD is counting on the commitment of its workforce "to continue providing customers the high-quality service they expect from our company."

ATD's Canadian subsidiary, National Tire Distributors, is not affected by the process.

Now that snow tire season is here we ask the question, "What do you do if a customer purchased snow tires and wheels from you but refuses to purchase new TPMS sensors or pay for the labor to transfer the original sensors to the new wheels?"

NHTSA's answer is that if the TPMS is functioning at the time of the tire and wheel purchase, "a service provider would violate the 'make inoperative' prohibition of 49 USC 30122(b) by installing new tires and wheels that do not have a functioning TPMS system."

To avoid a "make inoperative" violation, the service provider "would need to decline to install the new tires and rims, use the TPMS sensors from the original wheels (if they are compatible), or convince the motorist to purchase new TPMS sensors and ensure that the sensors are properly integrated with the vehicle's TPMS."

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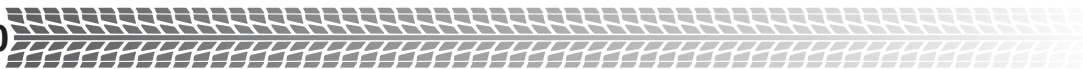
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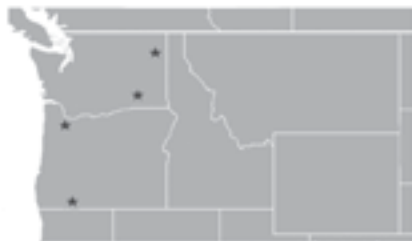


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