

**NATIONAL ASSOCIATION OF MOTOR VEHICLE
BOARDS & COMMISSIONS**

**2005 Fall Workshop
San Diego, California**

MINUTES

September 29, 2005

CALL TO ORDER AND WELCOME ATTENDEES

Bruce Gould, President of NAMVBC and Executive Director of the Virginia Motor Vehicle Board, opened the meeting and welcomed the attendees to the Fall 2005 Workshop.

ROLL CALL

The President performed the Roll Call of members and attendees, due to the absence of the Secretary, Roy Dockum. The Roll Call showed that a quorum was present. The list of attendees and organizations represented are attached to these minutes.

Tom Flesh, President Emeritus of the California New Motor Vehicle Board, welcomed the group to California. Tom Flesh announced that *Tom Novi*, Director of the California New Motor Vehicle Board was retiring and he thanked Tom for his years of service and dedication. Tom Novi introduced the members of his staff who were involved on the workshop planning team, and he thanked all of his staff for their public service.

PRESENTATIONS

1. Carol Kent, Director, Texas Motor Vehicle Division, Enforcement Section

New Electronic Temporary Tag System

Ms. Kent presented an overview of the four generations of temporary tags and their respective strengths and/or weaknesses. Texas is in the process of implementing an electronic tag system "E-TAG", the latest generation. Dealers will complete temporary registration form online and the temporary tag is printed containing specific information related to that particular vehicle such as year, make and model. This program will address the serious counterfeit problem, prevent the issuance of multiple tags, and aid law enforcement. Dealers will no longer have the burden of purchasing, storing and securing pre-printed temporary tags.

2. Greg DePasquale, Vice President, Assistant General Counsel, Copart Auto Auctions

Vehicle Related Issues Presented by Hurricanes Katrina/Rita and Copart's Response

Copart Auto Auctions is the largest salvage pool in the US and specializes in assisting insurance companies in getting rid of salvage vehicles. Studies show that upwards of 400,000 total losses occurred in cities affected by both hurricanes. Copart enlisted local workers to help their CAT

response teams that specialize in disasters. These teams are responsible for leasing property, purchasing equipment and mobile homes in order to set up field offices and adequate storage facilities. The motor vehicle industry is faced with difficult challenges relating to the numbers of contaminated vehicles, title processing, and title washing. The National Insurance Crime Bureau (NICB) is assessing the enormity of the situation and working to find some solutions.

September 30, 2005

CALL TO ORDER

Bruce Gould, President of NAMVBC and Executive Director of the Virginia Motor Vehicle Board, called to order the second day of the meeting.

PRESENTATIONS

1. ***Doug Sato***, Project Engineer, Toyota Motor Sales, Inc.

Hybrid Vehicles

Mr. Sato provided a technical presentation on the construction and operation of Toyota's hybrid vehicles. The four main components of a hybrid vehicle are gas engine, electric motor, generator and high voltage battery which create improved fuel economy and lower emissions. Additional advantages include long-term basic warranty of 8/100,000 and 15/150,000 for emissions; and comprehensive safety monitors that are continuously checking for problems. While hybrid sales more than doubled between January 2004 and 2005, they still only represent 1.5% of U.S. market.

2. ***Bruce Edwards***, Executive Director of State Dealer Relations, General Motors Corp.

"GM Values"

One of General Motors' missions is to develop strong relationships with dealers and trade associations. In order for GM to become a consistent world-class retail channel, dealers must be valued and treated as partners as they to improve their image. GM has 7367 franchised US dealers and 52 plants in North America. The recent "Total Value Promise" is the cornerstone of GM's newest strategy, and is a pledge to consumers to provide industry-leading value. As part of that commitment GM is lowering sticker prices, redesigning vehicles, and improving warranties.

3. ***Kevin Colton***, Senior Counsel, and ***Chris Torres***, Product Specialist, Nissan North America

"New Facility Programs for Nissan and Infiniti"

Nissan's mission is to create a unique consistent consumer oriented dealer environment that brings Nissan and Infiniti to life and establishes both as modern retailers of sophisticated high quality vehicles. Dealers' outdated facilities and signage coupled with Nissan's lack of a global image has

put them at a competitive disadvantage. The facility requirements complement newly revamped brand identities and an expanded vehicle line-up. The facility upgrades are geared towards enhancing curb appeal, traffic flow, and customer waiting areas; “humanizing” the F&I department; and improving access to the service department. Nissan believes the new design shall also benefit the dealer by improving operational control.

4. *Brian Maas, Government and Legal Affairs Counsel, California Motor Car Dealers Assn.*

“Car Buyer’s Bill of Rights”

California recently signed into law a “Car Buyer’s Bill of Rights”, effective July 1, 2006, which addresses the following issues:

- Vehicle Financing - It limits the amount of profit that dealers can retain when they sell conditional sales contracts to 2.5% for contracts up to 60 months and 2% for deals exceeding that length.
- 2-Day Contract Cancellation Option - Creates a contract cancellation option for used cars priced less than \$40,000. Consumers will have the ability to purchase the right to return a car, for any reason, within 48 hours after buying the vehicle, including a 250 mile limitation.
- Certified Used Cars - Prohibits dealers from advertising vehicles as “certified” when they are Lemon Law or odometer rollback vehicles, or have sustained impact, fire, flood, or frame damage.
- Payment Packing - Defines the practice of “payment packing” and defines all items to be disclosed on the contract. Dealers must provide consumers a document outlining the Installment Payment versus the Installment Payment including the dealer add-ons.
- Credit Score Disclosure - Requires dealers to disclose the consumer’s credit score.

5. *Berta Phelps, Vice-President of Special Operations, Manheim Auto Auction*

“Demonstration of Manheim’s On Line Auction System”

Manheim Auto Auctions has 135 auction facilities worldwide employing 32,000 people. On average 65,000 dealers visit weekly with 5.4 million vehicles sold in 2004. Besides attending the auctions, dealers can bid on vehicles through 1) Auto Trader; 2) Simulcast; or 3) Online Vehicle Exchange. As the global leader in remarketing technology, Manheim provides online tools to connect buyers and sellers to the world’s largest, most comprehensive physical and virtual wholesale marketplace for used cars. Manheim DRIVE, a 145,000 square-foot research and development facility is the test and concept center for new technologies including RFID (radio frequency identification), biometric registration and checkout, electronic marshaling and a cinema-style bidding theater.

APPROVAL OF MINUTES

Roy Dockum, Secretary of NAMVBC and Executive Director of the Oklahoma Motor Vehicle Commission, prepared the Minutes from the Winter Workshop held January 30-31, 2005 in New Orleans. In Roy's absence, Marilyn Maxwell, Deputy Director, Oklahoma Motor Vehicle Commission submitted them for review. MOTION was made for approval by Bill Jackson, seconded by Ron Reynolds. MOTION carried by unanimous voice vote.

October 1, 2005

CALL TO ORDER

Bruce Gould, President of NAMVBC and Executive Director of the Virginia Motor Vehicle Board, called to order the third day of the meeting.

PRESENTATIONS

1. **Charlie Polce**, West Dealer Network Development Manager, DaimlerChrysler Motors
Jim Dimond, National Dealer Placement Manager, DaimlerChrysler Motors

"Chrysler's Plans to Reduce Number of Urban Dealerships"

The attractiveness of the Chrysler franchise is well below Ford, GM, Toyota, Honda, and Nissan. Chrysler believes that great retailers combined with improved products will enhance their image. One way to accomplish this is through their Retail Network Optimization Plan which includes finding the best dealers, premium locations, facility upgrades and requiring exclusivity. The challenges with the Chrysler dealer networks include: mis-located dealerships, over-dealer metro areas, outdated facilities, dualled with competitive brands, and marginal operators. Chrysler is only courting top high volume dealer entrepreneurs who are willing to invest the resources necessary to become an industry leader.

2. **Bruce Gould**, Executive Director, Virginia Motor Vehicle Dealer Board

"Paperless File: Creating an Electronic File Folder for Every Dealer and Electronic Field Inspection System"

Virginia instituted a new procedure whereby all dealers' files are kept in an electronic format, thus doing away with paper files. All applications and documentation are scanned into the electronic file, and then destroyed. The paperless file advantages include: less storage requirements, immediate access to files, and off-site security and back-up methods. This should reduce the chance for loss of data due to fires, floods, vandalism, employee error, etc. Secondly, they have established an Electronic Field Inspection System that allows field personnel to file their inspection reports electronically. All correspondence to dealers and consumers pertaining to complaints is handled by email.

3. Marilyn Maxwell, Deputy Director, Oklahoma Motor Vehicle Commission

“Document and Processing Fees”

Roy Dockum, Executive Director, Oklahoma Motor Vehicle Commission, researched this topic by surveying a number of States, and speaking with several attorneys who are familiar with national dealer issues. State regulations regarding dealer add-on fees vary greatly, ranging from many States which have no regulation to some States which specifically limit the amount that can be charged. Almost every State agrees that the topic of “add-on” fees is gaining significant attention, due to the fact that they have risen greatly in recent years, and is therefore no longer “nominal”. For example, in Oklahoma, a couple of years ago, all doc fees were \$99 or less, and nobody really noticed it; now some dealers are adding on amounts of \$299 or more with no more explanation than “they can “get away with it”. Many attorneys believe that these rapidly rising non-substantiated add-ons are going to force either further statutory regulation and/or possible legal action on the part of consumer groups.

BUSINESS MEETING

1. Round-Table Discussion of Issues with Individual States

Below is a summary of the comments:

David Brunke and Carol Kent, Texas

Lack of major disclosures by F&I departments. Recently the Texas legislature: 1) abolished the Motor Vehicle Board, thus, transferring that authority to Director, Brett Bray; and 2) stated scooters under 50cc that can't get titled or certified by DPS are not motor vehicles. Should manufacturers own heavy truck dealerships? Field citations with minimal fines and agreed orders have been very successful. Texas is in the process of implementing a \$3.5 million dollar integrated business web based application including electronic paperless files.

Dan Devoe, Washington

Trying to determine the definition of a house boat, i.e., are house boats considered a vessel or real estate? Spot delivery forms are a concern.

Marilyn Maxwell, Oklahoma

OK Legislature determined that new ATV and off road cycle dealers and manufacturers must be licensed effective November 1, 2005.

Kent Juergenson, Utah

Began licensing ATV and snow mobile dealers. Investigation of unlicensed dealers is their main focus. UADA is trying to hold down documentary fees.

Dave Garnett, Kentucky

Sales tax is now required with title and registration. The number of cases of jumping titles has risen significantly.

Bill Jackson, Nebraska

Still focusing on advertising as they have fined 80 dealers last year \$2000 each. They can take action against out-of-state dealers who advertise in Nebraska because most of them are registered with the State for attending auctions.

Billy Rankin and Ron Reynolds, Florida

Spent 8000 man hours on curbstoning. Independent dealers are required to have Certification of Continuing Education Programs every two years.

Sherri Miller, South Dakota

In 2007, metal plates will stay with the owner instead of the vehicle. Requiring all dealers to go on-line by 2009. South Dakota now issues salvage titles.

Bruce Gould, Virginia

VADA is requiring all independent auto dealers to take a course of study. The salesperson definition has been re-defined.

2. *Treasurer's Report*

Tom Novi, Treasurer, prepared the Treasurer's Report and in his absence, Dawn Kindell, Staff Manager, California New Motor Vehicle Board, presented the Report for review. David Garnett, made a MOTION that the Treasurer's Report be approved, seconded by Carol Kent. MOTION carried by unanimous voice vote.

3. *Committee Reports*

- Participants were reminded that the next meeting will be held in Orlando, Florida, in conjunction with the NADA convention, February 11-13, 2006.
- The site selection for the 2006 Annual Fall Workshop will be in Salt Lake City or Park City, Utah. Dates to be determined, however, mid-September is anticipated.

4. *Election of Officers*

Nominating Committee Chair ***Dave Garnett*** presented the following slate of candidates to serve beginning January 1, 2006:

President ***Ron Reynolds***, Dealer License Administrator, Florida Motor Vehicles
Vice President ***Kent Jorgensen***, Director, Utah Motor Vehicle Enforcement Division
Secretary ***Roy Dockum***, Executive Director, Oklahoma Motor Vehicle Commission
Treasurer ***William Brennan***, Executive Director, California New Motor Vehicle Board

MOTION was made by Carol Kent, and seconded by Sherri Miller, that the nominations close, and the candidates be elected. MOTION carried by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 12:30 p.m.

Respectfully Submitted,

Roy Dockum, Secretary

ATTENDEES - NAMVBC CONFERENCE - SAN DIEGO, CA - SEPT 28 - OCT 1, 2005

NAME	ORGANIZATION	FULL MEMBER	ASSOC. MEMBER	E-Mail Address
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Colton, Kevin	Nissan North America, Inc.		
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Dimond, Jim	Daimler Chrysler Motors		
Sato, Doug	Toyota Motor Sales		
Edwards, Bruce	General Motors Corporation		