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STATE OF CALIFORNIA
NEW MOTOR VEHICLE BOARD
MINUTES

The New Motor Vehicle Board (“Board”) held a Special meeting on April 20, 2005, at the Miramonte Resort and Spa, Florentine 2 Room, 45-000 Indian Wells Lane, Indian Wells, California.

2. **ROLL CALL**

David W. Wilson, President of the Board, called the Special meeting to order at 9:15 a.m.

Present:	Robert V. Branzuela	Tom Novi
	Robert T. (Tom) Flesh	Executive Director
	Sushil K. Sharma	Howard Weinberg
	Alan J. Skobin	General Counsel
	Glenn E. Stevens (arrived 10:05 a.m.)	Robin Parker
	David W. Wilson	Senior Staff Counsel
Absent:	David C. Lizárraga	
	Haig Papaian	
	Andy Robles	

3. **ROUNDTABLE DISCUSSION OF THE AUTOMOTIVE INDUSTRY IN GENERAL AND FACTORY SPECIFIC ISSUES OF INTEREST BY THE FOLLOWING VEHICLE, MOTORCYCLE, HEAVY DUTY TRUCK, AND RECREATIONAL VEHICLE MANUFACTURERS AND DISTRIBUTORS:**

- a. **AMERICAN HONDA MOTOR CO., INC.**
Frank Beniche, Senior Manager, Market Representation
Timothy Conley, General Counsel, Honda North America, Inc.
Mike Lynch, Zone Manager, Western Zone
- b. **BMW OF NORTH AMERICA, LLC**
Robert Frisch, Vice President, Western Region
Howard Harris, Corporate Counsel
Kevin Philips, Regional Center Development Manager
Kevin Rustad, Network and Facilities Development Manager
- c. **DAIMLERCHRYSLER CORPORATION**
David W. King, Senior Counsel
Charlie Polce, Senior Manager, Dealer Network Development

- d. FORD MOTOR COMPANY
JAGUAR LAND ROVER
Carrie Catherine, Franchise Development Manager
- e. FREIGHTLINER LLC
Monte Mehring, Director Dealer Operations
- f. GENERAL MOTORS CORPORATION
Joe Chrzanowski, Executive Director, Dealer Network Planning & Investments
Bill Nicholson, Executive Director, State/Dealer Relations
- g. HARLEY-DAVIDSON MOTOR COMPANY
Steve Boettinger, Corporate Counsel
- h. KAWASAKI MOTORS CORP., U.S.A.
Don Koprowski, Vice President, General Counsel & Secretary
- i. MAZDA MOTOR OF AMERICA, INC.
Darren Nakano, Counsel, Mazda North American Operations
- j. MERCEDES-BENZ U.S.A., LLC
Mark J. Derengowski, Business & Franchise Development Manager
- k. NISSAN NORTH AMERICA, INC.
Kevin M. Colton, Senior Counsel
- l. TOYOTA MOTOR SALES, USA, INC.
Nancy Davies, Vice President, Retail Market Development
Bob Dutton, Dealer Facility Planning Manager
Deborah Goldman, Managing Counsel
- m. VOLVO CARS OF NORTH AMERICA, LLC
Steve Atkins, Market Representation Manager
- n. YAMAHA MOTOR CORPORATION, U.S.A.
Richard Tilley, Legal Counsel

- GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE.

Mr. Wilson welcomed and thanked everyone for his or her attendance. The meeting was turned over to Tom Flesh, Chair of the Government and Industry Affairs Committee. Mr. Flesh welcomed the participants and attendees.

Mr. Flesh asked Howard Weinberg to address the following matters in an effort to ensure a free and open dialogue and to educate the Board members concerning automotive industry topics of interest: (1) sensitive topics concerning pending litigation should be avoided as should discussions concerning pricing issues within the industry; (2) the Roundtable discussion is not being transcribed by a court reporter; minutes concerning topic discussion in general will be prepared in the ordinary course; and (3) that he would be available to address any legal questions the members may have or if the discussion transgresses into legally sensitive areas.

In addition to the above factory participants, the following individuals also participated in the Industry Roundtable:

- La Stanja Baker, State Government Affairs Manager, Toyota Motor Sales, U.S.A., Inc.
- Joe Berberich, Esq., Partner, Manning, Leaver, Bruder & Berberich
- Grace Bergen, Director of Legal Affairs, California Motor Car Dealers Association
- Joan Borucki, Director, Department of Motor Vehicles
- Kenneth C. Bovard, Esq., Jeffer, Mangels, Butler & Marmaro LLP
- Alton G. Burkhalter, Esq., Partner, Burkhalter, Michaels, Kessler & George
- Rob Cohen, Managing Partner, Auto Advisory Services
- Andy Coyle, President, Canyon RV Center
- Robert L. Ebe, Esq., Partner, Bingham McCutchen LLP
- Jose Escobar, Certification Analyst, Arbitration Certification Program
- Michael J. Flanagan, Esq., Law Offices of Michael J. Flanagan
- Steve Finlay, Editor, Ward's Dealer Business Magazine
- Joseph Freeman, Esq., Gibson, Dunn & Crutcher LLP
- Charlie Gill, Executive Director, Greater Los Angeles New Car Dealers Association
- Ginger Gunter, Assistant Executive Director, Louisiana Motor Vehicle Commission
- Donna Harris, Reporter, Automotive News
- Lessie House, Executive Director, Louisiana Motor Vehicle Commission
- Bruce L. Ishimatsu, Esq., Partner, Bryan Cave LLP
- Marjorie E. Lewis, Esq., Partner, Gibson, Dunn & Crutcher LLP
- Mike McKinney, Vice President Dealer Sales, Manheim Auto Auctions
- Jonathan A. Michaels, Partner, Burkhalter, Michaels, Kessler & George LLP
- Mike Michaelis, Esq., Auto Advisory Services
- Kenneth J. Murphy, Esq., Law Office of Kenneth J. Murphy
- John Paliwoda, Executive Director, California Motorcycle Dealers Association
- Bert Phelps, Vice President of Special Operations, Manheim Auto Auctions
- Bert Rasmussen, Esq., Partner, Manning, Leaver, Bruder & Berberich
- Allen Resnick, Esq., Partner, Jeffer, Mangels, Butler & Marmaro LLP
- Valerie C. Romero, Executive Vice President, Oremor Management & Investment Company
- Todd Roundtree, Manager Dealer/Market Development, Harley-Davidson Motor Company
- Lawrence Silver, Esq., Silver & Field
- Erin K. Tenner, Esq., Law Offices of Erin K. Tenner
- Peter K. Welch, President, California Motor Car Dealers Association

Robert Frisch, Vice President, Western Region, BMW of North America, LLC, Bill Nicholson, Executive Director, State/Dealer Relations, General Motors Company, Nancy Davies, Vice President, Retail Market Development and Deborah Goldman, Managing Counsel, Toyota Motor Sales, U.S.A., were unable to attend.

Skip Daum, Executive Director/Advocate, California Recreation Vehicle Dealers Association, and Dianne Farrell, Vice President Government Affairs, Recreation Vehicle Industry Association, were also unable to attend.

The following specific topics were discussed:

Topic 1 – Driving the Department of Motor Vehicles into the 21st Century

Joan M. Borucki, Director of the Department of Motor Vehicles will discuss the Department's role with respect to the new motor vehicle industry in California. She plans to discuss DMV's evolving relationship with the New Motor Vehicle Board, new vehicle dealers and manufacturers. She will also discuss forthcoming changes that will greatly improve the ability of the motor vehicle dealers, manufacturers, and vehicle owners to work more efficiently with the Department. These changes include the Internet Notice of Release of Liability, expanding the types of transactions that can be processed by Business Partners, and implementing an Internet Registration Fee Calculator.

Topic 2 – Exploring the Dynamics of Dealer/Manufacturer Relations

Manufacturer/dealer relations are in constant flux. As such, factors that contribute to excellent dealer/manufacturer relations will be explored, along with the kinds of behavior that contribute to dealer/manufacturer disputes. How do specific manufacturers rate with their dealers, and what initiatives have manufacturers taken to improve their dealer relations? Are there different cultural/corporate characteristics among Asian, American and European manufacturers that serve to enhance or weaken dealer relations? Are there personality factors that drive these relationships? Are there historical factors that affect dealer/manufacturer relations? To what extent are dealer advisory groups effective in improving dealer/manufacturer relations?

Topic 3 – Using 21st Century Technology in the Auto Auction Industry

Berta Phelps, Vice President of Special Operations for Manheim Auto Auctions, will discuss how the increasing utilization of new technology is impacting every aspect of a dealer's business, from the identification of retail sales leads to the management of the used car business. She will demonstrate new online buying and selling systems developed by Manheim that can help dealers and manufacturers effectively manage their used car business. This includes an Online Vehicle Exchange and Manheim Simulcast, a real-time "online window" into the 83 Manheim Auction locations nationwide. With Manheim Simulcast, any registered dealer can access sale inventory at a remote auction location without ever leaving the office, and participate in competitive auction bidding to acquire needed inventory. Likewise, manufacturers can be assured of the widest possible audience for their inventory of executive and lease return vehicles. In 2004, Simulcast buying facilitated the purchase of over 200,000 vehicles, offering dealers the broadest possible inventory availability and participation in up to 150 auction sales daily.

Topic 4 – Understanding the Value of Manufacturer Incentives to Vehicle Dealers

Increasingly, manufacturers are using financial incentives in a variety of creative ways to support dealer vehicle retailing efforts, develop new dealer facilities, and even finance vehicle flooring. To what extent are these incentives of value to all dealers, or can they inadvertently disadvantage certain dealers? What steps do manufacturers take to ensure fairness with their dealer body when developing incentive programs? For example, when do manufacturers review incentive programs with their dealer

advisory councils? How are dealer objections evaluated and resolved?

Messrs. Flesh and Novi thanked the participants and attendees for their contributions.

4. **ADJOURNMENT**

Mr. Stevens moved to adjourn the meeting. Mr. Flesh seconded the motion. The motion carried unanimously. With no further business to discuss, the meeting was adjourned at 3:13 p.m.

Submitted by

TOM NOVI
Executive Director

APPROVED: _____

David W. Wilson
President
New Motor Vehicle Board