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STATE OF CALIFORNIA
NEW MOTOR VEHICLE BOARD
MINUTES

The New Motor Vehicle Board ("Board") held its 6th Annual Industry Roundtable which was treated as a Special Meeting on March 27, 2007, at the Hyatt Regency Sacramento, Capitol View Room, 1209 L Street, Sacramento, California.

2. **ROLL CALL**

Alan J. Skobin, President of the Board, called the Special Meeting to order at 8:48 a.m.

Present: Robert V. Branzuela William G. Brennan, Executive Director
Ryan L. Brooks (left at 10:30 a.m.) Howard Weinberg, General Counsel
Robert T. (Tom) Flesh Robin P. Parker, Senior Staff Counsel
Alan J. Skobin
Glenn E. Stevens

Absent: David C. Lizárraga
David W. Wilson

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

- a. AMERICAN HONDA MOTOR CO., INC.
Frank Beniche, Senior Manager, Market Representation
Rich Otera, Esq., Senior Counsel, Honda North America, Inc.
Mike Lynch, Zone Manager, Western Zone
- b. AMERICAN SUZUKI MOTOR CORPORATION
Timothy J. Fay, Paralegal
- c. BMW OF NORTH AMERICA, LLC
Robert Frisch, Vice President, Western Region
Ed Huzyak, Regional Aftersales Manager
- d. DAIMLERCHRYSLER MOTORS COMPANY, LLC
Thomas Miller, Dealer Placement Manager

Charles T. Polce, Jr., Dealer Network Development Manager
Anthony Seidl, California Dealer Placement Manager
Louis J. Stavale, Dealer Placement Manager

- e. FORD MOTOR COMPANY
Carrie Catherine, Franchise Development Manager, Jaguar Land Rover
Hal Dewsnap, Ford Lincoln Mercury Regional Sales Manager -
Los Angeles
Brian Horn, Ford Lincoln Mercury Regional Sales Manager -
San Francisco
Shawn Murphy, Esq., General Counsel, Aston Martin Jaguar Land Rover
- f. GENERAL MOTORS CORPORATION
Bruce Edwards, Executive Director State Dealer Relations, VSSM
Mark Mueller, VSSM – State Dealer Relations
- g. HARLEY-DAVIDSON MOTOR COMPANY
William Evers, Director, Dealer Development
- h. KIA MOTORS AMERICA, INC.
Steven K. Ishii, Franchise Contracts Manager
Alexander J. Larkin, Manager, Dealer Development
- i. MERCEDES-BENZ USA, LLC
Leo McFall, Sales Development Manager
- j. NATIONAL RV HOLDINGS, INC.
Michael P. Norton, Esq., Assistant General Counsel
- k. NISSAN NORTH AMERICA, INC.
Morgan Filbey, Esq., Senior Counsel
- l. TOYOTA MOTOR SALES, U.S.A, INC.
La Stanja Baker, State Government Affairs Manager
Bob Dutton, Dealer Facilities Planning Manager
Deborah Goldman, Esq., Managing Counsel
- m. YAMAHA MOTOR CORPORATION, U.S.A.
Richard Tilley, Esq., Legal Counsel

- GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE.

Mr. Skobin welcomed and thanked everyone for their attendance. Mr. Skobin acknowledged Tom Novi, former Board Executive Director, and Steven Finlay, Ward's Dealer Business Magazine. Additionally, Mr. Skobin indicated that if a Board member leaves during the meeting, it would be deemed a meeting of the committee as a whole.

Mr. Skobin 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) the audience and participants are asked not to make any comments, pose questions, or raise any issues concerning pricing, trade secret, or other proprietary information that could arguably be construed as, or give the appearance of, being collusive or in furtherance of unfair trade or monopolistic business practices; (2) the audience and participants are asked not to comment or ask questions about any contested matters currently before the Board. Such statements may be inappropriate ex parte communications, and improper as being presented to the Board outside of the formal conflict resolution process; (3) 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 (4) that he would be available to address any legal questions the members may have or as the occasion arises.

The meeting was turned over to Tom Flesh, Chair of the Government and Industry Affairs Committee. Mr. Flesh welcomed the speakers, participants, and attendees.

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

- Nicole Angulo, Management Services Technician, New Motor Vehicle Board
- Tanya Becker, Analyst, Department of Consumer Affairs
- Joe Berberich, Esq., Partner, Manning, Leaver, Bruder & Berberich
- Alton G. Burkhalter, Esq., Partner, Burkhalter, Michaels, Kessler & George
- Rob Cohen, President, Auto Advisory Services
- Donald H. Cram, III, Esq., Attorney, Severson & Werson, P.C.
- Jason Cruz, Esq., General Counsel, Shaver Auto Center
- Skip Daum, Executive Director, California Recreation Vehicle Dealers Association
- Steve Finlay, Editor, Ward's Dealer Business Magazine
- Mary Garcia, Branch Chief, Occupational Licensing, Department of Motor Vehicles
- Charlie Gill, Executive Director, Greater Los Angeles New Car Dealers Association
- Jeffrey S. Gubernick, Esq., General Counsel to NOARUS Auto Group, Bishton • Gubernick
- Diana Woodward Hagle, Administrative Law Judge, New Motor Vehicle Board
- Frederick E. ("Fritz") Hitchcock, Chairman/CEO, Hitchcock Automotive Resources
- Gavin M. Hughes, Associate, Law Offices of Michael J. Flanagan
- Bruce L. Ishimatsu, Esq., Partner, Loeb & Loeb LLP
- Aaron H. Jacoby, Esq., Partner, Venable LLP
- Sossi Keuylian, Lamborghini Orange County
- Dawn Kindel, Staff Manager, New Motor Vehicle Board
- Eric Kizirian, Esq., Counsel, O'Melveny & Myers LLP
- Marjorie E. Lewis, Esq., Partner, Gibson, Dunn & Crutcher LLP
- Rosemary McDonald, Esq., Senior Counsel, Hyundai Motor America
- Mike Michaelis, Esq., Board of Advisors, Auto Advisory Services
- Jonathan A. Michaels, Partner, Burkhalter, Michaels, Kessler & George LLP
- Jonathan Morrison, Esq., Staff Counsel, California Motor Car Dealers Association
- Eugene Ohta, Consumer Mediator, New Motor Vehicle Board
- Gregory R. Oxford, Esq., Partner, Isaacs Clouse Crose & Oxford LLP

- John Paliwoda, Executive Director, California Motorcycle Dealers Association
- Kevin Philips, Regional Center Development Manager, BMW of North America, LLC
- Jerold A. Prod, Administrative Law Judge, New Motor Vehicle Board
- Polly Riggerbach, Esq., Staff Counsel, New Motor Vehicle Board
- Maurice Sanchez, Esq., Partner, Baker & Hostetler LLP
- Christopher W. Sheron, Esq., Partner, Ackeret-Sheron LLP
- Michael M. Sieving, Esq., Attorney at Law, Law Offices of Michael M. Sieving
- Lawrence Silver, Esq., Silver & Field
- Erin K. Tenner, Esq., Law Offices of Erin K. Tenner
- Steve Tjaden, Vice President, Auto Advisory Services
- Kathy Tomono, Analyst, New Motor Vehicle Board
- Eric Van Olst, Zone Sales Manager, American Honda Motor Co.
- Peter K. Welch, President, California Motor Car Dealers Association
- Robert Wheatley, Esq., Attorney, Maloney, Wheatley, Sopp & Brooks, LLP
- Richard E. Wilmshurst, President, Forty-Niner Sierra Resources, Inc.
- Bob Yoshida, Director of Advertising Compliance, Lithia Motors, Inc.

Norris J. Bishton, Jr., President, NOARUS Auto Group; Rachel Chavez, Chief, Arbitration Certification Program, Department of Consumer Affairs; Peter Hoffman, President, Sierra Autocars, Inc.; Linda Lighter, Administrative Services Analyst, New Motor Vehicle Board; and Bismarck Obando, Deputy Appointment Secretary, Office of the Governor, were unable to attend.

The following speakers presented the topics outlined below:

- Rodney Bonner, Parts Director, Village RV
- Jim Boyd, Commissioner, California Energy Commission
- Kevin Colton, Esq., Attorney, Baker & Hostetler LLP
- Michael J. Flanagan, Esq., Owner, Law Offices of Michael J. Flanagan
- Lynn Hidley, Deputy Director, Registration Operations Division, Department of Motor Vehicles
- Bob Holmes, Dealer, Auburn Harley-Davidson Buell
- Ed Huzyak, Regional Aftersales Manager, BMW of North America, LLC
- Nanci Klein, Corporate Outreach Manager, Office of Economic Development, City of San Jose
- Michael Palombo, Economic Development Manager, City of Vacaville
- Sean P. Quinn, Director of Community Development, City of Fairfield
- Bert Rasmussen, Esq., Partner, Manning, Leaver, Bruder & Berberich
- Allen Resnick, Esq., Partner, Jeffer, Mangels, Butler & Marmaro LLP
- George Valverde, Director, Department of Motor Vehicles
- Rick Vargas, Chief, Real ID Project Office, Department of Motor Vehicles
- Iris Yang, Esq., Partner, McDonough, Holland & Allen PC

The following specific topics were discussed:

Topic 1

Welcome and Introduction by George Valverde, Director, Department of Motor Vehicles

Welcoming remarks and an introduction of the DMV topics and speakers by Director Valverde.

Discussion concerning the DMV's Business Partner Automation Program and Other Technology Solutions for Processing DMV Paperwork by Lynn Hidley, Deputy Director, Registration Operations Division, DMV

What is the DMV's Business Partner Automation Program? How can it assist automotive, motorcycle, all-terrain vehicle, heavy-duty truck, and recreational vehicle dealers, manufacturers, and distributors? What other information technology solutions are offered by DMV for processing DMV paperwork? What information is provided on DMV's website? How can vehicles be licensed and titled directly from dealerships? How does DMV handle "laundered" titles? What statistics does DMV maintain about the number of registered alternative fuel vehicles? Is this information accessible on DMV's website?

Update Concerning the Impact of the Federal Real ID Act on the Auto Industry by Rick Vargas, Chief, Real ID Project Office, DMV

What is Federal "Real ID Act"? How will it impact the new motor vehicle industry? What is the statutory and regulatory impact on DMV? When will this Act take effect?

Topic 2

Panel Discussion Concerning the Automotive Industry's Response to Statements that there are Too Many Dealers in the U.S. Market By Kevin Colton, Esq., Baker & Hostetler, LLP, Michael J. Flanagan, Esq., Law Offices of Michael J. Flanagan, Allen S. Resnick, Esq., Jeffer, Mangels, Butler & Marmaro LLP, and Halbert Rasmussen, Esq., Manning, Leaver, Bruder & Berberich

How can the automotive industry become more efficient in terms of sales, service, and profit goals? Is dealer network consolidation or a more diverse network the solution? Can the industry serve more customers at fewer locations? What line-makes and market areas are impacted? How are consumers protected when established dealerships are closed? How are franchised new motor vehicle dealers protected? What is the impact on the cities and counties in which the dealerships are located? What is the California State regulatory role? Do state franchise laws hamper efficiency?

Mini Topic

Update Concerning Alternative Fuels and Advanced Propulsion Systems Available to the Automotive Industry by Jim Boyd, Commissioner, California Energy Commission

Topic 3

Discussion Concerning the Trends in Hi-Tech Accessories for Automobiles, Motorcycles, and Recreational Vehicles by Ed Huzyak, Regional Aftersales Manager, BMW of North America LLC, Bob Holmes, Dealer, Auburn Harley-Davidson Buell, and Rodney Bonner, Parts Director, Village RV (additional speakers to be announced)

Discussion concerning the role of hi-tech accessories in a consumer's decision to purchase a vehicle? How do aftermarket accessories impact a dealer's profit? What are potential strategies to increase sales in this regard? How do these aftermarket accessories impact the factory warranty?

Topic 4

Discussion Concerning How Local Cities and Counties Attract and Retain Dealerships by Nanci Klein, Corporate Outreach Manager, Office of Economic Development, City of San Jose, Michael Palombo, Economic Development Manager, City of Vacaville, Sean P. Quinn, Director of Community Development, City of Fairfield, and Iris Yang, Esq., Partner, McDonough, Holland & Allen, PC

What steps do local cities and counties take to retain vehicle dealerships? What tax incentives, if any, are offered? What is the economic impact of an automall? What role do redevelopment agencies play in the establishment of automalls?

Mini Topic

Update on Board Litigation including Case Management Trends, the Number of Cases going to Merits Hearings, and the Upcoming New Motor Vehicle Board Attorney Roundtable by Bill Brennan, Executive Director, NMVB, and Robin Parker, Senior Staff Counsel, NMVB

Messrs. Flesh, Skobin, and Brennan thanked the speakers, 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 3:33 p.m.

Submitted by

WILLIAM G. BRENNAN
Executive Director

APPROVED: _____

Alan J. Skobin
President
New Motor Vehicle Board