

Meeting Summary
Motor Vehicle Dealer Board
Monday, July 13, 2020

Chairman Rick Holcomb called the Dealer Board meeting to order at 9:35 a.m. Due to COVID-19, this meeting was conducted virtually using the GoToMeeting video conferencing application. The roll was called and there were 14 Board members present. Present were Dan Banister, Michael Bor, Gardner Britt, David Duncan, Steve Farmer, Randy Harris, Ron Kody, Chris Maher, Geoff Malloy, Matt McQueen, Senior Saghafi, Maurice Slaughter and Don Sullivan. (Absent: Ted Bailey, Liza Borches, Rob Fisher). Executive Director William Childress, Peggy Bailey, Micah Bailey and Ann Majors represented the Dealer Board. Janet Baugh represented the Attorney General's Office. Alice Weedon was the recording secretary.

PUBLIC COMMENT

No public comment.

The June 15, 2020 meeting summary was approved.

STATUTORY COMMITTEE REPORTS

Dealer Practices Committee:

Committee Chairman Kody summarized discussions held and actions taken during the Committee Meeting.

Tabled Issue: Urban Auto Connection and Mohamed B. Nimaga. Ron Kody made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Urban Auto Connection and Mohamed Nimaga for alleged violations of Va. Code sections §46.2-1529, 46.2-1539, and 46.2-1575 (2). Based on due consideration, the Board believes that the following action should be taken against Urban Auto Connection and Mohamed Nimaga: Urban Auto Connection shall be inspected by a Motor Vehicle Dealer Board field representative by October 13, 2020 and that inspection shall be satisfactory. The Board mandates that the Urban Auto Connection dealership shall satisfactorily pass an inspection conducted by a Motor Vehicle Dealer Board field representative on or before October 13, 2020. Failure to comply with the Board's mandates by the required dates will result in the suspension of all licenses, certificates issued by the Board until such time the Urban Auto Connection dealership, and Mohamed Nimaga complies with the Board's mandates.

Matt McQueen seconded. All in favor: 13 (Banister, Bor, Duncan, Farmer, Harris, Kody, Maher, Malloy, McQueen, Sghafi, Slaughter, Sullivan and Holcomb). Opposed: 1 (Britt) The motion carried.

Variance Request in Hours: Jerry's Auto Service and Sales Jerry Farmer. Jerry Farmer has requested a variance in hours for his dealership, Jerry's Automotive Service and Sales, because of his teaching schedule. Even though Mr. Farmer is currently retired, he is required to be available to substitute teach at his former high school or as needed throughout the county per his contract. The variance Mr. Farmer seeks is to work between the hours of 4 p.m. and 8 p.m. Monday – Friday.

Motion was made by Ron Kody to approve Mr. Farmer's Variance Request in Hours. Chris Maher seconded. The motion carried unanimously.

Licensing Committee

Committee Vice-Chairman Slaughter reported committee quorum in place, however, no discussions or actions due to no agenda items for committee or requests from the floor. Committee will meet on September 14, 2020.

Advertising Committee

Board Vice-Chair Kody reported out for Committee Chairman Duncan (technical issues) and reported committee quorum in place, however, no discussions or actions due to no agenda items for committee or requests from the floor. Committee will meet on September 14, 2020.

Transaction Recovery Fund Committee:

Committee Chairman Maher reported committee quorum in place, however, no discussions or actions due to no agenda items for committee or requests from the floor. Committee will meet on September 14, 2020.

OLD BUSINESS:

COVID-19 – Challenges, lessons, opportunities – VADA and VIADA

VADA – The VADA made several recommendations to the Board based upon requests from franchised dealers and its observations about the operations of the Board. The suggestions included streamlining the sales licensing processes; look at reorganizing the Board committee structure (outdated?), working with DMV on electronic titling and registration processes, creating a complaint handling process, acknowledging receipt of applications and complaints, expansion of investigative processes and generating performance measures to evaluate the most efficient use of Board resources. The VADA noted that some of the issues should be considered in the development of the dealer portal.

VIADA – Alvin Melendez indicating that even though business was extremely slow, at least the dealers had the opportunity to sell some cars and pay a few bills. Being able to go to work helped dealers feel less helpless.

DMV and MVDB Good Points:

- Lower Oversight – Like monitoring hours of Operation – the flexibility was appreciated so dealers could deal with issues they needed to.
- Field testing was very impressive and well received.
- Extending expired Registration and Licenses also appreciated and well received.
- Dealers appreciated the extra time allowed to resolve issues/violations with MVDB.

Needs Improvement:

- DMV Dealer Centers – We need more. Unfortunately, the Auctions cannot handle the Work Load alone.

Covid-19 has changed the way car dealers do business in a big way:

- Most Auctions changed from in person auctions to simulcast only. Now everybody has to become computer literate and learn all the different Auction Portals and Arbitration rules.
- MMR (Manheim Market Report). Even Manheim tells you to be careful. In the last 3 months, Manheim has seen price changes from \$2-4 below MMR to \$1-8k above MMR. These trends in the market are due to the low amount of cars available at auctions because manufactures cut new car productions to more than 75% during Covid-19 and now new car Franchises are scrambling at auctions buying all late model cars available. This trend obviously is going to end once manufactures start delivering inventory to New Car Franchises. My guess by September.

Field Process – William Childress indicated the MVDB is implementing an electronic inspection process that will provide staff with greater flexibility in their Random Inspection process. Field staff is also in the process of creating a standard Original Inspection procedure. Consequently eliminating any questions concerning the information/documents provided to each dealer. This will benefit all and help the hearing officers and Board members during the administrative hearing process.

Dealer Portal – William Childress, assisted by John Saul, updated the Board concerning the dealer portal. He reminded the Board members that during the November 2019 meeting that he was charged with putting together a user group (dealers), gathering system requirements, and bringing back to the Board some idea of cost. William provided information on three potential developers. Vendor A proposed to build a solution with a price range of \$400-600K. The solution had no post implementation support provided by the vendor, and would require \$108K annually to support nine servers to house the system. Vendor B's solution was estimated to cost between \$128-175K to build and approximately \$36k annually to house and maintain the system. Vendor C, a Commercial Off the Shelf (COTS) solution, was estimated to cost between \$199 – 299K. This also included approximately \$40K annually for servers and maintenance.

Chairman Holcomb appointed a subcommittee, with Ron Kody chairing, to look further into the Dealer Portal and Salesperson Testing. Other committee members include David Duncan, Chris Maher and Maurice Slaughter.

First, the Dealer Portal, with the help of DMV's IT staff and analysis of the 3 proposals long term benefits and costs. In addition to the three proposals, look to other states and see what they are using. Develop a roadmap to get this portal off the ground with the best price and best value. Chairman Holcomb added Mr. Bor to this sub-committee based Mr. Bor's expressed experiences with portals.

Second, the salesperson question, also, due to COVID-19, recommendations on how things that can be done differently. Chairman Holcomb would like to see the Attorney General's Office available to assist Ron Kody and William Childress to expedite the salesperson processing in light of COVID-19. Gardner Britt indicated that the salesperson licensing issue is pretty important and would like to see this accomplished as quickly as possible. William suggested that in the interim, staff can send a copy of the CSS system screen print to the dealership showing that the salesperson is licensed. The salesperson can carry this document until their license arrives in the mail.

OLD BUSINESS FROM THE FLOOR – There was no old business from the floor.

NEW BUSINESS:

Establishment of a Diversity and Inclusion Subcommittee – Michael Bor. Mr. Bor suggested that, in light of the recent increased focus on issues surrounding race, inequality, and injustice, and at the suggestion of several professionals in the dealership community, the MVDB form a subcommittee on diversity and inclusion. The subcommittee would be formed by minority volunteers at all levels within the dealership community and tasked with creating best practices and operating recommendations geared towards helping motor vehicle dealerships to be comprised of professionals at all levels that are representative of the communities served.

Several members of the Committee indicated the dealer associations should handle this type of request. Don Hall, VADA, and Alvin Melendez, VIADA, indicated that they support the same concept of creating best practices; however, creating best practices should not be a part of the Dealer Board.

Chairman Holcomb hearing all sides tabled this matter until he understands the Board's legal authority regarding this matter. He will receive input from the Attorney General's Office (Christian Parrish).

SPECIAL SESSION COMING UP IN AUGUST – Chairman Holcomb indicated that a special session of legislation would be coming up in August. He asked the dealer associations if they had any issued that could possible impact the Dealer Industry. VADA and VIADA did not have legislative initiatives.

EXECUTIVE DIRECTOR'S REPORT – William Childress indicated that this Board meeting will be Peggy Bailey's last one. He informed the Board that after 47 years of faithful service that Peggy is retiring. William spoke of her demeanor, honesty, respect, work ethic, knowledge of the business, composure, kindness and always being in character. Peggy's last day of work will be August 24, 2020. The Board is going to attempt to properly acknowledge her, considering the current COVID issue. Rick Holcomb led a round of applause in her honor. Don Hall acknowledge Peggy as the glue in the forming of the Board in 1995.

NEW BUSINESS FROM THE FLOOR – There was no new business from the floor.

The next meeting will be September 14, 2020.

There being no further business to come before the Motor Vehicle Dealer Board, Chairman Holcomb adjourned the meeting at 11:30 a.m.

Meeting Summary
Dealer Practices Committee
Monday July 13, 2020

Chairman Ron Kody called the Dealer Practices Committee meeting to order at 9:00 a.m. Due to COVID-19, this meeting was conducted virtually using the GoToMeeting video conferencing application. Present were Committee members: Michael Bor, Gardner Britt, Steve Farmer, Geoff Malloy, Chris Maher, Matt McQueen, Senior Saghafi. (Absent: Liza Borches, Rob Fisher). Other Board members present: Rick Holcomb, Dan Banister, David Duncan, Randy Harris, Maurice Slaughter, Don Sullivan. Executive Director William Childress, Peggy Bailey, Micah Bailey and Ann Majors represented the Dealer Board. Janet Baugh represented the Attorney General's office.

The June 15, 2020 meeting summary was approved.

PUBLIC COMMENT

No public comment.

OLD BUSINESS

TABLED ISSUED: Review and Action: Informal Fact-Finding Conferences:

Urban Auto Connection and Mohamed B. Nimaga – On March 24, 2020, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1529, 1539 and 1575 (2). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$750 and a satisfactory inspection within 90 days. Mr. Nimaga participated and requested that his issue be tabled so that he could gather the information that will prove that he did not violated VA Code Section 46.2-1539. Motion made by Chris Maher to table this issue until the July Meeting. Rob Fisher seconded. The motion carried unanimously.

Mr. Nimaga participated and spoke on his own behalf.

Motion was made by Chris Maher to remove the \$750 civil penalty and mandate a satisfactory inspection within 90 days. Matt McQueen seconded. All in favor: 6 (Kody, Farmer, Bor, McQueen, Maher, Malloy). Opposed: 2 (Britt, Saghafi). The motion carried.

OLD BUSINESS FROM THE FLOOR

No old business from the floor.

NEW BUSINESS

Variance Request in Hours: Jerry's Auto Service and Sales Jerry Farmer. William Childress reported that for the past 20-plus years, Jerry Farmer has requested a variance in hours for his dealership, Jerry's Automotive Service and Sales, because of his teaching schedule. Mr. Farmer is now retired. He is required to be available to substitute

teach at his former high school or as needed throughout the county per his contract. Mr. Farmer wishes to continue working from 4 p.m. to 8 p.m., Monday – Friday.

Motion was made by Chris Maher to allow Mr. Farmer's Variance Request in Hours. Michael Bor seconded. The motion carried unanimously.

NEW BUSINESS FROM THE FLOOR

No new business from the floor.

NEXT MEETING

The next meeting is scheduled for September 14, 2020

The meeting adjourned at 9:16 a.m.

Meeting Summary
Dealer Licensing Committee
Monday, July 13, 2020

Vice-Chairman Maurice Slaughter called the Dealer Licensing Committee meeting to order at 9:17 a.m. Due to COVID-19, this meeting was conducted virtually using the GoToMeeting video conferencing application. Present were Committee members: Dan Banister, Gardner Britt, David Duncan, Randy Harris, Senior Saghafi, Maurice Slaughter and Don Sullivan. (Absent: Ted, Bailey, Liza Borches, Rob Fisher) Other Board members present: Rick Holcomb, Michael Bor, Steve Farmer, Ron Kody, Geoff Malloy and Matt McQueen. Executive Director William Childress, Peggy Bailey, Micah Bailey and Ann Majors represented the Dealer Board. Janet Baugh represented the Attorney General's office.

The June 15, 2020 meeting summary was approved.

PUBLIC COMMENT

There was no public comment.

OLD BUSINESS

No old business.

OLD BUSINESS FROM THE FLOOR – There was no old business from the floor.

NEW BUSINESS

No new business.

NEW BUSINESS FROM THE FLOOR – There was no new business from the floor.

NEXT MEETING

The next meeting is scheduled for September 14, 2020

The meeting adjourned at 9:20 a.m.

Meeting Summary
Advertising Committee
Monday, July 13, 2020

Chairman David Duncan called the Advertising Committee meeting to order at 9:21 a.m. Due to COVID-19, this meeting was conducted virtually using the GoToMeeting video conferencing application. Present were Committee members: Dan Banister, Michael Bor, Randy Harris, Ron Kody, Geoff Malloy, Matt McQueen, Maurice Slaughter and Don Sullivan. (Absent: Ted Bailey, Liza Borches). Other Board members present: Rick Holcomb, Gardner Britt, Steve Farmer, Chris Maher, Senior Saghafi. Executive Director William Childress, Peggy Bailey, Micah Bailey and Ann Majors represented the Dealer Board. Janet Baugh represented the Attorney General's office.

The June 15, 2020 meeting summary was approved.

PUBLIC COMMENT

No public comment.

OLD BUSINESS

No old business.

OLD BUSINESS FROM THE FLOOR

No old business from the floor.

NEW BUSINESS

No new business.

NEW BUSINESS FROM THE FLOOR

No new business from the floor.

NEXT MEETING

The next meeting is scheduled for September 14, 2020

The meeting adjourned at 9:22 a.m.

Meeting Summary
Transaction Recovery Fund Committee
Monday, July 13, 2020

Chairman Chris Maher called the Transaction Recovery Fund Committee meeting to order at 9:23 a.m. Due to COVID-19, this meeting was conducted virtually using the GoToMeeting video conferencing application. Present were Committee members: Dan Banister, Michael Bor, Steve Farmer, Randy Harris, Ron Kody, Matt McQueen, Maurice Slaughter and Don Sullivan. (Absent: Rob Fisher) Other Board members present: Rick Holcomb, Gardner Britt, Geoff Malloy, Senior Saghafi, David Duncan. Executive Director William Childress, Peggy Bailey, Micah Bailey and Ann Majors represented the Dealer Board. Janet Baugh represented the Attorney General's office.

The June 15, 2020 meeting summary was approved.

PUBLIC COMMENT

No public comment.

OLD BUSINESS

No old business.

OLD BUSINESS FROM THE FLOOR

No old business from the floor.

NEW BUSINESS

No new business.

NEW BUSINESS FROM THE FLOOR

No new business from the floor.

NEXT MEETING

The next meeting is scheduled for September 14, 2020

The meeting adjourned at 9:25 a.m.