

**MOTOR VEHICLE DEALER BOARD
MINUTES
April 19, 2022**

The regular meeting of the Dealer Board was held via video conference with Cisco Webex. The following persons were virtually present:

BOARD MEMBERS:

Carrie Ann Baumgart
Fletcher Flower
Kevin Shaughnessy
Teshome Tesfaye
Luke Walch

MEMBERS ABSENT:

Charla Berens
Kathleen Chandler
Amanda Gordon

EXECUTIVE SECRETARY:

Chris Rouze

**DEPT. OF REVENUE AID ENFORCEMENT
DIVISION STAFF:**

John Opeka
Gloria Breedon
Frank Agos
Michael Calo
Joshua Dexter
Cheryl Morrison
Erika Garcia
James Osborn
Beth Spellerberg
Kyle Boyd
Arleen Criddell Tapanen

ATTORNEY GENERAL'S OFFICE:

Brad Jones

VISITORS:

David Cardella, CIADA
Matthew Groves, CADA
Art Erwin, Christopher's Dodge Ram, Inc.
Joan Hibbard
Beauclarine Thomas, Carvana

1st Vice President, Carrie Baumgart, opened the meeting of April 19, 2022 at 9:04 a.m. Ms. Baumgart turned the floor over to Executive Secretary, Chris Rouze.

AGENDA REVIEW AND ANNOUNCEMENTS

Ms. Rouze informed the Board that there are no changes to the agenda as posted. Ms. Berens and Ms. Gordon will not be in attendance today. Sr. Assistant Attorney General, Bradford Jones will fill in today for Ms. Killeen.

Ms. Rouze informed the Board that they will receive a presentation from the Budget team to assist them in formulating next year fee recommendations for Executive Director, Mark Ferrandino.

Ms. Rouze reminded the Board that the May 17, 2022 business meeting will be canceled.

Ms. Rouze also reminded Board members that the Rulemaking Hearing for delinquent child support obligations will be held before the regular business meeting on June 21, 2022 at 9 a.m.

Ms. Rouze introduced the Division's new member to the licensing team, Ms. Bailey Gould.

MINUTES

The minutes of the March 15, 2022 meeting were approved unanimously (Ms. Baumgart as Chair voted).

FEE SETTING

Kristi Piazza, Budget Manager, reminded the Board that in FY 22, the budget team proposed a 35% reduction in fees since the industry market did not experience the decline that was anticipated due to the COVID 19 pandemic. Based on revenues continuing to normalize during FY 22 and Director Rouze's collaboration with the Auto industry, the budget team proposes no fee change for fiscal year 2023.

Ms. Piazza further stated that the two major factors considered when conducting fee setting analysis, is the potential industry growth or decline and the level of expenditures the Division will assume. Based on Director Rouze's conversation with the industry, we believe there will be an approximate 5% overall growth in the industry for the fiscal year which will increase our revenue slightly. We also expect to continue to maintain the current levels of expenditures to operate. Based on these assumptions with the current structure we have in place, we are able to fund the direct and indirect cost needed to support the Division.

The scenario with zero growth in industry and zero fee change, has a beginning balance of \$1.48M, revenue of \$3.5M, expenses of almost \$4M and an ending fund balance of \$1.32M or a fund balance of 25.9%.

The scenario where there is growth, the beginning balance would be the same of \$1.48M, revenue of \$3.7M, expense the same at almost \$4M and an ending fund balance of \$1.2M or a fund balance of 30.3%.

Ms. Piazza stated that the industry recommended a 7%-10% growth in the industry for calendar year 2023 but because our fiscal year crosses over calendar years 2022 and 2023, when averaged out, we arrive at 5%.

Mr. Shaughnessy made a motion to accept the recommendation for no fee increase in fiscal year 2023 - passed unanimously (Ms. Baumgart as Chair voted).

BACKGROUND INVESTIGATIONS REPORT

Ms. Breeden presented the following to the Board:

Salesperson Applications:

- **Jacobs, Edwin Moses #209436** - Motion to grant the license - passed unanimously (Ms. Baumgart as Chair voted).

EXECUTIVE SECRETARY REPORT

Ms. Rouze presented the following to the Board:

- **Proposed Stipulation and Final Agency Order - Nissan of Durango, #43522** - Motion to accept the Proposed Stipulation and Final Agency Order - passed unanimously (Ms. Baumgart as Chair voted).

ATTORNEY GENERAL'S REPORT

Mr. Jones presented the following to the Board:

- **Proposed Stipulation and Final Agency Order - Custom Cars West #198446** - Motion to accept the Proposed Stipulation and Final Agency Order - passed unanimously (Ms. Baumgart as Chair voted).

A motion was made to enter executive session to seek legal advice in the Michael Cain matter - passed unanimously (Ms. Baumgart as Chair voted).

Board entered into Executive Session at 9:27 a.m. and returned to Open Session at 10:13 a.m.

- **Proposed Stipulation and Final Agency Order - Michael Cain #30568** - Mr. Jones stated that the Board specifically discussed the matter of Michael Cain and the possibility of a resolution to end the case through settlement and that nothing else was discussed. No formal action or vote was called by the Board during executive session.

The Complaint Investigation Report is tabled until the June 21, 2022 meeting.

New Business - None

Public Comment - None

The meeting of the Motor Vehicle Dealer Board was adjourned at 10:17 a.m.

(Note: The Minutes of the Motor Vehicle Dealer Board summarize the contents of the meeting. They are not verbatim transcripts and are based principally upon the digital recording of the meeting and upon the later collaboration of staff attendees to ensure that the summary faithfully captures the matters before the Board and the actions the Board took. The digital recording of the meeting is a permanent record of the Board, retained in the electronic filing system of the Auto Industry Division, and is available as a resource for review, as needed.)

Chris J. Rouze
Executive Secretary