

Transcription of Telephone Conversation
Steve Jordan (NIADA) / Rose Morgan (OIADA)
November 18, 2013

Rose: How was the NIADA trip to DC?

Steve: Trip was great a lot of participants – something I'm surprised about – a lot of people have never been to DC.

Rose: Steve – what kind of response did you get to our concern over the CFPB?

Steve: by and large it was well received – the concerns we outlined. Even some of the guys on the Democrat side seemed to be receptive to the idea small business can be hugely over regulated.

Steve: We didn't get into the weeds on specifics. Couple of meetings where they followed up with specific concerns – guidelines on disparate impact are unclear – couple of meetings we got into that level. Mostly used broad stroke – cost of compliance is over burdening – massive regulations.

Rose:- What response did the Congressmen have regarding our concerns about raising minimum wage to \$10.00 per hour?

Steve: That wasn't something we really followed up on. Part of the message was to really do a meet and greet – reconnect our dealers to the idea of lobbying. Fundamental messaging was kind of to point out the day you become a licensed car dealer you become heavily regulated. In Florida – license through DMV, office of Finance and Revenue, Commission of Agriculture – other state agencies, IRS, FTC, NHTSA, NMVTIS.

Steve: A lot of what we heard – tell me about your business – we don't know how your side of the industry works. That is how we spent follow up time. It was a great way to get the conversation started.

Rose: that disappoints me – lobbyists?

Rose: Ethanol – we now know that Ethanol pollutes more than regular gasoline – modern engines are not designed for ethanol and we are having to subsidize the corn farmers for this product. What did the Congressmen have to say about this issue?

Steve: Congressman JC from Texas 31stDistrict - he came over and spoke Tuesday night at the dinner. He talked a little bit about ethanol and how much of a problem it is. I agree at some point you run the risk of messing up the quotas on corn prices and there are unintended consequences.

Steve: we didn't get into the weeds on that.

Steve: [Congressman] JB, Texas 6th. He talked about the whole Obamacare debacle. Originally, the idea that became Obamacare was to be cultivated in a by-partisan way and he [JB] and another guy agreed to twice a week get together and talk about what Congress can do to address the health care issues and concerns. This guy called every week for six months and cancelled the lunch meeting. One day JB called the guy and the guy said that he was going to have to cancel again because they were going to make an announcement about the new health care option. JB was incensed – he had been completely left out. JB recently authored a bill giving the option for those having their policies cancelled the right to keep those policies or do nothing.

Rose: I think several have introduced similar bills.

Rose: Food stamps – there is a proliferation of invitations to people to get on the food stamp program and again we are subsidizing the program.

Steve: we didn't discuss that.

Steve: I think it (the trip) really went well. What I was surprised by is the number of people who had never been to DC before. Chris Martin had never been there and had never met his Congressman. We met with his Congressman. – he is a Democrat.

Steve: Half of the meetings were with Congressmen and half were with their staffers. We did Lobby 101 – talked about how we are different from the franchise guys. 63% of our dealers have less than 10 employees and average 5 million in sales annually. They are the back bone of local economies. We will likely do the DC trip again next year.

Steve: I received Odell's memo. It's pretty clear. I didn't realize things were as tight as they indicated here. My thought – I guess now I see more the back ground behind the conversation about the state magazine and that kind of stuff. I have no problem paying revenue on that deal [the newsletter]. It isn't enough to cover what you are trying to get here. This helps connect the dots. In consideration of the three deals your board considered, cancelling the affiliation agreement should be number 2 because they are still paying the same amount of money for membership.

Rose: our dealers do not use the NIADA membership benefits. They tell us they can get better deals going direct to the vendor. When you were here for an AEC meeting, Mike Linn stated that 100% of the \$10 dues increase would be used to develop memberships. Did he mean it would simply go to the membership benefit list? Mike Linn assured me that he had given Scott Lilja direction that any future membership benefits would need to directly benefit the dealer.

Steve: Membership benefits are only one reason to be a member of the association. It's not a one size fits all. Some people use the benefit program – some don't. I look at member benefits like its nice to have but not a have to have. We have to have a group of dealers who buy into

why the association exists in the first place. To do what we did last week in DC – have conversation with people who can legislate and change the way our dealers operate their businesses. NIADA came about because of...

Rose: a CRISIS in 1946.

Steve: Government was trying to institute price controls after WW II. Whether its price controls, CFPB, Titles, State government trying to regulate how much BHPH can charge, I think as an association, the kind of dealers we need in the association are more important now than before. This is why it's a bad idea to disaffiliate– interest rate cap on BHPH dealers, disparate impact by CFPB. I think we have done a lot of things right and some we could do better. If you get no buy in on the member benefit from a handful of people it is what it is. How do I protect what I have built over the last 20-30 years. We have to hit at each of the deals in their point of life. Member benefits can't be one size fits all. That's my opinion – I could be wrong.

Steve: My thought keep it (membership dues) at \$295 and disaffiliate from NIADA creates a glaring deficit at the federal level. We take the lead on the federal issues. State associations on the state level. Sometimes we have to step into a state like we did in California last year. To me it's a collaborative effort. Now people will be saying, "I have to pay \$295 but I'm only going to belong to one.

Rose: Steve, you must not have read any of our newsletters for the past two years. We have a staff person that monitors federal issues. A year ago last month, AEC, state presidents, EC etc were meeting in Arlington. Our person discovered some action by FTC that NIADA had not mentioned to us. I contacted two AEC members who were at the Arlington meeting and inquired if NIADA had brought the info to the table and if so what was NIADA's position and how was NIADA going to address it. NIADA did not even mention the issue –

Steve: You should have contacted Mike Linn or me and not gone around us.

Rose: You are correct. Let me rephrase my comment. I was interested in knowing from the AEC members if there was additional info on the issue.

Steve: we are all in this together. People at the state level hear things – they will go to a convention and say things that we have never heard before.

Steve: One of the things I have heard is that NIADA could be doing more – should be doing more and I'm not going to say we have done the best job on a lot of this stuff, but we can always do better and are working for more participation and not less. Been my mantra I don't want anybody to think that this association is anything but belonging to our dealer members and the EC [Executive Committee]. It is bigger than one group and the EC. Let's get back to why we started to be the voice of our dealers – want VPs to engage more.

Rose: I know Keith Hagler must be a very busy man. He was my VP while he was coming up through the ranks at NIADA. He called me ONE time.

Steve: so let me just ask this – short of NIADA writing an \$18,000 check for the year, is there anyway to keep OIADA affiliated? How interested are you in coming up with a plan to stay affiliated?

Rose: I am not the decision maker – the Board of Directors make the decisions.

Steve: should we not try and figure out a solution because it's not going to fly. I think it's important to do everything we can to maintain the affiliation . It's disappointing. I would loved to have continued the relationship – you guys have a great reputation, institutional knowledge and I would have loved to have worked more closely with you on behalf of all

