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3 **LOUISIANA USED MOTOR VEHICLE COMMISSION**

4 **STATE OF LOUISIANA**

5
6
7 **REGULAR MEETING**

8
9
10
11 **MONDAY,**

12 **DECEMBER 20, 2010**

13 **9:32 a.m.**

14
15
16 **3132 VALLEY CREEK**

17 **BATON ROUGE, LOUISIANA**

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21
22 **REPORTED BY:**

23 Theresa Howze Wheelis, CCR

24 Certified Court Reporter

25 In and for the State of Louisiana

1 A P P E A R A N C E S

2 CHAIRMAN:

3 Mr. John Poteet

4 COMMISSIONERS PRESENT:

5 Mr. George Brewer

6 Mr. Henry "Darty" Smith

7 Mr. Louis Bourgeois

8 Mr. John Poteet

9 Mr. George Floyd

10 Mr. Ron Duplessis

11 Mr. Douglas Turner

12 Mr. Tony Cormier

13 Mr. Kirby Roy

14 REPRESENTING THE LOUISIANA USED MOTOR VEHICLE

15 COMMISSION:

16 Sheri Morris, Esquire

17 Roedel, Parsons, Koch, Blache,

18 Balhoff, & McCollister

19 8440 Jefferson Highway, Suite 301

20 Baton Rouge, Louisiana 70809

1 ALSO PRESENT:

2 Mr. Derek Parnell

3 Ms. Kim Baron

4 Mr. Jesse McCormick

5 Mr. Derrell Cohoon

6 Mr. Roy Hebert, CPA

7 Mr. Butch Wright

8 Mr. Frank Hileman

9 Mr. Keith Horton

10 Mr. Eric Lockridge

1 MR. POTEET:

2 All right. Glen is not going to be
3 here today so I'll be running the meeting
4 today. So why don't we start off with the
5 Pledge of Allegiance.

6 Ron, if you could lead us, please.

7 (Pledge of Allegiance.)

8 MR. POTEET:

9 All right. Kim, roll call.

10 MS. BARON:

11 Glen Robinson. George Brewer.

12 MR. BREWER:

13 Here.

14 MS. BARON:

15 Rhett Bourgeois.

16 MR. BOURGEOIS:

17 Here.

18 MS. BARON:

19 Tony Cormier.

20 MR. CORMIER:

21 Here.

22 MS. BARON:

23 Ron Duplessis.

24 MR. DUPLESSIS:

25 Here.

1 MS. BARON:
2 George Floyd.

3 MR. FLOYD:
4 Here.

5 MS. BARON:
6 John Poteet.

7 MR. POTEET:
8 Here.

9 MS. BARON:
10 Kirby Roy.

11 MR. ROY:
12 Here.

13 MS. BARON:
14 Darty Smith.

15 MR. SMITH:
16 Here.

17 MS. BARON:
18 Douglas Turner.

19 MR. TURNER:
20 Here.

21 MS. BARON:
22 Mr. Poteet, we have a quorum.

23 MR. POTEET:
24 Excellent. All right. Do we have
25 anyone for public comments this morning?

1 (No response.)

2 Okay. So I guess we'll get started
3 off with items for discussion. Did
4 everyone have a chance to read the minutes
5 of the previous meeting? Do you have any
6 questions about that or any comments?

7 MR. BOURGEOIS:

8 I'll make a motion we pass them.

9 MR. POTEET:

10 We have a motion.

11 MR. CORMIER:

12 Second.

13 MR. POTEET:

14 Motion and second. All in favor?

15 (All "Aye" response.)

16 MR. POTEET:

17 Okay. So we've approved the minutes
18 from the previous meeting. All right.
19 Financial matters. We've got a couple
20 of things here today. We've got to review
21 the financial report from November, and
22 we've also got the discussion and review
23 of the 2011/2012 budget. And I believe
24 that we need to approve that budget today.
25 It has to be done by January 1st?

1 MR. PARNELL:

2 That's right.

3 MR. POTEET:

4 Is that correct?

5 MR. PARNELL:

6 Yes.

7 MR. POTEET:

8 Okay. Derek, are you going to review
9 the financial report?

10 MR. PARNELL:

11 No. I'm actually going to have Mona
12 Anderson. She's going to go through the
13 report. Let's go ahead and start with the
14 review of the financial report for
15 November 2010, if you will, Mona.

16 MR. POTEET:

17 Okay. Thank you, Mona.

18 MS. ANDERSON:

19 I'm going to ask y'all to be patient
20 with me. I told Kim I've been using the
21 excuse that I'm new. So that's lasted for
22 a little while, so if you'll just be
23 patient with me.

24 MR. BREWER:

25 Weren't you here at the last meeting?

1 MS. ANDERSON:

2 I was.

3 MR. BREWER:

4 Then you're not new any more.

5 MS. ANDERSON:

6 Oh, well. Oh, well. Okay. In your
7 package you have the financial statements
8 for the month ending November 30th. And
9 after reviewing the financial statements,
10 we discovered a few small variances that
11 needed to be corrected. And we're in the
12 process of rectifying some of those
13 differences, and we'll continue to keep
14 you informed about that. So if you have
15 any questions about anything that's on the
16 statements, then just let me know.

17 MR. POTEET:

18 Was there anything that was material?

19 MS. ANDERSON:

20 No, sir.

21 MR. POTEET:

22 Okay.

23 MS. ANDERSON:

24 No, sir.

25 MR. POTEET:

1 Thank you.

2 MS. ANDERSON:

3 So if you look at the first sheet,

4 Page 1, the Balance Sheet, your cash
5 balance at the end of November, which

6 shows cash in bank, was \$706,857.62. On
7 that same -- in that same area, the 104P,
8 that would be the credit card collections

9 that we spoke about last month. And at

10 the end of November, it was about \$8,400
11 was what we had left to collect. But

12 currently, it's \$7,226.80. And that was
13 down from -- our original collection

14 amount was \$21,000.

15 We've collected about \$14,000 to-date.

16 We've got maybe about a \$1,000 that might
17 be uncollectable due to businesses --

18 going out of business-type things. So we
19 have about \$6,000 left to collect on that.

20 Okay. And so down at the bottom of that
21 page, about the third figure up from the

22 bottom, your net profit for November was
23 \$184,432. Okay.

24 And if you'll flip over to the Monthly

25 Comparison. This shows your November 2010

1 and your Year to Date compared to last
2 year, same time. Down at the bottom left-
3 hand column, your Total Revenues were
4 \$212,647. And that was about 12 percent
5 higher than the same month last year. And
6 about 16.9 percent higher Year to Date.

7 Okay.

8 If you'll flip to Page 3, the
9 Expenditures. Your salary -- the salaries
10 were higher this month, higher in November
11 than -- than in 2009, November 2009. And
12 that was mostly due to this year
13 containing three pay periods. The
14 Operating Services, operating expenses
15 about mid page there were higher for this
16 month, but the Year to Date Expenses were
17 about 16.9 percent lower than last year.
18 So Year to Date, you know, month to month,
19 this month to the same month last year --
20 sometimes it depends on how the bills get
21 paid, but your Year to Date figure is
22 important. Okay.

23 And if you'll flip over to Page 4.

24 Your Total Expenses were up for November
25 from last year. But again, the Year to

1 Date was down about 17 percent. Okay.
2 And if you'll flip up to the Budget Balance
3 Report on Page 5. Your Revenue and
4 Expenditures, for when you look at your
5 budget to the current balance, your
6 Revenue and Expenditures at this point
7 should be about 42 percent of budgeted in
8 the 5th month of the fiscal year with
9 about 58 percent remaining. So you can
10 look at the remaining percentages there.

11 The Revenues are currently at about
12 53.4 percent of budget leaving 46.6
13 percent remaining in the budget in the
14 final column there at the bottom. If
15 you'll turn to Page 6. Under the Budgeted
16 Expenditures, your salaries were higher,
17 like I said. But still, salaries are
18 roughly at about 40 percent of budget.
19 Your operating expenses are a little -- a
20 little higher right now due to in the
21 prior months you had some one-time, large
22 amounts that were paid out and that drives
23 your percentages up, like your insurance.
24 But overall, your expenditures are -- all
25 the other expenditures are normal.

1 And if you'll flip to Page 7. Your
2 remaining in budget is 60 percent, which
3 is well within reason at this time of the
4 year. On Page 8, there's a summary of
5 your Revenue and Expenditures with your
6 Year to Date Net at \$184,407.

7 On the next page, there's a summary of
8 your certificates of deposit, which show
9 that the two Landmark CDs were renewed,
10 and their new expiration date is April
11 2011. We've got another CD coming up in
12 January that we'll be looking at renewing.
13 On the final page --

14 MR. ROY:

15 Before you go any further, the
16 interest rates --

17 MS. ANDERSON:

18 Yes.

19 MR. ROY:

20 -- for January --

21 MS. ANDERSON:

22 Yes.

23 MR. ROY:

24 -- is there going to be a change; do
25 you know? Have y'all checked into it?

1 MS. ANDERSON:

2 I have not talked to them about that.

3 MR. ROY:

4 Okay.

5 MS. ANDERSON:

6 But I will if you'd like.

7 MR. PARNELL:

8 Yeah. We -- that's definitely

9 something that we -- the interest rates

10 right now are actually getting lower. So

11 it's --

12 MR. ROY:

13 Uh-huh, yeah.

14 MR. PARNELL:

15 It's not looking very good right now.

16 And know once before we were talking about

17 looking at other avenues, what we can do

18 with that money. So that's where we are.

19 We're just trying to make sure that we can

20 figure out exactly what we can do with the

21 money.

22 I spoke with Roy Hebert, our CPA in

23 the past, and he gave some really good

24 ideas on what we can do. But at this

25 time, we kind of really didn't have an

1 opportunity to really look at those
2 avenues right now. We will in the future,
3 though, very soon in the future.

4 MS. ANDERSON:

5 Okay. On Page 10 is a recap of the
6 Accounts Receivable-Hearings account, and
7 we did collect \$500 from Alexandria Auto
8 Sales, bringing your total to \$26,000.
9 And that concludes the November financials
10 unless you have some questions.

11 MR. POTEET:

12 Thank you, Mona.

13 Does anybody have any comments on the
14 financial report? I think we need to
15 approve that, don't we?

16 MR. BOURGEOIS:

17 I make a motion to approve the
18 financial reports.

19 MR. DUPLESSIS:

20 Second.

21 MR. POTEET:

22 We've got a motion and second. All in
23 favor?

24 (All "Aye" response.)

25 MR. POTEET:

1 Okay. The next thing on the agenda is
2 the discussion and review of the budget.
3 Derek?

4 MR. PARNELL:

5 This is something I had Mona and Roy
6 Hebert working on pretty close. They did
7 find some things out there that were a
8 little bit inconsistent of what it
9 typically should look like. And so they
10 kind of worked really hard at trying to
11 get it in order so we can make a really
12 good presentation for you.

13 I'll actually ask Mona, once again, to
14 go ahead and go through the budget for
15 everyone and so we can kind of get an
16 understanding of where we are.

17 MR. POTEET:

18 Okay.

19 MS. ANDERSON:

20 All right.

21 MR. POTEET:

22 Thank you.

23 MS. ANDERSON:

24 All right. Well, I'm going to talk a
25 little bit about the form first because

1 this is kind of a -- this form feeds one
2 sheet right into the other. It looks like
3 a lot of information. But basically, most
4 of your information on the 14 spreadsheet
5 is summarized in those first two pages
6 there, the Page 1 and Page 2.

7 And all of the information attached
8 behind there pretty much feeds into those
9 totals that you see on those pages. So if
10 you kind of hold on to those pages, we'll
11 be flipping back and forth to that
12 supporting documentation behind the first
13 two pages.

14 Overall, what the philosophy that we
15 used, of course, was that we budgeted the
16 income on a conservative basis and the
17 expenses liberally so that we don't get in
18 trouble at the end of the budget year. On
19 the first page there, the budgeted Means
20 of Financing is \$1,074,700. And that is
21 below what we're estimating for the prior
22 year. Again, because we want to be
23 conservative about the income that we're
24 going to have coming in.

25 If you flip to the second page there,

1 most of the information in the budget
2 feeds into this page, Page 2. The second
3 to last column on the right-hand side is
4 what we've estimated the budget to be. So
5 let's start at the top with Salary. And
6 if you'll hold to that page and turn to
7 Page 6a.

8 On Page 6a, you'll see the individual
9 salary amounts with the budgeted amount
10 right there in the middle of the column,
11 the budgeted salaries. And what we did
12 with your total budgeted salaries -- are
13 \$408,107. And that includes a 4 percent
14 increase for staff and the recent increase
15 on the Executive Director's salary on an
16 annual basis. So you can see there the
17 estimated actual for 2010/2011, and then
18 the budgeted figures right next to it.

19 MR. PARNELL:

20 Excuse me. If you also notice in the
21 budgeted current year's salary, there is a
22 budgeted salary for a vacant position,
23 which is an investigative officer out in
24 the field. You know, in our southwest
25 region of the state, we don't have an

1 investigator in that area, and I've been
2 pulling two of my investigators from the
3 Monroe area to come down to that area. I
4 wanted to make sure we had budgeted for a
5 salary for someone in case we did decide
6 to go ahead and move forward with trying
7 to get someone to fill that space.

8 Please continue, Mona.

9 MS. ANDERSON:

10 Okay. And so going on with the form.

11 This sheet that you're looking at here
12 with the individual salaries and then off
13 to the right, the related benefits, the
14 retirement and all other benefits and
15 taxes that we pay feeds into the sheet
16 right prior to that, which is Page 6.

17 So if you'll flip up there, you'll see
18 the totals for the salaries and the salary
19 overtime, the board member compensation,
20 the benefits and the taxes. And all of
21 those figures feed into that Page 2 that
22 you were looking at originally.

23 Moving on to the Operating Expenses.

24 The travel is on Page 7. The detail for
25 the travel is on Page 7. And you can see

1 there what we budgeted for -- we budgeted
2 100 percent attendance for board members,
3 for commissioners. And we budgeted a
4 small increase for the field travel.

5 The Operating Services, the detail is
6 on Page 8. And we budgeted about a 5
7 percent increase over the estimated actual
8 for 2011 to allow for increase in prices
9 and increased services, what have you, in
10 those categories. And like I said, all of
11 that feeds back into Page 2, again.

12 The Professional Services are on Page
13 9. We did a slight increase in the
14 accounting services. The computer related
15 services were increased to account for
16 installation of equipment that we're going
17 to discuss a little bit later when we get
18 to the acquisitions portion of the budget.
19 And the legal services and court reporter
20 services were budgeted at maximum levels
21 to allow us -- even though we don't tend
22 to use that, we like to have that out
23 there in case we do.

24 The other charges portion of the
25 budget is on Page 10. And that consists

1 mainly of where we're paying a fee for
2 maintaining Mapper. The CAVU licensing
3 fee, that includes -- the regular fee is
4 \$15,000, but we added another \$3,000 in
5 that area of the budget because we're
6 going to have to ask them to assist us in
7 the installation of the updated version.
8 So we'll have to put \$3,000 for labor into
9 that.

10 Page 11 is the Acquisitions portion of
11 the budget. And this is where we budgeted
12 for additional equipment this year. Due
13 to the aging and rapidly declining
14 computer equipment in the office and in
15 the field, we're needing to get -- we got
16 quotes on replacing pretty much all of
17 that equipment. They're -- it just, you
18 know, they're become -- they're on the
19 verge of dying. So of that, we scheduled
20 \$14,100 for the office and \$3,500 for the
21 field. And we'll go into that.

22 Derek, do you want to go into what
23 that is or --

24 MR. PARNELL:

25 What --

1 MS. ANDERSON:

2 -- get Keith to tell us a little bit
3 about it or like --

4 MR. PARNELL:

5 Can you go into what we're talking
6 about as it relates to the office with the
7 \$14,100. What that -- that is actually
8 included in is a server plus the actual
9 desktops and/or laptops for -- in the
10 office staff. But that's all.

11 MS. ANDERSON:

12 And then the field --

13 MR. PARNELL:

14 It's just their laptop.

15 MS. ANDERSON:

16 -- new notebooks so they can function
17 out there. You know, it's getting pretty
18 --

19 MR. PARNELL:

20 The reason why we went ahead and did
21 this is we, as Mona just stated, we have
22 to move in a different direction because
23 our equipment is really on the verge of
24 dying. We had a meeting with Keith
25 Horton, who is our IT person.

1 He kind of explained to us what we
2 have here in-house. And we kind of asked
3 about the lifespan of what we have. Most
4 of the computers here in the office were
5 bought in 2004. They still have pretty
6 much the same software on them that was
7 there. During the time, we had a larger
8 staff and more computers were needed.

9 At this point, what has started
10 happening is that the computers, the
11 desktops in-house, started failing quite a
12 bit. And so once they start failing, we
13 would move one, a vacant one, to someone's
14 office, and they started using that. Now,
15 we're pretty much on the last of it.
16 There is really no more replacements
17 within the office that we have now.

18 So we're really in a situation that at
19 any time some of our computers could die
20 out and someone that needs it to work with
21 daily won't have anything. You know, mine
22 in particular, it sounds like an airplane
23 is taking off. And as I talked to Mr.
24 Horton, he was telling me that that should
25 not stay on as long as it does. That fan

1 that comes on on mine, it just stays on
2 all the time. He said at any time, it can
3 really go out.

4 So Mr. Horton, if you don't mind, can
5 you kind of talk about what we discussed
6 as it relates to the lifespan of our
7 computers and what we're dealing with and
8 what we have in-house and what we're
9 talking about as it relates to server
10 upgrades?

11 MR. HORTON:

12 We've gotten a great deal of a life
13 out of those computers. The particular
14 model we purchased when we did, it's been
15 since found out from Dell that there are
16 some hardware problems with that type of
17 computer. I've actually had those at
18 another client, and they've replaced them
19 all a couple of years ago.

20 So six years out of that computer has
21 been a very good life cycle out of that
22 particular unit that we have. And as
23 mentioned, Derek's, in particular, is
24 running loudly and that's because it's
25 trying to compensate for another problem

1 that it's having, and it's getting too
2 hot. So those are the kind of issues
3 we're going to be running into.

4 And so I've suggested and recommended
5 that you look at replacing those as soon
6 as you can. I don't think they're going
7 to last a whole lot longer. And based on
8 the failure rate we've already had, I
9 think we're at a place that if we can, we
10 need to try to get those replaced.

11 MR. PARNELL:

12 Thank you.

13 MR. POTEET:

14 Does that \$14,100, does that cover
15 everything? I mean, does that replace
16 everybody's computer?

17 MS. ANDERSON:

18 Yes.

19 MR. POTEET:

20 Mona?

21 MS. ANDERSON:

22 Yes.

23 MR. POTEET:

24 And it includes a server, too?

25 MS. ANDERSON:

1 Yes.

2 MR. POTEET:

3 Okay. So that would completely
4 upgrade everything in the office?

5 MR. PARNELL:

6 In the office, yes. But, you know,
7 once before, we did kind of discuss about
8 the server, should we do an in-house
9 server versus having the cloud method.
10 But I wanted to go ahead and just budget
11 for purchasing the in-house. But, yes,
12 that do -- that would cover everyone in --
13 full staff and the server upgrades with
14 it.

15 MR. ROY:

16 How many computers are you going to --

17 MR. PARNELL:

18 What was the number of computers we
19 were talking about, ten?

20 MS. ANDERSON:

21 Well, yeah, yeah. With the laptops,
22 yeah.

23 MR. PARNELL:

24 We're talking about ten computers
25 overall, all together, including, you

1 know, field and the office staff and the
2 server, so.

3 MR. POTEET:

4 Okay.

5 MR. PARNELL:

6 And we kind of looked around at a lot
7 of different types of equipment, and we
8 kind of got some quotes and that's kind of
9 what we based those numbers off of and
10 some labor costs may be added in there, as
11 well, so.

12 MR. POTEET:

13 Okay.

14 MR. DUPLESSIS:

15 Have you made a decision to go to
16 server based or cloud based, virtual or --

17 MR. PARNELL:

18 No, I have not made a decision on that
19 yet. We're still kind of researching the
20 pros and cons of each method. What -- and
21 this was something that I will kind of
22 discuss a little bit later --

23 MR. DUPLESSIS:

24 Uh-huh.

25 MR. PARNELL:

1 -- in the agenda when I do my report.

2 So Mona, if you don't mind, can you
3 please continue?

4 MS. ANDERSON:

5 Okay. And so down at the bottom of
6 that page, there's also added in a couple
7 of thousand dollars each for any major
8 automotive repairs that we have to do, and
9 then if we have any sort of heating/air
10 conditioning-type problems, we built some
11 money in there.

12 And last of all, the Fund Balance. If
13 you'll turn to Page 3. You see our
14 Budgeted Income there off on the right-
15 hand side and our Budgeted Expenditures.
16 And of course, you know, all of this is
17 pretty up in the air yet because we have
18 not finished 2011. So we don't know what
19 the Fund Balance would be at the end of
20 2011, yet. So -- but I think that's
21 pretty much it for the budget. Does
22 anybody have any questions or --

23 MR. BOURGEOIS:

24 It looks good.

25 MR. PARNELL:

1 I would like to ask Roy Hebert, if he
2 doesn't mind, could he kind of -- if what
3 he saw during this process, if there were
4 any things and how he feels about the
5 budget as it stands now.

6 MR. HEBERT:

7 Well, any time you go into budgeting,
8 particularly with an entity that has the
9 history that this commission has, last
10 year is not a bad place to start if last
11 year's numbers are good numbers.

12 I mean, you're preparing the current
13 year budgets and then you account for what
14 you expect to be new or different, not
15 necessarily new, but do we anticipate
16 similar revenues, less revenues, one-time
17 items that's capital outlay and
18 incorporate those into your budget and
19 brought this and then kind of look at the
20 bottom line and say, can we do that; do we
21 have those available resources to do that.

22 And I think that's what -- the
23 approach that Mona and Derek took, is
24 based on prior history, this looks like
25 what the commission can accomplish with

1 some reasonable certainty and then factor
2 in those things that we know about.

3 There's still some unknowns.

4 We don't know what the retirement rate
5 is going to be that far out because wages
6 has made that determination. So that
7 retirement number can change. And that's
8 a significant number because you can look
9 at our expenditures and we spend a
10 significant amount of money on our folks,
11 which is not unusual for a governmental
12 entity between payroll and related
13 benefits.

14 So when you start talking about a
15 related benefit like group insurance or
16 retirement changes, those can have effect
17 on our budgeting process. And you know,
18 right know, we're projecting about a
19 \$98,000 surplus for 2011/2012 budget. You
20 know, that can get eaten up pretty quickly
21 with a change in either health costs or
22 retirement costs.

23 So I think it's been a -- the whole
24 approach has been to be conservative on --
25 as Mona said, conservative on the revenue

1 side and as accurate as we can be on the
2 expenditure side. Not saying we're going
3 to spend a dollar when we know it's going
4 to be \$5. We tried to budget what we
5 actually thought we were going to spend.
6 So I think that what you're looking at is
7 a pretty conservative approach, if all
8 things hold.

9 MR. PARNELL:

10 Thank you, Mr. Hebert.

11 MR. BOURGEOIS:

12 Thank you. Do you want to make a
13 motion or anything?

14 MR. POTEET:

15 Yeah. I had a question, Derek. When
16 you were talking about the salaries --

17 MR. PARNELL:

18 Okay.

19 MR. POTEET:

20 Let's go back over to that page for a
21 second. When you mentioned the compliance
22 investigator on Page 6a.

23 MR. PARNELL:

24 Uh-huh.

25 MR. POTEET:

1 Okay. I'm a little confused by what
2 you said.

3 MR. PARNELL:

4 I actually --

5 MR. POTEET:

6 That's not included in the budget.

7 MR. PARNELL:

8 That's not included in this budget,
9 their salary. Okay.

10 MR. POTEET:

11 Okay.

12 MR. PARNELL:

13 It does need to be there.

14 MR. POTEET:

15 Does that need to be included?

16 MR. PARNELL:

17 It does need to be in there, though.

18 MR. POTEET:

19 So that would change those numbers?

20 MR. PARNELL:

21 It would change some numbers, yes.

22 MR. POTEET:

23 Okay. That was the only question I

24 had. Did anybody else have any questions?

25 Do we have to -- what do we have to do to

1 get that --

2 MR. BOURGEOIS:

3 You make a motion.

4 MR. POTEET:

5 Do --

6 MR. BOURGEOIS:

7 I make a motion to pass --

8 MR. POTEET:

9 And --

10 MR. BOURGEOIS:

11 -- the current budget with the change.

12 MR. POTEET:

13 Is that acceptable to do it that way?

14 MR. ROY:

15 Yeah. We can always modify it.

16 MS. BARON:

17 Right, if you --

18 MR. POTEET:

19 Okay. All right. So we have a motion
20 on the floor.

21 MR. ROY:

22 Second.

23 MR. POTEET:

24 No other discussion. All in favor?

25 (All "Aye" response.)

1 MR. POTEET:

2 Aye. Good work everybody. I think
3 that in the last couple of years, those of
4 us who have been involved in it for the
5 last couple of years, this is nice to be
6 so calm and easy to go through.

7 Right, Ron?

8 MR. DUPLESSIS:

9 I -- I agree with you. This is
10 pleasant.

11 MR. POTEET:

12 Okay. Next on the agenda is, let's
13 see, Discussion of the Promulgation of
14 Rules and Regulations of HB 1189/Act 987.

15 MR. PARNELL:

16 Actually, we skipped C, Policy and
17 Procedure.

18 MR. POTEET:

19 We did skip --

20 MR. PARNELL:

21 Which is the resolution adopting the
22 2011/2012 budget.

23 MR. POTEET:

24 Oh, okay.

25 MR. PARNELL:

1 This is something typically we just --
2 we normally vote on and adopt here within
3 the office, then we move forward and send
4 it off. With documentation that I
5 received from the legislative auditor,
6 they stated that they need a resolution
7 from the entities adopting the budget.

8 So I've asked Ms. Sheri Morris, our
9 counsel, to actually do that drafting. So
10 Ms. Morris, if you will, can you kind of
11 go through that document?

12 MS. MORRIS:

13 The resolution is in your packet, and
14 it's just to adopt the budget. I, in the
15 resolution, refer to the attached budget,
16 but since you all made an amendment, we'll
17 need to add that salary in and then attach
18 it to the resolution before we send it in.

19 MR. POTEET:

20 Okay.

21 MS. MORRIS:

22 But basically, it's in line with the
23 local -- the Licensing Budget Act, which
24 allows the expenditures. Once you budget
25 the expense, it allows your executive

1 director, the person I designated, to
2 spend the money within those categories.
3 Under the Budget Act, there can be a
4 10 percent difference before you have to
5 come back to the board for approval. But
6 if there's an overall variance in the
7 budget of 5 percent, it comes back to the
8 commission, and then the commission would
9 have to amend the budget.

10 But through your monthly financial
11 reports, you'll be kept apprised of which
12 categories if there needs to be, you know,
13 some -- it just gives you a little bit of
14 flexibility to move money within that
15 category.

16 MR. POTEET:

17 Okay.

18 MS. MORRIS:

19 And so that's what's in the final
20 paragraph that you'll see. It allows the
21 transfers between items up to 10 percent
22 of the budget for that category. And
23 that's the authority given by the state
24 law.

25 MR. POTEET:

1 Okay. Do we need to vote on that
2 resolution? Is that a --

3 MS. MORRIS:

4 Yes. You need approval of the
5 resolution and submit it in.

6 MR. POTEET:

7 So I guess we need a motion for that;
8 right?

9 MS. MORRIS:

10 Yes.

11 MR. SMITH:

12 I'll make a motion.

13 MR. POTEET:

14 Okay. Darty has just made a motion
15 that we --

16 MR. BOURGEOIS:

17 Second.

18 MR. POTEET:

19 -- adopt that resolution, and we have
20 a second. All in favor?

21 (All "Aye" response.)

22 MR. POTEET:

23 Do I need to sign this or --

24 MS. MORRIS:

25 Yes. I can fix it and you can put

1 vice-chairman on there if you could.

2 MR. POTEET:

3 Okay. All right. Now, let's move on
4 to D, Discussion of the Promulgation of
5 Rules and Regulations of HB 1189/Act 987.

6 MR. PARNELL:

7 This discussion was placed on the
8 agenda because of the concerns expressed
9 by Mr. Frank Hileman, who is in attendance
10 with LKQ and other representatives of LKQ,
11 stating that LKQ's legislative tracking
12 department came across a proposed rule
13 change that the commission published in
14 November of 2010 in the Louisiana
15 Register.

16 Within that communication, Mr.

17 Hileman, he stated that LKQ was not
18 afforded an opportunity to provide input
19 on the proposed language prior to it being
20 published in the Louisiana Register.

21 Also, that LKQ believes the proposed
22 regulation implements a portion of the
23 provisions of House Bill 1189/Act 987.

24 This is what we recently passed in
25 legislation for the 2010 year. I kind of

1 want to go what that exact -- the actual
2 rule was looked at during the commission's
3 regular meeting in May 17th to 22. A
4 discussion was held regarding the proposed
5 revisions of Rule 2905 and 2907. And as I
6 say, the revisions were passed.

7 The rules, Section 2907b, which states
8 the language facilitated -- what it did
9 was it facilitated a licensed dealer with
10 an established place of business which
11 conducts public or retail auctions from a
12 location other than their established
13 place of business with the requirement to
14 include their address, the telephone
15 number of the dealer's established
16 location together with the telephone
17 number for the auction location on all
18 advertisements and bills of sale and shall
19 obtain licensure prior to advertising the
20 auction.

21 The intent of this proposed
22 legislation originated because of the
23 difficulty of one of our auctioneers we
24 met in April down at the state capital.
25 It was Henderson Auctions. They had some

1 issues as it relates to getting those land
2 phone lines out there at those auctions
3 sites.

4 And so we were looking at what could
5 we do to help them facilitate making their
6 business a little bit smoother, but also
7 allowing some recourse for our consumers.
8 Recently, we've gotten some opposition,
9 also, from the Automotive Recyclers
10 Association, their director, Elizabeth
11 Vermette, has sent us a letter in on that.

12 You know, LKQ recently also submitted
13 another documentation through Mr. -- Mr.
14 Hileman and I, we kind of -- the initial
15 document went out. It was to all
16 commissioners, and I kind of responded
17 back to him. Then we responded again.
18 Then I sent another email out.

19 And I do want to make a correction on
20 the email that I sent out, the second one
21 that I sent out to him, I did misstate
22 something with -- as it relates to the
23 rule. I stated the rule was specific to
24 FEMA trailer auctions, but that's not
25 correct.

1 MR. POTEET:

2 That's not right.

3 MR. PARNELL:

4 It's not specific to FEMA trailer
5 auctions. And I did say that on some
6 documentation that I sent to Mr. Hileman,
7 and I do believe you might have that
8 documentation within your packets.

9 Their concern is that although when we
10 passed the rule, it was unintended, the
11 regulation as drafted, it may have
12 effectively authorized any public or
13 retail motor vehicle auctions held by any
14 licensed dealer to be conducted at a
15 location other than the licensed dealer's
16 established location.

17 The one thing that this commission --
18 we've made a commitment to working with
19 LKQ Corporation and other agencies in
20 drafting of the regulation to implement
21 House Bill 1189/Act 987. The intent of
22 the commission is not to produce
23 controlled legislation until we have input
24 from the industry, as we have expressed in
25 the past.

1 To this date, I have not received any
2 documentation about any proposed language
3 for the promulgation of Act 987. We did
4 recently receive some information, and I
5 would like to open the floor for
6 discussion about this actual -- this
7 situation I should say.

8 Mr. Hileman, if you will, can you
9 please voice your concerns with what we
10 have?

11 MR. HILEMAN:

12 Sure. Thank you. Actually, you know,
13 it's a misunderstanding regarding the
14 public regulation, but that's fine. You
15 know, we just -- we saw the language. It
16 kicked up in our system, and, you know, we
17 do have a problem with it. We looked at
18 the proposed regulation as drafted.

19 I guess the critical sentence is in
20 Section B. I'm presuming you all received
21 our first set of comments related to the
22 proposed regulation that was actually
23 published, published on November 20th.
24 And our concern is that the way it reads,
25 "A licensed dealer with an established

1 place of business may conduct a public or
2 retail auction for a specified period of
3 time at a location other than the dealer's
4 established place of business."

5 Now, my understanding was -- and
6 candidly, I was not here at that May 17th
7 meeting. So I don't know what was
8 discussed, but it was my understanding
9 that what was discussed was the issue that
10 you all are having with the FEMA trailers
11 and getting auctions of those FEMA
12 trailers without actually moving those
13 trailers.

14 We certainly are not here to object to
15 that. That's fine if that's what your
16 intending to do. It's -- it's certainly,
17 you know, what needs to be done,
18 apparently, in Louisiana.

19 However, all we asked was that you
20 limit this language to only address the
21 FEMA trailers. I mean, as I read this
22 language, you are allowing any of your
23 dealers to conduct and off-premises
24 auction at a site that's not their
25 established place of business. I mean,

1 that was not my understanding of what your
2 intent was in preparing this rule.

3 You know, I wasn't here. So I wasn't
4 a part of the discussion, but my
5 understanding is that discussion was
6 specifically about FEMA trailers. And the
7 regulation, as it reads, clearly covers
8 more than FEMA trailers. That's the only
9 way we can interpret that.

10 We did provide a suggested change. It
11 simple does -- references mobile homes as
12 defined by your existing statute, if
13 that's what the proposed regulation is
14 intended to do. That's all we're doing.
15 And that's the suggestion that we have
16 made.

17 In terms of 1189, today we did deliver
18 a proposed regulation for House Bill 1189.
19 I apologize. I would have got it to you
20 all earlier, but I also did not think that
21 was going to be a part of the discussion
22 today. But it's here and, you know, we're
23 certainly glad to come back and talk about
24 it when you've all had opportunity to read
25 it.

1 But if we want to just focus on the
2 regulation that's been published in the
3 Register, we would strenuously object to
4 it. We think it does go well beyond. I
5 mean, if you are looking to authorize any
6 of your dealers to conduct sales in a
7 location other than their established
8 place of business, then that's what you've
9 done.

10 If you're not looking to do that, then
11 let's limit to what it is you've discussed
12 and what it is -- the issue that you are
13 attempting to resolve. You know, I can
14 only tell you what I've been told, and I
15 can only tell you what I believe.

16 So if that's not the issue, if that's
17 not the only issue, then, you know, we
18 certainly would be happy to comment on --
19 on maybe what other changes might need to
20 be made. But our suggested change was
21 specifically intended to limit that type
22 of an auction to FEMA trailer-type sales.

23 MR. POTEET:

24 Okay.

25 MR. DUPLESSIS:

1 Derek, I'm curious. Have there been
2 any complaints or problems at this point?
3 Have you had any investigations on this
4 legislation or --

5 MR. PARNELL:

6 No -- well, the rule change or the
7 legislation?

8 MR. DUPLESSIS:

9 Any of it. I mean, if we --

10 MR. PARNELL:

11 Well --

12 MR. DUPLESSIS:

13 Is there a problem out there that
14 we're not seeing or investigations or
15 issues or --

16 MR. PARNELL:

17 Well, no, not necessarily. The main
18 opposition that I have heard is from LKQ
19 Corporation. I just received another --
20 oh, what was that? Yeah, Auto Recyclers
21 Association. They're as well -- they
22 voiced some opposition to it, as well, the
23 2907, the rule as it states.

24 MR. DUPLESSIS:

25 Right.

1 MR. PARNELL:

2 Do you want to kind of find out what

3 Ms. Morris --

4 MR. DUPLESSIS:

5 Well, Ms. Morris had an observation, I
6 guess.

7 MS. MORRIS:

8 Just to review the history. Mr.

9 Parnell, myself and Mr. Robinson were
10 asked to meet with the legislator at the
11 capitol around the time -- right before we
12 drafted this rule, and it wasn't really
13 tailored to FEMA trailers. But Henderson
14 Auction had gone to the legislature and
15 asked for legislation to allow for a
16 little bit of flexibility because they
17 have very large auctions, which have
18 included FEMA trailers, but a lot of other
19 things, as well.

20 And they rent places like the Lamar-

21 Dixon, and we've never had a complaint
22 about them having the offsite auctions.

23 But what they have -- the process that
24 they were having to go through is that
25 they had -- would have to contact AT&T,

1 have a landline run out there.

2 They actually have a trailer that
3 houses their business operation, which
4 they bring to the site. But they are an
5 in-state dealer, and if the consumer has a
6 problem, they can go to the Henderson's
7 facility, their permanent facility. And
8 really, the landline wasn't accomplishing
9 anything because they were connecting it
10 so many days before the auction and then
11 disconnecting it.

12 MR. DUPLESSIS:

13 Right.

14 MS. MORRIS:

15 So it wasn't helping the consumers.

16 The consumers, if they had a problem,
17 actually had to go back to their
18 established place of business. So this
19 allows them to operate with cell phones
20 from the offsite auction. But this is
21 only available to those licensed in
22 Louisiana that have an established place
23 of business with an established phone
24 line.

25 And so -- and then they have to at the

1 auction site, at the temporary site, post
2 their permanent landline, which is really
3 more helpful to the consumers than what we
4 had in practice. They were complying with
5 it. They have been complying with it for
6 years, but it just was a difficult process
7 for them to go through, and it really
8 wasn't serving the consumers well to have
9 a phone number that was only in existence
10 for a couple week period or maybe a month
11 period at the most.

12 And some facilities didn't have the
13 availability to allow the landline to be
14 connected there so they were more limited
15 in the facilities that they could rent.
16 But this is -- we didn't take away any of
17 the protection for the consumers, and I
18 think we've afforded more protection.

19 After meeting with the legislative
20 delegation, we felt like we could handle
21 it by a rule. So we came back here, and
22 we did it as a rule. But it really wasn't
23 to address FEMA trailers. It was to allow
24 the Louisiana businesses who do comply
25 with our legislation a little bit more

1 flexibility and also to provide a little
2 bit more protection to the consumers by
3 giving out the permanent number and
4 allowing them to use temporary phone
5 systems.

6 It just is something that's more
7 available with technology that was not
8 available when the rule was probably
9 written in the first place.

10 MR. DUPLESSIS:

11 Thank you. Yeah, what I remember when
12 we crafted that legislation, it was to
13 sort of legitimize the internet, which
14 wasn't written into the law. The
15 immovables or the large equipment, you
16 know, the cranes and the things that would
17 take a road permit, things that were
18 seized in maybe a bankruptcy or a
19 repossession that you could put on the
20 internet that weren't really moveable to
21 an auction into special auctions such as
22 the Barrett Jacksons or the antique car
23 auctions, which still have to be
24 sanctioned through a legitimate land-based
25 auction company, and they would take

1 responsibility of that extension.

2 You know, Mr. Hileman, the thing that
3 I think you're getting at is maybe the
4 salvage. And if that, you know, I think
5 all the other items -- do you have a
6 problem with any of those, the large
7 equipment, maybe the boats or -- you know,
8 I know marine goes into maritime. But if
9 we're talking about specifically salvage,
10 we can narrow the discussion down to that.

11 MR. HILEMAN:

12 I have absolutely no problem with the
13 concept of allowing auctions to take place
14 from a location that's not the established
15 place of business when you're talking
16 about what you've just discussed. And
17 that is either FEMA trailers or heavy
18 equipment or boats or any vehicle that is
19 difficult to transport. That's fine.

20 I think the way you read this language
21 -- the only way you can read this language
22 is you're talking about cars. You're
23 talking about used cars of all types.
24 That's the way it reads. It doesn't say
25 FEMA trailers. It doesn't say large

1 equipment. It doesn't say any of that.
2 It simply says any licensed dealer can
3 conduct an auction in a place other than
4 their established place of business.
5 Well, your established place of business
6 that's written into your statutes is
7 designed to give your regulatory people
8 and your enforcement people the ability to
9 stay on top of these things.

10 And, no, I'm not here to complain
11 about, you know, auctions of FEMA trailers
12 or heavy equipment. I understand that.
13 It's fine. But let's just tailor the
14 regulation to do that. Let's not allow it
15 to cover any type of vehicle. Let's make
16 it do what it is that is intended.

17 If the intent that was discussed by
18 Henderson -- and, you know, I'm at least a
19 little bit in favor with Henderson at this
20 point. You know, that we can easily
21 tailor a regulation that covers their
22 types of auctions.

23 MR. BOURGEOIS:

24 Have you tailored something to that?

25 MR. HILEMAN:

1 We did. We -- I mean, ours is more
2 specific to FEMA trailers because,
3 candidly, before I got here today, that's
4 what I thought it was about only.

5 MR. BOURGEOIS:

6 Okay.

7 MR. HILEMAN:

8 But I'm happy to provide some
9 languages that will, you know, adopt or
10 adjust it to handle -- and I'd like to
11 work with, you know, the Hendersons.

12 MR. BOURGEOIS:

13 Yeah, okay.

14 MR. HILEMAN:

15 You know, let them give us what they
16 want to cover in terms of heavy equipment.
17 I've got zero problem with that.

18 MR. BOURGEOIS:

19 Yeah.

20 MR. HILEMAN:

21 But I think you are opening a door to
22 something you don't want.

23 MR. DUPLESSIS:

24 Well, what specifically would you like
25 to exempt? Let's assume this is an all

1 encompassing law that we've passed. What
2 would you specifically like to exempt?
3 Where are you having specific heartburn
4 with this?

5 MR. HILEMAN:

6 Well, let me -- two things. I mean,
7 my understanding is, one, this regulation
8 we're talking about is unrelated to House
9 Bill 1189, totally. So, you know, that's
10 not what this is about.

11 MR. DUPLESSIS:

12 Okay.

13 MR. HILEMAN:

14 I had actually given you a proposed
15 regulation on House Bill 1189. This
16 regulation that we're discussing is the
17 one that was published in the Register.

18 MR. DUPLESSIS:

19 Uh-huh.

20 MR. HILEMAN:

21 Which is not intended to implement --

22 MR. DUPLESSIS:

23 Correct.

24 MR. HILEMAN:

25 -- House Bill 1189. So it was only

1 intended, again, going back to the
2 Henderson discussion, to implement that.
3 So where I'm getting heartburn is I
4 don't think you have the authority to
5 allow for an auction to take place at a
6 place other than an established place of
7 business, quite candidly. Your statutes
8 don't provide for it.

9 The legislature didn't do anything to
10 that effect. I don't care, candidly. I
11 think it's appropriate. You have, you
12 know, trailers that can't get move and
13 heavy equipment that can't get moved,
14 that' fine. But the fact of the matter is
15 your statutes and your code provide for
16 your dealers to sell from their
17 established place of business. And I'm
18 talking about cars. That's all I'm
19 talking about is cars, whether they be
20 salvaged or not.

21 I don't think it's appropriate. I
22 don't think your statutes provide for it.
23 I don't think you have the authority to do
24 it -- quite candidly --

25 MR. DUPLESSIS:

1 Okay.

2 MR. HILEMAN:

3 -- under what you discussed. 1189 is
4 a whole different issued. But we're
5 talking about a proposed regulation that
6 isn't covered under 1189.

7 So, I mean, if that's -- if you want
8 it covered under that, then we've got some
9 serious procedural issues because your
10 notice of intent does not have anything to
11 do with House Bill 1189.

12 MR. PARNELL:

13 The notice of intent that was
14 submitted to -- it actually has nothing to
15 do with 1189, the act that was passed,
16 987. It is specific to what we're talking
17 about in relation to what we worked with
18 with Henderson. It's completely --
19 completely different.

20 So, please, let's make sure we stay on
21 that. But what that -- what we do afford
22 and with our law is that we do allow our
23 dealers to have second locations. And
24 what that does is that second location is
25 where that dealer, Henderson, was having

1 issues getting those phone lines. And so
2 that's kind of where I see -- I see where
3 it's kind of blurry a little bit for me to
4 be honest with you.

5 MR. BOURGEOIS:

6 Well, Derek, do you recommend
7 tightening up the --

8 MR. PARNELL:

9 If we need to tighten up, we need to
10 tighten it up. I don't -- yeah. I mean,
11 but the way it's written right now, I kind
12 of -- I don't personally see how it's
13 related. I don't see where -- I don't
14 understand. Maybe it's just me. I don't
15 understand where the conflict is.

16 MR. SMITH:

17 Now, when you're talking about
18 salvaged cars or the trailers or any?

19 MR. PARNELL:

20 I'm just talking about --

21 MR. POTEET:

22 In general.

23 MR. PARNELL:

24 In general. All --

25 MR. SMITH:

1 Well, if you knew the -- like a third
2 party of the salvage, then the auctioneer
3 can put up a car, say, in Alabama for
4 sale. See, there's some states that still
5 have the bid card.

6 MR. PARNELL:

7 Right. But if that --

8 MR. SMITH:

9 So we would over -- so if they put the
10 cars in Alabama that has a bid card on the
11 Baton Rouge auction, then they could sell
12 the cars from Alabama.

13 MR. POTEET:

14 Wouldn't they have to have -- receive
15 authority from Alabama to do that?

16 MS. MORRIS:

17 It would seem that they would. I
18 think that some of the things that LKQ has
19 complained about are things that we do not
20 have jurisdiction over or it would be
21 regulated by another state. These are
22 people that are auctioneers. They are
23 licensed by the auctioneer board plus our
24 board --

25 MR. SMITH:

1 Right.

2 MS. MORRIS:

3 -- because some of the items in their
4 auction or maybe all the items in their
5 auction fall within our jurisdiction. And
6 some of the FEMA trailers don't fall
7 within our jurisdiction. So the language
8 that was proposed about the mobile homes -
9 - we do not regulate mobile homes. That's
10 another board. So that is not appropriate
11 in our regulation.

12 But the commission has allowed this
13 practice for a year, to establish a second
14 location. The only thing that is being
15 changed is the exemption of having a
16 landline. You can substitute a cell --

17 MR. SMITH:

18 Right.

19 MS. MORRIS:

20 -- phone, but you still have to
21 maintain your Louisiana license in an
22 established place. What they do is they
23 establish this place as their place of
24 business for a temporary period. And
25 obviously, they don't rent the Lamar-Dixon

1 facility for the entire year. They rent
2 it specific days of the year.

3 And so they were having to connect and
4 reconnect the phone line. So this just --
5 the only thing that changes is -- my
6 understanding -- I don't know if anyone
7 from Henderson is here, but they're not
8 changing their practice. It's just they
9 don't have to get the landline connected
10 and disconnected.

11 MR. POTEET:

12 Well, I was at the meeting with the
13 people from Henderson and that was -- as I
14 understood it, that was what the whole
15 meeting was about. That we had an onerous
16 rule that made it very difficult for them
17 to operate their business.

18 And we looked at that and said, you
19 know, this doesn't -- in 2010, this
20 doesn't make sense to have somebody do
21 that, plus knowing how long it takes the
22 phone company to put in a landline and
23 then, you know, turn around and take it
24 out. If the purpose was to protect the
25 consumer, well, what good protection did

1 you have if you yanked the phone line out
2 the day you left the auction.

3 So the purpose was, as I understood it
4 in that meeting, was pretty simple. We
5 have an established Louisiana business
6 regulated by us, and we are changing a
7 rule that makes it, you know, as Ms.
8 Morris said, actually better for the
9 consumer because they're required to post,
10 you know, this -- I don't know what the
11 wording is, but this is not a regular
12 location. If you have any problems with
13 this specific auction, you would contact
14 Henderson auction at this business address
15 and this phone number.

16 So I don't -- again, I guess, I go
17 back to Ron's question. I don't know what
18 really the problem is here.

19 MR. HILEMAN:

20 Well, again, I just -- you have --
21 there is a rule out there at this point
22 that is going to cover every licensed
23 dealer you have. It's not going to just
24 cover Henderson by a long shot.

25 MR. POTEET:

1 Okay.

2 MR. HILEMAN:

3 It is totally broad. It covers
4 everyone. And up until now --

5 MS. MORRIS:

6 And it's limited to an auction. It is
7 limited to auction.

8 MR. DUPLESSIS:

9 I'm sorry. Repeat that, Ms. Morris.

10 I didn't hear you.

11 MR. POTEET:

12 It's for conducting an auction. It's
13 limited to auction.

14 MS. MORRIS:

15 It's limited auction. It's a licensed
16 dealer who is conducting an auction.

17 MR. TURNER:

18 We have a licensed auction dealer or
19 just a car dealer?

20 MS. MORRIS:

21 Well, our licenses, they're licensed
22 as a dealer because they're transferring
23 the vehicles there, as well, but it's only
24 when they're conducting an auction.

25 MR. POTEET:

1 Well, it --

2 MR. HILEMAN:

3 I think the simple answer is, yes,
4 it's a licensed --

5 MS. MORRIS:

6 They have dealer licenses.

7 MR. HILEMAN:

8 -- car dealer, as well as any type of
9 a dealer that's licensed under your code.

10 MR. POTEET:

11 No, no.

12 MR. TURNER:

13 I don't think that's what --

14 MS. MORRIS:

15 This applies to an auction.

16 MR. POTEET:

17 We regulate -- I'm the auction

18 representative on this board. Okay.

19 Everybody in this room buys one license
20 except me. I have to buy two from here,
21 one to be an auction and one to be a used
22 car dealer. So this regulation is
23 concerning people like me with auctions,
24 not the car dealers. Am I right?

25 MS. MORRIS:

1 Right. The way it reads, a licensed
2 dealer with an established place of
3 business may conduct a public or retail
4 auction for a specified time at a
5 location. But you would also have to have
6 an auction license --

7 MR. POTEET:

8 You'd have to have an auction license
9 to do that.

10 MS. MORRIS:

11 -- to conduct an auction.

12 MR. HILEMAN:

13 No. And I understand that. That's
14 fine. Well, then let's eliminate the used
15 car dealers that was just raised. I mean,
16 we can draft this proposed regulation to -
17 -

18 MR. POTEET:

19 I guess that would be some --

20 MR. HILEMAN:

21 -- solve the problem that Henderson
22 has or anyone.

23 MR. TURNER:

24 I don't agree. What she just read, as
25 a used car dealer, I can't hold an

1 auction. I have to have an auction
2 license to hold one; is that correct?

3 MS. MORRIS:

4 That's correct.

5 MS. BARON:

6 That's true.

7 MR. TURNER:

8 Then what is the problem?

9 MR. HILEMAN:

10 Well, here's --

11 MR. POTEET:

12 I --

13 MR. HILEMAN:

14 Can I just -- because a big problem is
15 this. The proposed regulation talks about
16 a public or retail auction. Well,
17 technically, you didn't even have a public
18 or retail auction when this proposed
19 regulation was discussed. It hadn't
20 passed yet. It's only been passed in the
21 House Bill 1189, which you all haven't
22 even created a regulation for, yet.
23 So, you know, all I'm asking you to do
24 -- and I think what's appropriate -- and
25 if it's covered in that way, that would be

1 fine. But I think the problem is and the
2 loop hole is and the opening is now that
3 House Bill 1189 has passed, you've created
4 a public and retail auction that it isn't
5 clear what licenses they're going to have.
6 They're going to have to be -- all it
7 states is they're going to have to be
8 licensed under the -- under your board.
9 But it doesn't say what licenses they're
10 going to have to hold. It doesn't and
11 that's our concern.

12 MS. MORRIS:

13 Well, the statute -- our statute never
14 addressed public or retail auctions, but
15 we've had public or retail auctions and
16 we've had no prohibition from having
17 public or retail auctions. And that's
18 what Henderson was doing. They were not
19 doing a wholesale auction. They were
20 doing public auctions. And that's why the
21 language was here even before that
22 language was put into our statute.
23 And then in our statutes, we attempted
24 this session, after we adopted the
25 language for this rule, to make some

1 distinctions in our law so that we could
2 regulate wholesale auctions differently
3 from public or retail auctions if it was
4 necessary to do so.

5 But if -- this rule was drafted before
6 the legislation that made that
7 distinction, but it was not prohibited in
8 Louisiana. And we had to license a number
9 of retail auctions.

10 MR. HILEMAN:

11 Yeah. And that's fine except for that
12 now you have a new public and retail
13 auction that was created by statute last
14 session that is not, at this point,
15 regulated by this commissions.

16 MR. DUPLESSIS:

17 That's incorrect.

18 MS. MORRIS:

19 It is if they are selling products
20 that you need a license from this
21 commission to auction.

22 MR. DUPLESSIS:

23 Nothing in that legislation suspends
24 or interrupts or deletes any of our
25 previous law.

1 MR. HILEMAN:

2 I agree 100 percent.

3 MR. DUPLESSIS:

4 Now, if you want some cleanup
5 language, I mean, I think that's fine.

6 But basically, I think the state has an
7 enormous problem with public health, with
8 deteriorated FEMA trailers, and they need
9 to be cleaned up, salvaged, gone in some
10 form. And I don't think that we're going
11 to interrupt the eBay or the internet
12 activity.

13 I don't see where we've done anything
14 to change the landscape. In fact, we've
15 allowed ourselves to tighten it when we
16 didn't have a vehicle to regulate it. And
17 I'm kind of missing the point here. You
18 have to be a retail -- you have to be
19 auctioned.

20 And the dealers have said we don't
21 want to be in a wholesale auction with
22 retail people. And we've agreed with
23 that. It creates some consumer law. And
24 if they post and they're going to sell to
25 the retailers -- the wholesalers can't

1 handle the FEMA trailers. They have to be
2 gone.

3 And if there's some exemption for
4 salvage or for something, Mr. Hileman,
5 please, you know, please submit it. We
6 haven't promulgated the rules to 1189
7 simply because we wanted the public input.
8 And we can change that, but we, at some
9 point, I think the commission feels we
10 have to draw this to a conclusion.

11 And we're not going to stop progress.

12 We're not going to stop the internet. You
13 know, this is kind of the way that the
14 world is going, and we're happy to
15 accommodate you, but, you know, I think
16 we're willing to do whatever is reasonable
17 that makes sense for the consumer. But if
18 we haven't had any complaints, I think
19 we've got an issue with overburdening
20 commerce.

21 MR. HILEMAN:

22 Well, I, you know -- and when you say
23 we haven't had any complaints, I'm not
24 sure what you're referring to. I mean, if
25 you're referring to any complaints based

1 on what Henderson does, I'm certain you
2 haven't. I think Henderson's a, you know,
3 fine outfit and they do it right.

4 MR. DUPLESSIS:

5 They're a reputable company.

6 MR. HILEMAN:

7 And that's -- my point is simple.

8 Create your regulation to solve their
9 problem and don't expand it beyond that
10 problem. I understand if you're stating
11 under current law a used car dealer
12 couldn't do this.

13 MR. DUPLESSIS:

14 That's right.

15 MR. HILEMAN:

16 Well, let's just make it clear. It's
17 pretty simple. We just make --

18 MR. DUPLESSIS:

19 Well --

20 MR. HILEMAN:

21 -- it clear in the regulation and, you
22 know -- or we make the regulation directed
23 to the type of auctions that Henderson
24 conducts. I mean, we can deal with it
25 very easily. I'm not arguing with you

1 about that problem.

2 But I do think it's important for you
3 to promulgate a regulation that is clearly
4 understood. And the ARA has come out with
5 a position that they're concerned because
6 it is so broad. That's a national
7 association that represents auto recyclers
8 all across the country, and they're
9 concerned about it.

10 They wrote a letter and they submitted
11 it. I would hope you guys would get
12 copies of that letter, and I'll be glad to
13 provide it, if necessary.

14 MR. POTEET:

15 We have had copies of that letter.

16 Okay. Well, let's bring this to a
17 conclusion. I think to Ron's point, you
18 know, we can put some clean-up language in
19 there.

20 MR. DUPLESSIS:

21 Sure.

22 MR. POTEET:

23 And we'd appreciate your input on
24 that.

25 MR. HILEMAN:

1 Okay.

2 MR. POTEET:

3 And in terms of the big picture here,
4 in my opinion, I don't think we really
5 have a problem and, you know, I think
6 we'll maybe to your point, yeah, we could
7 put some clean-up language to prevent
8 possible problems from further occurring.
9 So --

10 MR. HILEMAN:

11 Okay. And that's fine.

12 MR. POTEET:

13 And we appreciate your input.

14 MR. HILEMAN:

15 I'm happy to work with you and come up
16 with a --

17 MR. BOURGEOIS:

18 You've provided with good language,
19 haven't you?

20 MR. HILEMAN:

21 We have, yeah.

22 MR. POTEET:

23 He's been working with Derek.

24 MR. HILEMAN:

25 And the only other thing I want to ask

1 is, because I think we do need to kind of
2 clarify for the record a little bit. You
3 know, today we discussed the regulation
4 that was published.

5 MR. PARNELL:

6 Right.

7 MR. HILEMAN:

8 And so, you know, this -- I don't
9 think you could consider this a public
10 hearing on it, and I don't think it was
11 noticed as a public hearing for that
12 regulation. And my question would be, are
13 you going to conduct a public hearing on
14 it, or how do you wish us to proceed in
15 terms of providing you with language? You
16 know, you've just got a procedural issue
17 that needs to be dealt with.

18 MR. PARNELL:

19 We don't have to have a public
20 hearing, do we?

21 MS. BARON:

22 You don't have to.

23 MR. PARNELL:

24 According to that?

25 MS. BARON:

1 According to that, you do not have to
2 have a public hearing if everybody agrees
3 and we can submit the clean-up language.
4 I would have to verify that with the state
5 register, but I don't believe you have to
6 have a public hearing.

7 MR. DUPLESSIS:

8 Sheri?

9 MR. POTEET:

10 Sheri?

11 MS. BARON:

12 Do you have to have the public
13 hearings?

14 MS. MORRIS:

15 You have to have a certain number of
16 comments to have a public hearings. You
17 know, we could just -- if we were going to
18 do some rewording of the language of the
19 notice of intent, we could just bring it
20 back at the next regular meeting and do
21 the notice at that point if you want to do
22 it that way.

23 MR. HILEMAN:

24 And I'm not opposed to that.

25 MR. POTEET:

1 Yeah.

2 MR. HILEMAN:

3 You know, I certainly will work with
4 you that's --

5 MR. POTEET:

6 Uh-huh.

7 MR. HILEMAN:

8 If we can work it out to where it's
9 easier for you all, that's certainly fine
10 with me. But I just want to point out
11 you've got a procedural kind of -- and
12 that's partly because Mr. Parnell and I --
13 there was a little confusion about what we
14 were looking at today.

15 MR. PARNELL:

16 That was my fault.

17 MR. HILEMAN:

18 It's not a problem.

19 MR. PARNELL:

20 Okay.

21 MR. HILEMAN:

22 I mean, it's not.

23 MR. POTEET:

24 Okay.

25 MR. HILEMAN:

1 Well, I would ask that if we know
2 where you plan to go in terms of House
3 Bill 1189, I did submit -- Mr. Parnell has
4 asked us to submit our comments. We did
5 go ahead and provide a proposed
6 regulation. It only got here today, and I
7 don't think any of you -- it would be fair
8 to deal with it. But I don't know what
9 you're planning in the way of hearings or
10 how you're going to proceed.

11 MR. DUPLESSIS:

12 Well, I think basically we've had a
13 legislative meeting last week, which I
14 believe y'all attended -- well, last
15 month.

16 MR. POTEET:

17 Last month, yeah.

18 MR. DUPLESSIS:

19 And I thought it went quite well. I
20 wish I had a little more input from the
21 field, but it was good. I mean, we
22 solved, I think, a lot of issues, and we
23 handled them interdepartmentally with the
24 motor vehicle department. You know, I
25 think that we'll have to have another task

1 force meeting and discuss it further.
2 But this is really the only issue that
3 I think that we have out there this
4 complex. So we'll discuss it in another
5 legislative meeting and come up -- I think
6 if it requires a public meeting, I don't
7 have an issue with that.

8 MR. HILEMAN:

9 That's fine.

10 MR. DUPLESSIS:

11 And then we can completely resolve it
12 to your satisfaction, and we can put it to
13 bed and be done with it.

14 MR. HILEMAN:

15 That's fine.

16 MR. POTEET:

17 I think, quite honestly, this
18 commission would like to get more public
19 comments.

20 MR. DUPLESSIS:

21 Yes.

22 MR. POTEET:

23 You know, sometimes we're --

24 MR. DUPLESSIS:

25 Not less.

1 MR. POTEET:

2 -- having to make a decision based on
3 very few bits of input.

4 MR. DUPLESSIS:

5 Yeah.

6 MS. BARON:

7 So you're going to submit some clean-
8 up language?

9 MR. HILEMAN:

10 Yes, some additional, yes.

11 MS. BARON:

12 Okay. Some additional clean-up
13 language?

14 MR. HILEMAN:

15 Right.

16 MS. BARON:

17 Okay.

18 MR. HILEMAN:

19 Absolutely.

20 MS. BARON:

21 And then we'll address that. Are we
22 going to put that on the next agenda?

23 MS. MORRIS:

24 Well, your deadline --

25 MR. POTEET:

1 Yeah.

2 MS. MORRIS:

3 -- for comments is today at 4:30.

4 MS. BARON:

5 Yeah.

6 MS. MORRIS:

7 So we may get some other comments or
8 whatever, and we could just put it on the
9 next agenda.

10 MR. POTEET:

11 Okay.

12 MR. COHOON:

13 May I?

14 MR. POTEET:

15 Yes, sir.

16 MR. PARNELL:

17 This is Mr. Derrell Cohoon with
18 Capital Partners representing LKQ.

19 MR. COHOON:

20 To make sure I understand the comment
21 that Ms. Morris made earlier, do I
22 understand that what you were saying was
23 that the comments are received then you
24 may call a public hearing, or were you
25 saying that comments will be received, you

1 will have a meeting next month and that
2 you will call a public hearing?

3 MS. MORRIS:

4 Our deadline for comments is today at
5 4:30 and if there is any direct --

6 MR. COHOON:

7 I understand that.

8 MS. MORRIS:

9 If we are required to have a public
10 hearing, then we will schedule it --

11 MR. COHOON:

12 Okay.

13 MS. MORRIS:

14 -- together with the next meeting.

15 MR. COHOON:

16 So do I understand that comments have
17 been received --

18 MS. MORRIS:

19 Yes, sir.

20 MR. COHOON:

21 -- with respect to this particular
22 rule and that a public hearing will be
23 called as a result of the statements, the
24 comments that were made by LKQ?

25 MS. MORRIS:

1 I don't think that we're required to
2 have a public hearing at this time. And
3 if we can look at the language and come up
4 with something that's agreeable --

5 MR. COHOON:

6 And I was just making sure that I
7 understood what the process was. You
8 know, would it be handled at the
9 commission meeting, or would you publish -
10 - and I thought you used the word publish
11 in your earlier comment --

12 MS. MORRIS:

13 They weren't published.

14 MR. COHOON:

15 No. A published notice was what I
16 thought you had commented on. And if
17 there's a notice, then you have to notify
18 the public that there's going to be a
19 public hearing on it; correct?

20 MS. MORRIS:

21 Yes. But we've already published the
22 notice of intent, which allows parties to
23 give comments by 4:30 today.

24 MR. COHOON:

25 I understand that.

1 MS. MORRIS:

2 Which we're not there yet.

3 MR. COHOON:

4 I was just making sure that --

5 MS. MORRIS:

6 And if we're required to have a public
7 hearing, then we'll go ahead and schedule
8 it, and we will submit it --

9 MR. POTEET:

10 In conjunction with our next meeting?

11 MS. MORRIS:

12 Right.

13 MR. COHOON:

14 That's --

15 MS. MORRIS:

16 We could do it on the meeting day so
17 that the commissioners are already here.

18 MR. COHOON:

19 That's where I was going.

20 MR. POTEET:

21 Yes.

22 MR. COHOON:

23 To ensure that we understood what the
24 process was.

25 MR. DUPLESSIS:

1 Sheri, what is the meeting notice
2 deadline? What's the term of that? Is it
3 two weeks or 30 days or what?

4 MS. MORRIS:

5 You mean --

6 MR. DUPLESSIS:

7 The notice to the public in order to
8 have a public hearing?

9 MS. MORRIS:

10 We could just do it with our regular
11 scheduled when we notice the -- when we
12 notice our next meeting we can notice it.

13 MR. DUPLESSIS:

14 It's only, what, three days notice or
15 whatever, the cases requirement?

16 MS. MORRIS:

17 I believe it's 24 hours notice, but we
18 already have our meeting day established.

19 So we already have --

20 MR. POTEET:

21 Yeah, that's on January --

22 MS. BARON:

23 24.

24 MR. POTEET:

25 January 24th will be our next meeting.

1 MR. DUPLESSIS:

2 Okay.

3 MR. COHOON:

4 I just wanted to make sure I
5 understood it.

6 MR. DUPLESSIS:

7 I have no problem with a public
8 hearing if that would so sooth the
9 situation and bring it to a close.

10 MR. COHOON:

11 Thank you.

12 MR. POTEET:

13 Thank you, gentlemen. Okay. I assume
14 that there's no more discussion of D. So
15 I think it's time for what we've all been
16 waiting for, the Executive Director's
17 Report.

18 MR. PARNELL:

19 Okay. I'm kind of going to just kind
20 of up-date you on some issues that we've
21 been dealing with and working with. The
22 first item is Review of Complaint Totals
23 for the Month of November 2010. There is
24 a total of 37 assigned cases. Thirteen of
25 those complaints were request for a refund

1 of down payments, seven are nondelivery of
2 titles.

3 Those typically every month are the
4 highest two. I've seen a change whereas
5 it was nondelivery of title was our most
6 complained about item. Now, it's changed
7 to people wanting refunds of down payments
8 now.

9 But we're still working really hard at
10 trying to redo the way we are actually out
11 there investigating. Trying to be a
12 little bit more proactive, as I state at
13 the last meeting, in what we're doing so
14 that we won't be perceived as, okay, we'll
15 come out and talk to you and if you take
16 care of the situation, it's okay.

17 I told them to be very cautious on how
18 you are approaching our dealer to make
19 sure that you understand, number one, that
20 you do have to follow the regulations, but
21 number two, we're not trying to close
22 anybody down or have them paying unduly
23 money that's not necessary.

24 The second item under my report is the
25 Fleet Vehicle Status, as we know, that

1 there were two vehicles that I submitted
2 to the Louisiana Property Assistance to
3 auctioned off. One of those vehicles was
4 sold. It was the Chevrolet Impala. It
5 sold for \$2,500 -- \$2,600, if I'm not
6 mistaken -- \$2,500. And our take of that
7 was \$2,000. So we did get \$2,000 back on
8 one of those vehicles. I'm still waiting
9 -- the Taurus, they just -- I guess they
10 haven't sold it yet. I know they had it
11 up for auction last month, but I guess it
12 just didn't move.

13 The third item is the Transition to
14 PayPoint Online Services from Paymentech.
15 If you recall, within the last two weeks,
16 I sent an email out to you guys letting
17 you know that we have to switch over to
18 PayPoint versus Paymentech.

19 Division of Administration contacted
20 me and let me know that we needed to do
21 that prior to January 1. All state
22 agencies that are actually operating with
23 Paymentech at that time needed to switch
24 over. We went through the testing
25 process.

1 I had to actually use my credit card
2 and actually do an actual test. One where
3 we shut the system down. We put a note
4 out there to all our dealers and let them
5 know that we'll be down for -- I think it
6 was, what, how many days? Seven days or
7 so.

8 MS. BARON:

9 Seven days.

10 MR. PARNELL:

11 With that time frame, I had to
12 actually submit my credit card. On our
13 system, it showed a \$25 sales minimum, but
14 it only charged \$1. During that test
15 time, that's the way it was set up to do.
16 I had to follow that transaction all the
17 way through our process to ensure that,
18 number one, it's posting as it should.
19 And once it posted to our account, that's
20 when we knew at that point that the
21 process was okay. It was a pretty sound
22 process.

23 I find that when I go online to that
24 actual site, it's a lot more user friendly
25 than what we were looking at with payment

1 tech. You know, in the past, we've ran
2 into that situation where that money
3 wasn't being posted to our account, you
4 know, because we didn't understand at the
5 time -- some of us didn't know that it
6 needed to be manually batched versus
7 automatically batched.

8 With this system, it's pretty much
9 done that way anyway. So that has worked
10 out very, very well for us. And so we
11 still ran into a couple of snags, but it
12 wasn't anything that was detrimental. We
13 did pull it back down for a couple of
14 days, but that got worked out, and so
15 we're fine with that.

16 The Number 4 item on there is the
17 Department of Public Safety/Division of
18 Administration Server. This is something
19 that I was contacted by the Division of
20 Administration, and it -- basically that
21 Department of Public Safety's Data Center
22 space fees associated with the rack whole
23 servers for the old Louisiana payment
24 gateway.

25 There are three servers that power

1 CAVU licensing equipment that is actually
2 housed. Basically, what that means is
3 that we actually -- part of our server is
4 with Department of Public Safety and that
5 Division of Administration basically state
6 that what they were actually paying for
7 our service there. And they said by, I
8 think it was January 15th or so they're
9 not going to pay for it anymore.

10 So what needs to happen is either the
11 server that is there, one of the agencies
12 -- there's three separate agencies. One
13 of us needs to take that server from
14 Department of Public Safety and house it
15 here or house it at the other agencies, or
16 we may be able to work out some kind of
17 arrangement with Public Safety. And I
18 think that's where the point we are at
19 right now.

20 I got an email from someone, from my
21 contact at Division of Administration this
22 morning basically saying they will
23 continue to hold -- at Public Safety, they
24 will hold the servers there, but Division
25 of Administration is not going to pay for

1 it anymore.

2 So what we've got to figure out. --

3 we're going to try to sit down and have
4 some meetings with them to figure out
5 exactly what's the cost of this. And this
6 was something that I kind of --

7 Mr. Horton --

8 MR. HORTON:

9 Uh-huh.

10 MR. PARNELL:

11 If you will, kind of explain --

12 because this is something that I was just
13 learning about, as well -- what we have at
14 Public Safety and what we have here as it
15 relates to our server.

16 MR. HORTON:

17 As far as our servers, the information
18 is split up. And in 2004, when went live
19 on the CAVU database system, all of the
20 CAVU data and the servers required to run
21 CAVU are stored at Department of Public
22 Safety building. Those three servers were
23 shared amongst, I think around five state
24 agencies. The data was housed on those
25 from the five agencies.

1 Two of those agencies have since
2 purchased their own CAVU servers, which
3 I've assisted with two of them and have
4 brought the CAVU -- have purchased their
5 own CAVU servers and have them running out
6 of their own office. I think three of
7 those agencies are left on the shared
8 servers.

9 The state is saying they don't want to
10 pay for them any longer for the rent,
11 basically, and the band width that's used
12 to run those servers to provide it to
13 those three agencies. And so at this
14 point, you -- I guess you've really got a
15 choice of running your own servers here in
16 the office, which I think is a very good
17 idea, or moving to, you know, another way
18 of running CAVU, which could be through
19 the hosted environment.

20 Which, I'm not sure, Derek, if you
21 were going to talk about --

22 MR. PARNELL:

23 Yeah, I actually was.

24 MR. HORTON:

25 -- a little bit later or running to or

1 paying rent and the band width fees, which
2 I'm not sure how much those are going to
3 be to Department of Public Safety as the
4 state's not going to pay for those
5 anymore.

6 MR. PARNELL:

7 Okay. That's all.

8 MR. HORTON:

9 I can share more about advantages and
10 disadvantages of each if you'd like.

11 MR. PARNELL:

12 That's the next thing I'm going to
13 talk about a little bit.

14 MR. HORTON:

15 Okay.

16 MR. PARNELL:

17 With that, with the Division of
18 Administration and Public Safety, we do
19 have some meetings that we have to
20 schedule to sit down and talk and find out
21 exactly what's going on and what we need
22 to pay and/or what our solution could be
23 for this situation. So that's within the
24 next couple of weeks or so. And I'm going
25 to sit down with them and figure out

1 exactly where we are, and you will be
2 updated on that.

3 The next item I have is In-House
4 Server versus Cloud or Hosting Server.

5 This was something that we talked about in
6 our last meeting. I know some of our
7 commissioners, they said they used,
8 actually, the Cloud server themselves, and
9 they like it quite a bit.

10 And what I was trying to look at is
11 what would it be better; what would it be
12 more beneficial for the commission, and
13 would it be more beneficial to have an in-
14 house server or use that method. I spoke
15 with CAVU about the hosting method. They
16 do do that, but what their cost is is
17 \$1,500 per month -- \$1,500 to \$2,000 per
18 month, just depending on what it is that
19 we're getting with them.

20 Again, the in-house server -- we had
21 our meeting with Mr. Horton, and we kind
22 of discussed some pros and cons about
23 both. And I would like for him, if he
24 will, to kind of go through it with
25 everybody so you can kind of understand a

1 little bit more of what we're looking at.

2
3 Mr. Horton, he worked very close with
4 another state agency that wanted to get
5 away from paper, basically. And that's
6 kind of the direction that I see we need
7 to go with because we have a small staff,
8 but we still have a large area of
9 responsibility. And we can't continue to
10 work hard the way we're doing. We've got
11 to work smart so to speak.

12 And that's one of the ways of doing
13 it, ensuring that we have the proper
14 technology in place so that we can
15 actually do some different things,
16 innovative things to actually get out our
17 message and get out our news faster.

18 And so, Mr. Horton, if you would, kind
19 of -- if you could go through maybe some
20 pros and cons of in-house servers versus
21 Cloud or hosting servers? Also, can you
22 tell us a little bit more about some of
23 the things that you helped implement
24 actually at those other agencies that
25 wanted to get away from the paper-based

1 method?

2 MR. HORTON:

3 Okay. The advantage of running a
4 Cloud based or a hosted environment would
5 be that the maintenance cost would be all
6 absorbed under your monthly fee. You
7 could budget how much you were going to
8 pay to run CAVU. CAVU would maintain
9 those servers, would run all of the
10 updates, the fixes. They would do all of
11 the back-end work and provide you with a
12 login that you can type in and do what you
13 need to do.

14 That's the -- the main advantage is
15 that you don't have to do any of the
16 behind-the-scenes work to make things
17 happen. The disadvantage of doing it that
18 way would be it's going to cost you a good
19 bit more. For \$1,500 to \$2,000 a month
20 you can buy some very nice servers, and
21 you don't need to spend that much on the
22 servers. But your cost is going to be
23 higher to do it that way because you're
24 paying them to do it.

25 Secondly is, which could or could not

1 be -- it would probably be more of a
2 disadvantage would be you're not going to
3 have customization or some customizability
4 that you would have if you had the servers
5 here. And that leads into the discussion
6 of some things that you can do, which I
7 shared with Derek and Mona recently about
8 some things that might save some time and
9 effort as far as how to email out renewals
10 as opposed to only be limiting to mailing
11 those, that that be an option down the
12 road -- something that you guys could move
13 to to save you a good bit in postage --
14 and providing email addresses to your
15 dealers as opposed to having to keep track
16 of theirs, providing them a place to log
17 in on the website to get that information.
18 So that's kind of a general overview
19 of some things that I have done with the
20 Real Estate Commission. Emailing licenses
21 that they can then print out was one thing
22 we've done with them, and it seems to have
23 saved them time and money and effort and a
24 lot of communication with their licensees.
25 If you went with servers here, you

1 could do those kinds of things. If you
2 went with a hosted environment, it would
3 be a good bit more difficult to do those
4 kind of things.

5 And I think, my personal opinion is,
6 in the long run, I think you would be
7 better to purchase servers here so that
8 you would have more complete control.
9 That's what the contractor's board, State
10 Licensing Board for Contractors and Real
11 Estate Commission decided to do a couple
12 of years ago.

13 They were able to -- had the funds to
14 be able to do that, and I think they've
15 been very happy with the outcome of the
16 way things are working now with CAVU for
17 them.

18 MR. PARNELL:

19 Okay. Thank you.

20 MR. DUPLESSIS:

21 Mr. Horton, let me ask you a question.

22 Are you saying that you would use the CAVU
23 virtual server or the hosted environment
24 or would --

25 MR. HORTON:

1 No, sir.

2 MR. DUPLESSIS:

3 -- you use a third-party hosted
4 environment.

5 MR. HORTON:

6 No, sir. What I would suggest would
7 be purchasing hardware to house here, and
8 CAVU would load their software on those
9 servers that we would have here. And then
10 you'd be accessing -- when you opened
11 CAVU, you'd be accessing a server that's
12 here in-house as opposed to going to DPS
13 or going to CAVU's office to access a
14 server.

15 The other option is to pay CAVU to
16 house servers in North Carolina at CAVU's
17 office and then you access their system
18 through the internet. That's the hosted
19 or the Cloud method I think that Derek was
20 referring to. The method that I suggest,
21 just based on cost and what seems to be
22 more prudent, is to house them here, let
23 CAVU load their software here and maintain
24 the servers here that would be at your
25 disposal.

1 If internet goes down or any
2 connection goes down, you're not shut out
3 of your system. You're data is housed.
4 You would control backups. You have just
5 a more hands-on approach to your data and
6 your system.

7 MR. DUPLESSIS:

8 Have you explored the possibility of
9 going to a third-party virtual host? That
10 seems to be by far the most economic and
11 most practical, especially if you're
12 internet goes down, you're doing office
13 work on a spreadsheet any way.

14 MR. HORTON:

15 Yeah.

16 MR. DUPLESSIS:

17 So to me --

18 MR. HORTON:

19 Well, that's essentially what we're
20 doing now.

21 MR. DUPLESSIS:

22 Not at \$1,500 a month with CAVU.

23 MR. HORTON:

24 No. That's what we're doing now with
25 DPS.

1 MR. DUPLESSIS:

2 Right. Yeah.

3 MR. HORTON:

4 Is essentially --

5 MR. DUPLESSIS:

6 Right.

7 MR. HORTON:

8 -- we've got our servers housed over
9 there. You know, that's certainly an
10 option, if you want to pay the amount that
11 they're costing or that they want to
12 charge you for your lease and those types
13 of things. I don't know what those are,
14 but, you know, that's kind of a preference
15 up to you if you want to pay those charges
16 to them.

17 MR. DUPLESSIS:

18 What are those charges?

19 MR. PARNELL:

20 I haven't got those actual numbers,
21 yet. I'm still, as I said, I'm still kind
22 of researching this to find out exactly
23 what's the most cost-effective method.

24 MR. POTEET:

25 They've been picking up the tab up to

1 this point?

2 MR. PARNELL:

3 Yeah. The Division of Administration.

4 MR. POTEET:

5 So we don't really know yet.

6 MR. TURNER:

7 But we don't know what the tab is,

8 huh?

9 MR. POTEET:

10 Right.

11 MR. DUPLESSIS:

12 Right.

13 MR. PARNELL:

14 So I'll find out that and I'll send an
15 email out to you.

16 MR. POTEET:

17 I think to Mr. Duplessis' point, you
18 know, \$2,000 a month, \$1,500, \$2,000
19 sounds --

20 MR. PARNELL:

21 For the hosting, yeah, that's --

22 MR. POTEET:

23 -- enormous.

24 MR. PARNELL:

25 Yeah, that's --

1 MR. DUPLESSIS:

2 That's obscene.

3 MR. POTEET:

4 That's like --

5 MR. PARNELL:

6 Yeah.

7 MS. BARON:

8 Yeah.

9 MR. POTEET:

10 That's like -- that's 120 times what I
11 pay.

12 MR. PARNELL:

13 Yeah.

14 MR. DUPLESSIS:

15 Exactly.

16 MR. PARNELL:

17 And that's when he came up with that
18 gentleman, Mr. Will Anderson with Iron
19 Data, who bought out CAVU. Then he came
20 down and met with us. I asked him of
21 that. I just asked about it, you know,
22 can you send me some literature on it.
23 And when I spoke with him about it, he was
24 telling me \$1,500 to \$2,000 annually -- I
25 mean, a month.

1 So I mean, that's an exorbitant amount
2 of money to be spending on something that
3 we don't really have a lot of control
4 over. What I've been reading and
5 researching is, you know -- and once
6 again, I'm not completely finished with
7 this -- is that when you have your in-
8 house servers, you do have that
9 flexibility, and you have a little bit
10 more freedom to do things that are more
11 customized to what you need as your
12 business is moving forward.

13 The accessibility could become an
14 issue, but it just depends on the
15 situation. So this is something that
16 we're still in the workings on and trying
17 to look at which direction we want to go
18 with. This is something I'm working very
19 close with Mr. Horton and other agencies,
20 just trying to understand what they have,
21 what they're using, what's working for
22 them, what's the best solution for them.
23 So we're just trying to move forward
24 in a positive direction, moving into -- as
25 one of our dealers stated, is moving into

1 the 21st century. And so we're going to
2 get there, and we've just got to really
3 dig in right now and try to figure out
4 exactly which direction we need to go.

5 MR. POTEET:

6 Do you know when they're going to pull
7 the plug on us?

8 MR. PARNELL:

9 I think we don't have long. Mid-
10 January.

11 MR. POTEET:

12 Okay.

13 MR. PARNELL:

14 She was talking about it. I think
15 that cost -- she said we -- the email I
16 received this morning, that the cost they
17 may work with us a little while on the
18 cost until we actually have something in
19 place or a decision more sound in place,
20 but it's coming up pretty fast. I'll say
21 that.

22 So we've just got to try to work
23 through that. I don't know the full
24 maximum amount of it. I think it's an
25 annual fee. I know it's not a monthly

1 fee. But I'll find out, and I'll get some
2 information out to everyone to let you
3 know what exactly we're looking at.

4 MR. POTEET:

5 Okay.

6 MR. PARNELL:

7 The next item is our CAVU Maintenance
8 Agreement. During our last commission
9 meeting, we reported that our CAVU
10 maintenance agreement kind of -- it went
11 up in cost. It went up to \$15,000 versus
12 \$9,500, what it was in the past couple of
13 years. And the question was rose --
14 arose, basically, can CAVU change our
15 maintenance agreement if we're under
16 contract.

17 What I found -- and I had Mr. Hallack
18 work with me on this. We found the actual
19 contract, the initial contract -- it was
20 the only contract that was in place. It
21 was a contract that was established in
22 2003. What it did was the agreement was
23 for three years, which could be extended
24 for an additional two years. Thus the
25 initial agreement ended in 2008.

1 So during this time frame, we really
2 did not have an actual contract, a signed
3 contract for the last two years. Now,
4 once CAVU was bought out by this company
5 Iron Data -- which they are a bigger
6 company, and they are proving a little bit
7 more service to us -- that fee did
8 increase.

9 And so the question was, could they
10 increase the fee with the contract that we
11 have in place? And the response to that
12 is that we didn't actually have a contract
13 in place that was still valid. So yes,
14 the fees could have been, and they were
15 increased for us.

16 The next item is Changes to Licensing
17 Procedure/Legal Name versus Doing Business
18 As Name. What I'll do is I'll let Kim
19 kind of help me out with this. Is what
20 Mr. Hallack brought to our attention is
21 that on our license itself, the actual
22 legal name is not the name that we had
23 been using in the past to label the
24 license.

25 We needed to use the legal name. Our

1 statute states that we must use the legal
2 -- a dealer license is supposed to be
3 issued in the legal name of the entity as
4 defined on the application. What we were
5 using is the doing business as name and/or
6 just the dealership name.

7 Now, we can get into a situation where
8 we can get in trouble with that because we
9 would be powerless to enforce a violation
10 against a doing business as name or a
11 trade name.

12 So Kim, if you will, kind of talk to
13 the commissioners about what exactly we
14 have been doing in the past two weeks, I
15 think it's been, trying to make sure that
16 we're complying with exactly what our rule
17 and regulation and our statute states with
18 the rule change.

19 MS. BARON:

20 When Mr. Hallack called, he just
21 stated that the legal name was not showing
22 up on the license. We've had auction
23 houses and stuff in the past call and say,
24 what is this dealer's legal name; it's not
25 on the license; can you put it, you know.

1 But we had always been issuing the license
2 with the dealership name.

3 If you're George Brewer doing business
4 as Brewer's Used Cars, George Brewer is
5 going to be the name that shows on that
6 license, and then there will be a D/B/A
7 place that says Brewer's Used Cars. We
8 haven't been doing that. It was just
9 saying Brewer's Used Cars on that license.

10 You cannot violate, you cannot bring
11 charges, so-called charges against
12 Brewer's Used Cars. You have to bring it
13 against the legal entity, which would be
14 George Brewer. So now we're having to
15 state that on the license that that is the
16 actual legal name of that dealership and
17 then put their D/B/A name under that.

18 If it's an incorporation, we're just
19 leaving it as the incorporation, or if
20 it's an incorporation doing business as
21 something else, then we're having to list
22 both of those names as well.

23 It was not pulling to the license like
24 it should have been. So I got with CAVU
25 last week, and they fixed that for us at

1 no extra cost or anything like that. They
2 just went ahead and tabbed it so it would
3 pull over to the license that way.

4 Everything should be in place now, and
5 it's being done correctly.

6 The ones that have already been issued
7 for 2011, we will go back -- after
8 renewals has calmed down, we will go back
9 and reissue those licenses out with the
10 correct -- using this correct procedure.
11 But it was brought to our attention -- to
12 Mr. Hallack's attention by a third party.
13 And so we have gone ahead and fixed that
14 and everything should be up-to-par at this
15 time. But it was just a -- it was
16 basically just a legal thing that the
17 legal name wasn't --

18 MR. TURNER:

19 Was this a glitch or this is the way
20 everything was set up?

21 MS. BARON:

22 It's just the way everything had been
23 set up.

24 MR. PARNELL:

25 Right. It wasn't a glitch or

1 anything.

2 MS. BARON:

3 From the -- it -- no.

4 MR. PARNELL:

5 It was just the inception of how we
6 did license.

7 MR. POTEET:

8 Just the way it was --

9 MS. BARON:

10 The incerpption of how -- yeah.

11 MR. PARNELL:

12 Yeah.

13 MS. BARON:

14 Just the --

15 MR. TURNER:

16 I remember, I want to guess two or
17 three years ago -- my business is Dealing
18 Doug's Priceless Motors, Incorporated
19 D/B/A Dealing Doug's Autoplex. And it had
20 always been the corporate name, and
21 they've kicked everything back to me on
22 the renewal one year and said, no, you got
23 to put your actual Dealing Doug's
24 Autoplex. That's what has to be on the
25 license. So somewhere in there it came

1 up.

2 MS. BARON:

3 Which, in fact, it should have been
4 the other way you were doing it.

5 MR. POTEET:

6 Been the other way?

7 MS. BARON:

8 Yeah, Dealing Doug's. The
9 incorporation name should have been what
10 was showing up on the license. So that's
11 what's going to be showing up now.

12 MR. PARNELL:

13 I think it's more of a procedural
14 thing within the office on how --

15 MS. BARON:

16 Yeah.

17 MR. PARNELL:

18 -- we're actually issuing the licenses
19 versus a glitch in the system or anything
20 like that.

21 MR. POTEET:

22 That makes sense to do it that way.

23 MR. TURNER:

24 Yeah.

25 MR. POTEET:

1 I mean, that's --

2 MR. PARNELL:

3 Okay. Well, that's the end of my
4 report. Does anyone have any questions or
5 comments?

6 MR. POTEET:

7 That was a long report.

8 MR. PARNELL:

9 Yeah, it was a long report.

10 MS. BARON:

11 He's usually quick too.

12 MR. PARNELL:

13 I just try to give a lot of
14 information.

15 MR. POTEET:

16 You may have used up some of your time
17 from next month's meeting. I just want to
18 let you know.

19 MR. PARNELL:

20 Okay. That's fine.

21 MS. BARON:

22 If we let him say anything at all.

23 MR. PARNELL:

24 Right. Next month, we -- I don't have
25 any hearings scheduled to this meeting.

1 Next month, I am trying to schedule some
2 hearings. You may be looking at four. So
3 it may be a little while.

4 MS. BARON:

5 Safe to say bring a lunch, pack your
6 lunch.

7 MR. POTEET:

8 Okay. Any --

9 MS. BARON:

10 Maybe they all four could pass or
11 something. It'll be one right after the
12 other. We'll schedule them all at 10:30.

13 MR. PARNELL:

14 We'll schedule them all for 10:30. So
15 they'll wait.

16 MR. POTEET:

17 Yes, make them wait on us.

18 MS. BARON:

19 Make them wait on us.

20 MR. POTEET:

21 Is there any more discussion?

22 Anything that we need to talk about?

23 Anything else?

24 MR. TURNER:

25 I'd like to wish everybody a Merry

1 Christmas and a Happy New Year.

2 MR. POTEET:

3 Thank you.

4 MS. BARON:

5 Thank you.

6 MR. CORMIER:

7 Motion --

8 MR. POTEET:

9 I offer those sentiments, too.

10 MR. TURNER:

11 Motion to adjourn.

12 MR. POTEET:

13 And we have a motion to adjourn.

14 MR. CORMIER:

15 Second.

16 MR. POTEET:

17 Second. All in favor, get up and

18 leave the room.

19 (Whereupon, the taking of the

20 Louisiana Used Motor Vehicle

21 Commission Monthly Meeting was

22 concluded at 10:58 a.m.)

R E P O R T E R ' S P A G E

1
2 I, Theresa Howze Wheelis, Certified Court
3 Reporter, in and for the State of Louisiana, the
4 officer, as defined in Rule 28 of the Federal
5 Rules of Civil Procedure and/or Article 1434(b) of
6 the Louisiana Code of Civil Procedure, before whom
7 this meeting with the Louisiana Used Motor Vehicle
8 Commission was taken, do hereby state on the
9 record:

10 That due to the interaction in the spontaneous
11 discourse of this hearing/proceeding, dashes (--)
12 have been used to indicate pauses, changes in
13 thought, and/or talkovers; that same is the proper
14 method for a court reporter's transcription of
15 proceeding; that the dashes (--) do not indicate
16 that words or phrases have been left out of this
17 transcript; and that any words and/or names which
18 could not be verified through reference material
19 have been denoted with the phrase "(phonetic)."

1 STATE OF LOUISIANA:

2 PARISH OF EAST BATON ROUGE:

3 I, Theresa Howze Wheelis, Certified Court

4 Reporter in and for the State of Louisiana, as the

5 officer before whom this meeting was taken, do

6 hereby certify that the foregoing pages,

7 constitute a true and correct transcription to the

8 best of my ability of the evidence adduced on the

9 taking of the meeting of the

10 LOUISIANA USED MOTOR VEHICLE

11 COMMISSION MONTHLY MEETING,

12 on Monday, the 20th day of December 2010, 3132

13 Valley Creek, Baton Rouge, Louisiana; that the

14 statements for this hearing was reported by me in

15 the voicewriting reporting method and thereafter

16 reduced to typewriting by me; that I am not

17 related to counsel or to the parties herein, nor

18 am I otherwise interested in the outcome of this

19 matter.

20 THEESA HOWZE WHEELIS, CCR #23017

21