

*Vermont Vehicle & Automotive Distributors Association*

# **Board of Directors Meeting**

***Thursday, September 26 at 8:30 am***  
**South Burlington, Vermont**

## **Meeting Agenda**

- Welcome
- Anti-Trust Statement
- Review and Approve Minutes from Prior Meeting
- Management and Financial Report
- Insurance Programs Discussion
- BOD Nominations
- Government Affairs Update

## Antitrust and Fair Competition Guidelines

The antitrust laws are a comprehensive charter of economic controls aimed at promoting free competition. These laws rest upon the premise that the preservation of free competition will yield the best allocation of economic resources, the lowest prices, the highest quality and the greatest material progress for the public welfare. All activities of this organization comply strictly with all state and federal antitrust laws. Under the antitrust laws competitors may not restrain competition via agreements or understandings regarding the price, production or distribution of products and services. Competitors may not engage in any activity intended to restrict the competitive capabilities of their customers, suppliers, or other competitors. The antitrust laws are complex and are often of unclear applicability. Unlawful agreements can be inferred from circumstantial evidence. A conviction for violating the antitrust laws may result in stiff fines, jail sentences for individuals who participated in the violation and forced disbanding of their trade association.

### The following will not be discussed:

- ▶ Current or future prices
- ▶ What constitutes a "fair" profit level
- ▶ Possible increases or decreases in prices
- ▶ Standardization or stabilization of prices
- ▶ Pricing procedures
- ▶ Cash discounts
- ▶ Credit terms
- ▶ Control of sales
- ▶ Allocation of markets
- ▶ Freight allowances
- ▶ Refusal to deal with a corporation or individual because of its pricing or marketing practices

The most important antitrust statutes applicable to this meeting are Section 1 of the **Sherman Act**, which prohibits conspiracies in restraint of trade and Section 5 of the **Federal Trade Commission Act**, which establishes broad prohibitions against unfair methods of competition and unfair or deceptive business acts or practices.

**DRAFT**  
December 20, 2023

**Vermont Vehicle and Automotive Distributors Association**  
Board of Directors Meeting Minutes – December 20, 2023 – VADA HQ

VADA President Jack Castellaneta called the meeting to order at 10:05 am and welcomed the Board of Directors to the meeting. Managing Director Matt Cota reviewed the anti-trust statement with the Board. Castellaneta made a motion to approve the minutes from the VADA BOD Meeting held on May 4, 2023. Seconded by Brian Hoard, approved unanimously.

Cota provided the BOD with details on the changes that have occurred since Cota's consulting company (Meadow Hill) began managing VADA.

Cota reviewed the financial statements with the BOD for the first eleven months of the fiscal year. VADA Inc. has total current assets of \$760,711 through November 30, 2023. VADA's net operating revenue is \$117,965 through the first eleven months of the fiscal year. VADA should anticipate a \$125,000 net profit in 2023. The VADA Benefits Trust has total current assets of \$108,290 with net operating revenue of -\$16,737 through November 30, 2023. The Morgan Stanley account holds \$499,616.

Cota provided an analysis of VADA revenue and expenses and an overview of future opportunities and liabilities. Cota predicted that VADA Inc. will finish 2023 with a net operating revenue of \$120,000 and that VADA Benefits Trust should end with -\$10k. Cota presented a draft budget for both companies in 2024, with a \$30k profit for VADA Inc. (on \$485k in revenue, \$455k in expenses) and a level-funded budget for VADA Benefits Trust (\$850k).

Cota reminded the BOD that the management agreement with Meadow Hill and VADA expires on September 30, 2024. Cota indicated that he will present a new management contract for BOD to consider at the next meeting. Cota and the BOD reviewed the employment agreement with Kim Gauthier (KG). After providing a performance assessment, Cota recommended the BOD approve a bonus for KG. Mitchell Jay made a motion to approve a bonus for KG of \$2,750. Seconded by Castellaneta, approved unanimously.

Cota reviewed the Government Affairs Report included in the BOD packet, remarking on what occurred in 2023 and what VADA should expect to encounter in the statehouse in 2024.

The meeting adjourned at 11:45 am.

Board of Directors		
Denise	Alosa	Present/Zoom
Scott	Brileya	Present/Zoom
Jack	Castellaneta	Present
Bob	Cody	Present/Zoom
John	DuBrul	Present
Frank	Hanenberger	Present/Zoom
Mark	Hayes	Present
Brian	Hoar	Present
Mitchell	Jay	Present
Mike	Loschiavo	Present
Jane	Lowery	Present/Zoom

Also in attendance:  
Matt Cota, VADA Managing Director

**Vermont Vehicle and Automotive Distributors Association (VADA)**

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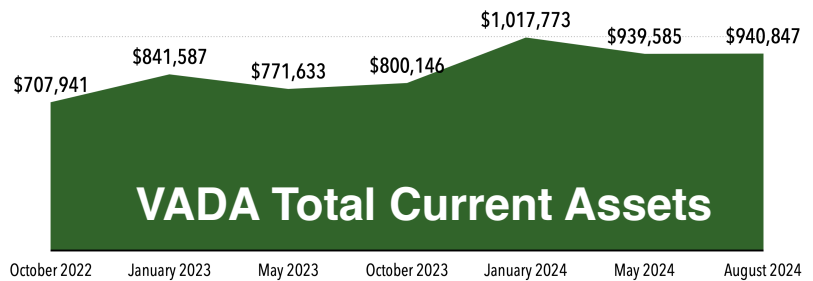
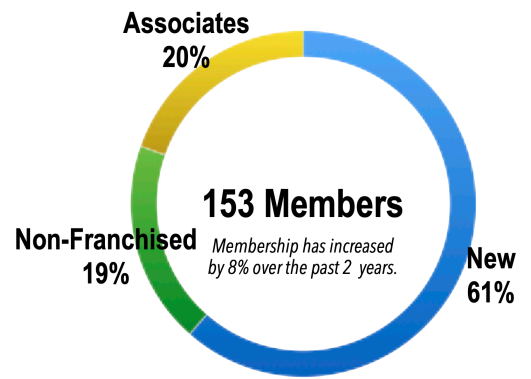


# Management and Financial Report

VADA Inc. has total current assets of \$940,847 through August 31, 2024. VADA’s net operating revenue is \$82,114 through the first eight months of the fiscal year. The VADA Insurance Benefits Trust has total current assets of \$154,029 with net operating revenue of \$27,412 through August 31, 2024. The two companies combined have an annual operating budget of \$1.1 million, 3/4 of which is insurance-related. The Morgan Stanley account holds \$518,370. These funds are in a savings account and revolving certificates of deposit.

Moving our reserves into a Morgan Stanley investment account has earned VADA approximately \$39,189 since it was established in December 2022. We pay a \$150 annual fee to our broker to manage this portfolio.

See pages 7-11.



Under Meadow Hill management, VADA has increased both revenue and membership dues while reducing annual operating expenses by approximately \$125,000. These savings include moving from an Executive Director employee position to a contract structure for association management, advocacy, and communications. The current contract between Meadow Hill expires on September 30 and is replaced by a new four-year agreement that commences on October 1. The Board of Directors may consider an update to VADA bylaws to reflect this management structure and consider other changes to encourage participation in the VADA management and advocacy initiatives. VADA staff is not recommending a dues increase in 2025. See page 12.

The Board of Directors should prepare for the VADA Association Health Plan (AHP) to have another double-digit rate increase in 2025. The Green Mtn Care Board approved Blue Cross and Blue Shield (BCBS) rate increases as high as 22.8% over 2024 for their small groups. BCBS has given us a preliminary increase of 15% without any plan changes. We have been in contact with both CIGNA and MVP to price shop. CIGNA is not interested in smaller groups (under 50), which is most of our members. MVP is preparing a proposal. While we have yet to see what the rate will be, there are other issues with switching. Moving 1000 lives over to a new carrier will be a significant change for all employees, and educating everyone on the new plans would be a hurdle. BCBS also does all of our billing for medical, life, dental, and disability programs. Should we leave BCBS, VADA would have to develop a billing system for the dental, life, and disability programs in about 60 days. We have also put out a bid for the VADA Life and Disability Insurance Programs. We should have all the information for the Board to consider at the end of October.

## VADA Board of Directors

Jack Castellaneta	Formula Nissan, Inc.	President
John DuBrul III	The Automaster	Vice-President
Mitchell Jay	Central Vermont Auto Mart	Treasurer
Robert Cody II	Cody Chevrolet, Cadillac	Past President
Brian Hoar	Goss Dodge	Franchised Dealer
Mark J. Hayes III	Hayes Ford	Franchised Dealer
Mike Loschiavo	St. Johnsbury Subaru	Franchised Dealer
Scott Brileya	Brileya's Chrysler-Jeep	Franchised Dealer
Jane Lowery	Lowery's Auto Sales	Non-Franchised
Frank Hanenberger	Brattleboro Subaru	NADA Representative
Denise Alosa	New England Kenworth	Franchised Heavy-Duty Truck Dealers
		Franchised Motorcycle Dealer
		Franchised Dealer
Heather Pauquette	Coggins Auto	Franchised Dealer Nominee
Sarah Barrette	Barrette Ford	Franchised Dealer Nominee
Cat Arnold Hassett	Burlington Subaru	Franchised Dealer Nominee
Pat Blackmore	AutoSaver	Franchised Dealer Nominee

**VADA Bylaws: ARTICLE VII (Section 1)** The Board shall consist of up to seventeen elected Directors as follows: twelve (12) Directors shall be Franchised and nominated by the Board of Directors and elected by Franchised members eligible to vote at the regular Annual Meeting of the Association; One Director shall be elected at large by and from those members who are exclusively franchised heavy-duty truck dealers; One Director shall be elected at large by and from those members who are exclusively franchised motorcycle dealers; One Director shall be elected at large by and from those members who are in the Non-franchised category of membership as defined in these bylaws, Article III, Section 2b. The VADA Board of Directors may appoint an alternate Non-Franchised Director. The Board of Directors shall also include the current President. Ex-officio members shall include the association's past President and the current Vermont representative to the Board of Directors of the National Automobile Dealers Association.

The officers of the Association shall consist of a President, 1st Vice President, 2nd Vice President, Secretary and Treasurer, who shall be elected by the members at the Annual Meeting of the Association and who shall hold office for one year or until a successor is elected. No person shall serve as President and Secretary and/or Treasurer.

## Government Affairs Update

Vermont will spend \$8.5 billion over the next fiscal year. While Governor Scott signed the budget into law, he disagreed with how to pay for it. In the end, the legislature won, successfully overriding the Governor's veto of the Yield Bill, which increased the average property tax bill by about 14%. The state spends about a third of its budget on public schools, and property taxes are the largest source of revenue for the education fund. A study committee has been tasked with figuring out how to spend less. While a 14% bump in property taxes may be more than many Vermonters can afford, it's less than what was projected earlier this year. A new 3% tax on short-term rental housing, a new tax on cloud-based software, and \$25 million from a one-time state budget surplus helped "buy down" the sharp increase.

The Governor signed a \$879 million transportation spending plan that set aside about \$150 million for fixing state and town roads. There is \$56 million for public transit programs, \$1.1 million to electrify state-owned fleet vehicles, and \$70,000 in e-bike incentives. There are also new fees for electric vehicles (EVs) and plug-in hybrids (PHEVs), which will go into effect on January 1, 2025. EV owners will pay an extra \$89 annually, and PHEVs will pay \$44.50. Given the number of electric cars on the road, this is expected to raise \$1.7 million in 2026. Money from the fees on EVs will be set aside to fund more electric vehicle chargers. None will go to fix Vermont's roads. At least not until the state creates a Mileage-Based User Fee (MBUF), which won't happen until at least 2026. The Agency of Transportation will have to figure out how to roll out an MBUF and what regulations are needed to ensure EV chargers work correctly.

The legislature clarified when vehicles over fifteen years old require a title. Starting on July 1, 2026, EV owners must have the letters "EV" stamped on their license plates to alert firefighters. That is the same deadline for removing aftermarket tint on front side windows (if greater than 30%) to pass inspection. On January 1, 2024, a 20% increase in DMV fees went into effect. Starting on July 1, 2025, used vehicle dealers must get their customers to sign a form acknowledging when the vehicle was last inspected at the point of sale. While an increase in the gas tax was discussed, no action was taken.

The next legislative session will include several recommendations from the Vermont Climate Commission on ways to reduce greenhouse gas emissions in the transportation sector. The Vermont Vehicle Emission Regulation alone may not be enough to reduce emissions by 40% by 2030, which is required under the 2020 Vermont Global Warming Solutions Act. Other issues expected in 2025 are a review of insurance reimbursements, as well as a return of Right to Repair and data privacy legislation.

*See charts on page 12.*

# Vermont Automobile Dealer's Association, Inc.

## Balance Sheet

As of August 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1002 NSB Checking	125,809.79
1088 NSB 9 Month CD	226,666.29
1089 Morgan Stanley	177,370.45
<b>Total Bank Accounts</b>	<b>\$529,846.53</b>
Accounts Receivable	
1200 *Accounts Receivable	28,600.02
<b>Total Accounts Receivable</b>	<b>\$28,600.02</b>
Other Current Assets	
1150 Prepaid Dues, Fees, Insurance	39,776.22
1903 Morgan Stanley - CDs	341,000.00
2151 Due From VADA Dental Ben Trust	1,624.72
<b>Total Other Current Assets</b>	<b>\$382,400.94</b>
<b>Total Current Assets</b>	<b>\$940,847.49</b>
Fixed Assets	
1190 Furniture and Equipment	9,854.00
1195 A/D Furniture and Equipment	(9,854.00)
<b>Total Fixed Assets</b>	<b>\$0.00</b>
<b>TOTAL ASSETS</b>	<b>\$940,847.49</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	4,043.90
<b>Total Accounts Payable</b>	<b>\$4,043.90</b>
Other Current Liabilities	
2002 Deferred Income	110,162.83
<b>Total Other Current Liabilities</b>	<b>\$110,162.83</b>
<b>Total Current Liabilities</b>	<b>\$114,206.73</b>
<b>Total Liabilities</b>	<b>\$114,206.73</b>
Equity	
3900 Unrestricted Fund Balance	744,526.68
Net Revenue	82,114.08
<b>Total Equity</b>	<b>\$826,640.76</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$940,847.49</b>

# Vermont Automobile Dealer's Association, Inc.

## Profit Loss January - August, 2024

	TOTAL	
	JAN - AUG, 2024	JAN - AUG, 2023 (PY)
<b>Revenue</b>		
4001 Membership Dues	107,350.32	98,116.56
4008 BCBS Service Fee	105,233.77	97,645.96
4010 NADA Membership Dues	45,736.45	43,191.41
4035 2023 Flood Relief Fund		22,518.00
4052 Insurance Trust Admin Fee	12,508.56	10,352.12
4060 VADA Media	4,000.00	
4080 Meetings & Seminars	0.00	1,000.00
4204 Surety Bond	14,395.14	11,828.94
4332 Workers Comp Fees	13,333.36	13,333.32
4400 Affinity Programs	26,484.76	26,569.18
4450 Interest Income	28,499.84	9,153.14
<b>Total Revenue</b>	<b>\$357,542.20</b>	<b>\$333,708.63</b>
<b>GROSS PROFIT</b>	<b>\$357,542.20</b>	<b>\$333,708.63</b>
<b>Expenditures</b>		
5002 Association Management	40,000.00	40,822.69
5011 Administrative Staff	43,839.03	43,252.24
5108 Industry Meetings	3,810.76	4,121.50
5201 Rent/Utilities	4,800.00	2,400.00
5304 Office Equipment	4,842.78	5,129.90
5350 VADA Meetings	0.00	861.57
5402 Legal/Lobbying/Communications	10,418.50	9,657.74
5408 Accounting	16,949.65	16,932.53
5409 Insurance Commissions and Fees	41,953.03	37,050.03
5901 Phone/Fax/Internet	348.72	891.03
5903 Postage/Delivery	1,804.02	1,742.71
5907 Subscriptions/Memberships	266.64	624.00
5910 EAP	19,175.78	19,301.43
5913 Office Supplies	601.52	694.71
5915 Printing & Reproduction	7,042.36	(105.00)
5925 Insurance	7,875.46	8,147.63
5931 Bank Fees	550.37	206.85
5935 Surety Bond Fees	12,424.52	9,657.32
5940 Env . & Safety Compliance	10,591.00	6,902.00
5942 NADA Dues	33,218.08	33,045.59
5960 2023 Flood Relief	14,450.00	11,250.00
5975 Donations/Contributions	465.90	100.00
6577 IT Equip/Furniture Expense		0.00
Purchases		0.00
<b>Total Expenditures</b>	<b>\$275,428.12</b>	<b>\$252,686.47</b>
<b>NET OPERATING REVENUE</b>	<b>\$82,114.08</b>	<b>\$81,022.16</b>
<b>NET REVENUE</b>	<b>\$82,114.08</b>	<b>\$81,022.16</b>



# VADA Dental Benefits Life Disability

## Balance Sheet

As of August 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1031 NSB Checking	154,018.74
<b>Total Bank Accounts</b>	<b>\$154,018.74</b>
Accounts Receivable	
1200 Accounts Receivable	9.83
<b>Total Accounts Receivable</b>	<b>\$9.83</b>
<b>Total Current Assets</b>	<b>\$154,028.57</b>
<b>TOTAL ASSETS</b>	<b>\$154,028.57</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2001 Accounts Payable	6,231.95
<b>Total Accounts Payable</b>	<b>\$6,231.95</b>
Other Current Liabilities	
2005 Deferred Revenue	34,424.72
2015 Claims Payable	12,765.33
2150 Due to/from VADA Assoc	1,624.72
2300 IBNR	13,444.00
<b>Total Other Current Liabilities</b>	<b>\$62,258.77</b>
<b>Total Current Liabilities</b>	<b>\$68,490.72</b>
<b>Total Liabilities</b>	<b>\$68,490.72</b>
Equity	
32000 Unrestricted Net Assets	58,125.42
Net Revenue	27,412.43
<b>Total Equity</b>	<b>\$85,537.85</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$154,028.57</b>

# VADA Dental Benefits Life Disability

## Profit Loss

January - August, 2024

	TOTAL	
	JAN - AUG, 2024	JAN - AUG, 2023 (PY)
<b>Revenue</b>		
4009 Dental Premiums ER	199,075.56	180,551.28
4010 Dental Premiums EE	261,892.28	249,323.98
4011 Life Premiums ER	49,558.89	54,198.58
4012 Life Premiums EE	995.54	1,010.22
4013 Disability Premiums ER	46,869.47	51,072.47
4014 Disability Premiums EE	5,341.05	5,018.20
<b>Total Revenue</b>	<b>\$563,732.79</b>	<b>\$541,174.73</b>
<b>GROSS PROFIT</b>	<b>\$563,732.79</b>	<b>\$541,174.73</b>
<b>Expenditures</b>		
5222 UNUM STD Claims	10,443.78	19,122.67
5223 UNUM STD Admin Fee	5,290.00	6,008.00
5227 NE Delta Dental Claims	395,807.43	390,643.60
5228 NE Delta Dental Admin Fee	42,101.25	42,089.85
5229 COBRA Admin Services Fee	2,274.97	2,274.98
5603 VADA Admin Fee	12,374.47	10,295.31
5609 Audit Fees	6,000.00	15,000.00
5610 Printing	982.73	0.00
5643 Commissions	3,288.00	3,000.00
5645 UNUM Life Premium	52,665.34	55,270.54
5653 NEDD Claims Assessment	5,092.39	5,082.80
<b>Total Expenditures</b>	<b>\$536,320.36</b>	<b>\$548,787.75</b>
<b>NET OPERATING REVENUE</b>	<b>\$27,412.43</b>	<b>\$ -7,613.02</b>
<b>NET REVENUE</b>	<b>\$27,412.43</b>	<b>\$ -7,613.02</b>

WEALTH MANAGEMENT Morgan Stanley

**Performance Report**

Prepared on September 17, 2024 for:  
**Vermont Vehicle and Auto Dist Assoc**  
 Account No. 383-XXX834

VERMONT VEHICLE AND AUTO DIST ASSOC  
 C/O MITCHELL JAY &  
 MATTHEW H. COTA  
 PO BOX 747  
 MONTPELIER VT 05601-0747

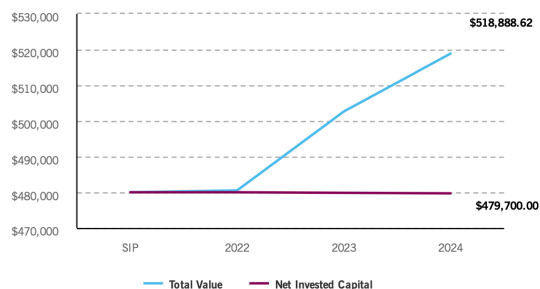
The Wilkins Strout Group  
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Your Branch:  
 105 WEST VIEW RD, 5TH FL  
 COLCHESTER, VT 05446

**TOTAL VALUE VS. NET INVESTED CAPITAL**



Does not include Performance Ineligible Assets.

**TOP POSITIONS BASED ON TOTAL VALUE**

DESCRIPTION	Total Value (\$)	% of Portfolio
BANKWELL BK NEW C NEW CANAAN CT CD	168,213.25	32.4
BANK OF AMERICA NA CD	168,201.14	32.4
MSPBNA PREFERRED SAVINGS- QC	92,254.40	17.8
MSBNA PREFERRED SAVINGS- QC	85,492.77	16.5
CHARLES SCHWAB BK SSB WESTLAKETEX CD	5,103.78	1.0
BANK DEPOSIT PROGRAM	2.31	-
<b>Top Positions</b>	<b>519,267.66</b>	<b>100.0</b>
<b>Other Positions</b>	<b>-</b>	<b>-</b>
<b>Total Portfolio</b>	<b>519,267.66</b>	<b>100.0</b>

WEALTH MANAGEMENT  
**INVESTMENT SUMMARY**

**Vermont Vehicle and Auto Dist Assoc 383-XXX834 - AAA**

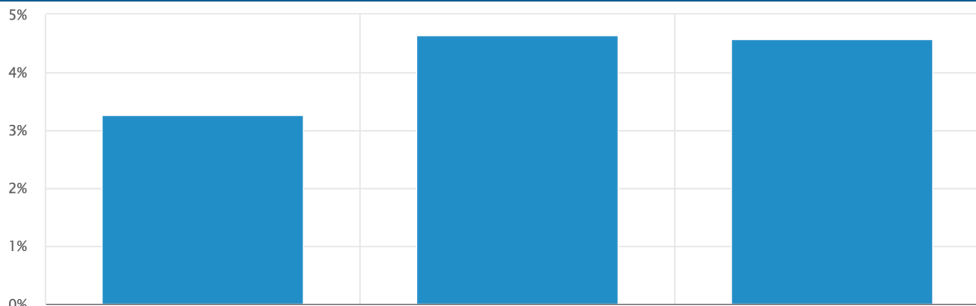
**TWR % (NET OF FEES)**

	Year to Date (\$) 12/31/23-09/16/24	Previous Year (\$) 12/31/22-12/29/23	Performance Inception (\$) 12/16/22-09/16/24
<b>Beginning Total Value</b>	<b>502,680</b>	<b>480,532</b>	<b>480,000</b>
Net Contributions/Withdrawals	-150	-150	-300
Investment Earnings	16,359	22,297	39,189
<b>Ending Total Value</b>	<b>518,889</b>	<b>502,680</b>	<b>518,889</b>
<b>TIME WEIGHTED RATE OF RETURN (%)</b> (Annualized for periods over 12 months)			
Return % (Net of Fees)	3.26	4.64	4.57

WEALTH MANAGEMENT Morgan Stanley  
**TIME WEIGHTED PERFORMANCE SUMMARY**

Vermont Vehicle and Auto Dist Assoc 383-XXX834 - AAA As of September 16, 2024 | Reporting Currency: USD

**RETURN % (NET OF FEES) VS. BENCHMARKS (ANNUALIZED)**



	Year to Date 12/31/23 - 09/16/24	Previous Year 12/31/22 - 12/29/23	Performance Inception 12/16/22 - 09/16/24
Beginning Total Value (\$)	502,679.84	480,532.43	480,000.00
Net Contributions/Withdrawals (\$)	-150.00	-150.00	-300.00
Investment Earnings (\$)	16,358.78	22,297.41	39,188.62
Ending Total Value (\$)	518,888.62	502,679.84	518,888.62
Return % (Net of Fees)	3.26	4.64	4.57



# 2025 Schedule of Dues and Fees

Both VADA and NADA dues are established by their respective Board of Directors. Dues not allocated to lobbying activities are deductible as an ordinary and necessary business expense. In 2025, 80% of VADA membership dues and 57% of NADA dues are deductible. Consult a tax professional for more information.



## 2025 Franchise Dealer Dues

Based on 2023 sales (new/used/swap)

Less than 200	\$750
Between 200 and 400	\$1,000
Between 400 and 600	\$1,250
Between 600 and 800	\$1,350
Between 800 and 1000	\$1,450
Between 1000 and 1250	\$1,500
Between 1250 and 1500	\$1,600
Between 1500 and 1750	\$1,700
Between 1750 and 2000	\$1,800
More than 2000	\$1,900

## 2025 Used Vehicle Dealer Dues

Less than 200	\$525
Between 200 and 400	\$657
Between 400 and 600	\$787
More than 600	\$918

**Non-Franchised Members** \$575

**Associate Members** \$650



## 2025 Dues

Based on 2023 new vehicle sales

Less than 150	\$560
Between 150 and 300	\$635
Between 300 and 500	\$985
Between 500 and 750	\$1,160
Between 750 and 1500	\$1,390
More than 1500	\$1,740



## ATD Dues

Based on 2023 new truck sales

Less than 100	\$575
Between 100 and 200	\$1,005
More than 200	\$1,420

## VADA Surety Bond

Based on 2024 Estimated Sales

Bond Amount	Fee
Less than 25	\$250
Between 25 to 100	\$300
Between 100 to 250	\$350
Over 250	\$400

