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ServNet Strengthens Brand, Adds Locations in 2016; Ready for Market Growth in 2017

An open letter to the industry by ServNet's President, Kevin Brown (Managing Partner, Missouri Auto Auction)

As another year draws to a close, it is my privilege to take stock of ServNet's accomplishments in 2016 before we shift our momentum to plan for the New Year. Approaching my second year as ServNet's president, I continue to be impressed and inspired by the achievements of the individual auction locations as well as the collective efforts we have made as a group. There is a great deal for us to celebrate and remember.

I can report without reservation that the ServNet brand is stronger than it has ever been, and the past year we welcomed four new auctions to the group: Greenville Auto Auction in North Carolina; North Bay Auto Auction in Fairfield, California; Louisiana's First Choice Auto Auction in Hammond, Louisiana; and Houston Auto Auction in Texas. The addition of these four auctions not only expands ServNet's geographic footprint, but fortifies and enriches us as a group as we collaborate with the new auctions' experienced and dedicated owners.

In addition to new locations, ServNet is growing in other ways, as other member auctions expand and improve their facilities, demonstrating ServNet's entrepreneurial efforts, strong capitalization and unwavering commitment to the marketplace.



Kevin Brown
President, ServNet

- BSC America's new home for Bel Air Auto Auction in Belcamp, Maryland is nearly complete, with a grand opening planned in early 2017. The new facility will boast a 75,000 square foot, 10-lane auction building, and a 45,000 square foot mechanical shop, body shop and recon center - all located on a 175-acre campus just six miles from the current facility.
- State line Auto Auction has been busy over the past year working on a rail siding project and expanding its parking lot, so that the total auction footprint is now over 118 contiguous acres.

- KCI Kansas City undertook its third expansion since opening its current facility in 2008, adding 20 acres of asphalt to accommodate a 30% increase in sales volume over the past 12 months. Owner Doug Doll notes that further growth is expected in 2017 with further plans for a building expansion and additional parking.
- The San Antonio Auto Auction continued an almost non-stop pattern of growth and expansion in 2016, developing seven acres for consignment parking. Another six acre parcel for vehicle storage and marshalling is also being developed, with an expected opening in early 2017.
- After expanding its parking capacity to accommodate 5,000 additional vehicles, DAA Northwest recently opened a new building for fleet/lease sales and operations, accounting and marketing. The auction plans a 15,000 square foot expansion to the auction auto body center and a new condition report and photo booth facility in 2017.
- DAA Seattle added eight additional acres adjoining its current facility for paved and secured consignment parking.
- North Bay Auto Auction spent the summer managing a number of improvements, including new flooring, landscaping and both exterior and covered parking.
- Houston Auto Auction plans a major facility expansion in early 2017. The auction will add 6,000 square feet of office space, a 5,000 square foot building to house a new mechanical shop and recon center, and 10 acres for vehicle parking and an expanded transport lot

ServNet received several industry acknowledgements in 2016, most notable among them being the NAAA's 2016 Hall of Fame Award, which recognized Patty Stanley's tireless efforts on behalf of the auto auction industry. ServNet has long benefited from her guidance and expertise, and we join with the industry in expressing our appreciation and applauding her contributions. Also receiving awards at the NAAA Convention in Las Vegas were San Antonio Auto Auction (Operational Excellence Award from Nextgear); Carolina Auto Auction (Remarketing Excellence Award from Nextgear), Louisiana's First Choice Auto Auction and KCI Kansas City (NAAA Auctions of the Year). Earlier in the year, Louisiana's First Choice Auto Auction was also named one of the Best Auctions to Work for by *Auto Remarketing*, as were fellow ServNet auctions DAA Northwest, DAA Seattle, Greenville Auto Auction, San Antonio Auto Auction and State Line Auto Auction.

Overall, car sales were tougher than we expected in 2016, but I am happy to report that volumes are growing at ServNet auctions nationwide, and we expect to see that growth continue in 2017. We've been told for several years to expect increases in lease returns, and I think we'll see the flood gates open in full force in 2017. We have seen positive growth in the number of dealer vehicles as well as institutional consignments in 2016, and forecasts are for that growth to continue. I foresee a busy and exciting year ahead, and ServNet auctions are ready!

As we look ahead to 2017, we will continue to focus on compliance. The process was initially frustrating and work-intensive, but we have, as a group, found that our efforts to support our financial institution customers have made us not only better business people but strengthened our companies as we look internally to review procedures and reduce risks. I am extremely proud of the way ServNet

member auctions have risen to the Compliance challenge, viewing it as an opportunity to show our customers and the industry how ServNet auctions excel.

We face the coming year in good company. We have just signed another three-year agreement with TPC Management and acknowledge the role that Pierre Pons and his team have played in providing executive and administrative support to the ServNet Auction group. Their diligence has resulted in an even stronger, more visible brand and a bold national presence for ServNet. We also welcome the participation of the “next generation” of ServNet owners. As the sons and daughters of ServNet owners take their places in the ServNet board room and at the ServNet owners’ table, we all benefit from their enthusiasm and intelligence. Their participation infuses our group with vitality, as they share their insights along with the wisdom and experience they have gained from their parents and grandparents.

As ServNet’s president, it is my privilege to work with people from all reaches of our country who every day exhibit their skill, knowledge and dedication to our industry. I am grateful for the tremendous relationships we enjoy with our customers and colleagues, for the important things we have accomplished in 2016, and for the exciting possibilities that 2017 holds for us.

On behalf of all the ServNet auction owners, I thank you all for your association and support, and wish you and yours a Merry Christmas and a brilliant New Year.

Kevin

Kevin Brown

President, ServNet Auctions

Owner, Missouri Auto Auction

ABOUT SERVNET: The ServNet Auction Group is a network of America's best strategically located independently-owned wholesale auto auctions. Since 1988, ServNet member auctions have been working together to provide a full range of remarketing services to its customers, including the best auctioneers, inspections, reconditioning, transportation assistance and inventory financing. The ServNet Auction Group is managed by TPC Management with headquarters in Franklin, Tennessee.