

LICENSE PLATE AUCTION GROUP (LPAG)

Colorado Department of Revenue
1881 Pierce, Room 110, Lakewood Colorado
September 24, 2012

Minutes to the Meeting

Members in Attendance: Rich Medina, Dave Ferrill; Mark Simon, Jonathan Oliver (by phone), Gina Robinson (by phone)

Guests in Attendance: Bob Gall, Dylan Ikenouye, William Browning, Guy Mellor, Kit Sage, Peter Pike, Mark Van Buskirk, Maurice Knaizer (by phone)

CONVENE:

The meeting was convened by Rich at 10:01 a.m.

Approval of 8/27/12 Minutes

On a motion by Jon Oliver, the minutes to the meeting of August 27 were approved without objection. Dave Ferrill noted that Mark Simon had suggested revisions to the July meeting minutes, which were already approved. [NOTE: see correction to 8/27 minutes later in this meeting.]

NEW BUSINESS:

Auction Procedures – Terms and Conditions

Dylan explained that a draft of the provisions would be available at the next meeting.

SIPA Scope of Work

Rich explained that William Browning and Guy Mellor of Rebound Solutions have been working on the report entitled LPAG Implementation Plan and Proposed Budget, a copy of which was distributed to members of the board.

William Browning, chief executive of Rebound Solutions, conducted a page-by-page review of the report. Some of the points made during the presentation and discussion with the board were:

- (Page 3) In terms of residency, a person is not buying a license, but a combination of letters and numbers.
- Dave raised the issue of what constitutes a “provisioned” license, which William clarified.
- (Page 3, #5) Mark noted that a big deposit is required by some states. William responded with an explanation of how auction houses (including on-line) conduct their operations.
- John responded that from the State Patrol vantage point, a plate does not exist until it is registered.
- (Page 3, #9) Jon noted that the piece of metal (the license plate) belongs to the State of Colorado. Mark noted that the statute does not say you own the combination, it says you own the right to use that combination.
- (Page 4) We need the ability to drive demand, to not dilute the value of plates.
- (Page 5) The first auction needs to be accomplished with a big “bang”! William noted that, for him, the biggest issue is #3, concerning effective marketing.
- (Page 6) We’re basically faced with two options: a “contingency launch,” where we proceed with no funding, or a “funded launch,” where we go back to the Joint Budget Committee for funds.
- (Page 7) A big risk is not having the competency of professional talent, and the permitted 5% allocation is not sufficient to provide that. In response to Rich’s question, William suggested that 15-20% would likely be more realistic. Mark explained that the low number (for the allocation for contract talent) was a product of legislators who feared a large percentage going to contractors. William stated that if the initial auction is unsuccessful, he predicts the LPAG would not recover for years.
- William stated that no states are using the contingency model.

- (Page 8) William concluded that the bottom line is that the LPAG requires a leader ... “and that person is not in this room!”
- (Page 9) William noted the leadership issues would still need to be addressed in the “Funded Option.”
- (Page 10) William explained he believes there *is* available talent in Colorado
- (Page 11) William stated the budget numbers are considered to be quite conservative; the LPAG would need \$150,000-200,000 to run the auction.

In dialogue with the LPAG following the review of the report, the following points were discussed:

- William noted a significant issue for the group is not having the “personalized” market; also there are a whole set of markets here that we’re not addressing. He suggested, however, that there is help available.
- Bob suggested that he might accept responsibility for running this operation.
- William suggested he does not support the idea of a volunteer leaders; he would suggest the Office of Economic Development and International Trade (OEDIT), and there may be funding available for them to do it. Dave responded that he would like to meet with William and Guy.

Rich concluded the presentation with thanking William and Guy for their efforts on the report.

Budget

Gina explained that there was no report.

COFRS

Rich explained that, as Gary was not available today, there would be nothing to report.

Marketing

Though Gary was not available to provide a report, Dave explained he had met again with Aaron Kennedy (State’s Chief Marketing Officer) and Kathy Green (Director of Marketing for OEDIT). Rich added that he had conversations with the marketing person for the Colorado Lottery, as well as a marketing professor at DU. He suggested a meeting with all these marketing resources.

OLD BUSINESS:

IRS Letter

Mark provided an update on what he had learned from the Internal Revenue Service concerning the tax-deductibility of plate purchases.

OTHER BUSINESS:

Mark read aloud the changes to the minutes to the 8/27 meeting he feels are needed. He said he would provide that changes to Dave. On a motion by Dave, the changes to the minutes were approved.

Mark suggested that he would be willing to pursue changes to the LPAG authorizing legislation, but the approval of the group would be needed by the October meeting. He noted that his list would include:

- The 5% cap on implementation/operating expenses.
- Incentives to return plates.
- The use of symbols on plates.
- The use of alternative materials in the manufacture of plates.
- The addition of private sector representatives to the LPAG.
- State approval of tax deductibility of plate purchases.

Rich announced the next meeting would be on October 29. He adjourned the meeting at 11:59 a.m.

Submitted – Dave Ferrill, Secretary