

LICENSE PLATE AUCTION GROUP (LPAG)

Colorado Department of Revenue
1881 Pierce, Room 110, Lakewood Colorado
March 25, 2012

Minutes to the Meeting

Members in Attendance: Rich Medina (Vice Chair, presiding), Mark Simon, Dave Ferrill (Secretary)
By telephone: Gina Robinson, Jonathon Oliver, Lee Ann Morrill, Peter Pike
Guests in Attendance: Bob Gall, Kit Sage
Staff: Chris Hochmuth

CONVENE:

The meeting was convened at 10:18 a.m. by Rich., who was presiding due to Maren being preoccupied.

Approval of January 28 Minutes

Rich asked for action on the January 28 minutes; Mark suggested that several corrections were needed and Rich stated the minutes would be carried over to the next meeting.

OLD BUSINESS:

Colorado Health Foundation Meeting Update

Gina explained Erica was unavailable due to a vacation and the meeting will be rescheduled to discuss a possible grant. Rich will be included in the meeting; Mark reminded them William Browning also would like to attend.

RFI

Rich noted that Maren met with the CFO for the Department of Revenue, Dorinda, and the update would be provided at a subsequent meeting.

LPAG Loan

Rich stated that due to James also being unavailable today, that report would also be deferred.

Proposal for Initial Sale of Plates

Mark and Bob called the board's attention to a handout distributed earlier concerning their proposal to generate seed money by marketing the auction of plates to major sports franchises in the Denver area. Mark noted he had not received any responses from board members when the proposal was e-mailed earlier. He reported that he and Bob had preliminary conversation with two not-for-profit organizations about some preliminary efforts they would undertake. He explained this has the potential to move the group forward in raising seed money or to hire someone to move the program forward. He suggested needed steps include: 1) getting the Governor's Office to provide access with the identified targets, 2) encourage the Governor's Office to be an active participant in the process, and 3) Bob's idea of a third plate (perhaps a memorabilia plate) for display purposes that the Governor could sign in a ceremony.

Rich responded that William Browning had a good response to the proposal and that he would also like to hear from Aaron Kennedy. He stated that he believes we do not have a plan and not sure we are ready to proceed. Bob responded that William's concern was about appropriate marketing for the group's first effort. He also agreed with Mark that visibility for the initial effort needs to come from the Governor's Office.

Jon Oliver, responding to the idea of a memorabilia plate, expressed concern that there may be a legal issue in producing a plate that, despite being a novelty, is nonetheless fraudulent. He suggested this would also require a legal opinion and Rich agreed it should be flagged for that purpose. Mark suggested that, by rule, we might

stipulate the third plate would only be for display purposes. Mark reminded the board that the statute provides that the LPAG is selling the right to use that number.

Mark reminded the board that the LPAG effort has been underway for 18 months and it was time to make some significant move toward implementation.

Gina stated that William was looking at advertising the LPAG effort more broadly, not to a small, select group. She noted that Bob had a great idea for getting this out in a manageable way that would allow us to make some progress. Bob replied that we need time frames on our action items, as tasks cannot be accomplished in meetings, as board members are, essentially, working on this in their "spare time." Delaware sold a plate (#67) for \$170,000; Colorado could sell something for \$500,000.

Peter Pike added that a proposal would be submitted to the Colorado Health Foundation and the opportunity to cite some actual experience with a successful preliminary phase could help substantiate our proposal. He supports any action that could start generating funds, as that lends itself to a request from a foundation.

Rich acknowledged that the experience thus far has been frustrating for all who have been working on the LPAG process, and the once-a-month meetings make it difficult to move things ahead. Our initial premise was faulty, in that it presumed we could pull off a big effort with no funding. The contributions by William Browning and Aaron Kennedy brought us some additional expertise, and we are moving toward the funding to establish a meaningful operation. Now the group is talking about playing a big card with the sports teams before we have the funds to develop a thorough plan, complete with marketing, advertising and other necessary components. He reminded the group of an old saying: "don't test the water by jumping in with both feet." He suggested a less ambitious plan than getting the Governor and the major sports teams involved. He also reminded the board of the advice of William Browning to bring people to the board with "skin in the game." From his conservative perspective, he would be comfortable with a thoughtful plan, which might include a grant or loan.

Dave explained that he doesn't feel as though he brings any particular skill to the board, so has attempted to bring resources such as Aaron Kennedy or better utilize expertise such as William Browning and Guy Mellor. Dave also explained that he is starting to play out his "end game" with OEDIT and is thinking about how the board can better use that appointment slot to bring in someone with appropriate skills. He suggested that the board does not have the right people at the table, surely where he is concerned.

Peter, noting that he represents the beneficiary community, asked if he was hearing that the necessary skills for program implementation existed in State agencies. Rich agreed, explaining that staff resources are fully devoted to those agencies' missions. Peter responded that resource constraints are an issue everywhere.

Peter continued that he has heard two different proposals – the one today from Mark and Bob and the earlier one from the finance group – to get a license plate auctioned, and asked if there was any action with which the board might be comfortable in actually doing an auction. Rich responded that the board does have the authority if it wanted to make a sale, using a percentage of the proceeds for administrative costs. [Mark reported that the administrative allowance – now limited to 5% - would increase to 20% for the entity that does the auction if SB 170 were to pass this session. The bill is now in the Appropriations Committee.]

Mark explained that the proposal creates four categories: numbers 2-10; 11-25; 26-50 and 51-99. The high bidder in each category would have the pick of their number in that range.

The board had a discussion concerning the audiences to which the auction would be publicized as targets, including major sports teams, wealthy individuals in the community and the public at-large. Gina questioned whether it might be advisable to limit the initial phase to only the sports teams to limit the initial test, rthat than

a more highly visible test with the general population. Dave suggested that we may need to exercise caution about the appearance of favoritism in targeting our efforts; also, we could disseminate information to both gauge and build interest at the same time.

Rich asked if the board was prepared to entertain a motion. Mark moved to authorize himself and Bob to work with the Governor's Office to get input from the major sports teams on our proposal. Dave seconded the motion, which passed by a margin of 4:1 (yea: Gina, Jon, Mark, Dave; nay: Rich). In response to Dave's question, Rich explained his vote represented an opinion that we are not prepared to proceed in this fashion; we are should find a less ambitious initial phase.

Rather than entertaining a second motion from Mark, the board agreed he should begin conversation with leaders in the Governor's Office, as well as not-for-profit organizations in the community about an initial auction event.

OTHER BUSINESS:

Mark suggested we might want to get an informal opinion from the Attorney General about whether or not the LPAG is operating within the parameters of its enabling statute. Dave suggested that would like be a question for James Eklund.

Mark also stated that he is interested in pursuing a cut-off period for inactive plates.

Rich adjourned the meeting at 11:28 p.m. and announced the next meeting of the LPAG would be April 29.

Submitted – Dave Ferrill, Secretary