

## **LICENSE PLATE AUCTION GROUP (LPAG)**

Colorado Department of Revenue  
1881 Pierce St., Lakewood Colorado  
May 19, 2014

### **Minutes to the Meeting**

Members in Attendance: Bobby Juchem, Rich Medina, Peter Pike, Mark Simon, Bob Gall, Ryan Carson, Peter Kopp, TH Mack Sr.

Guests in Attendance: Chris Hochmuth – DOR, Tony Anderson – DOR, Lee Ann Morrill – AG’s Office, Mary Zimmerman – Zim Consulting.

### **CONVENE:**

- Meeting was called to order at 10:05 a.m.
- The minutes from the March 24<sup>th</sup>, May 1<sup>st</sup> and May 7<sup>th</sup> meeting were presented for approval. It was moved by TH and 2<sup>nd</sup> by Peter K. – Motion passed.

### **Zim Consulting Update:**

- ✓ The Memo of Understanding with CCSC was signed, but is on hold with the AG’s office. Marty was reaching out to private Counsel.
- ✓ Josh is creating some good graphics. Marty will send out the 3 samples of the graphics for approval.
- ✓ The Website – Colorado Plates.com continues to be a work in progress, but the group can go check it out.
- ✓ Marty met with Zach and presented him with a wish list of things he wanted from the Governor’s office. The event is on the Governor’s calendar but there is something else on the Governor’s calendar so he won’t be able to stay all night. They also presented a list of people for the Governor to personally invite. These are the people who have made gifts of more than \$1 million in the last 6 years, the 20 billionaires in the state, minus people who are politically opposed to the Governor.
- ✓ Peter Pike asked if there was an addendum to Zim Consulting’s contract to extend it through September 5<sup>th</sup>. Marty responded that it was actually a Purchase Order that went through September 5<sup>th</sup>.
- ✓ Marty asked the Group who the spokesperson for LPAG would be. There was general discussion, mostly about who it would not be. Mark Simon will not be spokesperson as he does not allow his image or picture to be broadcast or published. Marty asked for someone articulate and someone who didn’t ramble. Mark asked if it had to be someone from LPAG. Marty said yes. Peter Pike was concerned there would be a conflict of interest for him to do it and would insist on something in writing before he would do it. Peter asked if it had to be someone from LPAG. Marty said yes. Bobby nominated TH as spokesperson with Peter Kopp as backup. Peter Pike 2<sup>nd</sup> the motion. Motion passed.
- ✓ Peter Pike asked what needed to happen between now and August 21<sup>st</sup> to make sure the event happened.

- All the ducks need to be in a row:
  - The MOU has to be set up
  - All the marketing has to be in place
- Market the heck out of the event
- Technology will be ready June 4<sup>th</sup> – can take on-line bids in advance if we wish.
  - TH asked if we could get a sample plate
  - Mark offered that there were several places on line where you could get one
  - TH wanted Corrections to make plates that said “Not for Vehicular Use”
  - Mark wanted Corrections to make plates without the Security features
  - Tony indicated that the Department had not ordered such plates in the past.
  - TH moved that, “That we look at, not quite a memorabilia plate, but a representative plate, not for vehicular use, given the caveat of price point.” Peter Pike 2<sup>nd</sup>. The motion passed.
- Marty asked how the group special plates worked, should a winner want to have one of those plates. Tony responded that the winner had to meet the requirements set for each of those plates as set by their contracts and statutes, including any donations that may be required. Marty would work with Dylan on these.
  - Discussion ensued about retired backgrounds and whether or not LPAG had the ability to charge for those, even though the statute was silent on it. Lee Ann would look into it.
  - Mark asked Tony to confirm that Corrections could make any plate as long as they had a scanned copy of the image. Tony said that it was indeed a digital process but that essentially sounded correct, subject to copyright.
  - Mark then asked if the LPAG could make money for themselves by charging additional fees for the use of retired backgrounds. Lee Ann said she’d have to research it.
  - Bob suggested that LPAG contact Corrections and have them come and brief them about what they can and cannot do.
  - Bob wanted to call Dennis Dunsmoor at Correctional Industries for pricing on all of these issues. Chris referred Bob to Tony and Dylan for contacting Dennis as Correctional Industries is the Department’s Vendor. Tony Confirmed that he would reach out to Dennis.

**Update on Patent:** Lee Ann Morrill

- Devin Lejoh from the AG’s office has Patent experience and Maury looped him in.
  - Lee Ann needs information on how LPAG “ColoradoPlates.com” got created – Marty addressed this by saying that Zim Consulting owns it and has built it and is “donating” the site to LPAG as part of their contract. Lee Ann needs the agreement between LAPG and Zim to determine things about the work product.
  - Marty indicated that there is a Purchase Order but no Contract. Lee Ann wanted to see it.
  - Mark asked about the patent from the guy in NY who had patented the process of auctioning license plates on line in an eBay style auction. Lee Ann had mis-understood what the original question was, thinking it was about LPAG’s site, and not the NY guy.

Marty brought Lee Ann up-to-speed about this. The actual patent was resent to Lee Ann for her review.

- Peter Pike asked what the impact was to LPAG if they got sued by the NY guy (legitimately or not). The short answer was that it would not interfere with the revenue generated or hold it up.

### **Definition of “Perpetual License”:**

- ☒ Mark started with SB14-222, which he noted was sitting on the Governor’s desk waiting for signature, wherein perpetuity has been stricken from the statute and it now says, “For a period of time as determined by LPAG.”
- ☒ Bobby thought it would be disingenuous if the period of time was anything less than the life of the Auction Winner. TH Agreed, adding that it might be inheritable.
- ☒ It was noted that Corporations or other entities other than people should be time limited.
- ☒ TH suggested that it should be based on price point and on whether or not it’s a person or an entity.
- ☒ Bobby said he’d take it and have a presentation for June 4 and no later than June 30. Ignoring Bobby’s comments the group kept discussing the time frame and started comparing it to annuities and how it might work like those. Peter Pike then asked why they would want to place a time limit on it at all. Mark said so they could sell it again.
- ☒ Bobby warned the group about gouging the public at every turn by nickel and diming them to death.
- ☒ Peter Kopp reminded everyone that often times, people of means will have ownership of their vehicles in corporate/LLC names for tax/liability issues and forcing a different amount of time on an entity vs. a person may alienate the LPAG target audience. TH agreed and then suggested a 20 year time limit.
- ☒ Mark pointed out that there was hope that these people might also re-sell the plates as an investment.
- ☒ Bobby tabled the discussion on this topic until either June 4 or June 30 to accommodate the balance of the agenda.

### **Identification Sticker for LPAG plates:**

- € Bob said that Law Enforcement wanted to have LPAG plates identified as LPAG plates. So Bob suggested that LPAG take the regular issued Month tab and replace it with a Month tab that was black with white lettering. Bob was sure that the cost was less than .10¢ a sticker and those Corrections would place these on the plates after manufacturing and then send them to the County for final registration. Tony pointed out that stickers used on plates now were currently .17¢, and that was because of the mass quantities produced.
- € Bobby said that Law Enforcement really only looks at stickers for clarification as to whether the plates were expired or not, for clarification.
- € Bob went on to describe the black and white sticker in further detail.
- € Bobby tabled this to June 4<sup>th</sup> as well, after Tony could get some clarification from Corrections and Bobby got some clarification from the Chief of the Colorado State Patrol.
- € Tony suggested that the same be true of the Embossed Plates.

## Embossed Plates:

- See above where this was tabled to June 4<sup>th</sup>
- Peter Pike wanted a summary of what this was about. Tony explained that most plates are digital except the regular green and white. The embossed plates is a multi-process in the press and if you take one of the digital plates (as all personalized plates are – with the various backgrounds) and emboss them, this cracks the digital images and Corrections will only warrant them for 6 months. Regular embossed plates (green & white) are warrantied for about 7 years.
- Peter Kopp asked what DOR's policy and procedure for personalized plates, which need to be replaced, was. Tony continued with the explanation of why digital plates are not embossed.
- The June 4<sup>th</sup> meeting was changed to 12-2pm and moved to DMV100A.

## LPAG members present registration numbers to be reserved:

- > Marty discussed the list of "expired" 18,000+ configurations as provided by DOR. Marty noted that:
  - There were lots of interesting and desirable configurations available.
  - Currently, as things stand, no one can have these configurations, as currently, the Department doesn't reissue "expired" configurations, thus, they aren't available to anyone else.
  - Marty suggested that they reserve this list in its entirety plus, this list spawned an additional 3,000+ other suggestions to be added.
  - As the process to reserve these configurations is manual and not automated, Marty asked for a little more time to whittle down the list to those that they are the most interested in and concentrate on those.
  - Bobby asked the group to review the list for their primary suggestions. Marty asked that these suggestions be emailed to him for compilation.
  - Peter Pike asked if there were themes of plates that could be identified. Mark said it took him 8 hours to go through the entire list.
  - The list would be sorted into the following lists:
    - Sports
    - Colleges
    - Movies
    - Years
    - Cars (lots)
    - Girls names
    - Boys names
  - There was general discussion about what configurations/themes should be live vs. online auctions and how many, when.
  - Peter Pike asked if there was any sense of volume vs. \$. How many plates do they have to sell to get a million dollars? Marty said they won't know until they test the market.
  - TH asked if there was the possibility of "one-off" auctions without doing the full blown event. Mark said yes, that the LPAG was required to do so and share the wealth with whatever other agency produced the event and held the auction. Peter suggested that the further discussion of "one-offs" be moved to the Sustainability subcommittee. Bobby agreed.

## Old Business

**Legislative Update:** (See above)

### Sustainability Subcommittee:

- ❖ Next meeting will be June 4<sup>th</sup> 12-2pm.
- ❖ There was a question as to whether the LPAG could authorized the Subcommittee to make decisions, and it was determined that as long as there was a quorum of the whole committee present and the meeting had been properly noticed, etc. then yes. Consequently, Peter Pike wanted to be sure that there was a lot of work to be done at the June 4<sup>th</sup> meeting and to be sure there was a quorum.
- ❖ Peter Kopp noted that calling it a Subcommittee vs. a Special Meeting of the LPAG would be the better way to go, as Subcommittee was a bit of a misnomer in this situation. The group agreed.
- ❖ Bobby, as the Chair, recommended that all Subcommittees be dissolved of and in their place there would be Special Meetings of the LPAG, in addition to the statutorily required meeting. All of these meetings still require proper noticing to comply with the Open Records Act.
- ❖ TH moved and Bob Gall 2<sup>nd</sup> Bobby's recommendation. The Motion passed.

### Special LPAG Meeting dates:

- ✚ June 4<sup>th</sup> 12-2 pm
- ✚ June 9<sup>th</sup> 10-12 noon
- ✚ June 16<sup>th</sup> 12-2pm
- ✚ June 30<sup>th</sup> (following regular meeting) 12 -1pm
- ✚ July 9<sup>th</sup> 12-1pm
- ✚ July 28<sup>th</sup> (following regular meeting) 12-1pm
- ✚ August 13<sup>th</sup> 12:00 – 2pm
- ✚ August 25<sup>th</sup> (following regular meeting) 12-1pm
- ✚ September 4<sup>th</sup> 12-2pm

Bob Gall asked if the LPAG committee was invited to the event. The answer is yes but no decision has been made about whether the members will be comp'd. Bobby pointed out that State Employees could not receive such a gift (\$125 ea. or \$200 a pair). Marty stressed that it was important for the entire LPAG to be present. This discussion, as well as the dress for the occasion was postponed.

Peter Pike reminded the group why they were there.

The regular meeting adjourned at 12:28p.m.

### The Special LPAG commenced at 12:29 pm

Peter asked if there were any pending items or public comment.

- > Bob Gall suggested that LPAG look at the product and event through the Buyer's eyes to include the charitable aspects and the investment aspects. Bob wanted, "to supply through Lee Ann,

the fact that there would be a Colorado Tax deduction for this license plate if not a Federal tax deduction for this license plate...” Mark noted it would require legislation to do so and that it was unlikely to happen as it would negatively impact the General Fund. There was general discussion about the tax deductibility of the auction and the general answer was to “consult your tax advisor”.

- > Peter Pike said that at some point in time we would need a more firm answer than this. Lee Ann is researching this. Lee Ann said that she was checking with Revenue, Controller’s office and the Treasurer’s office to get definitive guidance on this matter, including how sponsorships would work. Until then, Lee Ann said the “Consult your tax advisor” is still the best route until there is definitive work.
- > Bob wanted to know if we identified the product was being identified as a collectable. He asked because he saw an article in the Wall Street Journal that said any collectable that is being sold for more than \$5,000 needs an appraisal before the IRS would consider it to be collectable. Lee Ann didn’t know as States are not 501 ( c)(3) corporations.
- > Peter Pike asked if LPAG needed to take on the expertise of an accounting firm. Lee Ann thought that might be a good idea. Marty said he’d go back to the firm he spoke with prior and get something in writing.

At this point Peter Pike took a roll call of who was still in attendance:

In the room: Bobby Juchem, TH Mack, Peter Pike, Marty Zimmermann, Mark Simon, Bob Gall, Ryan Carson, Chris Hochmuth.

On the phone: Lee Ann Morrill

Peter ran down the agenda items for the June 4<sup>th</sup> meeting.

Special Meeting was adjourned at 12:54.

The next special meeting of LPAG will be June 4<sup>th</sup> at the Department of Revenue, 1881 Pierce St., Lakewood, CO 80214 – DMV100A @ 12 noon.

Respectfully submitted

Chris Hochmuth

Administrative Services Supervisor

Title and Registration Sections

Department of Revenue