

## LICENSE PLATE AUCTION GROUP (LPAG)

1881 Pierce St., Lakewood, CO 80214

Conference Call

February 10, 2015

### Minutes to the Meeting

Members in Attendance: Bobby Juchem, Zach Pierce, Maren Rubino, Bob Gall, Peter Pike, TH Mack Sr. (all via telephone).

Guests in Attendance: Chris Hochmuth – DOR, Laura R. -- Zim Consulting, LeeAnn Morrill – AG's Office, (all via telephone).

### CONVENE:

Bobby convened the meeting at 8:40 a.m.

→ BRONCO -- Bobby picked up the discussion from the last meeting regarding the Proxy Bid of \$7,100 and the reserve bid with the 20% allowance. LeeAnn did not believe this was within the Terms and Conditions as laid out. TH agreed and didn't think the price was high enough. Zach asked LeeAnn to summarize her email.

LeeAnn summarized by saying that the enabling statute is to Auction off configurations. The auction closed without this particular plate meeting the minimums. Now the Group was considering the configuration after the auction/event which is an outright sale and not an auction. She thought the plate should be re-auctioned at a later date, as this is the only asset of the Group.

TH moved to auction BRONCO at a different event. Bob 2<sup>nd</sup> the motion. Bobby called the vote:

- Bob – Yes
- Peter – Yes
- Bobby – Yes
- TH – Yes
- Zach – Yes
- Maren – Yes
- Motion passed.

→ 6 & 8 – Laura noted that since 5 sold for \$8,500 some approached Zim and asked if they could buy 8. Marty told them that since 8 hadn't been offered they might be able to get 6. Also there was another person that was interested in 4. Essentially there are a number of people interested in purchasing 4, 6, and/or 8 for \$8,500 each.

Bobby noted that this discussion is essentially the same as above, and that the dollar amount didn't seem high enough. TH moved that these numbers not be "sold" and held over until another auction/event as the proposal falls outside of the statutes and Terms and Conditions. Bob 2<sup>nd</sup>. Bobby called the vote:

- Bob – Yes
- Peter – Yes
- Bobby – Yes
- TH – Yes
- Zach – Yes
- Maren – Yes
- Motion passed.

→ 1 -- The individual who bought “A” [*sic, X is the letter that sold at auction and not A*] for \$20,000 is also interested in buying 1 for the reserve amount. There was a discussion at the event among the LPAG member’s present who decided to carry the discussion over to this meeting. TH said he was willing to offer \$100,000 for 1. Also, this same person offered \$75,000 for 1 and he would also bring a minimum of 35 registered millionaires to the next event. He was willing to put that in writing.

Zach asked LeeAnn to weigh in on this. LeeAnn asked if 1 was available for auction and that since the group has to auction the plate, the Group would have to create an online auction with an opening bid amount high enough so that if there were no other bids, the minimum bid was sufficient to win the auction. LeeAnn went on to say that this was the group of people that LPAG was looking for, but cautioned about setting the price at too low a price and not letting the auction take its course.

TH moved that 1 be put out to Auction at a minimum of \$85,000. [*Note this motion was restated several times later in the meeting, the final version of which is the last one stated.*] Bob said that he had spoken with President of My Plates (Texas) and discussed the learning curve of the public on the auctioning of low number plates, that there had to be rich people at the event and that LPAG’s inventory was significantly undervalued. Bob went with a statement that he wanted read into the record: “If someone votes to sell at these reduced prices, like \$8,500 for numbers 5 or low numbers in the thousands of dollars rather than the hundreds of thousands of dollars – I believe you are compliant in committing financial suicide on some of the Crown Jewels of our inventory, because your decision will be based on a rotting foundation of misinformation.”

Bob and TH then proceeded with an animated discussion about the value of configurations in different states vs. Colorado and the value of these plates. Bobby stopped the discussion so that people weren’t speaking over each other and insisted that respect and decorum be maintained.

LeeAnn weighed echoed Bobby’s sentiment regarding the decorum of the meetings. LeeAnn continued by saying that she agreed with both TH and Bob in their arguments, that Colorado is unique in that it is a State Organization auctioning off configuration and not a private organization. Also that LPAG shouldn’t sell their assets too cheaply as they aren’t likely to come back for re-sale/auction any time soon.

TH said he agreed with Bob that the sale amounts were too low and they needed to be higher, in the hundreds of thousands of dollars.

TH said that this particular gentleman said that on the re-auction, if he could get his minimum reserve of what he paid for it or more, he would donate the excess back to LPAG and was willing to put that in writing.

Zach agreed with LeeAnn's assessment of balancing all of the considerations, also he wanted the group to be aware of its short term issues as well with regards to its current financial situation and the repayment of the loan, the money's expended on the auctions and the income they have generated.

Bob agreed with TH about the prices he was discussing, just that 1 would be the "Hope Diamond" of the Crown Jewels of LPAG's assets and that it should be selling for far more, nor should it be sold until the market has been built. TH continued on the same theme that Zach had mentioned about the short term debt and that "one in the hand is better than two in the bush."

There was then some general discussion about when the loan was due and whether or not it could be extended. Zach said that the language allowed for extensions. However their Spending Authority ends in June. (The Groups ability to spend money to make money discontinues as of July 1, 2015.)

Peter asked if there was a motion on the floor and what it was. TH restated his motion as above. Peter wanted LeeAnn to confirm that TH's motion would be in compliance. LeeAnn confirmed that this would be true as long as 1 was available to auction (it is) and that the opening bid be set so high that it functions as the reserve, so that if there is only one bidder, it meets the reserve amount. LeeAnn also mentioned that the previous minimums are not binding on future auctions. TH clarified further by saying at \$80,000 LPAG gets the guarantee 35 millionaires. LeeAnn reminded everyone that hosting events costs more money than to just put it on through an online auction. What LeeAnn didn't understand was the piece about the 35 millionaires, as there's no way to hold him accountable for not getting those 35 millionaires to the table and make them bid.

Zach asked if the bidder had set a deadline for LPAG to act. TH said that it was last Friday, and that the bidder was going to try to register that number in another town, if LPAG couldn't act fast enough. Zach clarified with TH as to which auction the bidder would bring his millionaire friends to and agreed that an online auction was most cost effective.

Peter 2<sup>nd</sup> TH's motion.

LeeAnn restate the motion as: Auction off 1 through and online auction with the minimum bid amount at \$80,000. TH confirmed. Zach discussed the logistic of doing an online auction given the transition period that LPAG is in with the expiring contract with ZIM (and as a result with HandBid). LeeAnn concurred. TH asked why LPAG didn't have an exclusive relationship with

HandBid without having Zim Consulting in the middle. Zach agreed, but that this was a discussion for another meeting.

Bobby asked about the contract and the online auction process. LeeAnn noted that there is currently not an online auction vendor, so if this motion passes, there will have to be a vendor put into place. Zach asked TH if simply passing the motion and letting the bidder know that LPAG is working out the logistics, if that wouldn't be sufficient to buy the Group some time. TH confirmed.

Bobby called the vote:

- Bob – No
- Peter – Yes
- Bobby – Yes
- TH – Yes
- Zach – Yes
- Maren – Yes
- Motion Passes 5-1

→ TH said he had someone who was willing to buy the alphabet for \$750,000. The group agreed that merited a much longer discussion. TH agreed and added that the person wanted to buy it with a guarantee of selling off the letters for more than he paid for it. It was further clarified that it had to be an auction and not a sale. LeeAnn cautioned the group about assuring a future bidder about any Profit that may or may not be made. Those policies, terms and conditions around re-auctions still need to be developed.

Zach noted that he was looking at a long list of issues that LPAG needs to resolve and has some others he'd like to have Maren add especially from Marty's report including the sustainability plan, and a budget update. It has been suggested that there might be a half or full day-strategic planning session. Maren and Zach will work out some agenda items off line.

TH asked if there was a problem extending Zim's Contract. Zach said not particularly, just wanted to vet out the most efficient, effective manner in moving forward. Zach also shared that Zim would not be seeking a contract renewal until the Patent issue has been resolved.

Bobby had to leave the meeting and Maren took over the chair and adjourned the meeting at 9:39 a.m.

Respectfully submitted  
Chris Hochmuth  
Administrative Services Supervisor  
Title and Registration Sections  
Department of Revenue