

East of Eden
New Track Business Plan
News Release to Club Members

Colorado Amateur Motorsports Associates, LLC



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Overview:

This news release is a slightly abbreviated version of the preliminary new track business plan, which explains why a road course race track for the Metro Denver area to replace Second Creek Raceway needs to be built for the benefit of all track users, and how the East of Eden (an arbitrary name of convenience, subject to change later) site selected east of Byers on U.S. 36 will meet this need and be financially viable for not-for-profit club use. While planning and operation of a club track must be efficient and businesslike and meet financial obligations, this venture is not aimed at producing the advantageous return on investment of a commercial business plan. It is intended to produce a track to meet the local recreational needs of car and motorcycle club members. The full plan has been given preliminary approval by the boards of all five of the CAMA clubs.

PART I.

Background and Market:

Colorado Amateur Motorsports Associates (CAMA) was formed in 2003 (after a year of discussion) when it became clear that Second Creek Raceway's use permit would not be extended by Commerce City for any significant number of years due to the massive housing developments marching up over the hill. Furthermore, a housing developer purchased an option on the land SCR leased. CAMA's mission is to construct a racetrack serving the metro-Denver area to replace Second Creek Raceway, which closed forever in November of 2005. The closure of SCR, along with the contemporaneous closures of Pikes Peak International Raceway and Continental Divide Raceway (Mead) at the end of the 2005 driving season, displaced approximately forty-five weekend events, nearly all of which were organized by and for the twelve clubs represented in CAMA. These clubs collectively have approximately 6,000 members or affiliates, of whom about 1,400 could be considered active track drivers. As of 2006, we now have no track to drive upon closer than Pueblo.

Siting Criteria:

Based on the views of many track users and their clubs, and on an examination of the operation of Second Creek, general criteria were applied when looking for land for a new track.

The majority of track users live in the Denver metro area, and Second Creek was their "home" track, so replacing it requires proximity. This makes it convenient for users. But, equally important for the racing clubs, proximity is important to the many volunteer corner and other workers who are essential to their events. The Second Creek experience showed that week day "test and tune" (use by a number of unrelated individuals rather than rental by clubs) use produced substantial income, and it is recognized that the farther from Denver the track is, the less income can be expected from this source. By general agreement, proximity to Denver is defined as approximately 60 minutes from the intersection of Interstates 70 and 25 (locally, the "Mousetrap") to the site.

The goal for land acquisition and construction costs (and any debt) is to keep initial track use fees low, so land costs constrain siting. Related to cost is access via paved roads. Users will not want to drive many miles on dirt roads to reach a road course track, and local governments may impose paving requirements, which would add significantly to construction cost.

Club members have expressed a strong desire for a somewhat longer track (Second Creek was about 1.6 miles), so the goal has been a track in the 2.4 mile range. Because the track will be primarily used by participant drivers rather than professional racers, it needs generous and forgiving runoff areas. These increase the necessary site size above the approximately 60 acres that served Second Creek. Additionally, track users greatly prefer some undulating elevation change in the track layout because it adds interest all out of proportion to its actual rise and drop if done properly. All the great tracks (except Sebring) have this feature.

Political acceptability equates to neighborhood compatibility. Nowhere within range of Denver are racetracks a use by right in any zone, so some discretionary zoning approval is needed wherever we go. Elected officials generally give substantial consideration to the views of neighbors. Even where the jurisdiction has attempted to coax residential development into existing cities and towns, Colorado's subdivision laws permit the sale of land in 35-acre tracts. Much of the formerly open farmland around Denver is now sprinkled with houses on large lots or subdivisions. These are occupied by people who particularly value peace and quiet, and are willing to pay the price of longer commutes to work and urban amenities to get it. So, as a practical matter, the farther from any residences a track is located, the better its chances of obtaining needed approval are.

CAMA must not only own the land (Second Creek was on leased land), but it must also have zoning for track use which functionally is permanent. Second Creek's use permit was periodically reviewed, and ultimately renewal was denied because residential development was approaching the track, and residents were complaining about noise¹. Since the major cost of a track is grading and paving, which cannot be moved, a guarantee of indefinite use is essential to protect the clubs' equity and their members' expectations.

Other siting attempts by CAMA:

Prior to focusing on the East of Eden site, CAMA entered into purchase contracts for land at two other sites, both of which were in the general area between DIA and Front Range Airport. These sites, while the land costs were high and the terrain relatively flat, otherwise met the ownership and convenience criteria. Both were abandoned because permitting could not be obtained with reasonable certainty and within a reasonable time frame due to substantial opposition to a racetrack in the locations proposed. In short, CAMA could not afford a protracted zoning battle. CAMA's assets are substantial, but are not sufficient to hold land for a lengthy period of time while waging a political campaign of uncertain outcome. And in the mean time the clubs would not have a track to use.

¹ The fact that the complaints were about noise from the dirt oval, with its night time use and lack of noise restrictions, is beside the point. While the Second Creek property will probably not sprout houses – because it is in a flood plain it is slated to be open space_ houses are planned to be constructed immediately to the east.

Specifically, the Adams County planning staff requested that the application for a site on Imboden Road be withdrawn after an informal neighborhood meeting at which there was highly vocal opposition from some persons in the neighborhood. The fact that these residents were far enough away, and that track design and noise restrictions would reduce track noise to a level far below that of the operation of the airports on both sides of the site, had no impact on their opposition.

The next site was located adjacent to a Front Range Airport runway. A neighborhood meeting produced much less opposition (though some of the opponents of Imboden made their views known loudly). The immediate neighbors (one of which is Adams County's airport authority) were favorable. And representatives of a developer (owner of 6-8,000 acres in the area to be developed into a transportation hub) had been contacted and indicated that there was no incompatibility. However, the developer then took on a financial partner, and, at a meeting involving a County Commissioner, the developer's representative present said that they opposed allowing a racetrack at the location proposed. What motivated this opposition is unknown, but irrelevant: the Transplan project involves billions of dollars in development in that part of Adams County and nearby Aurora, and it would be naïve to think that CAMA could persuade county officials to go counter to the wishes of these developers.

CAMA also investigated numerous other potential sites. These had to be rejected for various reasons: too close to residential development, neighbors or powerful economic interests opposed to a track, owner not interested in selling at a price compatible with general land prices in the area, owner willing only to lease, land too far away from Denver or from a paved road, multiple problems (flat, access issues, problem structures on the land) which when combined made the site disadvantageous, or land simply too expensive for the projected finances of this venture. While few of the criteria are set absolutely in stone, no property (other than the two mentioned which failed in the zoning process) in several years of intense looking fulfilled the goals set better than East of Eden.

To gain perspective on the delays CAMA has faced, one need only look elsewhere. Thunderhill in Willows, California, took about ten years from the time that Bay area track users determined that they needed a club track to when the first wheel turned. To achieve this they had to go 90 miles north of Sacramento to find a jurisdiction that would welcome them.

The East of Eden Site Meets the Criteria:

East of Eden is located on U.S. 36 east of Byers in rural Arapahoe County.

Proximity and paved access: It is within 60 miles from the Mousetrap, and within 60 minutes of driving time as well. From the I70 Byers exit, go north to U.S. 36, and then east. The land abuts the highway for a mile and a half.

Cost: The purchase contract sets the price for 465 acres at \$350,000. While, at \$753 per acre, this represents somewhat of a premium for unirrigated farmland in the vicinity, it is a reasonable price and within the project's budget. This is a million dollars less than the 320 acre Front Range parcel would have cost.

Size: This estimate includes the purchase of approximately 465 acres. While the contemplated facility could be constructed on substantially less acreage, there are important reasons to purchase more land. First off, the site owner wants to sell this entire parcel. Land initially unused can be leased for farming until needed, which will produce a small amount of extra income and will reduce the tax bill. It will amply provide for potential expansion. But the immediate value of the extra acreage lies in its ability to buffer the track from neighboring properties and their uses. Even some motor sports uses (like off road motorcycle or truck racing) can be problematic due to the dust they raise, and owning this amount of land will keep such uses at an acceptable distance. In addition, spreading out the track on a larger parcel may be more cost effective than the construction of safety separation barriers on a smaller parcel. This also allows larger vehicle runoff areas, and minimizes design and construction costs when dealing with cuts and fills, drainage, and access.

Zoning: The site is positioned in an A-E (agricultural) zone in a part of Arapahoe County that is almost entirely farming and ranching, and the area we are looking at has no residential development. The only other uses (other than agricultural) located within its vicinity are ones that normally arouse intense opposition. Nearby is a site with a special review permit for a rifle, shotgun, and pistol range. About a half-mile to the south is Denver's sludge deposit site. Nine miles farther east is the Clean Harbors hazardous waste incineration site.

No buildings can be seen from the site. The nearest inhabited building is on the Lead Valley Shooting Range, which will serve as a manager/caretaker residence for that facility. There is an unoccupied farmhouse a mile and a half from the site. The owner of that land raised no objection to the Lead Valley special review permit application (in fact, no one objected to the Lead Valley special review permit application).

Motorsports facilities or race tracks are not listed as uses by right or by special review in that or any other zone in that county. Our conversations with Arapahoe County officials indicate that the County is not inherently hostile to CAMA's intentions as long as their normal requirements can be met. The County staff is reviewing the potential of an amendment to add motorsports facilities as uses permitted by special review. We believe that an appropriate motor sports special review permit of unlimited duration (the equivalent of permanent zoning) has a good potential to be obtained for the entire site. The reasonable restrictions that might be included in such a permit would be ones that are consistent with the current practices of the partner clubs. An example might be limitations on spectator events (which have traffic impacts). As such, any County requirements beyond what we would want to do anyway should be minimal and inexpensive, and ones we can meet into the future.

Site topography: The terrain is ideal for a road course, with approximately 200 feet of undulating elevation change across the site (though not all of it would be used, as the high point is on a boundary). Preliminary designs of a 2.4 mile road course show that significant elevation can easily be accomplished. It also includes some relatively flat areas to serve paddock and a variety of accessory purposes, with ample for future expansion.

Utilities: It is not directly served by electrical power, natural gas lines, or telephone lines. However, a track is not a high user of electric power, which can be inexpensively supplied through a generator if one foregoes RV hookups. Furthermore, a suitable power line is only a half-mile away and can be extended to the property. Propane will suffice for concession stand cooking, and for any space heating needs. It has cell phone coverage, and there is a telephone line just across the highway that could serve the track's needs. Dumpster and portapotty services are available out of Byers or Strasburg.

The Financial Model for East of Eden:

The financial projections borrow heavily from the Second Creek experience and the assumptions used are typically adjustments to the SCR historical data. The assumptions include:

Impact of a Front Range facility: There are numerous road course projects currently being discussed throughout the state. Of these, only the proposed Sutton Front Range facility in Watkins meets the proximity criteria discussed above. While there is considerable uncertainty surrounding that effort, the East of Eden plan assumes that each of the five CAMA member clubs will reduce their former SCR schedule by one event so as to utilize some other yet to be constructed race track in the Denver metro area. The projections assume limited weekend utilization (25 weekend rentals out of a possible 32), and that the remaining seven weekends generate revenue via weekend Test & Tune.

Weekday Test & Tune revenue: Weekday Test & Tune accounted for approximately 38% of the gross revenue generated at SCR. Given that East of Eden is approximately 20 to 30 minutes further out for many users, the plan discounts that revenue source to 75% of the SCR history.

Track Rental Rates: The financial plan assumes an overall 10% increase in weekend rental rates.

Track Re-paving Fund: The plan allots \$25,000 per year for eventual re-surfacing.

Fund Raising: The financial plan projects that approximately \$500,000 of member donations is the minimum level necessary to meet the assumed financial constraints (project cost, debt coverage and projected revenue). Given the demographics of the CAMA community, this minimum level equates to approximately \$83 per club member or \$360 per active driver. Funds raised in excess of the minimum level would reduce debt and/or be used to add features to the initial construction effort.

Debt Coverage Ratio: The plan restricts overall debt via a 1.3 debt coverage ratio.

In total, the proposed Consolidated Operating Statement creates a conservative basis for evaluating the project. It is hoped that fund raising will greatly exceed the minimum assumed, and that the amount of debt incurred can be trimmed substantially. Miscellaneous revenues (including advertising, concession sales, and farm lease of unused land) are conservatively estimated. Possible revenue enhancements (fuel sales, other uses of the land, marketing of "street car" T&T, etc.) are not currently factored.

Disadvantages of the East of Eden Site:

There are some minuses at this site compared to the Front Range Airport site:

There is no public water supply in the area. There is a shallow well on the site that is capable of producing 10 gallons per minute². This water is thought not to be potable, and may not be reliable during droughts. But this well or another drilled into the aquifer believed to underly part of the property may, at a minimum, supply water for toilets (shallow aquifer water is thought by area residents not useable for drinking due to its taste). A tank or cistern could suffice for any required potable water needs, and trucked water can be purchased in Deertrail.

Public sewer service is not available. Portable toilets can temporarily serve sanitation needs, and Second Creek was not attached to a public sewer. The soil appears suitable for leech field use.

Distance is expected to diminish casual "test and tune" drop-in use, and financial projections have been adjusted accordingly. Nonetheless, there will be some income from these sorts of activities, and they are price elastic.

While the site is rural, there are gas station, restaurant, motel, and grocery facilities available within 20 miles of the site. Even the array of lodging by Tower Road, which serves DIA, is within fifty minutes of the site, and there are others closer than Tower.

Conclusion concerning the site:

It is the unanimous view of the CAMA club representatives, and of the others who have viewed it, that the site can be built into an excellent facility, with a challenging road course and room for future expansion. Furthermore, because of the relatively low land costs a track at this site can meet its financial obligations.

² No pump we could use is currently installed on this well.

PART II.

Who is CAMA?

The five organizations which comprise CAMA previously had formed the Second Creek Raceway Management Team through the Colorado Motorsports Council (CMC) to purchase the Second Creek Raceway (SCR) lease in 1998, and subsequently provided representatives to operate the SCR facility from 1998 through 2005. Colorado Amateur Motorsports Associates, LLC, (CAMA) was formed in December 2003 by the five amateur road racing track user organizations that comprise the Class A members of CAMA:

RMVR (Rocky Mountain Vintage Racing, Ltd.),
SCCA (Sports Car Club of America, Colorado Region),
PCA (Porsche Club of America, Rocky Mountain Region),
MRA (Motorcycle Racing Association) and
MCCA (Multi-Car Clubs Alliance, representing eight other clubs:
Alfa, Audi, BMW, Shelby American, Lotus, Mercedes, Viper and Z Car)

	<u>SCCA</u>	<u>RMVR</u>	<u>MRA</u>	<u>PCA</u>	<u>MCCA</u>	<u>Other</u>	<u>Totals</u>
No of weekends:	8	4	6	5	7.5	1.5	32.0
No of vehicle-days:	926	865	1263	692	449	58	4,253
Rental revenue %:	25%	20%	18%	18%	18%	-	--

CAMA's Function: CAMA's mission from the beginning has been to recreate and continue the success achieved at Second Creek Raceway and the benefits to the partner clubs which flowed from that success. Although two road course facilities are currently operating in Colorado³, both are geographically far from the Denver metro area and both are already operating at full capacity. For those clubs offering road course events as their primary activity, a new facility with reasonable proximity to Denver is essential. In the past, these clubs have enjoyed substantial growth due to the availability of relatively low-cost venues at five Colorado facilities, but three of these venues were closed in the fall of 2005. There were motor sports organizations being turned away from the SCR facility as it was, and some member organizations have a desire to grow and expand their number of events. As an interim measure, the clubs have reduced their schedules, scheduled events at out-of-state facilities, and increased their usage of the two remaining facilities. To fulfil this mission, this plan creates a motor sports facility that initially will satisfy much of the road course demand created by the loss of Second Creek and two other tracks, and by the growth of interest in direct participation in track events.

Design will allow expansion to include better track amenities and other features, such as a second course; a large paved pad for solo driving events, driver training, and skid pad (vehicle dynamics) activities; a go-kart track; a fully paved paddock and paddock expansion

³ Pueblo and La Junta. The Aspen/Woody Creek track's private club status and changing management suggest it not be considered as reasonably available to CAMA member clubs.

to meet any additional need; concessions and modern restroom facilities including showers; garages or other covered spaces for rental to users at events or long term for those who would like to store a race car or trailer at the track; and a commercial area where facilities for track oriented support businesses could be constructed and leased or sold to support track improvements. These or other features would only be constructed at some future time if demand warrants and resources at hand permit.

But the immediate goal is to build and operate a single track with a bare minimum of support facilities at a minimum cost. This will allow prompt construction with the minimum of debt, and will allow the facility to pay annual operating costs even if development of another track closer to Denver or elsewhere reduces demand.

Corporate Structure and Operation:

The intention is to use two organizations to achieve the objectives of this project. The purpose of this structure is to isolate possible liabilities from the major asset of the combined clubs: the land and its fixtures. The first entity would act as the asset holding company, fund raising vehicle, and build-to-suit landlord of the track. CAMA was formed as a Limited Liability Corporation in anticipation of filling this role.

CAMA will request that the five member clubs create a second entity to lease the facility from CAMA, and to equip and operate the track. This entity would, in turn, rent the facility to the member clubs and others to conduct their motor sports events. It is anticipated that the five clubs will form an LLC (for discussion purposes this has been called "opco") to enter into the operating lease with CAMA. In addition, this entity will have to meet the operating and equipment costs.

CAMA is also contemplating forming another entity to serve as a single source conduit for the \$1.4 million in loans needed. The individual loans would go to that entity, which in turn would lend the money to CAMA, taking a mortgage on the property in return. This will not affect track operations unless there are defaults on the loan repayments.

Second Creek Raceway was operated by a committee of five voting representatives, with one from each of the member clubs along with one employee as track manager. The programs and structures for management, traditional dates and scheduling were very effective and will be modeled into the management of the new facility. It is anticipated that the new track will operate as closely to the Second Creek model as is financially prudent. The actual scheduling of events at East of Eden will be determined by this entity, but consideration of details of that sort is premature at this time.

For simplicity, the financial plans combine CAMA and operating company costs, expenses, and revenues, as well as the tax benefits of depreciation. In operation, each entity will have its own officers and board of directors and its own set of books, financial statements, and financial obligations.

PART III.

Construction Costs in a Nutshell:

Financial reality dictates that the initial plan for a race track facility be “bare bones,” with the vast majority of the investment, beyond the land purchase, being in the paving of the track itself and provision of corner stations, protective barriers, and a grid/hot pit area. The paddock can be paved Pueblo style (a grid of two lane paved strips, with support vehicle parking in the unpaved areas between them). A two-story control tower with enclosed space for timing and scoring would complete the major improvements for the time being. Leaving out amenities will reduce the initial investment substantially.

A prominent paving contractor has given us a budget quote for finish grading, base and paving of the track and paddock area. Club members who do paving projects have reviewed these figures, and we estimate they will cost approximately \$1.8 million. The land and other “bare bones” improvements (tower, timing, corner stations, safety barriers, contingency, etc.) bring the conceptual budget to \$2,762,000. This includes the 2006 increases in petroleum prices. A soils test shows that the soil is favorable for paving and that significant savings can be obtained as a result. However, the budget has not been adjusted downward out of prudence. Additionally, the cost estimates were made at a time when petroleum prices were at an all time high, and subsequent reductions bode well for estimates holding true through 2007. While we anticipate that donations in kind of specialized engineering and other skills by club members will serve to reduce some costs, these savings are not reflected in proposed budget.

Funding:

We intend to fund the new track entirely from CAMA’s existing assets, participating club treasuries, donations from club members, and debt financing.

1) Investment from the Clubs:

A) CAMA’s existing assets: The original 1998 investment of \$100,000 in Second Creek, along with a rebate of club rental payments, was returned to the five Clubs by Second Creek. The clubs reinvested this money in CAMA to establish the new organization. To date \$500,000 in initial investment and excess rents has been rebated to the clubs and reinvested into CAMA. Approximately \$50,000 has been spent on CAMA’s expenses in seeking to acquire race track sites and in legal and engineering expenses related to investigating sites and preparing zoning applications which never came to fruition, and is thus not available.

B) Additional Second Creek money: Closing out Second Creek has taken longer than anticipated, but an additional \$40,000 will be returned to each of the five Clubs. It is anticipated that the clubs will reinvest this \$200,000 in CAMA. A small additional amount will be returned to the clubs from CMC when the final bill is paid and the remaining Second Creek assets are sold.

C) Additional investment from the Clubs: Two years ago the five clubs preliminarily agreed to contribute \$50,000 each from their own treasuries into the new track fund. Four of the clubs have money for this available in their treasuries. The MCCA expects to raise this sum in 2006 if appropriate zoning is achieved.

These combined give CAMA approximately \$900,000 available for expenditure before the end of 2006. As a result, CAMA has entered into a land purchase contract with ample funds to buy the land if zoning approval is forthcoming, with substantial money to spare to cover engineering and permitting costs. However, CAMA does not have enough money in its treasury to go forward from that point and construct the track.

2) Donations from Club Members: CAMA's plan is to commence fund raising upon the County's favorable action on our request to add motorsports facilities as a use by special review in the zone. We anticipated that the Commissioners would decide this matter in October, but now have learned that the first step, a study session, had to be rescheduled to December 5, 2006. In the interim, CAMA is proceeding with a more detailed track and facility design. If the Commissioners approve the zoning amendment, members and other prospective donors will see that there is a distinct, tangible, and viable project. They can stand by the roadside of the land with a track map in hand. At that point all will see that this is not just another hope, but is something much more than that.

For larger donations, tiered incentives are contemplated: test and tune passes, sale of designated pit stalls, sale or long term lease of garage sites, and naming rights are among the potential incentives. Raffles and many miscellaneous fund raising activities have been researched to determine their benefit to overall fundraising, with mixed results as to their viability. But substantial and generous individual member donations from those who spend some of their weekends driving on a racetrack will be required in order to insure the continued availability of their sport in the Denver area. If enough club members donate, a track can be constructed.

This plan assumes conservatively that only \$500,000 will be raised through donations. We should be able to do considerably better than that.

3) Investment and Borrowing:

A loan will be required to supplement the funds raised from club members. As such, any borrowing would include multiple smaller loans rather than a few large loans. It is the goal of CAMA not to dilute the user control of the facility through these methods of raising funds.

Investment: Track benefactors who would like an equity interest could be considered for class B (non-voting) CAMA membership. This has not been included in the financial model. Should it occur, it would reduce the amount of debt financing required.

Debt financing: CAMA has committed to maintaining a level of debt so that the annual payment will not result in a drop of the debt service ratio (annual operating surplus divided by debt service payments) below 1.3. CAMA is pursuing a financing package to raise \$1,400,000. A bank will not lend this amount because the collateral (the land) is not

enough. Our investigations to date indicate that no single individual or very small group of individuals will be willing either to loan the money or to guarantee a loan. Additionally, such an arrangement can lead to a dilution of the control by the CAMA member clubs over our affairs.

Our investigations support the willingness of enough members to make smaller loans that are well above the amount they would be willing simply to donate. At an event two years ago, six of the seven approached said they would be willing to participate. Even assuming that only half of these would actually do so, there are clearly enough members with the enthusiasm for driving on a track and the means to put a substantial sum at risk to achieve this goal. While it is not desirable before the process begins to discuss details, the anticipation is that somewhere between 20 and 45 individuals would participate. Because some assumption was necessary, the financial model assumes a 15-year loan package at 6.5%. The actual loan package might be different, as long as it stayed within the interest and principal payment limits represented by the 15/6.5 chosen. ***Funding a 2.8 Million Dollar Project:***

CAMA funds on hand (Investments by the five member clubs less expenses to date):	\$450,000
Final Second Creek reinvestment:	\$200,000
\$50K/Club (Upon approval of the five member clubs):	<u>\$250,000</u>
Cash in hand or available by the end of the 2006 track season:	\$900,000
Donations:	\$500,000
Borrowing:	\$1,400,000

The Goal:

All members of CAMA, and CMC, have committed that all funds generated by Second Creek, new track fundraising activities, and any future operations of this partnership will be earmarked for future track facilities. The member clubs are motivated to further participatory motor sports in the Denver area and have no intention of any financial gain beyond that necessary to pay operating costs, repay any borrowing, and provide for future improvements at the site and for the inevitable repaving and maintenance of the facilities installed. And, of course, to try to hold track rental costs to partner clubs down close to the enviable levels we have historically had in Colorado.

PART IV

Effect of the Proposed Front Range track and other potential tracks:

Front Range Site: No one can predict with certainty the course or timing of Bob Sutton's plan to build his own track at the Front Range site he now owns, but the immediate hurdle he faces is obtaining zoning approval from Adams County. He faces the vocal opposition of some area residents (who have successfully opposed two well financed efforts by the Penske professional racetrack interests, aided by the Bandimere drag race family, in the past) and the corporation promoting the multi-billion dollar Transplan (whose switch from support to opposition caused CAMA to sell its option to Sutton to avoid a loss of earnest money). One must also remember that the citizens of Mead voted to deny expansion of Mountain View (renamed Continental Divide) by the successful Utah entrepreneur and developer Larry Miller (who then built a track in Utah). Financial resources do not guarantee political approval.

If, despite these obstacles, Mr. Sutton prevails and then builds a track, this would have an impact on the CAMA track's usage. CAMA's assumption is that each club would host one event at this track which it otherwise would hold at East of Eden, based on the historical Second Creek usage of the clubs.

Also unknown is what fee the Sutton track management would charge. Miller Motorsports Park, built with private funds, charges a hefty amount for track rental - \$7,500 per day for either of the shorter tracks, far more than Colorado clubs are accustomed to paying.

While Pikes Peak International was formed for professional oval track spectator racing events, it nonetheless charged the SCCA \$8,000 per day (plus \$480 for security if there was overnight infield camping in motor homes). This was well above what the clubs were used to paying at other Colorado venues, but no doubt was seen by PPIR management as a reasonable charge.

Additionally, the Front Range land will increase greatly in value if the Transport plan is successful, raising the specter of Riverside. A racetrack would not be the most lucrative use of that parcel of land.

Other potential tracks in Colorado:

The Genoa Motor Sports Complex of Colorado (Eastern Plains Investments, Inc., Kevin Rogers President, with Gary Pfeifer of Sunrise Electric) has obtained Lincoln County approval for a motorsports complex on a large tract of land about 2.5 miles south of Genoa. While a road course is among the many facilities the developer proposes (along with a 3/8 mile paved oval, drag strips, quarter midget facility, and shooting ranges), it is believed that dirt tracks will be the first facilities developed there, and that several years will pass before serious consideration is given to construction of a paved road course. At the County hearing Mr. Rogers said they planned to employ a minimum of twenty full time, year round employees, along with lots of part time help. These proposed facilities are over 100 miles from the Mousetrap.

The MSCC (Motorsports County Club, with Claus Wagner as the principal) has a website proposing four tracks (linkable to a 7 mile facility) on the country club model on the approximately 6,000 acre Jolly ranch a few miles east of Agate (roughly 70 miles from the Mousetrap). At present the site requires driving four or so miles on a dirt road. The emphasis of this facility, based on an Italian model, is on individuals joining the club in return for use of the facilities on an individual basis. Luxurious amenities are proposed. At this point zoning approval has not been obtained from Elbert County.

Bill Heitkamp, the operator of a dirt track in Mayfield near Lamar, has proposed constructing a 1.9 mile lighted and paved road course as part of a motorsports complex (dirt track now, drag strip and more proposed). This is some 40 or so miles farther than La Junta.

Commerce City has been in discussion with NASCAR about the location of such a facility north of DIA. Little is known about this at this time, but the likelihood of any facility including a road course external to the primary oval is apt to be small. The rental rates of such facilities at Las Vegas and PPIR are in an appendix.

A person with access to a 50 square mile track of land east of Greeley has considered building a track there. Others have investigated the construction of a track as well.

Effect of Possible Other Tracks: CAMA is proceeding with development of the East of Eden site to achieve operational status at a bare minimum investment and in the shortest time frame possible consistent with good track design and construction practices. One can see from the appendices to this business plan the minimum levels of participation to which the clubs will have to commit in order to ensure that this venture covers its expenses and debt responsibilities under all scenarios. If Sutton Motorsports is able to build a Denver area facility that is affordable and fulfills the previous promise of replacing the schedule of SCR, then the timing of additional amenities at the CAMA site will be affected. The same might be true if any other road course racetrack is constructed elsewhere in Colorado, though the effect would attenuate as the distance of such a track from Denver increased. However, this business plan includes the implications of a reduced schedule at the CAMA facility, and postponement or abandonment of plans for additional improvements to that facility, beyond the bare bones initial track proposed, will not affect its viability. In addition, current demand for track rental and the anticipated growth of motor sports activities suggests the market can simultaneously support a closer in Denver facility (e.g., Front Range at 30 miles from the Mousetrap), as well as provide the necessary minimum usage of the club owned East of Eden facility. Second Creek was viable when Stapelton and Mountain View were operating and Aspen was an option, and later when Pikes Peak International opened.

Commitment of the Partner Clubs:

The five CAMA clubs, through their participation in the “opco” entity which enters into the design-build lease of the track, will need to use East of Eden at a level and at rates sufficient to meet their obligations under the lease. These obligations will be based on the need of CAMA to meet any debt obligations, and of the clubs to meet their tenant obligations under the lease between CAMA and “opco.” The “worst case” financial plan scenario contemplates that there will be one other attractive Denver area track opening and available

at the same time as East of Eden opens, and that all of the clubs will want to have one event at that facility. The commitment of the partner clubs in that case will be to use East of Eden at the average of the 2002-2004 usage by each club, less one event per club. Example: The Porsche Club used Second Creek five weekends (in 2004), so it would commit to use East of Eden for four weekends per year until any debt is retired.

When Can East of Eden Open?

This depends largely on how quickly zoning and construction approvals can be obtained from Arapahoe County, how that relates to the freezing of the ground, how cold the winter is, when construction can be resumed, when the batch plants open, and how all this ties in to other contracts that the paving companies may have. It also depends on the prompt success of the fund raising effort. The present plan is to forgo any attempt to rush development in an attempt to get a month or two's 2007 useage. If the track is graded and paved in the fall of 2007, the supporting facilities can be constructed over the winter and the track should be available for a full 2008 season.

CONCLUSION:

There is much uncertainty in the crystal balls that many of our clubs must use to plan their futures. Whatever the plans, motivations, and timetables of others may be, the clock is ticking and CAMA and its constituent clubs cannot await the development of a Denver area track by someone else. If the future of our clubs is to be assured, we have to do it ourselves, and we have to do it now. The brute fact is that another year without a Denver area facility will begin to hamper severely the stability of many of the member clubs. Only by building our own track now will we be able to control our destiny and bequeath to our successors a viable working track rather than just memories of what once was.

Appendices:

A) Rental rates at Second Creek and at various other tracks roughly comparable in length (2.5 miles and below) around the country. Rates for larger tracks (the 3.5 mile Daytona track, for instance, rents for about \$30,000 per day) are not included because they are not comparable.

B) Club Demographics

A

Track Fees around North America

These are the approximate per day fees charged clubs renting tracks on weekends in 2006 (or in prior years). These are tracks up to approximately 2.5 miles in length. The first list contains tracks which provide no services other than use of the track. The second includes tracks which provide, as part of the minimum rental, ambulance, tow truck, and corner worker services. Because of other differences, these are not precise figures an event chairman would need, but are sufficiently illustrative for present purposes.

Bare:

LaJunta - \$35/car for (2) days

Pueblo - \$30/car/day for the first 60 cars, \$25/car/day >60 cars with an \$1,800/day minimum

Brainerd - \$3,650

Mid America Motorsports - \$5,000 (includes ambulance?)

Portland - \$5,800 competition events, \$3,800 club non-competition (summer) plus 15% of gate

plus required clean-up fees, rent the tower if you want it, rent communications if you

want that, adding perhaps \$1,000 per weekend.

Miller (East or West tracks) - \$7,500

Las Vegas (outside track) - \$7,500

Pikes Peak - \$8,000

Las Vegas (superspeedway) - \$11,000

Staffed:

Carolina Motorsports Park - \$3,800 (does not include corner workers)

Motorsports Ranch (Texas) - (does not include corner workers or porta-pottys)

1.3 mile - \$3,200

1.7 mile - \$4,200

3.1 mile - \$6,900

Hallet – approximately \$5,000

Heartland Park - \$5,250 (includes one ambulance and one tow truck)

Barber - \$12,000

Second Creek:

All weekend renters pay a minimum fee of \$1,700 per day, with a maximum total fee of \$5,000.

Car clubs pay \$38 per car per day extra for each car above 45 cars (1,700 divided by 38), but limited to the maximum (no extra charge for more than 131 cars).

Motorcycle clubs pay the extra per vehicle charge of \$16 per vehicle.

Appendix B

Demographics

	Total membership	Track drivers
Porsche	1,200	197 (three year average)
MRA	400	300 (licensed drivers)
SCCA (Colo)	1,200	300 (licensed drivers)
RMVR	416	332 (licensed drivers)
MCCA	3,040	282
Estimated Total:	6,256	1,411