

February 22, 2006 CAMA Report

For the benefit of the 2006 RMVR Board, our new members, and others in the motor sports community, the following expanded CAMA report includes a brief summary of the history and purpose of CAMA as well as a discussion of recent efforts.

What is CAMA? CAMA stands for Colorado Amateur Motorsport Associates, LLC, and its purpose is to investigate and hopefully actualize the construction of a metro-Denver facility to replace Second Creek Raceway. CAMA was formed in December 2003 by five amateur road racing 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 smaller clubs:
Alfa, Audi, BMW, Shelby American, Lotus, Mercedes, Viper and Z Car)

These same five organizations previously had invested \$20K each to purchase the Second Creek Raceway lease in 1997 and subsequently provided representatives to the Second Creek Management Committee which operated the SCR facility from 1998 through 2005. Not surprisingly, these same clubs accounted for nearly all the weekend use of Second Creek, as illustrated in the 2004 SCR rental data:

	<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	4253
Rental revenue \$\$:	39,896	30,690	28,196	27,426	27,202	6,000	159,410

Our partners in CAMA: CAMA operates under the assumption that participation by all the current SCR users is essential to fund construction and fully utilize a new facility, and the parity in revenue generation at SCR supports that assumption. Of the five groups, the MCCA (as a coalition of smaller clubs) is not as well organized or funded as the other four, yet their revenue contribution at SCR is comparable to the other clubs. Three of the members (SCCA, RMVR and MRA) are wholly dependent on track events for their existence, while the remaining two (PCA and MCCA) require track use for a portion of their activities. Across the five groups, there are obvious disparities in levels of organization, fund raising potential and even commitment to achieving the goal; it is equally obvious that we will need funding and rental revenue from all the groups to be successful. As such, CAMA is more a cooperative effort of the motor sport community than a true commercial endeavor. There are advantages and limitations to this configuration.

Recent Developments: Since the spring of 2005, CAMA has been working with Sutton Motorsports International (SMI) on a project that SMI would own, build and operate near

Front Range Airport. Prior to making an offer to purchase the 320 acre site, Tom Ragonetti visited both Front Range Airport and the Schuck Development Corp. (owners of approximately 6500 acres in the area) to get their “blessing” on our permit application for building a race facility there. Both Schuck and FRA were positive about the prospect and agreed to support our permit application, and CAMA made a deal to buy the property contingent on zoning approval. Shortly thereafter, we learned that Sutton Motorsport was also interested in building road course in the Denver-metro area, and we soon began negotiating an agreement whereby Sutton would take over the project and build a second circuit on the property for the events displaced by the closing of SCR. In recent months, the Schuck Corp. had a change of heart, and made it known that they would not support our permit application. Without Schuck’s support, there is little chance of approval by the Adams County Commissioners. Negotiations between Sutton and Schuck produced no solution, and at the end of January 2006, just before the purchase contract was to expire, Robert Sutton personally assumed the purchase contract and negotiated a 45-day extension from the buyer. Sutton has reimbursed CAMA for all of the \$25K earnest money (\$10K in original earnest plus \$15K for a previous extension at Sutton’s request). At this point, it is difficult to assess the implications of this move: Sutton may have increased his bargaining position with Schuck, or Sutton may just have recognized that the land was a good investment. The 45-day extension will expire toward the end of March, and I would hope that a resolution arises by then.

Prior to Schuck’s reversal, Sutton was fully engaged with developing the project, hiring a number of firms to assemble the permit application, do the environmental studies and prepare the project for SMI. That effort is now on hold. To complicate the situation, the National Credit Union Administration has proposed new Federal laws that would impose limits on the volume of loans (of the type issued by Centrix Financial) that federally-insured credit unions can hold. The NCUA issue has consumed Sutton and John Frew for the past few months, and it has somewhat curtailed the flow of information from Frew (our contact point). The information we have is that Sutton still wants to go ahead with the project, although no one is optimistic that it will be at the Front Range site.

Deer Trail: Given the uncertainty of the Sutton situation, CAMA has been investigating a back-up opportunity in Agate, approximately 60 miles east of the mousetrap. There is an 800 acre site currently leased by Colorado Off Road Extreme (C.O.R.E.) and has been partially developed for off road use, with a 2.5 mile dirt road course, rock climbing areas, mud bog, etc. The C.O.R.E. operator contacted CAMA and suggested that we look at the possibility of building a paved road course on that site. After some initial investigation, Charlie Thompson (CAMA Manager) and I met with the landowners on Friday, February 3rd. The land could be divided and sold, although it appears that the owners are more interested in leasing a portion of the site to CAMA.

The site is already operating under a special use permit, and the consensus is that converting the existing permit to a planned unit development (P.U.D.) would be relatively easy. Elbert County is primarily a farming and ranching community, and the area we are looking at has little or no residential development. As such, the county requirements (road improvements, fencing, etc.) would be minimal. Asphalt Specialties

has given us a budget quote for finish grading, base and paving of the track and paddock area at ~\$1.4 million; other “bare bones” improvements (tower, power distribution, corner stations, safety barriers, etc.) bring the conceptual budget to ~\$1.8-2.0 million. The CAMA reps are visiting the site on Saturday the 25th, and will meet afterward to discuss the situation.

Other aspects: In recent months, we have seen the closure of two other Colorado road course facilities, PPIR in Fountain and CDR/Mountain View in Mead. While RMVR seldom held events at either site, the other four clubs do, adding another 10-12 annual events to the 32 events displaced by the closure of SCR. This alters the landscape somewhat.

We aren't sure of Sutton's plans at this point. Should Sutton build a single-circuit facility and have 6-8 weekends planned for his own use, there would be sufficient demand to warrant another site (Deer Trail?). If he were to follow through with the prior plan to build a two-circuit facility, the 42-45 event demand would be satisfied and no additional site(s) would be required. As we investigate Deer Trail, CAMA needs to understand Sutton's plans and time frame.

Respectfully submitted,
Bob Darcey
RMVR CAMA Rep.