

To: Members of Colorado Amateur Motorsport Associates, LLC
and their respective memberships

From: Charlie Thompson, CAMA manager

Subject: CAMA Track Development, Byers Colorado

November 3, 2006

While the CAMA member representatives have kept their club boards fully informed of the progress of CAMA's plans, we have released minimal information to club members. In the past, information released prematurely has led to difficulties and inflated expectations, which were later dashed. Now that formal applications are in process and a track near Front Range airport appears unlikely, we believe it is time to release information on an exciting prospect for a new track near Byers. Assuming zoning approval, we can begin construction in 2007 and be operational by 2008.

Back in January and February of this year, problems with the Sutton/Front Range project began to surface. CAMA began a feasibility study and preliminary negotiations on a possible track site farther east than Front Range. That study convinced the CAMA representatives that we could support our own facility and solidify the future of our clubs, even if an additional track were to be built in the Denver-metro area. The basis of the feasibility is the 45 event weekends already lost to our clubs from the closures of Second Creek, Mead and PPIR. It is underscored by the reduced track participation in 2006 as a result of the demise of these tracks, and the fact that the Sutton/Front Range project is on indefinite hold.

In May CAMA entered into a contract for ~460 acres located east of Byers on Highway 36, within 60 miles of the Mousetrap (intersection of I-25 and I-70). The purchase price for this property is a million dollars less than the price for the Front Range property, and no residential or other development is nearby. We have temporarily nicknamed this property 'East of Eden.' In June, after discussions with Arapahoe County planners, we requested the County to modify their agricultural regulations to include amateur motorsports facilities as a use by special review. The County Commissioner consideration on this request is scheduled for early December. If the Commissioners approve our request, we will submit an application for a use by special review. When approved, this permit will not expire. We will not be required to buy the land until we have the permit, and do not intend to begin major construction until we have sufficient funds to complete the track paving. We hope for permit approval in the late spring or early summer of next year, with construction beginning in late summer or early fall, in time to pave before winter.

We have met with the business leaders in the area and they are supportive and enthusiastic about the prospect of an amateur race facility in their community. The Byers Development Council has sent a letter of endorsement to the County planning department, urging that our use request be approved.

In August we presented a preliminary business plan to each of the five Boards. In this plan we identified a Phase 1, bare-bones construction budget requiring \$2.8 million for a 2.4-mile road

course with a Pueblo-style paddock. We believe the plan is achievable, requiring a minimum of individual member donations (\$500,000) and a participation loan package totaling \$1.4 million, along with \$900,000 from the clubs' investment in CAMA. The business model for East Of Eden assumes competition from a second Denver area new track, and is based on 25 weekends of rental rather than the average of 32 at SCR. It also assumes a reduction to 75% of the SCR test & tune revenue due to the additional distance from Denver. These numbers indicate that we can support the break-even needs of our own facility with rental rates as little as 10% more than at SCR, and that the clubs can also conduct events at other new track should they be built. The five Boards each authorized CAMA to spend up to \$50,000 in earnest payments and planning expenses.

The \$1.4 million loan program is under development and anticipates use of 25-40 motorsport enthusiast lenders. Preliminary decisions for the \$500,000 donation campaign are being made. For the final \$900,000, CAMA has approximately \$450,000 in its treasury, and will have \$650,000 when the final SCR funds are rebated to the clubs and invested in CAMA. The Boards of each of the five CAMA clubs approved the concept of investment of an additional \$50,000 from each of their treasuries in 2004. All the clubs except the Multi-Car Club Alliance have this \$50,000 available, and the MCCA has assured CAMA that it can raise this money from its constituent clubs in a timely manner. These investments will provide CAMA with the additional \$250,000 needed.

Two new players have surfaced in the potential race track market. In Genoa (east of Limon and 100 miles from the Mousetrap), two individuals have permission from Lincoln County to build a motorsport complex. They have expressed their desire to build a facility the clubs could use, though their program appears mainly dependent on membership revenues under the country club concept. The second potential project is on land east of Agate, which is 70 miles out, including four miles of presently unpaved road. The Agate developer has an abundance of land under contract and is in negotiation with Elbert County to obtain permitting. This developer is also willing to work with the clubs and, while seeking membership investment of the country club style, appears to have other financing options. Both of these facilities are outside of CAMA's original goal of a metro Denver area facility within 60 minutes of the mousetrap. Both potential projects are fueled by commercial interests, and we can assume they will seek a reasonable return on their investments.

While some of you are savvy detectives and may identify the land parcel under contract, we ask that you respect our position in the County process and refrain from any contact. As this is still a working farm, we could be liable for crop damage from people visiting the site, and we value our very good relationship with the seller. I will state that this land is not typical of the many parcels previously reviewed. The land under contract has excellent paved access and dramatic elevation changes that will provide an extremely exciting track! The abundance of land allows large and safe runoff areas and great potential for future expansion. I hope to follow up this letter in December with the news of our progress with the county and some details of the site plan and permit application, once submitted. A condensed copy of CAMA's East of Eden business plan will soon be posted on CAMA's website at www.camplaps.org, for those who wish further detail.