

MAXTRAX

Interactive Racing Experiences

Industrial Development Authority of the County of Gila, Arizona
Fred Barcon, President
P.O. Box 127
Claypool, Arizona 85532

Re: Proposal to Design, Construct and Manage a Race Track Facility for the Industrial Development Authority of the County of Gila, Arizona.

Dear Fred,

Thank you for sharing with MAXTRAX, LLC your vision for the addition of a racing facility to the Gila County Fairgrounds. We have completed a preliminary review of the previous studies and design materials that have been generated. We believe that the site is suitable for a race track and we would welcome the opportunity to work with you in the design, funding and operation of such a facility.

Our analysis would specify a conservative approach to construct a race track within the area of the former horse track and to utilize as much of the existing infrastructure as possible. Because the track would most often operate in the evening hours, the grandstands and concessions will need to be replaced with newer facilities that function at a level grade for safety and aesthetics. The track will need to be lighted and there will be a need for additional parking. Our preliminary cost estimate for the race facility and improvements would be approximately \$1,600,000. Because of the proximity to surrounding residential areas, we are recommending a paved surface for the race track to reduce dust as well as constructing a xeriscaped berm as a landscape buffer to attenuate noise impacts.

MAXTRAX has formed an operations team with extensive experience in design, funding and race track management. Depending upon your decision as to the facility ownership structure, we are prepared to work with the Authority in bringing this project to fruition. To assist you in determining the financial feasibility of this concept, we would suggest a phased approach and budget. For your consideration, we are attaching what we believe is a very competitive fee structure and the associated deliverables:

Phase I – Concept Development - \$47,500 (4-6 weeks)

- ❖ Develop concept drawings for the race track
- ❖ Prepare preliminary costs and overall race track budget
- ❖ Develop a project proforma
- ❖ Develop a preliminary Financial Plan
- ❖ Develop a Race Operations Plan and Preliminary Schedule

Phase II – Racetrack Development Fee - \$80,000 (3 months design & 5 months construction)

MAXTRAX will oversee the design and construction of the facilities. Fee included in the construction budget.

Phase III – Operations – Base Fee of \$40,000 (to cover John McGinley salary) annually and 5% (to MAXTRAX, Inc.) of the gross revenue. *(This does not include all other operation costs/salaries).*

Manage race track, scheduling and operations – The overall concept is to have racing one night a week in the beginning. Until the fan base and car count grows to accommodate racing two nights a week, we will plan and run other special events including corporate meetings, concerts and weddings. It will take a significant amount of effort to promote this track to the various racing divisions. The purpose behind the share of gross revenue is to incentivize all parties to expand the schedule beyond the one day a week and to cover the overall management effort required by doubling the work. Funding for this effort would come from track revenue as it grows. Our approach would be to incorporate a non-profit entity as the owner of the improvements. Revenue over expenses could be used to offset current County costs associated with operating the Fairgrounds.

Our recommendation would be to enter into a Development Agreement between the parties that would permit the project to move from feasibility to operations with checks along the way based on funding and performance. It would be our desire that the Operations contract be for a minimum period of five years, with automatic renewals based on performance milestones to permit sufficient time to develop both the racing and fan experience.

Please let us know if we can provide additional information to you, or how you would like to proceed.

Sincerely,

John McGinley

John McGinley
Managing Partner
MAXTRAX, LLC

COPPER STATE RACEWAY

Development Concept

prepared for

**INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF GILA,
ARIZONA**

by

MAX TRAX, LLC

The **COPPER STATE RACEWAY** (*working title*) is being planned as a top-tier grass-roots asphalt oval race track and special event venue. Initially, several types of cars that are cost effective, fun and fan-favorites will be racing on the track. Throughout each season, the facility will also play host to some of the bigger, more popular race divisions during special event programs that attract teams from around the state as well as throughout the Southwest.

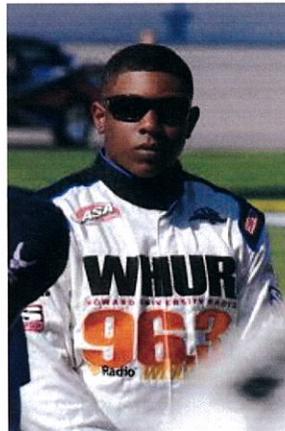
Sprint cars, pictured below, are examples of the larger, more popular cars. They have a high power-to-weight ratio, making speeds in excess of 140 miles per hour possible on some tracks. Engines producing over 800 horsepower are commonplace for these machines. Leading national corporations are actively involved in the sport and help to bring a “big-time” atmosphere with their association. Other cars shown are Late Model Stock Cars and Super Modifieds, go-karts, Quarter Midgets and Mod Lites.



COPPER STATE RACEWAY will be able to accommodate racing for all ages!



We are excited to also have in the plans several outreach and diversity programs designed to introduce a brand new educational program to underprivileged and/or minority youth. Reaching children in these demographics has become a focal point throughout the US racing community, currently led by NASCAR. We will piggy-back the leading programs and provide a clear path to the sport allowing the engagement of children that usually has not had the opportunity to get involved. Up until now, introduction to the sport has been limited to participation in *quarter-midget* or *go-kart* racing, and participation is most often based on family economics.



Grass-root racing has long been considered an important stepping stone for professional racers, and continues to be so. This is apparent from the list of current and past *NASCAR* and *INDYCAR* drivers, team owners and other officials who are investing in the future of the sport by purchasing existing tracks or building new ones. Some are even beginning new racing divisions which include designing and developing the actual cars. These insiders understand the significance of minor league racing and the role it plays in the development of drivers, mechanics and, most importantly, new fans.

MAX TRAX, LLC.

John P. McGinley

MAX TRAX, LLC. will be responsible for all operational aspects of COPPER STATE RACEWAY. Under the leadership of John McGinley, MAXTRAX will take on some of the familiar aspects of the former Manzanita Speedway and couple them with modern facilities, and a comprehensive entertainment venue incorporating all spectrums of family entertainment and professional auto racing. The individuals involved in MAXTRAX have a combined racing background of over 150 years and were formally involved with marketing and race operations at Manzanita Speedway as well as being five-time national award winning promoter.



Midget Racer



Legends Car



Mini Stock Car

SUPPORT MATERIALS

True Racers Still Exist

In The United States

HARRISBURG, N.C. Each time we begin to think auto racing has been completely overrun by lawyers, corporate executives and integrated-marketing communications specialists, we come across someone who is a true racer. In fact, it happened twice during recent weeks while working on feature stories for these pages.

Kenny Brown was the first to remind us of the passion that so many have for this sport. Brown is a co-owner of the Lucas Oil POWRi National Midget Series we profiled in the Feb. 23 issue.

The second was Randy Queensland, the RPM Promoter of the Year. We'll share the story of

Queensland and his family in next week's issue. Both of these men are making their mark on the dirt-track side of the sport, but racing is not their primary occupations. Just like thousands of racers, Brown and Queensland fit the definition of a weekend warrior as they spend virtually every minute of their spare time on the sport. They do it because they love it. We live in an area where racing has become an industry instead of a sport, and there is an ever-growing number of people who work in racing not because they love it, but for a paycheck.

They think the NASCAR season has always started at Daytona and they've never seen Brett Hearn drive a modified. The people who make a living in racing but think of it only as a business often frustrate those of us who got into the sport for a totally different reason. But then all it takes is one conversation with a true racer to be reminded of the unique passion that so many of us share.

Getting young kids behind the wheel not that crazy

Newman, Stewart, Gordon all started before age of 10

By [Raygan Swan](#), NASCAR.COM
July 10, 2009
01:11 PM EDT

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One shudders to think of a 5-year-old driving a car at 50 miles per hour, it's absurd and something you only hear about on the news.

But it's not unheard of. In fact it's encouraged and celebrated, if said 5 year-old is behind the wheel of a quarter midget at the North Carolina Quarter Midget Association speedway or a Bandolero at Lowes Motor Speedway's Summer Shootout.

So what do you do if you're young son or daughter wants to go fast? If they want to trade their cleats for a fire suit?



NASCAR racing is in the midst of a period where future talents looking to succeed on the national level are encouraged to begin racing as soon as they can reach a pedal or fill a driver seat. Cup Series driver Joey Logano, who began racing quarter midgets at six years old, is certainly an example that comes to mind but Ryan Newman began sooner than that.

"I started driving when I was four and a half and I started driving quarter midgets, racing them when I was five," Newman said.

Sanctioning bodies have standards and procedures young racers must go through and qualifications they must meet -- they have to know where the brake and gas pedals are of course -- but they also go through novice testing before they are able to compete and enjoy a lot of the same safety equipment the Cup stars use.

Still, is it enough?

Tony Stewart, a young beginner as well, said, "You don't want a 12-year-old kid out there trying to race at Daytona. I think at some of these bigger race tracks -- you're seeing it now, even the United States Auto Club -- is talking about bumping up the age of some of the race tracks so that they go to up to 18 years old."

"It's not that you don't want a 12-year-old kid out there because there are 12-year-old kids that are just as good as we are, but it isn't every 12-year-old kid that is capable of doing that," Newman added. "When one family sees the opportunity for a 12-year-old kid to do it and he thinks his kid can do it, but the kid can't, that's when we get in trouble, and we have to monitor that."

So how young is too young? Will these future stars face burnout before they reach the Cup Series and is starting early advantageous or crucial for them to succeed?

Jeff Gordon seems to believe so.

"I started when I was very young so the first thing you say is to get started very young," Gordon said.

Kurt Busch said it's a tough and ongoing debate.

"It's up to the family to decide if they want to go and pursue the racing. You know, it's not like a ball-and-stick sport where you just pick up a baseball glove and go out and play T-ball with another group of teammates," Busch said. "A racing family really has to have that commitment from mom and dad and everybody. That's why it's tough to get involved at the entry level in racing."

Busch said his start in racing didn't begin until he was 15.

"It just took my dad 15 years to explain to my mom that I'd be OK," Busch said with a laugh. "So it's having that relationship between the parents and the child and knowing that the child is ready for racing. Legend car racing is where I started. Maybe if I did get a chance to start sooner, maybe it would have helped my career develop quicker, but I couldn't imagine going any quicker than what I did, starting at 15 and making it to Cup by 22."

If you have a young racer with proven talent, then you're likely well on your way. Still, the economics of racing is difficult and creates hard decisions for families to make.

Gordon recalls his young career being quite costly.

"I wish there were more ways out there to get kids started that was more like soccer, football and baseball that was in school and free," he said.

"That's not the case and so to get started young -- the parents have to recognize that there's a talent there and then do everything they can to try to hone those skills. Make sure that they're racing something that is organized, safe and at a budget level that they can handle."

Busch said Bandoleros, Thunder Roadsters, Legend Cars and INEX have done a good job creating programs readily available for youngsters and families to join.

But at the end of the day, like in the big leagues, it still comes down to sponsorship.

"And how much money the parents want to throw in towards the racing," Gordon said. "But if you look around everywhere, there's grass-roots levels starting up here, there and everywhere to get kids involved in racing. With our sport so prominent on TV these days, it's real easy for kids to want to try to get involved."

Stewart, who is a supporter of young midget racers throughout Indiana, said a way to curb costs would be helpful.

"It would be nice to find a little better way at some of these beginner levels to control the cost to where it is more attractive for families to get involved. And I think that can happen pretty easily, just the sanctioning bodies like USAC has taken over some of the quarter midget stuff, and if they can get involved and find a way to not necessarily spec everything but to control the boundaries enough where they can control the costs, that would definitely make it better and you're going to attract more people that may not have the finances to do it like some of these teams do it now."

The will for young racers to forsake their baseball bats for racing tires is out there, some just need help finding the way.

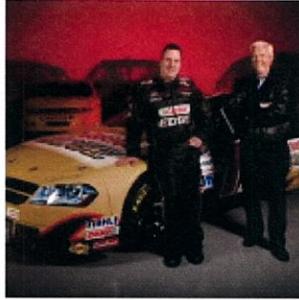
The touring and weekly series make up the grassroots foundation of NASCAR and are supported by a loyal and passionate fan base. Many of these are the same short-track fans who grew up with the sport's stars throughout the years and have a deep connection with NASCAR's history. Here 2010 NASCAR Touring and Weekly Series champions come together with significant drivers in NASCAR's history



Bobby Allison with NASCAR Whelen Modified Tour champion Bobby Santos at Stafford Motor Speedway. (Kim Tyler/NASCAR Photo)



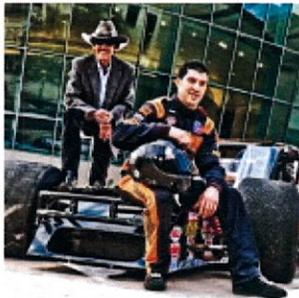
Lloyd Dane with NASCAR K&N Pro Series West champion Eric Holmes at Phoenix (Chris Richards/NASCAR Photo)



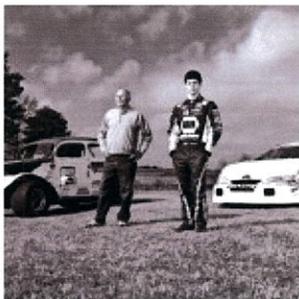
Junior Johnson with NASCAR Canadian Tire Series champion DJ Kennington at NASCAR R&D Center in Concord (Kate Garinder/NASCAR Photo)



Jerry Cook with NASCAR Whelen Southern Modified Tour champion Burt Myers at Bowman Gray Stadium (Kate Garinder/NASCAR Photo)



Richard Petty with NASCAR Whelen All-American Series champion Keith Rocco at the NASCAR Hall of Fame (Chris Richards/NASCAR Photo)



David Pearson with NASCAR K&N Pro Series East champion Ryan Truex at Pearson's farm in South Carolina (Kate Garinder/NASCAR Photo)

SPEEDPLEX ECONOMIC IMPACT / TAX GENERATION

	SPEEDPLEX SALES TAXES		
	Taxable Revenues	Annual Sales Taxes Generated	
	City	County	State
REVENUE FROM TRACK OPERATIONS	\$ 868,516	\$ 4,343	\$ 50,374
REVENUE FROM TIRE AND FUEL SALES	\$ -	\$ -	\$ -
REVENUE FROM FOOD & BEVERAGE	\$ 188,100	\$ 941	\$ 10,910
REVENUE FROM NOVELTIES	\$ 13,680	\$ 68	\$ 793
TOTAL GROSS TRACK REVENUES	\$ 1,070,296	\$ 5,351	\$ 62,077

JOB CREATION

Full Time	Part Time
15	19

SPEEDPLEX JOBS CREATED
PERSONAL INCOME GENERATED \$ 178,350

NEW COMMUNITY SPENDING

	City	Metro
MOTORPLEX OPERATING EXPENSE SPENDING	\$ 138,000	
PERCENT SPENT LOCALLY	75%	100%
TOTAL LOCAL OPERATIONAL EXPENSE SPENDING	\$ 103,500	\$ 138,000

SPEEDPLEX VISITOR SPENDING

TOTAL NUMBER OF SPEEDPLEX EVENTS 66
 TOTAL SPEEDPLEX ATTENDANCE 44,168
 PERCENT OF ATTENDEES FROM OUTSIDE METRO AREA 25%
 NUMBER OF ATTENDEES FROM OUTSIDE METRO AREA 11,042
 TSIDE ATTENDEE AVG. \$\$ SPENT (gas, meals, shopping) \$ 97.00

	City	Metro
TOTAL OUTSIDE ATTENDEE SPENDING	\$ 803,306	\$ 267,769
PERCENT ROOM NIGHTS LOCALLY	75%	25%
OUTSIDE ATTENDEE ROOM NIGHTS	2,208	552
AVERAGE ROOM NIGHTS PER EVENT	33	8
AVERAGE DAILY ROOM RATE	\$ 125.00	

TOTAL OUTSIDE ATTENDEE HOTEL SPENDING	\$ 207,038	\$ 69,013
TOTAL NEW SPENDING IN COMMUNITY	\$ 1,113,843	\$ 474,781
ECONOMIC MULTIPLIER	1.5	
TOTAL NEW SPENDING	\$ 1,670,765	\$ 712,172

New Spending Annual Sales Taxes Generated

	City	County	State
NEW SPENDING SALES TAX GENERATED	\$ 28,403	\$ 11,915	\$ 138,210

MAXTRAX, LLC
(CONFIDENTIAL)

