

**Integra Realty Resources**  
**Salt Lake City**

**Appraisal of Real Property**  
Utah Motorsports Campus

**Location**  
512 South Sheep Lane  
Grantsville City, Utah

**Prepared For**  
Scott Broadhead  
Tooele County Attorney

**Effective Date of the Appraisal**  
April 6, 2016

**IRR – Salt Lake City**  
File Number: 160-2016-0169



June 15, 2016

Scott Broadhead  
Tooele County Attorney  
Suite 26  
74 South 100 East  
Tooele City, Utah 84074

Utah Motorsports Campus  
County Parcel: 16-023-0-0001  
Owner: Tooele County  
Report 160-2016-0169

RE: Appraisal of Utah Motorsports Campus.

Scott Broadhead:

Thank you for allowing our office to assist in the valuation of certain real property identified as Utah Motorsports Campus and formerly as Miller Motorsports Park. The motorsports park has been operational for 10 years and has gained world recognition through hosting such events as World Superbike, NASCAR, and the American Le Mans Series. The motorsports park has been scaled back from its potential due to the passing of its originator and failure to make a profit. Because the Miller family did not renew its land lease with Tooele County, ownership of the motorsports park transferred to Tooele County. The subsequent sell to Mitime was annulled by the Third District Court of Utah because of the disparity between the motorsports park's appraised value and purchase offers received from Center Point and Mitime. This appraisal is to provide an opinion of market value prior to relisting the motorsports park for sell.

The appraisal is intended to conform to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The following appraisal sets forth the pertinent data gathered, the techniques employed, and the analyses and conclusions that led to the opinion of value.

After careful consideration of the information and analysis contained within the report, our opinion of market value for the 512.46 acre motorsports park as improved, with fee simple property rights, as of April 6, 2016 is:

**\$20,000,000**

**"TWENTY MILLION DOLLARS"**

Scott Broadhead  
June 15, 2016  
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This letter of transmittal is *not* to be misconstrued as a complete appraisal report, but merely indicates the final value estimate developed in the following narrative report. The following report provides supporting data, assumptions, and justifications for our final value conclusions. The appraisal is made subject to the general assumptions and limiting conditions stated at the end of the report.

Please call if there are any questions.

Respectfully submitted,



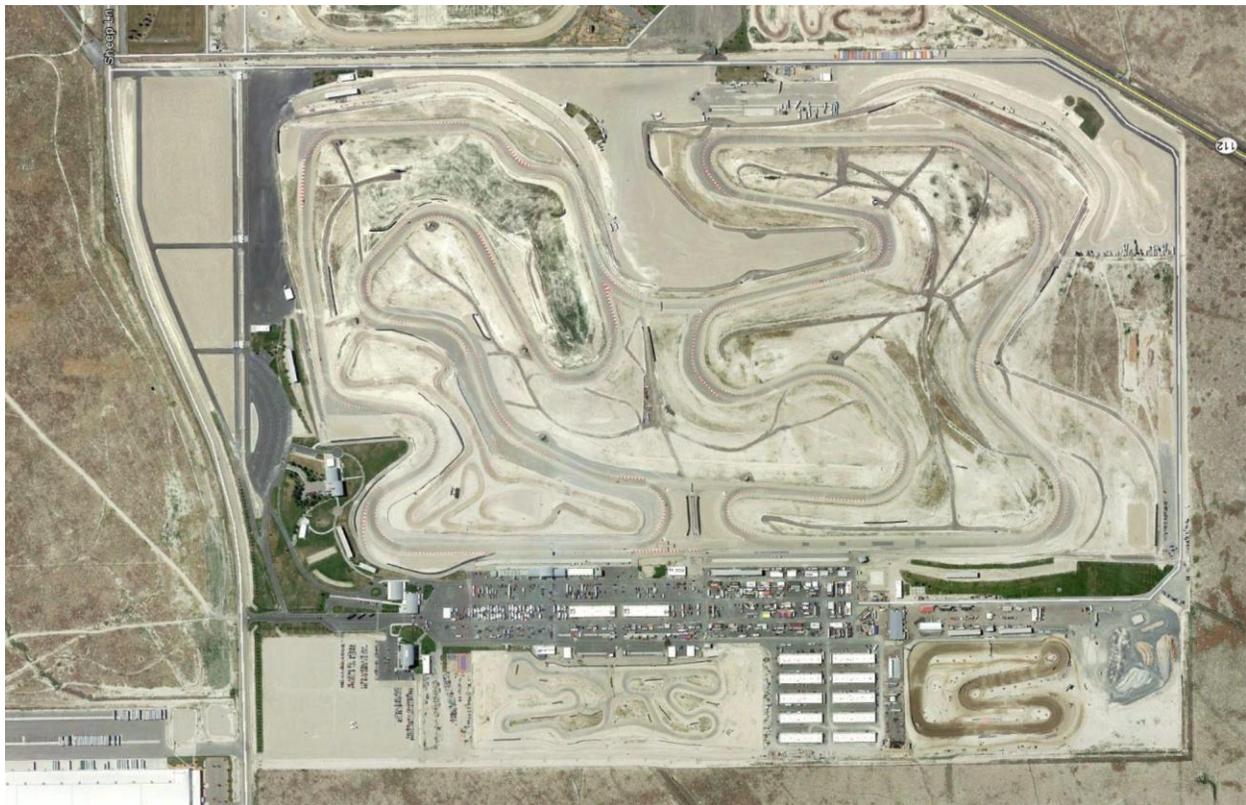
Troy Lunt, MAI

Utah State - Certified General Appraiser  
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## Report Summary

Subject:	512.46 acre improved site known as Utah Motorsports Campus
Purpose of Appraisal:	Estimate market value
Property Rights Appraised:	Fee simple
Recorded Owner:	Tooele County
Ownership Representative:	Scott Broadhead, Tooele County Attorney 435 843-3120
Location:	512 South Sheep Lane in Grantsville City
Latitude, Longitude:	N 40.584249° W -112.370237°
Frontage/Access:	Sheep Lane
County Parcel:	16-023-0-0001
Size:	512.46 acres
Improvements:	Raceway with 28 supporting buildings, grandstands, and landscape
Zoning:	[C-G] General Commercial District
General Plan:	Commercial, office, and residential to 15 units per acre
Highest and Best Use:	Integration with an automobile or motorsports interest
Elevation:	4,365 feet to 4,435 feet
Flood Hazard:	Zone D – undetermined but possible
Earthquake Hazard:	Very low
Valuation Date:	April 6, 2016
Report Date:	June 15, 2016
Value Opinion:	\$20,000,000

## Report Option

Real property appraisal reports are prepared under one of the following options: *Appraisal Report* or *Restricted Appraisal Report*. This report is prepared following the *Appraisal Report* option. This means the report content and level of information presented is sufficient to enable the intended user(s) of the appraisal to understand the report properly and is in accordance with Uniform Standards of Professional Appraisal Practice Standard 2-2(a).

## Real Property Identification

The motorsports park appraised is located at the east limit of Grantsville City along Sheep Lane at 512 South. Tooele County Recorder identifies the subject as County Parcel 16-023-0-0001 of 512.46 acres. The acreage is improved as a motorsports park known as Utah Motorsports Campus – formerly Miller Motorsports Park.



## Appraisal Date

The effective date of the appraisal is April 6, 2016. The date of the report—or completion date—is June 15, 2016.

### **Appraisal Purpose and Intended Use**

The appraisal purpose and intended use is to provide Tooele County with an opinion of market value of the motorsports park prior to offering the motorsports park for sell.

### **Intended User**

This report is prepared for the use of Tooele County, its officers, agents, and representatives.

## Appraisal Scope

The subject of the appraisal is a 512.46 acre motorsports park that is unique in several ways for its market. Within the United States are hundreds of club tracks built for local enthusiasts or regional racing clubs costing between \$1 million and \$10 million. A few of these are constructed to host NASCAR (National Association for Stock Car Auto Racing) costing hundreds of millions of dollars. Utah Motorsports Campus is neither of these. It belongs to a small group of road courses (raceways) that qualify for FIA2 licensing to host such events as Grand-Am Road Racing, Regional NASCAR Pro Series, IndyCar, International Motor Sports Association, and Sports Car Club of America. Above this group are raceways qualifying for FIA Level 1 licensing enabling them to host Formula 1 racing that has an audience of 425 million (2015). FIM (Fédération Internationale de Motocyclisme) and FIA (Fédération Internationale de l'Automobile) are the premier governing body for racing worldwide.

At completion in 2006, the motorsports park had FIM2 and FIA2 licenses. Setting Miller Motorsports Park apart from similarly licensed raceways is being one of two tracks on the continent to meet World Superbike criteria. Miller Motorsports Park was awarded a contract to host World Superbike starting June 1, 2008 and extended through 2013. Confirming its entry into the top tier of motorsports parks in the world was being named "Motorsports Facility of the Year" 196 days after opening by the Professional Motorsports World Expo in Cologne, Germany.

Valuation of the motorsports park presents problems to the three standard approaches to value: cost, sales comparison, and income. The *cost approach* is inconsequential because the income from operations fails to support the cost. Marty Toohey, reporter for Austin American-Statesman, compares Circuit of Wales (which received final approval November 2015) with a construction cost near \$500 million to England's Silverstone circuit. Silverstone was on the market for over a year with no offer better than \$17.4 million despite spending \$52 million in upgrades to secure hosting Formula One racing through 2027. Circuit of the Americas near Austin Texas opening October 2012 has a reported construction cost of \$300 million to \$450 million. The initial valuation for tax

purposes was \$271 million based on the cost approach only because of the lack of comparable sales and income data. Track owners appealed the assessment. After letting Travis Center Appraisal District review audited financials, contracts, and other proprietary information under a protective order, the appeal was settled February 2016. The result is a 66% decrease in the assessed value.

Year	Before	After	Change	Percent
2015	\$275.4	\$91.2	(\$184.2)	-66.9%
2014	\$271.5	\$84.9	(\$186.6)	-68.7%
2013	\$273.1	\$102.3	(\$170.8)	-62.5%
<b>Totals</b>	<b>\$820.0</b>	<b>\$278.4</b>	<b>(\$541.6)</b>	<b>-66.0%</b>

Currency in millions

The assessed value of Miller Motorsports Park was appealed for tax years 2010 and 2011. The result was a stipulation between Miller Motorsports Park and Tooele County Board of Equalization to reduce 2010 and 2011 tax assessments from \$59,141,234 (same for both years) to \$27,000,000 for both years with the provision that Miller Motorsports Park provide annual financial statements to Tooele County and that Tooele County keep the statements confidential. The result is \$32,141,234 or 54.3% reduction in the assessed value.

These examples demonstrate that the cost approach is an unreliable indicator of market value for Utah Motorsports Campus because of the functional obsolescence<sup>1</sup> realized in raceways. In an appraisal report by JCP and Associates dated October 6, 2011, functional obsolescence of 79% was opined for the motorsports park based on reported construction costs of \$94,564,697, less 4% physical depreciation.

Few comparable raceways were found for the subject to develop the *sales comparison approach*. Many sales of club and regional raceways (road courses) and speedways (racing ovals) were discovered, but are poor for comparison to the subject's superior design and construction. Comparable raceways are those designed and built to the

<sup>1</sup> The impairment of functional capacity of improvements according to market tastes and standards. Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

same intended uses. Logically, one would attempt comparing raceways of equal licensing and magnitude before resorting to more numerous club tracks.

The most momentous event held at Miller Motorsports Park was World Superbike from 2008 to 2012 (though contracted through 2013, the 2013 race was held at Laguna Seca for unreported reasons). Listed are raceways that have hosted World Superbike over the past 10 years.

World SuperBike Venues										
Racetrack	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Aragon, Spain	√	√	√	√	√					
Assen, Netherlands	√	√	√	√	√	√	√	√	√	√
Brands Hatch, England								√	√	√
Brno, Czech Republic				√	√	√	√	√	√	√
Buriram, Thailand	√									
Donington, England	√	√	√	√	√		√	√	√	
Eurospeedway, Germany										√
Imola, Italy	√	√	√	√	√	√	√			√
Istanbul Park, Turkey			√							
Jerez, Spain	√	√	√							
Kyalami, South Africa						√	√			
Laguna Seca, United States	√	√	√							
Lausitz, Germany									√	
Losail, Qatar	√	√					√	√	√	√
Magny Cours, France	√	√	√	√	√	√	√	√	√	√
Miller Motorsports Park				√	√	√	√	√		
Misano Adriatico, Italy	√	√		√	√	√	√	√	√	√
Monza, Italy			√	√	√	√	√	√	√	√
Moscow Raceway, Russia			√	√						
Nurburgring, Germany			√	√	√	√	√	√		
Phillip Island, Australia	√	√	√	√	√	√	√	√	√	√
Portimao, Portugal	√	√	√	√	√	√	√	√		
Sepang, Malaysia	√	√								
Silverstone, England			√	√	√	√			√	√
Valencia, Spain						√	√	√	√	√
Valllunga, Italy								√	√	

Of the 26 raceways listed, Imola, Monza, Istanbul, Nurburgring, Sepang, and Silverstone have also hosted Formula 1 racing in the past decade. The only raceways hosting World Superbike on the American Continent back to 2000 is Laguna Seca and the subject. Sales information for Kyalami and Silverstone was found.

On a national level, the superbike series in the United States is MotoAmerica. This is the subject's most momentous event nationally. The next table shows raceways that host the recently organized MotoAmerica.

MotoAmerica Venues		
Racetrack	2016	2015
Circuit of the Americas, Texas	√	√
Road Atlanta, Georgia	√	√
Virginia International Raceway	√	√
Road America, Wisconsin	√	√
Barber Motorsports Park, Alabama	√	√
Miller Motorsports Park	√	√
Laguna Seca, California	√	√
Indianapolis Speedway, Indiana		√
New Jersey Motorsports Park	√	√

Of these motorsports parks, sales information was found for Road Atlanta and New Jersey raceway. Sale information of these for raceways is emphasized in the appraisal, in addition to purchase offers received for Miller Motorsports Park.

The third traditional approach to value is an *income approach*. From inception, the motorsport park lost money. Larry Miller reported in his autobiography that the motorsports park was losing \$2 million a year adding “it is too far ahead of its time.”<sup>2</sup> This is not unique to the subject motorsports park. Sachsenring, Circuit of the Americas, Moscow Raceway, New Jersey Motorsports Park, and Mazda Raceway Laguna Seca are examples of many raceways that rely on government subsidies to operate. During research for the appraisal, only Carolina Motorsports Park and a confidential motorsports park were reported by track management as being profitable. Given that financial information of motorsports parks is highly guarded and that the subject motorsports park has operated at a loss every year, the income approach is not credible for the valuation.

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<sup>2</sup> Driven: An Autobiography, 2010 Deseret Book

An extensive investigation of motorsports transactions nationally and worldwide is made for determining the market value of Utah Motorsports Campus. The reach is supported by an offer from Penske Corporation based in Michigan, Sim Raceway based in California, and Mitime Investment and Development Group based in Zhejiang Province of China.

To develop an opinion of market value for Utah Motorsports Campus, the appraisal follows steps and procedures of Uniform Standards of Professional Appraisal Practice. Pertinent factors that influence market value of the subject real property are considered. These factors include real property history, zoning, physical characteristics, supply and demand, market sales, active and expired listings, economic conditions, and opinions of market participants such as raceway operators and managers. Other resources used for developing an opinion of value include Tooele County officials, Grantsville City officials, previous valuations, purchase proposals, purchase agreements, and court documents voiding the sell to Mitime.

The exterior of each building was measured and photographed. The interior of most buildings were inspected and photographed. Because of lingering ownership interests, the interior of the off-road garage was not inspected and only one of the 10 rental garages was inspected to reduce redundancy.

The client is the owner of Utah Motorsports Campus and is familiar with the history, physical characteristics, and economy in which the motorsports park exists. For this reason, some aspects of the reporting process will be summarized. No financial data was provided for the appraisal.

### *Extraordinary Assumptions and Limiting Conditions*

An extraordinary assumption is defined as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis."<sup>3</sup> The following extraordinary assumption is made in this report:

1. The market of comparable motorsports parks is limited. Construction costs, purchase transactions, and operating revenue and costs of comparable raceways are held strictly confidential. Reliance on secondhand information is high. In most cases, information used for the appraisal assignment was supported by different sources increasing reliability of the information. Market information found is assumed to be reliable indicators of the facts.

### *Hypothetical Conditions*

A hypothetical condition is defined as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."<sup>4</sup> No hypothetical conditions are used in the valuation of the motorsports park.

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<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, 5th ed.* (Chicago: Appraisal Institute, 2010).  
<sup>4</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, 5th ed.* (Chicago: Appraisal Institute, 2010).

## Real Property Ownership

According to Tooele County Recorder, the subject real property is recorded to Tooele County. Ownership for this appraisal is represented by Scott Broadhead, attorney for Tooele County.

## Real Property History

After Larry Miller's attempt to locate a site for a raceway near Mead, Colorado then on Kennecott Land in Salt Lake County, a site was approved in Tooele County. A 99-year lease was secured with Tooele County on 512.46 acres during 2004. With the assistance of track designer Alan Wilson, ground breaking for the raceway was April 26, 2005. The original plan was to construct a club track with a \$7 million budget which eventually approached \$100 million. Larry Miller said drivers from 27 counties have been to the track and often tell him it is one of the two finest tracks in the world.

In the raceway's inaugural season, the track hosted AMA Superbike, AMA Supermoto, American LeMans, Grand American Road Racing, Historic Sports car Racing, and vintage motorcycle racing. November 8, 2006 Miller Motorsports Park was named "Motorsports Facility of the Year" by the Professional Motorsports World Expo event in Cologne, Germany. December 2, 2008 HANNspree FIM Superbike World Championship named Miller Motorsports Park "2008 World Superbike Organizer of the Year." Miller Motorsports Park hosted World Superbike from 2008 through 2012.

### *Land Lease*

Terms of the lease are for periods of 10 years with 5-year renewals to 99 years. Termination can occur at any time by mutual consent. Rent is \$60,000 annually or 5% of gross revenue, whichever is greater. Rent adjustments are based on Consumer Price Index but to not exceed 2.5% annually or 10% over a 5-year renewal. Gross revenue includes income from ticket sales, concessions, catering, facility rental, and user fees. At the end of the term or extension thereof, all rights, title, and interest in the facility and improvements upon the land revert to Tooele County.

Tooele County leased about 400 acres from Grantsville Soil Conservation District making the lease to Miller Motorsports Park a sublease. (Deed to the leased acreage was transferred to Tooele County by Grantsville Soil Conservation District February 25, 2010, County Entry 338738.) By agreement, Tooele County was to provide utilities to at least the property line of the Deseret Peak Recreation Complex and create a zoning to allow a motorsports facility. Miller Motorsports Park is responsible for all improvements within the park and property taxes.

### *Tax Appeal*

During 2010 the \$59,141,234 assessed value of the track for years 2010 and 2011 was appealed by Miller Motorsports Park. The appeal was denied by Tooele Board of Equalization and subsequently appealed to Utah State Tax Commission. After providing financial statements for years 2010 and 2011 to Utah State Tax Commission, Miller Motorsports Park and Tooele County Board of Equalization stipulated to a real property assessed value of \$27 million for years 2010 and 2011.

As part of the appeal process, Miller Motorsports Park ordered an appraisal of the motorsports park. The appraisal was done by JPC and Associates dated October 6, 2011 with a retrospective valuation date of January 1, 2010. The three approaches to value were utilized though the income approach was considered meaningless because of negative cash flows. The cost approach conclusion was \$18,855,000 which includes \$4,360,000 for land and \$14,495,000 (79.0%) of functional obsolescence. The sales comparison approach conclusion was \$9,000,000 based on one sale in Colorado of a mixed use raceway and speedway. Recognizing the income approach is not applicable and the weakness of the sales comparison approach, the appraisal concluded a value of \$18,855,000.

### *Termination of Land Lease*

With the passing of Larry Miller in 2009 and racing son Roger in 2013, the passion for continuing the raceway diminished. The Miller Family gave notice May 8, 2015 to terminate the leasehold interest with Tooele County and to vacate as of February 28, 2016. Control and ownership of the motorsports park went to Tooele County thereafter. Tooele County did not desire to operate the track and listed the motorsports park for sell. Pressing the sell was the lease to major tenant Ford Performance Racing School that expired July 31, 2015. Accordingly, Tooele County listed the motorsports park for sell with a deadline of July 16, 2015.

### *Purchase Offers*

Interest to purchase the motorsports park was received from six entities of which two were considered by Tooele County Commissioners. The four dismissed are Kirkham Motorsports, Penske Corporation, KC Motorsports, and Sim Raceway.

- *Kirkham Motorsports* Kirkham is an automobile replication company based in Provo, Utah. The offer is \$3,125,000 based on plans to relocate their business to the motorsports park. The offer stipulated no real estate tax the first year and taxes based on the purchase price over the next 10 years. The offer indicates the purchase to be financed by Tooele County at 2.78% interest over 15 years and that Kirkham can vacate the sale at any time for any reason.
- *Penske Corporation* Penske is a \$23 billion corporation operating in more than 3,300 locations in a variety of automotive industries employing 50,000 worldwide. Penske expressed a "keen interest" in the motorsports park, but would wait on the outcome of the current offers.
- *KC Motorsports* An interest was expressed to make the motorsports park part of a larger 1,500 acre development. No offer was made.
- *Sim Raceway Performance Driving Center* Sim is a performance driving school based at Sonoma Raceway in Sonoma, California. Interest was expressed but a bid could not be submitted by the deadline.

The two offers considered were submitted by Mitime Investment and Development Group and Andrew Cartwright operating through Center Point Management.

*Center Point Management*

The proposal as presented by Andrew Cartwright is for a mixed use development of residential, office, and retail. Specifically, 200 single family residences, resort condo/hotel (124 suites), conference center, three-level office/retail/restaurant building (\$11 million to build), entertainment/concert venue, and creation of an executive member club with a mechanic shop for proposed members. Formation of a "race subdivision" homeowners association is planned to "diversify" track expenses. Memberships range from \$20,000 plus \$2,000 annually for a "bronze" membership to \$150,000 plus \$12,000 annually for a corporate membership that will include the addition of a racquetball court and indoor pool.

Andrew Cartwright indicates that the motorsports park will remain a world class venue as part of the mixed use development that will add 1,088 local jobs and generate 33% of new Tooele County tax revenue.

A purchase agreement was presented to Tooele County July 23, 2015 by Andrew Cartwright for \$18,750,000. The agreement offers two purchase options. One option is through financing at 3% interest with balloon payment due in 60 months based on a 30-year amortization with \$1,000,000 annual payments. Additional payments of \$10,000 payments will be made associated with the sale of each residential lot/condominium. Terms include the transfer of 220 acres from Tooele County to Cartwright. The second option is \$18,750,000 cash including transfer of 220 acres from Tooele County to Center Point.

Andrew Cartwright issued a memorandum of understanding effective July 30, 2015. The document states a purchase price of \$22,500,000 including a \$100,000 deposit with the balance in cash at closing. In addition to the purchase price, construction cost up to \$5,000,000 in cash or bond was assured to Tooele County for culinary water and sewer services.

What appears to be the final purchase and sale agreement was an offer of \$28,101,306 (assessed value of improvements) made the second day of trial (December 17, 2015). The agreement supporting this offer states Center Point Management and its intended assignee, Bonneville Salt Lake Raceway, as the buyer. Missing from this agreement is the \$5,000,000 for water and sewer services. New to the agreement is the right of first offer. Andrew Cartwright signed the new agreement for Center Point Management. Tooele County has not signed the new agreement.

#### *Mitime Investment and Development Group*

Mitime is a subsidiary of Geely Group of Companies, a privately held company that owns Volvo and Geely car companies. Geely sales exceed \$4.7 billion resulting in \$423 million in profit. Geely employs over 18,000. Company assets value as of March 2015 is \$4.4 billion. Geely also owns and operates Geely's Auto University – China's largest private university with 20 colleges and 30,000 students.

The Mitime proposal for the motorsports park differs greatly from that of Center Point. The Mitime offer has no retail, office, or residential component in the sense of creating a mixed use community. Plans are to operate the motorsports park as intended by Larry Miller adding a campus environment to promote race car drivers, race car development, and motorsports park management locally and in China. After acquisition of the motorsports park, further investment of \$48 million is planned to regain

FIA/FIM Level 2 licensing, construct 3/8-mile NASCAR sanctioned speedway, and construct a 1/8-mile drag strip. Moto-cross and rally-cross venues are planned in association with contiguous Deseret Peaks. The education and technology development plan is to team with local colleges and high schools to create degree programs in motorsports management, create Utah Motorsports Race Car Development Center for race design and production, construction of Formula Four race cars, and comprehensive driver training programs.

Other facilities planned within the first years of ownership include hotels, university level educational facilities, race car construction facilities, and tourism centers for which additional land will be required. Expectations are \$1 billion in economic benefit to Tooele County over the next 25 years.

An offer of \$20 million was presented in a memorandum of understanding dated August 17, 2015. In addition to the purchase price, up to \$2.5 million is offered for infrastructure cost if a secondary or alternative source of water and sewer service is desired/needed. The purchase amount and \$2.5 million for utilities remained the same in the purchase and sale agreement dated October 13, 2015 with the addition of right of first offer agreement, lease agreement if the sale fails, and a purchase option.

### ***Mitime Purchase***

After considering offers, Tooele County commissioners selected Mitime as the successful bidder July 31, 2015 followed by a public hearing for disposition of the motorsports park. Tooele County commissioners announce the sell August 18, 2015 and approve the sell to Mitime October 13, 2015 which occurred October 20, 2015. Because the Mitime offer was accepted as the better of the two, no process was undertaken to certify the \$22.5 million offer by Andrew Cartwright, nor does Tooele County represent the \$22.5 million as a bona fide offer.

### *Center Point Lawsuit*

September 11, 2015, Center Point files a motion to stop the sale of the motorsports park to Mitime claiming citizens of the county are damaged by the commissioners' acceptance of a lower bid and selling the motorsports park below market value. Center Point also claims Tooele County violated state laws and local ordinances that prohibit a sell of county owned property for less than full and adequate consideration. The result was a stipulation executed September 24, 2015 to delay the sell to Mitime no sooner than November 6, 2015. During the interim, J Philip Cook was hired to perform an appraisal of the motorsports park which opined a value of \$9 million as of July 31, 2015.

The disputes were tried in the third judicial district court November 6, 2015 and December 17, 2015. Tooele County offered the J. Philip Cook appraisal as evidence that the Mitime offer met the definition of fair market value. The court gave little consideration to the J. Philip Cook appraisal for the following reasons.

- Opinion is based solely upon the sales comparison approach
- Considered sales of tenuous comparability
- Failed to adequately consider \$20 million and \$22.5 million offers of Mitime and Center Point
- Did not satisfactorily factor/weight the assessed value of the motorsports park improvements which was stipulated at \$27 million for 2010 and was currently \$28,101,306.
- Appraisal is not well supported by comparable sales and it is highly inconsistent with the county's own internal tax valuations.
- Appraisals are only estimates of the price at which a willing seller and willing buyer will strike a deal and where there is an actual agreement between two such parties, an estimate of the strike price by appraisal is unnecessary
- That *bona fide* offers establish a fair market value of no less than \$28,101,306<sup>5</sup>

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<sup>5</sup> On the second day of trial, Center Point increased their offer to the assessed value of the improvements but eliminated the provision of payment up to \$5 million for water and sewer service.

The court further states procedural matters when Tooele County secured the J. Philip Cook appraisal after accepting the Mitime offer of \$20 million suggesting the appraisal was not for the purpose of assisting the county in reaching its decisions. Rather, its purpose was for support of its legal arguments.

The court concludes that the county's proposed sell to Mitime is for less than fair market value and violates Utah law and Tooele County Code and therefore must be enjoined. The lease with purchase option agreement between Mitime and Tooele County was also enjoined and set aside.<sup>6</sup>

### *Post Lawsuit*

Tooele County has employed Mitime, with Alan Wilson as manager, to operate the motorsports park until a second bidding process is undertaken and a successful sale consummated rather than allowing the raceway sit idle and diminish its standing in the motorsports arena. The second level of the administration building is leased to NuSkin for \$100,000 annually. Employment is about the same as last season – about 90 employees generating a payroll of about \$100,000 bi-weekly.

Mitime has acquired about \$3 million in fixtures, furniture, and personal property from Miller Motorsports Park/Miller Family. The Miller family has removed computer equipment, kitchen equipment, Larry Miller's car collection, and signage. The motorsports park is renamed Utah Motorsports Campus and has secured MotoAmerica, Lucas Oil Off Road Series, Pirelli World Challenge, AHRMA Bonneville Vintage Grand Prix, Utah Supermoto Championship, and NASCAR K&N Pro Series events. Also, raceway rentals to NASA, Apex, Porsche Club of America, Masters of the Mountain, and Utah Sportsbike Association are continued. Ford Performance Racing School entered into a four-year contract to remain at Utah Motorsports Campus after the former contract with Miller Motorsports Park expired July 31, 2015. Over 80% of the raceway is "booked" for the 2016 season.

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<sup>6</sup> Center Point's *proposed* findings of fact and conclusions of law. Case 150301347. Judge Robert Atkins.

## Assessment and Taxes

According to Tooele County Assessor, the subject parcel has a 2016 assessed land value of \$7,812,965 and a 2015 assessed improvement value of \$63,710,204. The taxable value is \$28,101,306. There are no back taxes due.

## Property Rights Appraised

This appraisal is based on the property rights being in fee simple estate.

### *Fee Simple Estate*

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>7</sup>

## Market Value Definition

"Market Value" as defined by Utah Code is as follows:

"Fair market value" means the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.<sup>8</sup>

Market value appraisals are distinct from appraisals using other types of value because market value appraisals are based on a market perspective and on a normal or typical premise. Uniform Standards of Professional Appraisal Practice elaborates more fully on the economic aspects of market value and is defined as follows:

"*Market value* means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a

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<sup>7</sup> Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 5. Ownership of the fee simple interest is equivalent to ownership of all individual rights associated with real property – such as the right to sell, lease, give, and mortgage an interest, and the right to occupy the property. Each individual real property right has some potential value. If any or all rights are removed from the fee simple interest, one or more partial interests are created. A true fee simple interest seldom exists. Mortgages, easements, private restrictions, and/or second party mineral right interests encumber most real property. Often the valuation of a fee simple interest is largely theoretical. In this appraisal, valuation of the fee simple estate means ownership not subject to a lease contract.

<sup>8</sup> Utah Code, 59-2-102 (12)

sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>9</sup>

Market value cannot be predicated upon potential uses that are speculative and conjectural; as the Supreme Court has said:

Elements affecting value that depend upon events or combinations of occurrences which, while within the realm of possibility, are not fairly shown to be reasonably probable should be excluded from consideration, for that would be to allow mere speculation and conjecture to become a guide for the ascertainment of value – a thing to be condemned in business transactions as well as in judicial ascertainment of truth.<sup>10</sup>

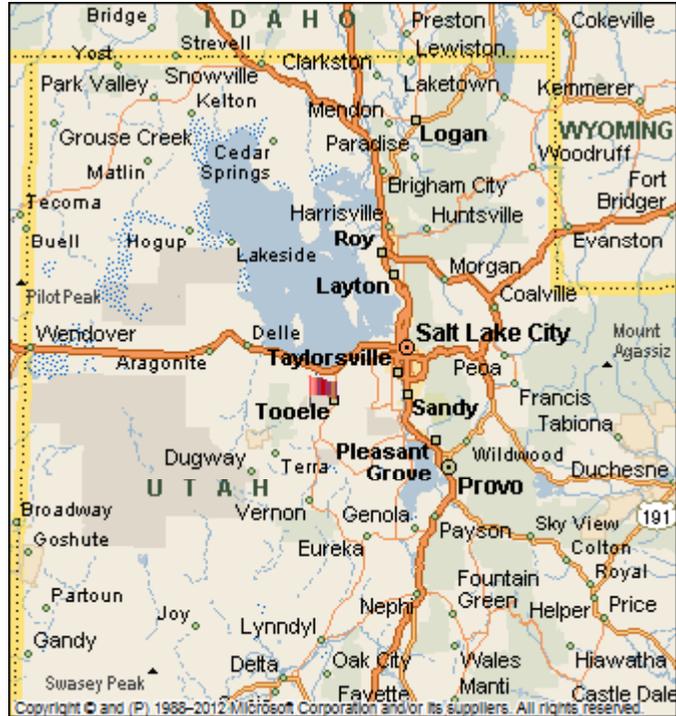
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<sup>9</sup> Uniform Standards of Professional Appraisal Practice 2016 – 2017. Appraisal Standard Board of the Appraisal Foundation, pp 180

<sup>10</sup> *Uniform Appraisal Standards for Federal Land Acquisitions* (Washington, D.C.: U.S. Government Printing Office, 2000) \*B-9, pp. 45, \*B-3, pp. 34.

## Market Area

The motorsports park is located along the east side of Tooele County within Grantsville City. Tooele County is part of six Utah counties known as “Wasatch Front.” In addition to Tooele County, Wasatch Front includes Salt Lake, Utah, Box Elder, Davis, and Weber counties. Eighty percent of Utah’s population is within this six county region.



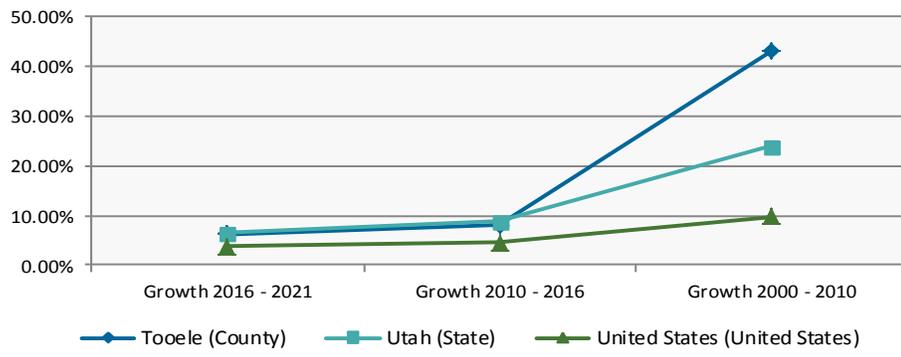
Utah has a population exceeding three million and is consistently leading the nation in job creation, employment, and lifestyle. For the ninth year straight, American Legislative Exchange Council ranked Utah first for economic outlook and third for economic performance in the “Rich States, Poor States” competitive index. The following table shows significant rankings as reported by

Governor’s Office of Management Budget dated April 19, 2016. Utah achievements include AAA bond rating by Moodys, Standard and Poors, Fitch; first in economic momentum 2015 by State Policy Reports; first in economic confidence 2015 by Gallup; and first for best state for business 2015 by Forbes.

Utah Ranking			
<b>Economic</b>	<b>Rank</b>	<b>Measure</b>	<b>Period</b>
Job Growth	3	3.3%	Mar 15 - Mar 16
Unemployment	9	3.5%	Mar 16
Median Household Income	11	\$62,313	2012-2014
Average Annual Pay	36	\$42,942	2014
Per Capita Personal Income	43	\$39,045	2015
Total Personal Income Growth	3	5.3%	Q4 14-Q4 15
<b>Demographic</b>			
Population Growth	6	1.7%	2014-2015
Life Expectancy	10	80.2	2010
Median Age	1	30.5	2014
Household Size	1	3.2	2014
<b>Social</b>			
Poverty	9	11.7%	2014
High School Degree	12	91.0%	2014
4-Year College Degree	15	30.6%	2014

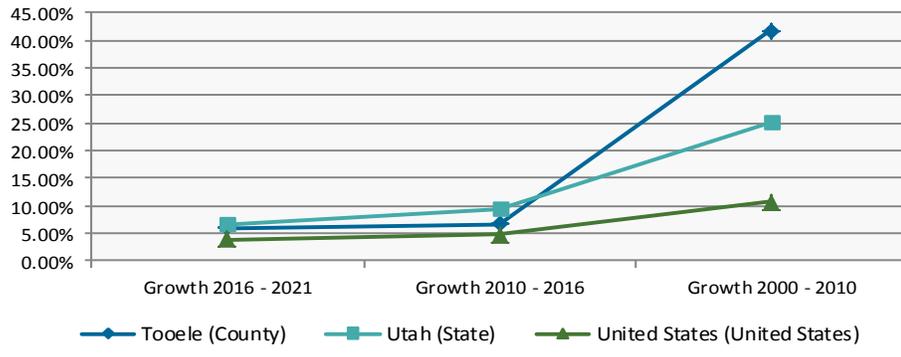
Key demographic indicators and comparison are shown for Tooele County, Utah State, and the nation.

Description	Tooele (County)		Utah (State)		United States (Nation)	
	Total	%	Total	%	Total	%
<b>Population</b>						
2021 Projection	66,792		3,200,615		334,341,965	
2016 Estimate	62,860		3,006,293		322,431,073	
2010 Census	58,218		2,763,885		308,745,538	
2000 Census	40,734		2,233,168		281,421,942	



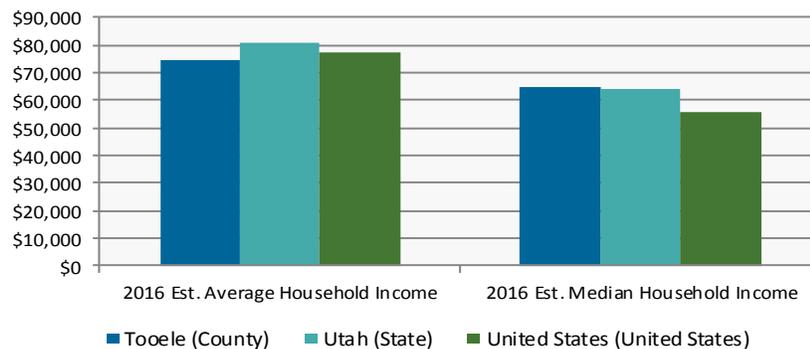
Growth 2016 - 2021	6.26%	6.46%	3.69%
Growth 2010 - 2016	7.97%	8.77%	4.43%
Growth 2000 - 2010	42.92%	23.77%	9.71%

Description	Tooele (County)		Utah (State)		United States (Nation)	
	Total	%	Total	%	Total	%
<b>Households</b>						
2021 Projection	20,314		1,024,956		127,049,130	
2016 Estimate	19,157		960,126		122,265,437	
2010 Census	17,971		877,692		116,716,292	
2000 Census	12,678		701,286		105,480,131	



Growth 2016 - 2021	6.04%	6.75%	3.91%
Growth 2010 - 2016	6.60%	9.39%	4.75%
Growth 2000 - 2010	41.75%	25.15%	10.65%

Description	Tooele (County)		Utah (State)		United States (Nation)	
	Total	%	Total	%	Total	%
<b>2016 Est Household Income</b>	<b>19,157</b>		<b>960,126</b>		<b>122,265,437</b>	
Income < \$15,000	1,430	7.46%	80,683	8.40%	15,040,283	12.30%
Income \$15,000 - \$24,999	1,183	6.18%	78,876	8.22%	12,737,147	10.42%
Income \$25,000 - \$34,999	1,625	8.48%	83,258	8.67%	12,185,138	9.97%
Income \$35,000 - \$49,999	2,602	13.58%	129,402	13.48%	16,391,116	13.41%
Income \$50,000 - \$74,999	4,625	24.14%	193,753	20.18%	21,524,415	17.60%
Income \$75,000 - \$99,999	2,990	15.61%	143,525	14.95%	14,689,851	12.01%
Income \$100,000 - \$124,999	2,209	11.53%	95,504	9.95%	10,145,229	8.30%
Income \$125,000 - \$149,999	1,291	6.74%	57,455	5.98%	6,307,441	5.16%
Income \$150,000 - \$199,999	785	4.10%	49,476	5.15%	6,329,886	5.18%
Income \$200,000 - \$249,999	230	1.20%	20,295	2.11%	2,545,006	2.08%
Income \$250,000 - \$499,999	163	0.85%	20,457	2.13%	3,043,945	2.49%
Income \$500,000+	24	0.13%	7,442	0.78%	1,325,980	1.08%



<b>2016 Est. Average</b>	<b>\$74,458</b>	<b>\$80,492</b>	<b>\$77,135</b>
<b>2016 Est. Median</b>	<b>\$64,803</b>	<b>\$63,915</b>	<b>\$55,551</b>

Utah's largest exports in 2015 were primary metals (\$5.5 billion) and computer and electronic products (\$2.1 billion). Utah's largest trading partners are China (\$3.5 billion), United Kingdom (\$3.0 billion), and Canada (\$1.5 billion). Mining employment showed the greatest loss (-12.8%) during March 2015 to March 2016 and hospitality showed the greatest employment gain (7.4%). Total employment gained 44,000 jobs over the same year or 3.3% compared to 2.0% nationally. Since 2010, Utah has the highest employment growth in the nation (20.3%). Social, government, economic, and environmental conditions are all favorable by national standards.

## Neighborhood Data

A neighborhood, according to *The Appraisal of Real Estate*, is defined as "A group of complementary land uses."<sup>11</sup> The subject neighborhood is delineated and discussed in the following section of the report.

### *Neighborhood Boundaries*

The neighborhood is the area north and south of Highway 112 from Grantsville City to the northwest and Tooele City to the southeast. This area is referred to as the Midvalley Recreation and Technology Park in the Tooele County General Plan.

### *Description of Neighborhood and Property Uses*

Prior to annexation into Grantsville City November 2014, the motorsports park was located in an unincorporated area of Tooele County. As part of the county, the area was planned for racing and recreation to accommodate Desert Peaks Complex—which opened during 1999—and Miller Motorsports Park—which opened during 2006. With continuation and expansion of Peterson Industrial Depot/Ninigret Depot (formerly Utah Industrial Depot, formerly Tooele Army Depot), the Highway 112 corridor is planned for technology and industrial west of Highway 112 and commercial, tourism, and retail east of Highway 112. To enhance the planned use, Mid-Valley Highway is proposed to connect Interstate 80, Highway 38, Highway 112, and Highway 36 through the neighborhood. This highway will bypass Tooele City and provide a freight route to the industrial areas of the neighborhood.

Prominent uses surrounding the motorsports park is Deseret Peaks Complex contiguous to its south line, 565,000 square foot distribution warehouse bordering its east side, Tooele County airport 1.5 miles to the northeast, 1.1 million square foot Wal-Mart Distribution Center located 6.5 miles to the northwest, and the Peterson Industrial Depot/Ninigret Depot located 3.0 miles to the southeast.

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<sup>11</sup> Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute, 2008), 55.

Communities within 10 miles are Grantsville, Tooele, Stockton, Erda, Stansbury Park, and Lake Point. Salt Lake City is 28 miles to the northeast. Tooele City is the shopping and employment center of the region having an estimated 2014 population of 32,573. National retailers such as Wal-Mart, Home Depot, Family Dollar, and restaurant chains are located in Tooele City. To the right is listed the major employers within Tooele County as of 2014. At the time, Miller Motorsports Park was ranked 13th with 250-499 employment.

<b>Rank</b>	<b>Company</b>	<b>Employment</b>
1	Tooele School District	1000-1999
2	Wal-Mart	1000-1999
3	Department of Defense	1000-1999
4	US Magnesium	250-499
5	Tooele County	250-499
6	Detroit Diesel Remanufacturing	250-499
7	Mountain West Medical Center	250-499
8	Tooele City	250-499
9	Turf-It Landscaping	250-499
10	State of Utah	250-499

### ***Neighborhood Life Stage***

According to *The Appraisal of Real Estate*, neighborhoods evolve through four stages. These stages are as follows:

1. Growth - a period during which the neighborhood gains public favor and acceptance.
2. Stability - a period of equilibrium without marked gains or losses.
3. Decline - a period of diminishing demand.
4. Revitalization - a period of renewal, redevelopment, modernization, and increasing demand.<sup>12</sup>

The neighborhood is in the growth life stage evidence by the 7.97% population increase since 2010, expansion of Tooele City Main Street, and surge in the retail market. Residential building permits within Tooele County have increased steadily from 219 during 2011 to 392 during 2015.

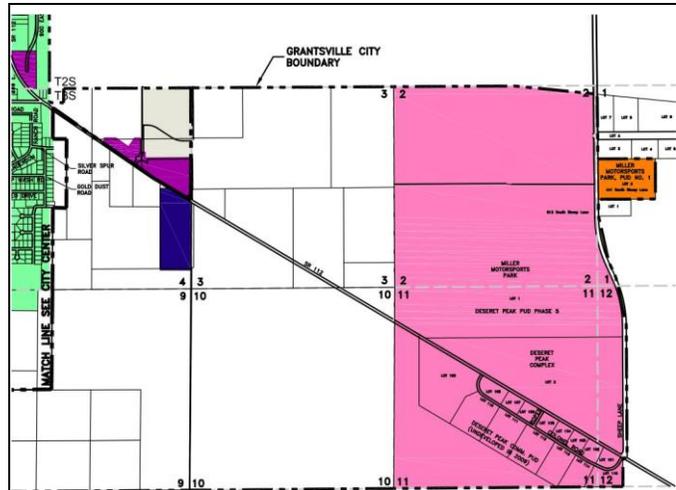
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<sup>12</sup> Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute, 2008), 56.

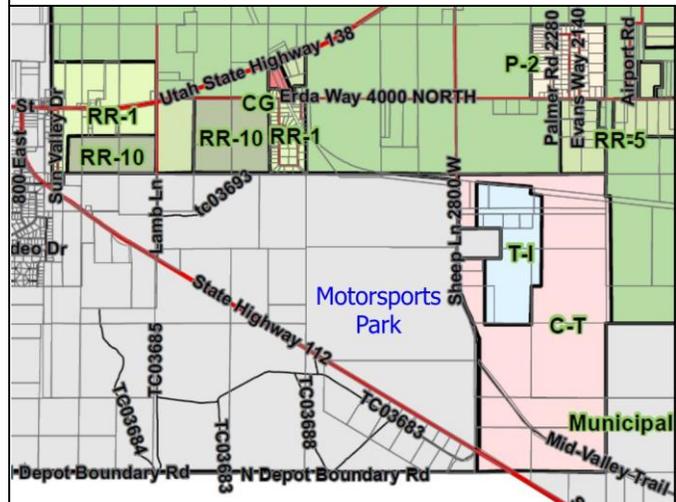


The motorsports park is bordered by Tooele County jurisdiction to the north, east, and south as shown on the maps to the right. Tooele County zoning is significant upon current and future uses in the neighborhood of the motorsports park.

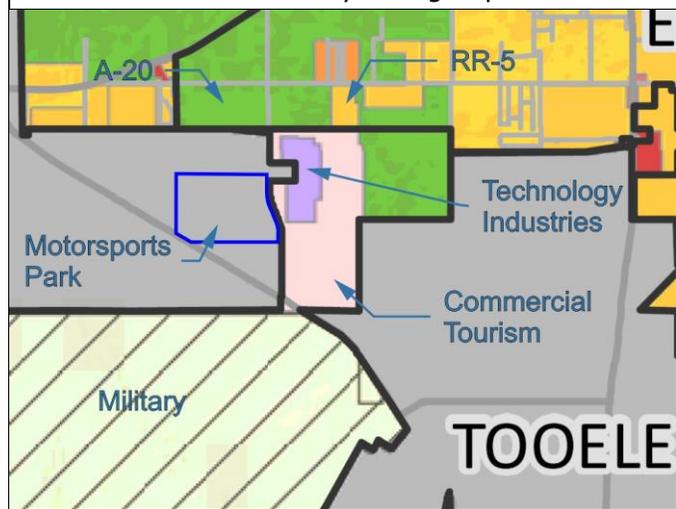
Bordering zoning and land use plan of Tooele County is technology, industrial, commercial, and tourism. Farther to the north, zoning and planning is for rural residential and agricultural uses.



Grantsville Zoning Map



Tooele County Zoning Map



Tooele County Land Use Plan

## Site Description

Tooele County Recorder identifies the motorsports park as County Parcel 16-023-0-0001 and as Lot 1 of the Deseret Peak PUC Phase 5 subdivision.

### *Shape and Area*

Acreage of the subject is mostly rectangular enclosing an area of 512.46 acres. The maximum width is about 4,003 feet and the maximum depth is 6,025 feet,

### *Access and Street Improvements*

Frontage and access is from Sheep Lane – a two lane, asphalt paved road with no street improvement beyond the asphalt paving. There are two points of access known as the north – or main gate, and the south gate.



County Parcel 16-023-0-0001 Plat Map



Sheep Lane

Major traffic corridors in the neighborhood are Highways 138 and 112 which provide access to Grantsville and Tooele cities and to Highway 36 which connects to Interstate 80. Interstate 80 leads 21 miles east to Salt Lake City and 101 miles west to the Nevada state line.

### *Utilities*

All common public utilities are available and in use at the motorsports park. Grantsville City and Tooele County can provide water and sanitary sewer, but utilities need to be upgraded in the event of a significant expansion.

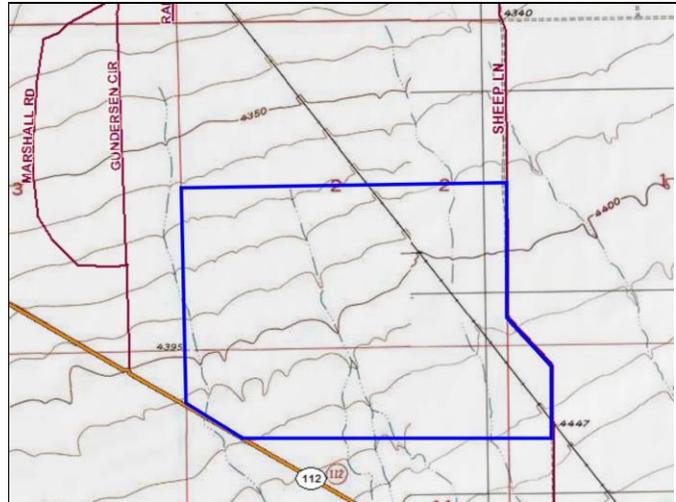
***Topography and Drainage***

The motorsports park slopes slightly downward to the north from an elevation of about 4,435 feet to 4,365 feet. Drainage infrastructure is installed throughout the developed areas of the motorsports park.

According to the Federal Emergency Management Agency maps 49035C1630C and 49045C1610C dated November 18, 2009, the motorsports park is within flood hazard Zone D. Zone D is described as areas in which flood hazards are undetermined, but possible.

***Soil and Subsoil***

No actual soil samples were taken for this appraisal, and there was no soil study performed by a consulting engineer. Nearby structures indicate soil capable of supporting development. According to United States Department of Agriculture, the soil types are 50.0% Manassa silt loam and 50.0% Taylorsflat loam.



Topography Map



Flood Map



Soil Map

*Manassa Silt Loam*

This soil has 0% to 3% slopes set on lake terraces or fan remnants. The typical profile is well-drained with moderately low to moderately high runoff. Water holding capacity is 8.6 inches to a depth of 80 inches. Depth to the water table is greater than 80 inches and is highly rated for farmland.

*Taylorflat Loam*

This soil has 0% to 3% slopes set on fan remnants and lake terraces. The typical profile is well-drained with a moderately low to moderately high runoff. Water holding capacity is 8.0 inches to a depth of 80 inches and is slightly saline to strongly saline. Depth to the water table is greater than 80 inches and is highly rated for farmland.

According to National Wetlands Inventory, the motorsports park has a minimum area of wetland which is located near “Kink Corner” of the racetrack.



***Easements, Hazards and Nuisances***

A title report was not provided nor requested for the appraisal.

No hazard or nuisance was evident upon inspection. Typical utility easements are assumed, but do not diminish utility of the motorsports park.

According to Utah Geological Survey, the motorsports park is located in a very low earthquake hazard area, having less than 5% probability of liquefaction taking place within a 100-year period.

### *On-Site Improvements*

The 512.46 acres is improved as a motorsports park with 4.486 mile of race track, kart race track, rock crawling course, off-road course, 28 buildings, 8 grandstands, asphalt and gravel parking areas, helicopter pad, recreation vehicle park, play area, zip-line, and landscape.

A kart tower from the remains of a previous kart track is located along the south edge of the motorsports park. This tower is at the end of its economic life with little to no contributory value.

The table to the right list the 28 buildings.

Building sizes are based on our measurements.

All buildings were constructed during 2005 - 2006 except the administration building (2010) and the off-road garage (2011).

Pictures following the building location maps reflect the recent removal of fixtures and equipment.

Buildings	
Name	Square Feet
Kart Scale	96
Kart Tower	734
Kart Center	4,098
Security + Museum	18,424
Maintenance	4,098
Ace Café + First Aid	5,105
West Tower	1,520
Rental Garage	12,168
Rental Garage	15,521
Rental Garage	15,521
Grand Prix	34,616
Electric Shed	130
Clubhouse	24,703
Monza Café	3,120
Storage	2,474
Monaco Café	2,480
Le Mans Café	2,480
Off-Road Garage	10,654
Administration	19,578
<b>Total</b>	<b>287,032</b>







*Kart Scale*

Measures 12 feet by 8 feet.

Exterior wall is 10 feet tall.



Exterior

*Kart Tower*

Measures 16.7 feet by 66 feet  
and has two levels.



Exterior



Lower Level



Upper Level

*Kart Center*

Measures 40.7 feet by 100.7 feet. The east 1,587 square feet is retail and the west 2,511 square feet is garage.



Exterior



Retail



Garage

*Security and Museum*

Maximum length is 177.0 feet.

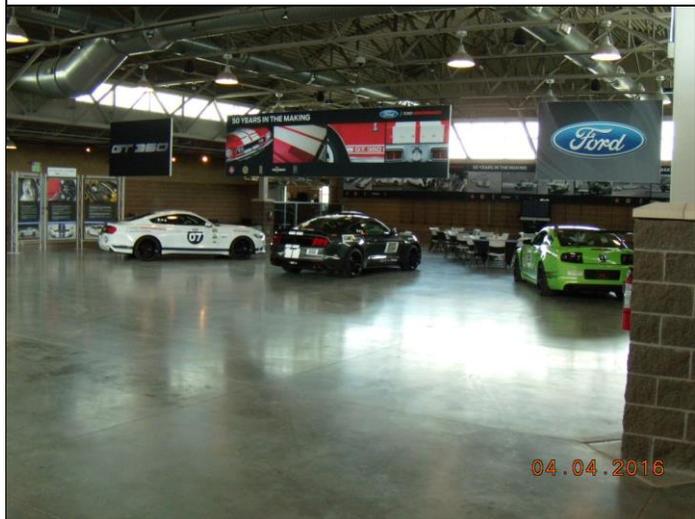
Maximum width is 108.6 feet.



Exterior



Classroom



Museum

*Maintenance*

Measures 40.7 feet by 100.7 feet. The east 10 feet of the building has a second level mezzanine above offices providing 1,007 square feet of storage. Garage has suspended gas heaters, five overhead doors, and 15.4-foot clearance height.



Exterior



Garage and Offices



Mezzanine

*Ace Café and First Aid*  
Measures 50.7 feet by 100.7 feet. The west end is a first aid center and the east end is a café divided by restrooms.



Exterior



Café



First Aid Center

*West Tower*

Measures 20.7 feet by 36.7 feet and has two levels. An overhead door is within the east wall.



Exterior



Lower Level



Upper Level

*Rental Garages*

Measures 50.7 feet by 240.5 feet. Units measure 20 feet by 25 feet and are equipped natural gas heaters, electricity, and compressed air. Each building has shared water and restrooms.



Exterior



Interior

*Grand Prix (Paddock)*

Three level building with 27 garages on the main level (22,339 square feet), restroom and suites on the second level (9,337 square feet), and track control/press room on the third level (2,940 square feet). Elevators are located on each end of the building which has an overall length of 622 feet and maximum width of 40 feet. Garages include forced air heating.



Exterior – Concourse Side



Exterior – Track Side



Main Level

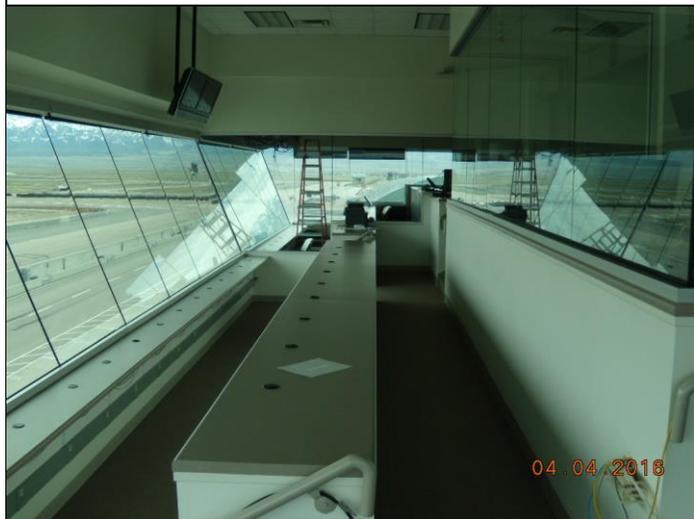
*Grand Prix (continued)*



Second Level



Second Level



Third Level

*Electricity Shed*

Measures 9.3 feet by 14.0 feet  
and is 9 feet tall.



Exterior

*Clubhouse*

Two level building with basement. Main level (9,456 square feet) has event/viewing area, bar, kitchen, and hall with 26-foot tall ceiling. The hall is also used as a restaurant. The second level (5,791 square feet) has a bar, event/viewing area, viewing deck, and building systems. The basement (9,456 square feet) has walk-in refrigerators/freezers, storage, and locker rooms with showers. Elevator service is provided to each level. Overall the building has a maximum length of 153 feet and width of 82 feet.



Exterior



Main Level



Main Level

*Clubhouse (continued)*



Second Level



Basement



Basement

*Monza Café and Restrooms*  
Measures 32 feet by 97.5 feet.  
Interior has café and  
restrooms with showers.



Exterior



Café



Restroom

*Storage and Restrooms*

Measures 32 feet by 77.3 feet.

Interior is divided into storage area and restrooms.



Exterior



Storage



Restroom

*Monaco Café and Restrooms*  
Measures 32 feet by 77.5 feet.  
Interior is divided into café and  
restrooms.



Exterior



Cafe



Restroom

*Le Mans Café and Restrooms*  
Measures 32 feet by 77.5 feet.  
Interior is divided into café and  
restrooms.



Exterior



Kitchen



Restroom

*Off-Road Garage*

Measures 70.7 feet by 15.07 feet. Access to the building was not possible on the days of inspection.



Exterior Looking Northeast



Exterior Looking Southwest

*Administration*

Building has three levels with elevator service. Each level measures 62.6 feet by 102.8 feet. All but the main level is office or conference rooms. Part of the main level is for ticket sales.



Exterior



Main Level



Main Level

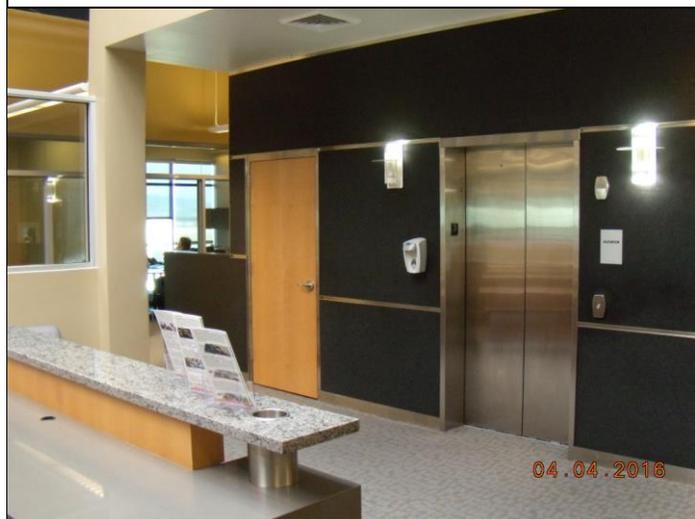
*Administration (Continued)*



Second Level



Third Level



Third Level - Elevator

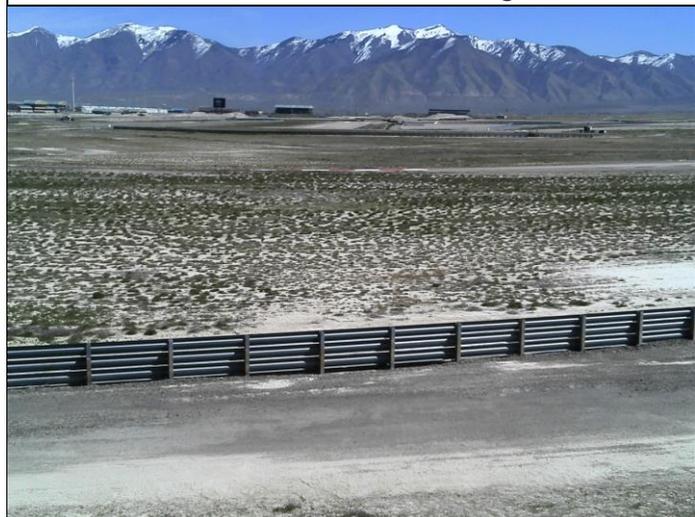
Raceway



Track – Release Corner Looking West



Track – Near Sunset Bend Looking South



Track – Workout Corner Looking East

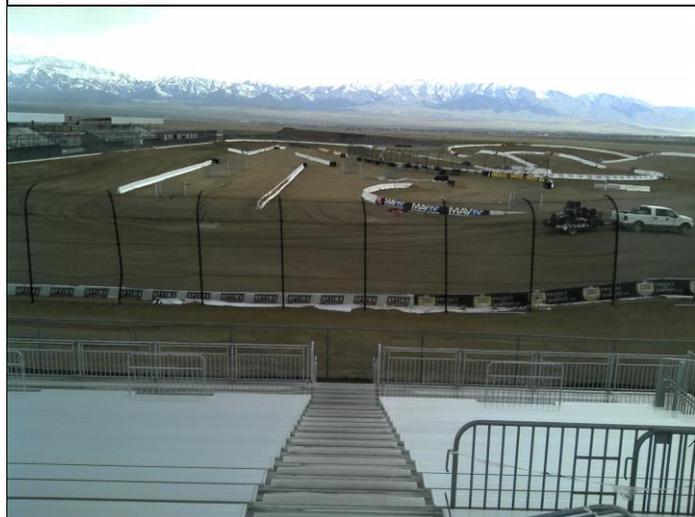
*Raceway (Continued)*



Track – Near Tooele Corner Looking North



Kart Track



Off-Road Course

*Raceway (Continued)*

The raceway has eight grandstands totaling 41,188 square feet.

Grandstands	
Location	Square Feet
Tooele Turn	5,124
Clubhouse	5,124
Release Corner	5,124
Pit Lane	2,604
Straight	7,840
Sunset Bend	5,124
Off-Road	5,124
Off-Road	5,124
Total	41,188



Rock Crawling Course



Typical Small Grandstands

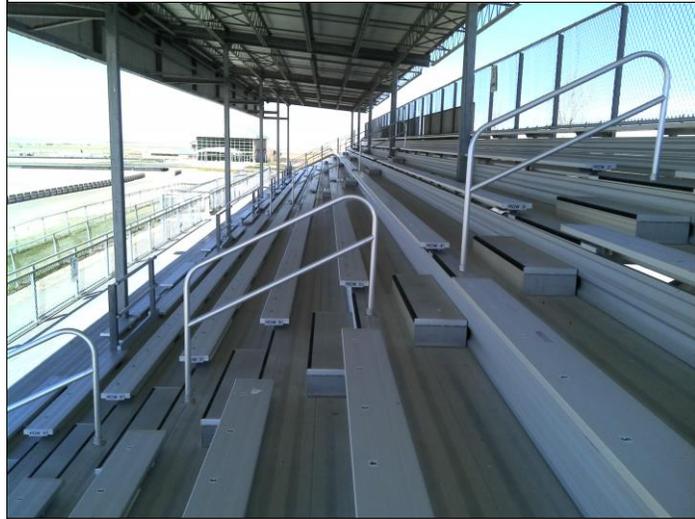


Typical Large Grandstand

*Raceway (continued)*



Off-Road Grandstand



Grandstand Seating



Track Service Road

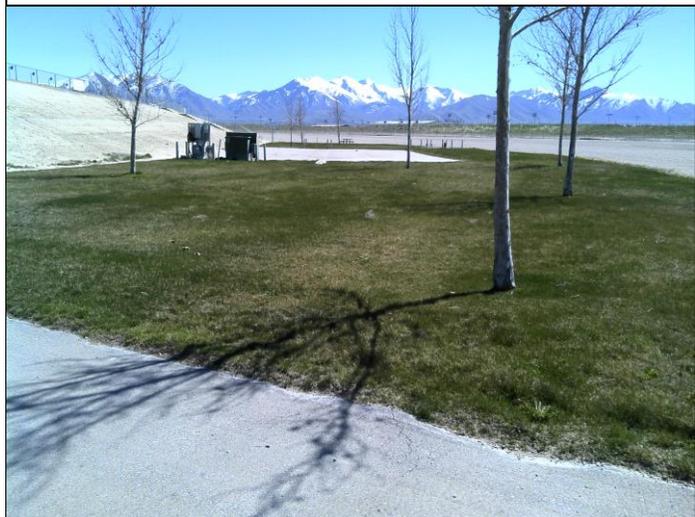
*Raceway (Continued)*



Track Ring-Road – West Line



Trailer Park



Trailer Park

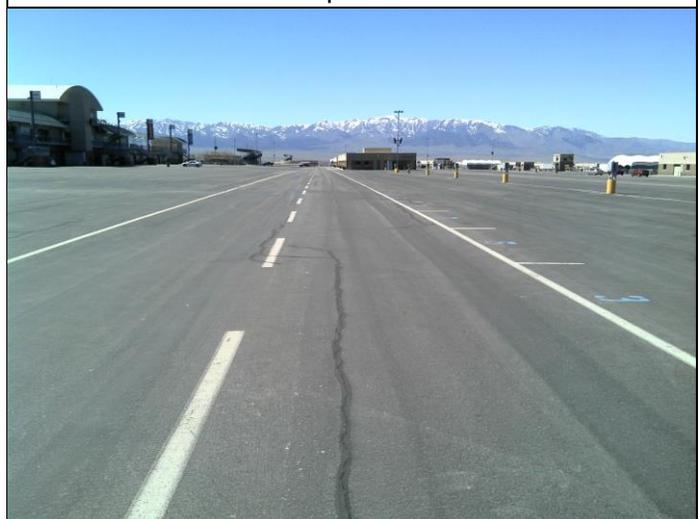
*Raceway (Continued)*



Sport Courts



Zip Line



Main Concourse

*Raceway (Continued)*



Concourse Utility Hookup



East Concourse/Vendor



East Concourse/Vendor

*Raceway (Continued)*

The motorsports park has about 20 acres of lawn and about 63 acres of asphalt excluding the tracks. The tracks add about 25 acres of asphalt.



Helicopter Pad



East Lawn/Outdoor Event Area



Typical Gate Booths

*Raceway (Continued)*



Club Parking



East Gravel Parking



North Parking

*Raceway (Continued)*



Old Kart Tower



Area of Old Kart Track



Fuel Station

*Raceway (Continued)*



Typical Walkway



Entrance Flag Poles



Start Finish Line

*Age and Condition*

Except for the administration and off-road garage, the buildings were constructed during 2005 - 2006 resulting in an actual age of 10 years. Overall the buildings are in good condition for their ages. Effective age of the buildings is estimated to be 70% to 80% of their actual ages.

Marshall and Swift Valuation Guide states an expected physical life of masonry buildings of similar quality to be 40 years for a garage and 50 years for an office.

Appraisal theory recognizes three forms of depreciation: physical, function, and external. Physical deterioration can be curable or incurable. Incurable deterioration is normal wear and tear of an improvement as it ages. Improvements that can be repaired at a cost equal to or less than its contributory value are curable. Curable improvements observed from inspection are missing roof cover of the grand prix building, a crack in the wall of the Monaco Café, and the partial collapse of the rock-crawling course.



Grand Prix Roof



Monaco Café Wall Crack

## Competitive Market

Utah Motorsports Campus is a raceway designed and constructed to hold FIA2 and FIM2 licensing enabling worldwide racing events and all national race series. The motorsports park market is national and global. Competing raceways are identified by the series of races held. This limits comparable raceways to 24 globally and 8 nationally.

The history of Miller Motorsports Park is typical of raceways in its competitive market. Either knowingly or in ignorance, a raceway is built by wealthy enthusiasts at a cost in excess of its value, or ability return a profit to the owner. Many raceways are built and run with public assistance based on economic activity associated with the speedway. Arguably, the premier raceway in the United States is *Circuit of the Americas* which opened October 21, 2012 near Austin, Texas. Cost is rumored between \$300 million and \$450 million. Texas committed \$250 million over ten years to support Formula 1 racing. Contributions of \$25 million were paid for years 2012, 2013, and 2014, and then adjusted to about \$19.5 million for 2015 which puts future Formula 1 racing at Circuit of the Americas in jeopardy according to raceway owners. Struggling to be financially feasible, owners appealed the tax assessment which resulted in tax reduction estimate of \$13 million over three years. The 2015 assessed is \$91.2 million based on review of raceway financials which otherwise would be \$275.4 million. Like Utah Motorsports Campus, Circuit of the Americas runs the MotoAmerica race series but also runs the more prestigious MotoGP and Formula 1 race series.

Silverstone Circuit in England has struggled financially for years. Owned by British Racing Drivers' Club, attempts over the years to remain viable include selling the raceway, leasing surrounding acreage for office development (Metropolitan Estates and Property Corporation), appealing for public money, and spending \$52 million during 2001 on upgrades known as "The Wing." British Racing Drivers' Club spokesperson stated "had the money not been spent to build "The Wing" and improve the circuit there would have been no 17-year F1 contract, the circuit would have no value and no deal

with Metropolitan Estates and Property Corporation".<sup>13</sup> Despite efforts to keep Silverstone viable by British Racing Drivers' Club, Silverstone losses during 2012 and 2013 were between \$5 million and \$5.5 million and ticket prices (\$275) remain the highest of all the Formula 1 raceways. As of the date of this report, British Racing Drivers' Club is negotiating a purchase of Silverstone by Jaguar Land Rover rumored to be £22.7 million to almost £23 million or \$32.7 million. The raceway was appraised during 2014 for £22.9 million.

A planned raceway located in Wales is now being reconsidered after recently receiving final approval during November 2015. To be known as a Circuit of Wales, the 830 acre raceway was to be funded with the Welsh government underwriting \$510.5 million of the investment. Perhaps learning from struggling Silverstone, the economy minister questions the viability of the raceway and concludes it an unacceptable risk.

Mazda Raceway Laguna Seca is most similar to Utah Motorsports Campus as the only other raceway on the American continent to host World Superbike. Sports Car Racing Association of the Monterey Peninsula (raceway operator) federal filings show that the raceway is over \$3 million in debt (2015) and has lost money every year since 2008.

### ***Market Summary***

Even in the most favorable markets, raceways seldom succeed financially. Most are left with only ticket and concessions sales to pay sanctioning fees that reach \$25 million for an event. Many depend on public money to operate. Some, like Miller Motorsports Park, are dependent on wealthy motorsports enthusiasts willing to accept the losses while promoting the sport. Creating a world-class raceway that attracts top level racing is unlikely to be profitable on ticket and concession sales alone. Hence, there are hundreds of raceways and speedways, but few on the scale of Utah Motorsports Campus because of the high probability of financial loss.

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<sup>13</sup> This concept is confirmed by Apex Track Days owner Travis Child who said hosting World Superbike was important in attracting riders to Miller Motorsports Park /Utah Motorsports Campus for track days.

## Highest and Best Use

Real estate is typically valued in terms of its highest and best use. Highest and best use is defined in *The Appraisal of Real Estate* as:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.<sup>14</sup>

In estimation of highest and best use, the appraiser must consider these four basic stages of analysis for proposed uses:

1. *Legally permissible uses.* Are there zoning or deed restrictions that would prohibit proposed uses?
2. *Physically possible uses.* From the permissible uses, which are physically possible when considering all aspects of the site size, shape, and topography or any other physical aspects?
3. *Financially feasible uses.* Which of the above legally permissible and physically possible uses produce a net return to the owner of the site?
4. *Maximally productive or highest and best use.* After analyzing the above considerations, which of the proposed uses will produce or generate the highest rate of net return over a projected period of time?

Highest and best use is that use which is legally permissible, physically possible, financially feasible, and maximally productive. Highest and best use is considered as if the 512.46 acres is vacant ready for development and as improved as of the valuation date.

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<sup>14</sup> Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 333.

## *Highest and Best Use – As Vacant*

### *Legally Permissible*

The motorsports park is zoned for general commercial use by Grantsville City. This zoning allows commercial and high density residential to a maximum 15 dwelling units per acre. Contiguous acreage to the north, east, and south is within the jurisdiction of Tooele County and planned for industrial, commercial, and tourism. Use of the 512.46 acres is likely to have a use that is legally conforming to both jurisdictions.

### *Physically Possible*

The 512.46 acres is physically adequate to support those uses which are legally permissible. Location wise, the site is remote from employment centers, shopping centers, and residential communities. Typically, remote areas are agricultural in use without common public utilities.

### *Financially Feasible*

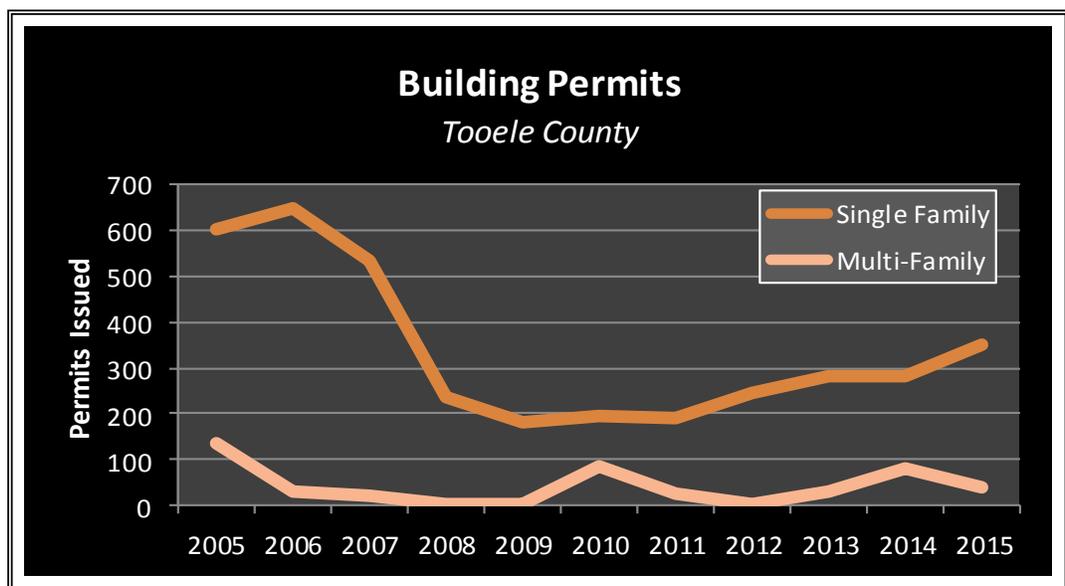
Uses that are not legally permissible and physically possible are eliminated before analyzing financial feasibility. Only those uses that meet the first two criteria are analyzed further. For a use to be financially feasible, it must be able to produce a positive return to the land after considering risk and all costs to create and maintain the use. The zoning and general use plan of Grantsville City allows commercial, office, retail, recreational/cultural/entertainment, institutional, and miscellaneous uses such as auditorium and hotels. Manufacturing and mining are not permitted.

Prior to the motorsports park, the prominent uses in the neighborhood were Tooele Valley Airport, Bolinder Gravel Products, Utah Industrial Depot (now Ninigret Depot and Peterson Industrial Depot), and the Desert Peaks recreation complex. In 2006, Wal-Mart and Cabela's were actively

seeking locations for distribution warehouses. Both materialized – Wal-Mart located west of Grantsville and Cabela's located in the Ninigret Depot after a temporary stay in Miller Business Park. Miller Business Park was developed with a single distribution warehouse that was occupied by Reckitt Benckiser then as the temporary location of Cabela's distribution. To support the expanding industrial sector, interest to build the Mid-Valley highway is revitalized. The highway purpose is to create a bypass route connecting Interstate 80 to the industrial neighborhoods west of Lake Point, Stansbury Park, Erda, and Tooele City.

The trend in the neighborhood is industrial/manufacturing. Grantsville City's general commercial zone does not allow industrial uses beyond wholesale distributors, laboratory, and mini-warehouse. It does allow residential and commercial uses.

The following chart shows building permits issued in Tooele County since the launch of the motorsports park in 2005.<sup>15</sup>



<sup>15</sup> Bureau of Economic and Business Research – University Utah

The chart shows a sharp drop starting 2006, stabilizing in 2010, and increasing moderately thereafter. Permits issued through March 2016 are 50 single family dwellings and no multi-family dwellings.

As shown by the aerial, the motorsports park is surrounded by vacant land apart from population centers of Stansbury Park, Grantsville, and Tooele City. At a level of 400 dwelling units per year, the supply of land is clearly greater than demand. According to local developer Hallmark Homes, a developer would not take the risk and cost of developing in the remote area of the motorsports park because of the vast acreage still available adjacent or proximate to existing local population centers.



Wasatch Front Multiple Listing Service shows the following activity of residential lots between 0.17 and 0.51 acre over the past five years.

Residential Lot Activity <i>East Tooele County</i>							
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Mean</b>	<b>Median</b>
<b>Listed</b>	60	35	96	51	40	56.4	51.0
<b>Sold</b>	2	10	27	9	21	13.8	10.0
<b>% Sold</b>	3.3%	28.6%	28.1%	17.6%	52.5%	24.5%	19.6%

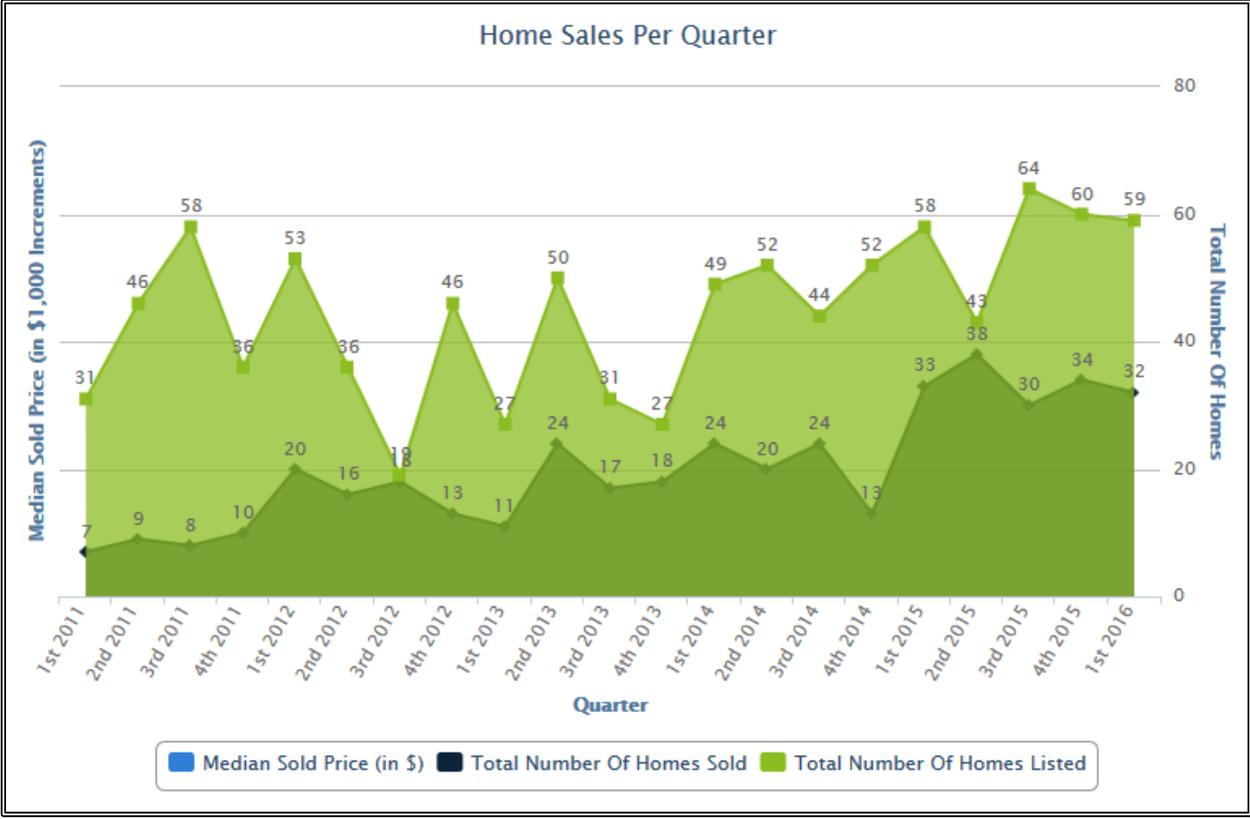
Data indicates an absorption forecast of 10 to 15 residential lots annually. Because lots are typically bundled with a residence, lot activity is compared to residential activity over the same period of time.

Residential Dwelling Activity <i>East Tooele County</i>							
<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Mean</b>	<b>Median</b>
<b>Listed</b>	171	154	135	197	225	176.4	171.0
<b>Sold</b>	34	67	69	80	135	77.0	69.0
<b>% Sold</b>	19.9%	43.5%	51.1%	40.6%	60.0%	43.7%	40.4%

To eliminate activity of existing dwellings, the search is limited to dwellings constructed after 2009. Over the five years, the reported combined sales of twin houses, townhouses, and condominiums of the total is two. Data indicates an absorption forecast of greater than 135 dwellings annually when considering the trend over the past five years. Wasatch Front Multiple Listing Service reports market absorption of 11.17 units monthly over the past year and an inventory of 6.99 monthly over the same period which includes twin houses, townhouses, and condominiums.

Based on the 11.17 monthly absorption and typical 10,000 square foot lots, the absorption time for the 512.46 acre motorsports park is 15.3 years considering all building activity of East Tooele County occurred within the acreage of the motorsports park. Under the same scenario based on 392 building permits issued during 2015, the absorption period would be 5.2 years.

The following chart summarizes the East Tooele County residential market through comparison of dwelling listed and dwelling sold.



Market research indicates a healthy residential market in East Tooele County with abundant land for development. With approximately 15 square miles of land available east of the motorsports park to Highway 36 and 14 square miles of land available west of the motorsports park to Grantsville City, the absorption period is over 50 years based on 3 units per acre and 500 building permits annually. Though residential development of the land could be much sooner based on preference, the cost of infrastructure in a competitive market makes residential development secondary to established uses in the neighborhood. This was confirmed by Gordon Nixon of Hallmark Homes.

Commercial uses and particularly retail use require high exposure and close proximity to population centers to be financially feasible. Neither of these location characteristics is evident at the subject location. High density residential is favorable to a population within employment and shopping centers. There is no tried evidence that such a development would be financially feasible at the subject location.

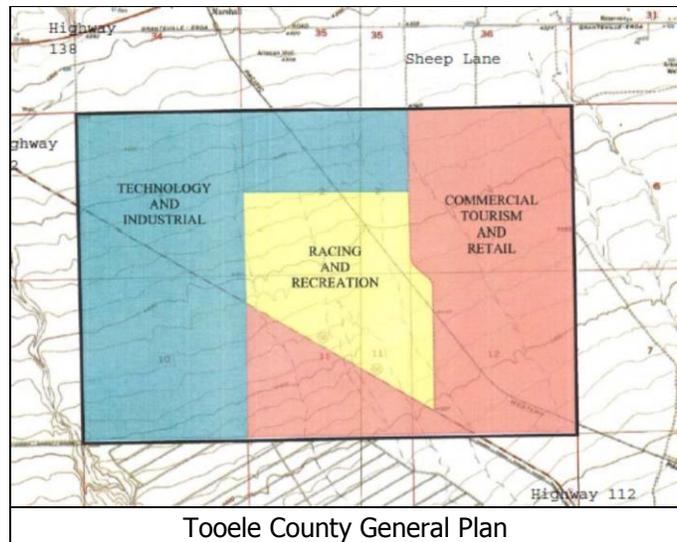
*Maximally Productive*

Real property value is created and sustained when the characteristics of a property conform to the demands of its market. Conformity is best when there is compatibility between a property and its surroundings. The trend in the neighborhood is industrial and manufacturing with the exception of the neighboring Deseret Peaks complex. There is no conformity of use for commercial or residential. Inconsistently, most industrial and all manufacturing uses are not allowed by Grantsville City zoning and land use plan. Though Deseret Peaks is not considered an industrial use, it is appropriately located away from residential neighborhoods because of the motorcycling activities with associated noise.

A use similar in nature to the Deseret Peaks complex or one of the few quasi-industrial uses allowed by Grantsville City zoning would conform to the neighborhood. Such uses are legally permissible, physically possible, most likely to be financially feasible, and represent the maximally productive use of the land as vacant.

### *Highest and Best Use – As Improved*

The area of the motorsports park is located in the Midvalley Recreation and Technology Park Area General Plan of the Tooele County drafted by Landmark Design Team. A dominant factor of the plan is the motorsports park. The plan supports commercial tourism, technology, and industrial development surrounding an area for racing and recreation – which is the motorsports park location.



Original land use images of the Midvalley Recreation and Technology Park Area General Plan were reviewed by the public during September 2015. Public input was critical for developing planning concepts and ensuring that the final plan was aligned with the public vision for Tooele Valley. Uses with the highest favorability are automotive technology, raceway, and business parks. Industrial parks, agricultural, and distribution are neutral to slightly favorable. Heavy manufacturing is least favorable when involving toxic waste. With this background, an opinion of highest and best use is analyzed.

### *Legally Permissible*

With the Grantsville location of Wal-Mart Distribution Center in 2003, the west side of Tooele City experienced a renewed interest for residential and service industry development. The 2005 construction of the Miller Motorsports Park led to a renewed expectation of residential development, especially around the motorsports park. During the first year of operation, concerns with the potential of residential development next to the

motorsports park increased. The plan recognized noise as an “unwelcomed by-product” of the motorsports park and the Deseret Peaks complex. Future development suggested as compatible to the motorsports park and the Deseret Peaks complex are:

- Advanced composites
- Automotive technology
- Instrument calibration and manufacturing
- Metal fabrication
- Electrical components
- Machine shops
- Computer aided design
- Higher education campuses
- Biotechnology
- Electronic ship manufacturing
- Testing services
- Automotive design
- Tool and die manufacturing

Though most of these uses are not allowed by Grantsville City zoning, these uses are planned for contiguous acreage to the motorsports park and are not typically compatible with residential use. The evidence of the incompatibility is demonstrated by Old Dominion Raceway which was located in Woodford, Virginia. The raceway was forced to move because of frequent noise complaints. New Jersey Motorsports Park has on-going noise complaints and was sued by Track Racket over noise resulting in a settlement of \$300,000. Track rental costs at Mazda Raceway Laguna Seca are based on noise levels which increase track rental from \$6,200 to \$20,000 per day. Furthermore, Mazda Raceway Laguna Seca is limited to a maximum 35 vehicles. Noise and residential use are seldom compatible. This is also illustrated by demographic charts presented later in this section which show a low population count around raceways. Joel Linares, city attorney for Grantsville, added that industrial and commercial uses are preferred to residential development because residential taxes do not

support associated costs. Further, the land use plan for the area does not necessarily mean it is feasible because of water and sewer availability.

Though residential uses are legally permissible, Grantsville City and neighboring Tooele County will be more supportive of uses compatible with the environment of motorsports characterized by Utah Motorsports Campus and Deseret Peaks. Also considered is compatibility with neighborhood trends toward distribution and manufacturing. Surrounding the track with residential development is not compatible with existing and planned uses.

#### *Physically Possible*

The motorsports park has physically existed for ten years as a world-class raceway with significant physical life remaining. Design of the raceway, and the quality and condition of raceway improvements are recognized as among the best in the world. Historically, few events have utilized the entire development as is common for sporting venues in general.

Common public utilities are available and in use at the motorsports park. However, water and sanitary sewer services are not adequate to support more than the raceway and the contiguous industrial park to the east. Tooele County estimates a developer's cost of \$2.5 million to increase water and sewer service to the area.

#### *Financially Feasible*

Of the six offers received by Tooele County for the motorsports park, only one offer has a mixed use component. The other offers were by companies already in the motorsports industry. The mixed use offer started at \$18.5 million, then increased to \$22.5 million, then to \$28.1 million. Two of the other offers included purchase prices which are \$3,125,000 to \$20 million.

A search of raceways across the nation reveals purchase prices of \$2.06 million to \$9.00 million. Spokane County Raceway and Raceway Park of the Midlands have building space less than 10,000 square feet. Carolina Motorsports Park is an active listing.

Raceway Sales										
Raceway	Utah Motorsports Campus	Palm Beach International Raceway	Pikes Peak Raceway	Gateway International Raceway	Spokane County Raceway	Raceway Park of the Midlands	Memphis International Raceway	Confidential	Road Atlanta	Carolina Motorsports Park
Acres	512	187	1,118	157	311	210	342	330	682	261
Road Course (Mile)	4.49	2.03	130	150	2.25	2.23	180	2.40	2.55	2.28
Price (Million)		\$7.50	\$9.00	\$5.11	\$4.30	\$3.85	\$2.06	\$6.60	\$8.00	\$7.00
Oval	No	No	Yes	Yes	Yes	No	Yes	No	No	No
Building (SF)	287,032	22,895	98,759	21,000	10,000	10,000	23,730	68,797	77,000	28,000
Year Sold	2006	2008	2008	2013	2008	2013	2011	2011	2012	Listing
Population 10 Mile	54,463	35,924	38,370	614,082	237,375	53,009	310,439	109,518	36,941	14,412
Household Income 10 Mile	\$75,331	\$102,864	\$70,996	\$53,370	\$59,895	\$76,863	\$58,330	\$51,409	\$78,231	\$49,329
Population 100 Mile	2,434,686	7,084,781	15,457,236	4,009,262	1,006,010	1,698,190	2,627,858	8,053,563	8,164,866	5,769,042
Household Income 100 Mile	\$82,567	\$70,671	\$68,129	\$72,412	\$62,863	\$72,576	\$60,287	\$69,517	\$73,024	\$65,249
Population 200 Mile	3,038,401	15,457,236	5,116,052	9,706,755	2,275,477	6,873,476	8,987,672	27,250,038	21,411,296	17,875,300
Household Income 200 Mile	\$79,329	\$68,129	\$83,318	\$65,646	\$63,245	\$72,187	\$61,641	\$68,690	\$67,331	\$64,775

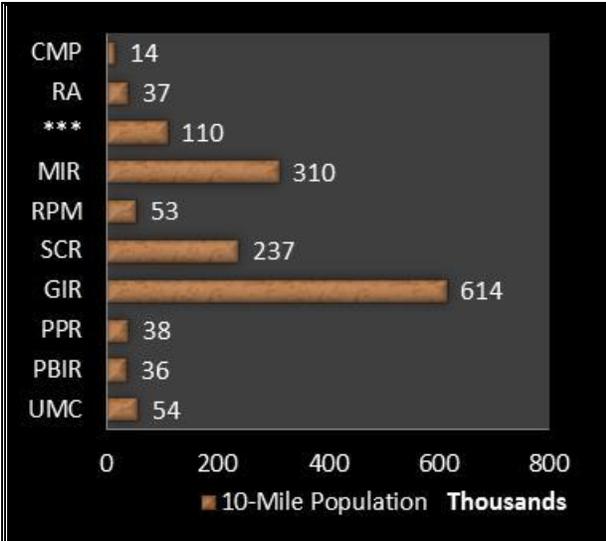
Carolina Motorsports Park managing director David Palmer said that the listing has attracted four potential buyers. One potential buyer presented a written offer of \$2 million which David described as “laughable.” He also said that an offer of \$10 million would be “ridiculously high.” A purchase price of \$8 million is hoped – which is the approximate cost of construction during 1990. A purchase price of \$7 million is assumed based on market analysis. Only Carolina Motorsports Park and the confidential raceway are confirmed as being profitable.

From the eight sales and single listing, these raceways indicate a value of less than \$10 million. The raceway comparison shows that Utah

Motorsports Campus is significantly superior in track and improvements. The following table shows how Utah Motorsports Campus compares to the nine raceways in population and income.<sup>16</sup>

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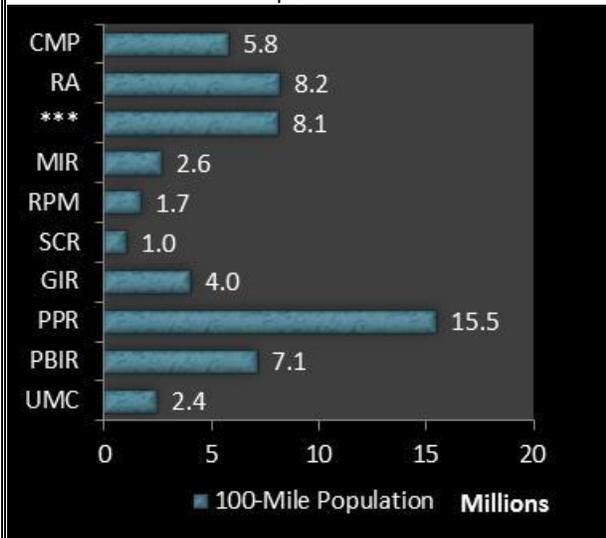
<sup>16</sup> The Nielsen Company – 2016 Estimates



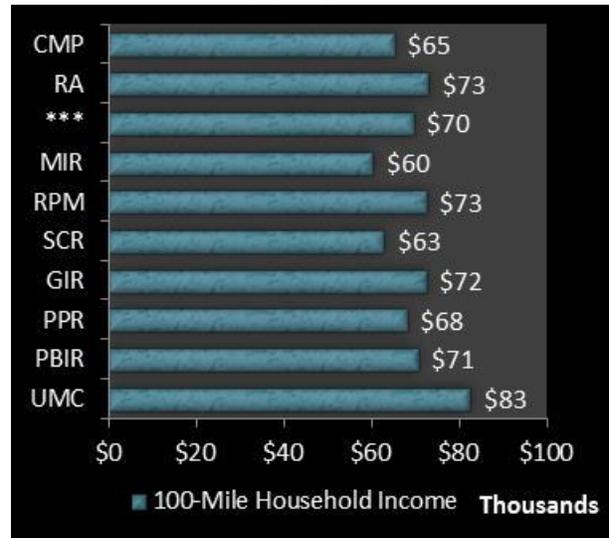
Population



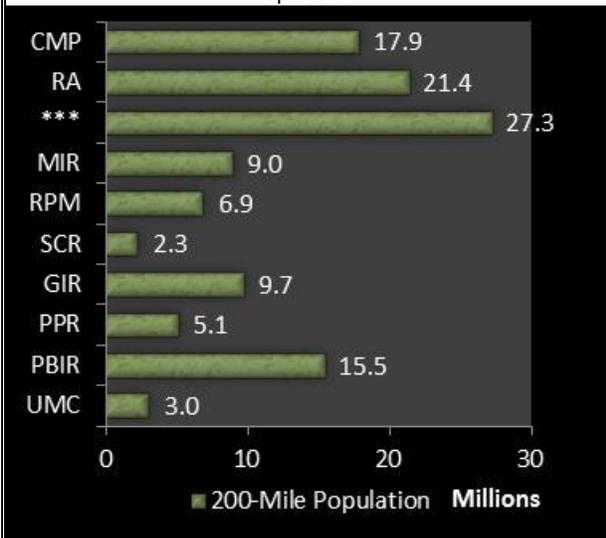
Household Income



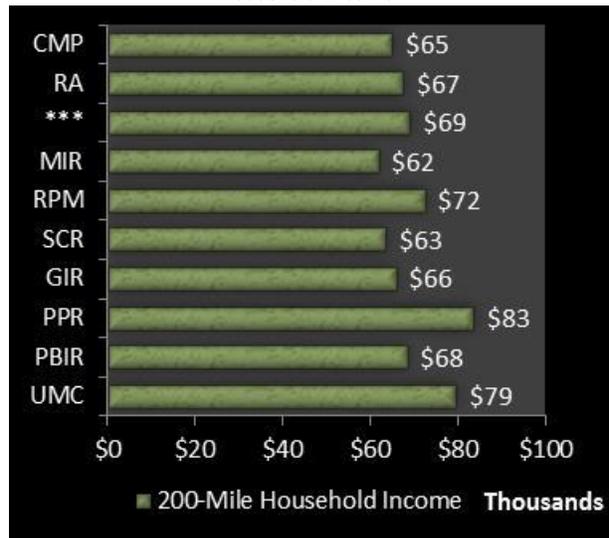
Population



Household Income



Population



Household Income

Utah Motorsports Campus household income compares favorably to the raceway sales in the 100-mile and 200- mile demographic, but is inferior in population. Further, Utah ranks 43rd in per capita personal income though comparing favorably in household income.

Ratios for extrapolating a value for Utah Motorsports Campus are shown based on the eight sales and the single listing of raceways. The extrapolated value indicated for Utah Motorsports Campus gives equal consideration to the mean and median to the nine raceways.

Comparison Ratios				
<b>Raceway</b>	<b>Price/ 200-Mile Population</b>	<b>Price/ Building SF</b>	<b>Price/ Mile</b>	<b>Price/ Acre</b>
Palm Beach International Raceway	\$0.485	\$328	\$3,687,316	\$40,107
Pikes Peak Raceway	\$1.759	\$91	\$6,923,077	\$7,840
Gateway International Raceway	\$0.526	\$243	\$3,406,667	\$32,548
Spokane County Raceway	\$1.890	\$430	\$1,911,111	\$13,694
Raceway Park of the Midlands	\$0.560	\$385	\$1,726,457	\$18,333
Memphis International Raceway	\$0.229	\$87	\$1,144,444	\$6,023
Confidential	\$0.242	\$96	\$2,750,000	\$20,000
Road Atlanta	\$0.374	\$104	\$3,137,255	\$11,730
Carolina Motorsports Park	\$0.392	\$250	\$3,071,523	\$26,820
Mean	\$0.717	\$224	\$3,084,206	\$19,677
Median	\$0.485	\$243	\$3,071,523	\$18,333
Utah Motorsports Campus*	\$1,827,122	\$18,526,350	\$13,807,298	\$9,730,718

\*Extrapolated Value

The extrapolated value indicators for Utah Motorsports Campus emphasize the superior track length and building space and the inferior population count.

An alternative use for the motorsports park is a drivers' club such as Monticello Motor Club located 90 miles north of Manhattan, New York; Thermal Club located 25 miles southeast of Palm Springs in Thermal, California; Spring Mountain Motor Resort and Country Club located 40 miles west of Las Vegas, Nevada; and Autobahn Country Club located within 38 miles southwest of Chicago, Illinois. Drivers' clubs typically have a drivers' school, clubhouse, and garages. Membership information is not

Driver's Clubs			
Name	Level	Initiation	Annual
Monticello Motor Club - 2008			
	Bronze <sup>1</sup>	\$45,000	\$4,300
	Silver	\$85,000	\$4,200
	Gold	\$130,000	\$13,100
	Family	\$185,000	\$19,100
	Corporate	\$185,000	\$19,100
Thermal Club <sup>2</sup> - 2008			
	Individual	\$85,000	\$7,200
	Corporate	\$200,000	\$19,200
Spring Mountain Motor Resort - 2006			
	Classic	\$15,000	\$5,000
	Family	\$35,000	\$5,000
	Corporate	\$100,000	\$12,000
Autobahn Country Club - 2004			
	Individual	\$35,000	\$5,000
	Corporate	\$112,000	\$20,000
<sup>1</sup> 10-Year Term			
<sup>2</sup> Requires lot purchase of \$400,000 to \$800,000			

disclosed, but Monticello reportedly has 340 memberships of 750 available. Thermal has 500 memberships available. Forty presales were reported. Spring Mountain reportedly has 230 members. Autobahn reported membership of 423 in mid-2011.

Club members represent the wealthiest population segment because only a few members share in the cost and operation of the raceway. Equipment to participate is also a barrier to all but the wealthiest. To analyze the feasibility of operating Utah Motorsports Campus as a drivers' club, demographics of a 200-mile radius is presented for comparison. Demographics are limited to households with income over \$500,000 annually. Demographics strongly indicate that a drivers' club is not financially feasible for the location and grandeur of Utah Motorsports

Campus. Supporting this conclusion is that none of the drivers' club has achieved membership capacity in a more favorable market.

Driver's Club Comparison	
Club	HH Income \$500,000+
Monticello	350,038
Thermal	113,719
Spring Mountain	40,235
Autobahn	80,634
Utah Motorsports Campus	7,597

An alternative to operating Utah Motorsports Campus as an exclusive drivers' club is a residential mixed use. Associated with a drivers' club is the hope of members purchasing track-side villas thereby creating an owner's association as a source of income. An example is New Jersey Motorsports Park which opened July 2008 and began construction on 8 villa units during May 2009. A second phase of 10 additional villas and 172 townhouses were planned.

Because a non-exclusive drivers' club shares improvement and operating costs with other motorsport activities, club initiation cost and annual dues are less. For New Jersey Motorsports Park, initiation cost is \$4,000 to \$35,000 and dues are \$2,400 to \$12,000 annually plus \$165 for a day of track use. The trade-off is fewer days for profitable track rental because racing events and track rental are scaled down to accommodate exclusive use of the track for club members.

During March 2011, New Jersey Motorsports Park filed Chapter 11 bankruptcy. Three-bedroom villas once listed for \$400,000 declined to \$200,000. Planned villas and townhouses have not been built. Park operators said they never realized needed money from associated activities such as planned luxury villas, retail space, and hotels. The absence of that money made it difficult for the park to be financially successful.

The concept of trackside condominiums was also considered at NOLA Motorsports Park which opened 2011. Plans were to double the track size to five miles by 2013 with “dozens” of lots for members to build upscale condominiums over garages. The initial vision was an “exclusive county club style track catering primarily to wealthy car and motorcycle enthusiasts who could afford sky-high membership fees.” Memberships cost were \$50,000 or \$9,000 annually. The ‘north’ track was not built, neither the villas. A three-year contact with IndyCar was cancelled after the first event followed by a \$3.45 million lawsuit by Andretti Sports Marketing and a second lawsuit by Nussli for nonpayment of grandstands. A demographic comparison of New Jersey Motorsports Park, NOLA Motorsports Park, and Utah Motorsports Campus is useful for determining financial feasibility of a mixed use.

Motorsports Park Comparison		
<b>Motorsports Park</b>	<b>HH Income \$250,000+</b>	<b>HH Income \$500,000+</b>
New Jersey Motorsports Park	742,580	382,888
NOLA Motorsports Park	39,724	14,365
Utah Motorsports Campus	21,337	7,597

The failure of a mixed use at New Jersey Motorsport Park and NOLA Motorsports Park indicates similar failure of a mixed use at Utah Motorsports Campus given the superior demographics of New Jersey and NOLA motorsport parks. On a much grander scale, the mixed use concept also failed at Nurburgring which was expanded to include hotels, amusement center, and shopping mall. Nurburgring went bankrupt July 2012 even though the state had funded \$644 million of the improvements.

Of the six offers received, five are for integrating the raceway into an existing motorsports industry. The leading offer of these five is to integrate

the motorsports park with an automobile and racing interest that will utilize the track for racecar testing, design, and manufacturing in addition to re-licensing the raceway to FIM and FIA Level 2 standards. Such integration is not unique to Utah Motorsports Campus. Many raceways have affiliations or are owned by automobile manufactures. Historic Brooklands Motor Circuit in Surrey, England sold to Mercedes-Benz during 2006. Nurburgring sold during 2014 to Capricorn Group – an automotive parts supplier for both the car industry and racing teams.<sup>17</sup> In 2013, Hyundai Motor Group built a \$7.4 million research center at Nurburgring which has direct access to the track. Silverstone club owners have voted to continue with Jaguar Land Rover's deal to purchase Silverstone raceway. BMW located on 32 acres of the Thermal Club to construct a performance center that opened late 2014. Miller Motorsports Park had, and Utah Motorsports Campus has an affiliation with Ford Performance Racing School. Laguna Seca is affiliated with Mazda. Porsche purchased Kyalami Grand Prix Circuit located near Johannesburg during July 2014. The financial feasibility of an integrated use is further supported by the \$20 million offer from Mitime Investment and Development Group for Utah Motorsports Campus.

### *Maximally Productive*

Potential uses of the motorsports park considered are a contemporary/down-scaled raceway, drivers' club, mixed use, and contributor to a larger automotive or motorsports interest. The motorsports park is overbuilt for its market and has not been profitable. Scaling back to a contemporary raceway that fits its market demographics would underutilize the potential of the track. Repositioning the motorsports park as a drivers' club not only underutilizes the facilities, but is unlikely to be

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<sup>17</sup> Before Capricorn took possession January 1, 2015, Nurburgring sold to Russian Billionaire Viktor Kharitonin. The debt of the amusement park and shopping center overwhelmed Capricorn Group who failed to make payments on \$451.2 million of debt. David Adolphus reported in Road & Track March 6, 2014 that "the Nurburgring has been in serious financial trouble, in no small part thanks to a series of disastrous investments that saw high-priced housing and a theme park built at the track."

financially feasible in the subject market. Raceways contemplating a mixed use that include trackside residences have proven to be financially unfeasible in markets superior to that of the subject. In general, motorsports and residences are not compatible neighbors. Though a mixed use is legally permissible and physically possible, it is unlikely to be financially feasible and is not compatible with development trends and neighboring land use plans.

There is credible evidence that automobile manufactures and companies in the motorsports industries have an interest in purchasing, locating near, or being affiliated with recognized raceways. Miller Motorsports Park gained worldwide recognition as a true world-class raceway attested by interest from Geely Group of Companies and Penske Corporation. An integrated use with an automobile or motorsports interest fits short and long term neighborhood plans, makes full use of the motorsports park, is most likely to be financially feasible of alternative uses, and represents the highest and best use of the motorsports park as improved.

## Valuation Process

Valuation of the motorsports park is determined by highest and best use. Highest and best use for Utah Motorsports Campus is integration with an automobile manufacture or motorsports interest. The income approach is not a reliable indicator of value for Utah Motorsports Campus because of the raceway's superior design and build for its population base and the lack of reliable income data for a financially viable use. The cost approach is likewise not reliable due to superadequacy and the resulting large amount of functional depreciation which cannot be discretely estimated. Instead, functional obsolescence in the subject's instance can only be estimated based on value derived from one of the other approaches, which fully undermines the independence of the resulting value estimate.

The sales comparison approach is the only credible approach and has reasonable market support given the unique nature of Utah Motorsports Campus. This approach is based on the principle of substitution, which indicates that the value of a property is that price at which an alternative property offering similar utility could be acquired.

The most credible indication of value for Utah Motorsports Campus is the \$20 million offer by Mitime Investment and Development Group. The offer is to return the motorsports park to its intended use and expand the raceway to include a speedway, dragstrip, motocross course, rallycross course, and racecar design and manufacturing. The competitive market was searched for transactions involving a similar buyer profile. Four raceways were found that are either purchased or being sought with a similar buyer profile. Raceways found are presented on following pages.

## Silverstone Raceway

### **Identification**

Coordinates: N 52.078695° W -1.016974°  
 Location: Towcester, Northamptonshire  
 Nation: England  
 Acreage: 467 acres  
 Population: 10.2 million

### **Track**

FIM/FIA License: Level 1  
 Length: 3.66 mile  
 Circuits: 3 plus 1.08 mile interior circuit  
 Grandstands: 20  
 Year Originating: 1948 (raceway)  
 Series: Formula 1, MotoGP, WSBK, British GT Championship, International GT Open

### **Improvements**

Buildings: Silverstone Wing, Stowe Complex, British Racing Drivers' Club, Brookland Suites, Jimmy Brown Center, Paddock Club, Woodcote, Silverstone Six, Hanger Straight, College  
 Amenities: Camping, play ground

### **Offer:**

Seller: British Racing Drivers' Club  
 Potential Buyer: Jaguar Land Rover, division of Tata Motors  
 Price: £22.7 million or \$32.2 million  
 Date: Current



**Comments** Silverstone Wing was completed 2011 containing five halls, media center, meeting rooms, auditorium, and 40 pit garages all totaling 134,000 square feet plus 26,000 square feet of mezzanine. Cost of Wing (\$52 million) was paid by leasing 280 acres of perimeter land to Metropolitan Estates and Property Corporation for \$51.4 million. Raceway still struggles to pay Formula 1 sanction fees. Offer of \$17.4 million for the raceway failed August 2013. Silverstone is not subsidized by government. Jaguar Land Rover plans to locate sales and engineering offices to the raceway, build a hotel, heritage center, museum, visitor's center, and develop Formula E race cars.

## Kyalami Grand Prix Circuit

### **Identification**

Coordinates: S -25.998986° E 28.069849°  
 Location: Midrand, Gauteng Province  
 Nation: South Africa  
 Acreage: 178  
 Population: 8.4 million

### **Track**

FIM/FIA License: Level 2 (proposed)  
 Length: 2.35 mile  
 Circuits: 1  
 Grandstands: 8  
 Year Originating: 1961  
 Series: Formula 1 (1993), F3000 (1995), Grand Prix Masters (2005), A1GP (2005), World Superbike (2010), national events

### **Improvements**

Buildings: About 32 buildings totaling 100,000 square feet including 41-garage paddock  
 Amenities: Handling track

### **Purchase**

Seller: Farm Bothasfontein  
 Buyer: Porsche South Africa  
 Price: \$19.5 million  
 Date: July 14, 2014



**Comments** Located 14 miles north of Johannesburg. Formula 1 circuit 1967 through 1985 and 1993. Purchased at auction with two bidders of R200 million (ZAR) or more. Porsche spent \$3,958,000 to update track to FIA2 standards. Total renovations of \$8.5 million planned. Raceway will continue to host motorsports and potentially become Porsche South Africa headquarters. Many of the buildings have been razed and parking areas resurfaced.

## New Jersey Motorsport Park

### **Identification**

Coordinates: N 39.360775° W -75.073610°  
 Location: Millville, New Jersey  
 Nation: United States  
 Acreage: 500 (700 to 750 planned)  
 Population: 5.0 million (50-mile)

### **Track**

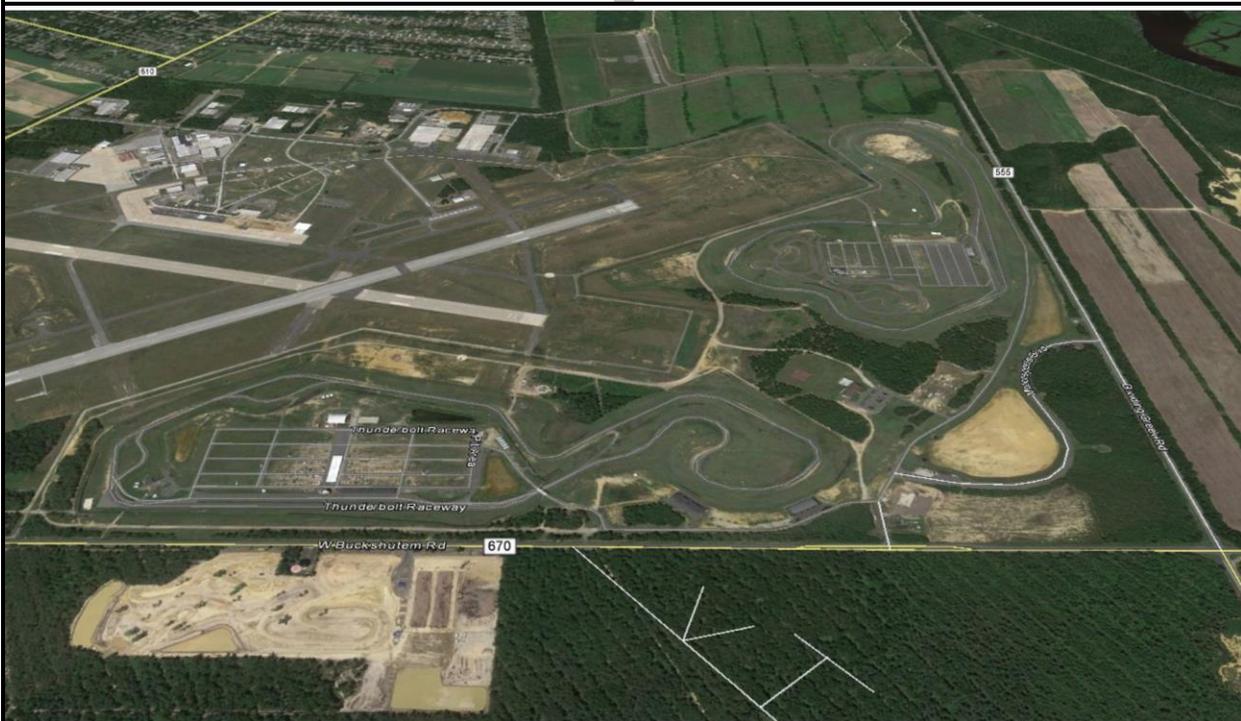
FIM/FIA License: Level 2  
 Length: Thunderbolt – 2.25 mile  
 Lightning – 1.90 mile  
 Circuits: 2  
 Grandstands: Seating for 5,000  
 Year Originating: 2008  
 Series: Grand Am (2012), MotoAmerica, AHRMA  
 Vintage Motorcycle, NASCAR Pro Series  
 East, Champ Truck

### **Improvements**

Buildings: Store, pub, concessions, hanger, 8 villas, 7 residential garages, day garage (open sides), clubhouse, timing tower with media center, medical, classrooms, kart  
 Amenities: Kart track, fuel station, pool, tennis court, Yamaha Champions Riding School, skid pad

### **Purchase**

Seller: New Jersey Motor Sports  
 Buyer: NEI Motorsports  
 Price: \$22.5 million  
 Date: July 2011



**Comments** Located 47 miles from Philadelphia and 34 miles from Atlantic City. Attorney for the raceway reported \$45 million of capital improvements. Raceway was purchased out of bankruptcy owing \$33.1 million because of problems with commercial and residential development. Merrill Lynch wrote-off about \$10 million of their \$30 million loan and retained a \$20 million interest. Option for an additional 250 acres expired April 2015. Plans for additional villas and townhouses have not materialized. Revenue has historically been \$9 million. Assessed value was \$23 million at time of bankruptcy (March 2011). Cost estimate was \$150 million at inception.

## Road Atlanta Motorsports Park

### **Identification**

Coordinates: N 34.150430° W -83.814218°  
Location: Braselton, Georgia  
Nation: United States  
Acreage: 750  
Population: 4.8 million (50-mile)

### **Track**

FIM/FIA License: Level 2  
Length: 2.55  
Circuits: 1  
Grandstands: 3 plus hillside seating  
Year Originating: 1970  
Series: Petit Le Mans, MotoAmerica

### **Improvements**

Buildings: 80,000 square feet consisting of tower/media center, office, garage, school, concessions, medical, sports bar, one Jumbotron, souvenir shop, restaurant  
Amenities: Camping, skid pad, Skip Barber Racing School

### **Purchase**

Seller: Panoz Motor Sports Group  
Buyer: NASCAR  
Price: \$8 million of a \$20 million transaction  
Date: September 2012



**Comments** Purchase price is part of a merger agreement to combine Panoz Motor Sports owned American Le Mans Series with NASCAR owned Grand-Am Series. Deal includes lease on Sebring International Raceway owned by Panoz Motor Sports.



### *Reconciliation of Value Indications*

Four reasonable comparables were found recognizing that the market for a raceway like Utah Motorsports Campus is global – a fact illustrated by Mitime's offer.

Kyalami Grand Prix Circuit is most similar by comparison to Utah Motorsports Campus. Like Utah Motorsports Campus, Kyalami Grand Prix Circuit was purchased by a manufacture of automobiles with similar raceway intentions. FIA and/or FIM Level 2 licensing is being pursued by both raceways and both raceways require substantial money to obtain the licensing. The last world event held at Kyalami Grand Prix Circuit and Miller Motorsports Park was World Superbike. Utah Motorsports Campus has superior improvements and track. Kyalami Grand Prix Circuit is superior in population and history being a former Formula 1 raceway. Kyalami Grand Prix Circuit was purchased at auction for \$19.5 million by Porsche South Africa. Overall, a value of Utah Motorsports Campus should be similar to that paid in 2014 for Kyalami Grand Prix Circuit.

Silverstone Raceway was the first venue for Formula 1 and has a contract with Formula 1 through 2026. Reportedly, building space exceeds 20 acres. The track is shorter than Utah Motorsports Campus, but has the same amount of circuits. History, FIA/FIM licensing, improvements, and population are all superior by comparison to Utah Motorsports Campus. However, Utah Motorsports Campus is superior in overall condition of improvements. The value of Utah Motorsports Campus by comparison to Silverstone Raceway should be significantly less than the reported offer of \$32.2 million by Jaguar Land Rover.

New Jersey Motorsports Park has a similar history to Utah Motorsports Campus in events, FIA/FIM licensing, and track length. New Jersey Motorsports Park is superior in population and is newer in construction. Utah Motorsports Campus is superior in amount of improvements and history being a former venue for World

Superbike. New Jersey Motorsports Park was originally planned as a mixed use motorsports park, but went bankrupt under that scheme with \$33.1 million in debt. The buyers out of bankruptcy have converted the project to automotive/racing use, but have preserved a development at the intersection of Dividing Creek Road and Buckshutem Road.

Road Atlanta Motorsports Park has been successfully operated since 1970 and has a history of national race series including IndyCar. Improvements are inferior in condition and amount to Utah Motorsports Campus, but population is superior. The purchase of Road Atlanta Motorsports Park is more representative of a merger than market value of the raceway and is given minimal consideration in the final value conclusion.

The raceways found for comparison range from \$19.5 million paid for Kyalami Grand Prix Circuit to \$32.2 million offered for Silverstone Raceway. The Kyalami Grand Prix Circuit is the most important piece of market data available outside the subject itself. This is because of the similarities in the facilities, the fact that it is a closed transaction, and because the associated buyer's profile is the same that is contemplated by the highest and best use of Utah Motorsports Campus.

The comparable data must be reconciled with the offers made on the subject. In doing so, one must clearly understand the difference between the concepts of price and value. Uniform Standards of Professional Appraisal Practice (USPAP) defines price as, "The amount asked, offered, or paid for a property." USPAP expands on the concept of price as follows:

"Because of the financial capabilities, motivations, or special interests of a given buyer or seller, the price paid for a property may or may not have any relation to the value that might be ascribed to that property by others."

The offers must therefore be recognized as statements of price and not prima facie indications of value. This is because market value, as defined in the introductory section of this report, is the *most probable* price at which the property would change hands between typically motivated buyer and seller. As such, the statements of price reflected by the offers comprise only data points to be used in estimating value, albeit very important data points. In weighting the offers, therefore, one must consider how likely the associated prices are to be reflective of the most probable price. One critical test that must be applied to the offer prices in this case, given the different intended uses of the offerors, is their reasonableness of the offer prices in light of market expectations for the intended uses of Utah Motorsports Campus.

For Mitime's intended use (integration with complimentary automotive/motorsports uses), we found four reasonably comparable global transactions or proposed transactions. Of these, the Kyalami Grand Prix Circuit transaction is particularly compelling. We also note evidence of interest from other similarly motivated parties for the subject, particularly Penske. While the unique nature of Utah Motorsports Campus and the extremely limited number of similar facilities obviously limits the number of transactions that occur in this specialized market sector, the comparable and anecdotal data available overwhelmingly support the conclusion that the market's indicated highest and best use of Utah Motorsports Campus is an integrated use such as that proposed by Mitime.

Conversely, we find in the global market no support for the mixed-use contemplated by the Center Point offer. Indeed, the only direct market evidence found strongly refutes a mixed-use as a reasonable market-based use of the subject. As described above, New Jersey Motorsports Park was originally developed based on a mixed-use platform. The project went bankrupt with debt of \$33.1 million. The buyer out of bankruptcy purchased the property for \$22.5

million, 32% below the outstanding debt on the property, and converted the project from a mixed-use project to an integrated project.

This is a very instructive case study for evaluating the offers for Utah Motorsports Campus. First, it provides support for our highest and best use conclusion. The mixed-use development scheme was attempted by the initial developer of New Jersey Motorsports Park and it failed. At that time, the property was offered to the market and the highest price was paid by a party that ostensibly concluded that a change to an integrated use was more profitable than continued efforts at mixed-use. It is noted that the property was available at any price of \$22.5 million or higher to anyone that believed equal or greater value would have been realized through continued efforts at mixed use, the obvious path of least resistance given such was already approved. The fact that the sale occurred predicated on a change to an integrated use is very telling and cannot be understated given the lack of market data available for such a project.

Second, the transaction is important as a price data point. The Mitime offer price is 11% below the sale price of New Jersey Motorsports Park. New Jersey Motorsports Park has a larger surrounding population base and is a newer raceway requiring significantly less upgrades. Given these facts, the price is very supportive of the reasonableness of the Mitime offer amount as a reliable indication of market value.

Ironically, an ongoing challenge faced by the New Jersey Motorsports Park is noise complaints from neighbors of the track. These complaints, and an associated noise-related lawsuit, led the new operators to develop a "Good Neighbors Policy" where race hours are limited and race dates/times are published on a Community Corner portion of its website. This highlights the incompatibility of residential uses with a motorsports facility and provides a real world example of one of the challenges that would reasonably be expected by the

market to be associated with a mixed-use development scheme for Utah Motorsports Campus.

Based on our examination of the global market for facilities such as Utah Motorsports Campus as well as consideration of the economic and financial practicality of a mixed-use project at the subject location, with or without the motorsports facility, we find no tenable support for the proposed mixed-use. We are therefore left with only the offer itself with absolutely no local or global corroboration and, indeed, only refutation of the proposition that mixed-use development of the subject would be considered by the general market.

Obviously, this does not mean that Center Point cannot pay whatever price its principals so choose. It only means that if that price, or the use on which it is predicated, is determined to be anomalous from general market expectations, the price is not technically an indication of market value.

In reality, the concept is unequivocally illustrated by the subject's own history. Larry Miller developed the subject to attract world class motorsports events because of his interests in motorsports. His price (development costs) approached \$100 million. Neither his use (effectively a hobby) nor his price finds any support in market transactions. That is, we find no similar facility being purchased for such use nor any similar facility approaching such price. Larry Miller's decision to develop clearly reflects a data point. It is not, however, a compelling data point in estimating market value as neither his proposed use nor the reflected price has support in the market.

The Center Point offer is the same. There is nothing to suggest the proposed use is financially feasible or that the offer price is reflective of the most probable price likely to be paid by typically motivated market participants. Indeed, just as with Larry Miller's use and price, all available market evidence argues to the contrary,

a reality that cannot be ignored in estimating market value. Given this, the Center Point offer price is simply that and is not probative in estimating market value of the subject facility.

Based on market evidence, we opine that the as is value of Utah Motorsports Campus, as of April 6, 2016, is:

**\$20,000,000**

**TWENTY-MILLION DOLLARS**

## Certification Statement

We certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and represents personal, unbiased professional analyses, opinions and conclusions.
- We have no present or contemplated future interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- Eric Leonhardt made a personal inspection of the property that is the subject of this report. Troy Lunt did not personal inspect the property.
- We have not preformed services as appraisers or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- No other person provided assistance to the signers of this report in the development of the conclusions contained in this report.
- The Appraisers have established sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- Our value conclusion and other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.
- Troy A. Lunt and Eric Leonhardt have completed the requirements of the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
- The reported analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.



Troy A. Lunt, MAI

Eric Leonhardt, MAI

Utah Certified General Appraiser  
License 5457226-CG00  
Expires 05/31/2017

Utah Certified General Appraiser  
License 5450597-CG00  
Expires 03/31/2018

## Assumptions and Limiting Conditions

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and

improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not

experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – Salt Lake City is not a building or environmental inspector. Integra Salt Lake City does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against Integra Realty Resources – Salt Lake City, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Salt Lake City, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the General Information section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client’s use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other

physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

## Qualifications

# Troy A. Lunt, MAI, R/W-AC

## Experience

Troy is a director and full time commercial real estate appraiser and consultant with Integra Realty Resources – Salt Lake City. He has been appraising since 1994 assisting commercial, governmental and private clients across a wide range of property and assignment types.

Troy specializes in eminent domain/right-of-way valuation pertaining to surface, subsurface and aerial property interests. He also has considerable experience in forensic appraising and litigation consulting/expert services for a wide range of litigation actions including eminent domain, ad valorem taxation, corporate/partnership dissolution and allocation, estate planning/resolution, divorce, and value impairment from all sources including environmental and regulatory.

Troy has been qualified as an expert witness. Other areas of expertise include fundamental market analyses, feasibility studies, investment consultation and general commercial appraisal. Troy holds the MAI designation issued through the Appraisal Institute. Prior to joining Integra Realty Resources, he was a founding partner in the Fortis Group, a local appraising and consulting firm, and before that was a Director with LECG, an international expert services firm.

## Professional Activities & Affiliations

MAI, Appraisal Institute  
R/W-AC, International Right of Way Association  
Affiliate Member Salt Lake Board of Realtors  
Member International Right of Way Association  
President, Utah Chapter International Right of Way Association, 2011-2012  
Presenter, Panel Member -- Utah Eminent Domain Law Update, Utah Land Institute, 2011-2012  
Utah Appraiser Board Experience Screening Committee, 2004 - present  
Board of Directors Utah Association of Appraisers, 2009 - present

## Licenses

Utah, Certified General, 5457226-CG00, Expires May 2017  
Wyoming, Certified General, Permit 1060  
Nevada, Certified General, A.0206229-CG  
Idaho, Certified General, CGA-3399

## Education

Bachelor of Arts, University of Utah, June 1994  
Appraisal Principles  
Basic Income Capitalization  
Appraisal Procedures  
Highest and Best Uses  
Advanced Income Capitalization  
Report Writing & Valuation Analysis  
Advanced Applications  
Advanced Sales Comparison & Cost Approaches  
Uniform Standards of Professional Appraisal Practice  
Uniform Appraisal Standards for Federal Land Acquisitions  
Environmental Contamination Around Hill AFB  
Understanding Real Estate Investment  
Eminent Domain New Tools & Strategies  
Appraisal Laws & Legislation  
Current State of Wetlands Regulations  
Planning & Growth Issues Along the Wasatch Front  
Water Rights Valuation Challenges  
Environmental Issues in Real Estate  
Real Estate Finance

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# Troy A. Lunt, MAI, R/W-AC

## Education (Cont'd)

Detrimental Conditions in Real Estate Valuation  
The Impact on Real Estate Changes in Tax Law  
Litigation Skills for the Appraiser  
Evaluating Commercial Construction  
Eminent Domain & Condemnation  
Business Practices & Ethics  
New Technology for Real Estate Appraisers  
Scope of Work  
Feasibility, Market Value, Investment Timing: Option Value  
Condemnation Appraising: Principles & Applications  
Utah Eminent Domain Update (Presenter)  
Litigation Appraising: Specialized Topics & Applications  
International Right of Way SR/WA Comprehensive Exam Challenge Review Course  
National USPAP Equivalent Update Course  
Environmental Due Diligence & Liability  
Project Development & the Environmental Process  
The Valuation of Partial Acquisitions  
Eminent Domain Law: Basics for the Right of Way Professional  
Easement Valuation

## Articles and Publications

None

## Qualified Before Courts & Administrative Bodies

2007 SL County v. Walgreens  
2008 Linda Golub v. Doctorman, et al  
2009 UDOT v. Bob's Lock  
2010 UDOT v. Wilford J. Harris, et al  
2010 Smith v. Simas  
2010 Traverse Mountain v. Fox Ridge, LLC (Deposition)  
2011 UDOT v. AF 1-15  
2011 UDOT v. Brown  
2011 UDOT v. Dunsmure Long Term Investments, LLC, et al  
2012 Cook v. SITLA  
2012 UDOT v. McDougal  
2012 Salt Lake City v. Evans Development Group (Deposition)  
2012 Rocky Mountain Power v. Millerberg Holdings, LC  
2012 Giovengo Properties v. Hallmark Homes & Development  
2012 DL Evans Bank v. Clark Real Estate, et al  
2013 Traverse Mountain v. Fox Ridge, LLC (Trial)  
2013 Windygates, LLC v. BMA Construction  
2013 Salt Lake City v. Evans Development Group (Trial)

# Eric Leonhardt, MAI

## Experience

Senior Analyst at Integra Realty Resources - Salt Lake City since September 2013. Previous work experience includes real estate appraising at Free & Associates from October 1995 to September 2013 and an accountant for Holland Properties in Park City Utah.

## Professional Activities & Affiliations

Real Estate Finance  
Real Estate  
Fundamental Appraisal  
Appraisal Residences  
Uniform Standards of Professional Appraisal Practice  
310 Basic Income Capitalization  
320 General Applications  
510 Advanced Income Capitalization  
520 Highest and Best Use and Market Analysis  
530 Advanced Sales Comparison and Cost Approaches  
540 Report Writing and Valuation Analysis  
550 Advanced Applications  
660 Small Hotel/Motel Valuation  
Business Practices and Ethics  
Condemnation Appraising Principles and Applications  
Litigation Skills for the Appraiser  
Standards of Professional Practice  
Eminent Domain  
Eminent Domain Update  
Public Roads on Private Lands  
Land Use Law  
Utah Land Use  
Eminent Domain Training for Attorneys and Appraisers  
403 Easement Valuation  
803 Eminent Domain - Law Basics

## Licenses

Utah, Certified General, 5450597-CG00, Expires March 2016

## Education

Bachelor of Science in Finance, Utah State University, 1989

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## Addendum

Figure 2-4  
Land Use Principle 3

③ **LAND USE PRINCIPLE:** Develop Tooele County into a self-sufficient region that includes adequate employment and service opportunities.

