



Special Meeting Minutes

BOARD OF DIRECTORS OF CHUMPCAR INTERNATIONAL INCORPORATED, A Mutual Benefit Organization, 501(c)(7)

March 21, 2018, 8:00PM EST

Present:

Mike Chisek (MC)
Doc Waldrop (DW)
Phil McKinney (PM)
Jerry Enger (JE)
Bruce Mills (BM)
Rich Sainato (RS)
Tiffany Alexander (TA)

Guests:

None

A quorum has been met for this meeting which is to discuss 2017 Profit & Loss Statement and the creation of a Vision Statement.

As a quorum was present, other Club business may be discussed and was not objected to.

MC: We will go over financials, so we can get a report to our members as this has never been done before. We are finally in a position to do this so Jerry is going to go ahead and do this as I don't speak accounting and Jerry does. We will also discuss our vision statement so go ahead Jerry.

JE: Numbers first. The good news is we came out ahead last year. Historically, we probably lost money previously to the tune of about \$60K per year for the past 4 or 5 years of the club. Maybe even 6 or 7 years. I know what the starting point will be once we are done. We have one more journal entry to post to the balance sheet and that will be done. The P&L statement is largely done and you all have a copy of that. The financials will only get better and realize we didn't really have any financials to present until the last few months. Going through these we are going to be in a lot better position a year from now. We will send the consolidation to all the board members, so you can see where and what we are getting to. Going forward we are going to be in better shape to know exactly how things are classified so there won't be any mysteries. So that's where we are at. We turned a profit last year and that is great, but I'm

a little worried about this year because we are doing three 24-hour races and going to some places where we are trying to establish ourselves. Sonoma was good; we made a little money where last year we took a bath. I want to make sure we stay in the black. We can go back there next year and build on our success this year. We can lose a little money in the Pacific Northwest and Utah, but we have to avoid taking a bath out there. We can invest our money in equipment purchase and improving the broadcasts. The broadcast potential is enormous to the club. People in my office were watching AMP and Barber and the progress of the race. Those things really elevate the club and we need to keep improving those things. If we are in the black that allows us to keep moving forward. We need to build up reserves, so we can make track deposits and not worry about if we can make ends meet next month. We can go through this line by line Mike, but I don't know if that is worth doing.

MC: Do you all want to take a few moments to go through this and ask any questions you might have?

JE: We have 2 lines, event income and event registration. They are the same thing. Most of this stuff is self-explanatory. Event credits we can explain at the board meeting. A lot of that is related to the California fires where we had to give teams their money back because their homes burned down.

MC: Should we show our credits as a loss?

JE: We should move those up to event income so we show a net event income. I think it's important to break down income such as sponsorships. People will understand what the sponsors are contributing. It's important we break these out so we can look at it next year and move forward. We will show credits as a contra income item into income

BM: The question I have is 30220, free entries and its revenue you did not realize. The way it is listed on the balance sheet. It effectively reduces your event income because it is shown as a negative number. I'm no accountant though...seems unusual to have it listed as a negative number.

JE: I think it is important to track the number, but in reporting we will knock income down by that number and eliminate it

BM: But does it knock down income?

JE: Yes, the reason it does is because it's probably shown above in event income as well.

BM: So, you think it is shown there. OK, I thought the event income and registrations showed up as actual receipts.

MC: The way registration works is we log every entry as the price of the event. Say a sponsor comes in and as part of their sponsorship they get a free entry I credit that amount because we didn't get any money in. Maybe that's why it shows up that as a negative. I didn't set this up, the accountant did.

JE: Yes, for the memberships I will probably knock registrations down by that amount for the consolidation.

PM: I have a couple of questions too. Did we purchase a truck last year?

MC: Yes, \$6800

PM: Where's it at?

JE: The truck will show up on the balance sheet. It's not a line item because it is a capital asset and will have depreciation. It's rather a small amount at the bottom in here. I'll ask where it is listed. Over 5 years it's only going to be like \$1300 as an expense. It's part of our asset listings.

PM: That may be in 55210 auto maintenance/repair.

JE: Very well may be. We should have a depreciation line next to the interest line, so I will mention that to the accountant as well. All our assets should be depreciable, so I will make sure that happens going forward. I don't have our total assets number in front of me. Mike, do you have it?

MC: Did you get the list I sent your earlier today.

JE: No, sorry. I was in meetings all afternoon today. I'll look at it first thing tomorrow morning.

MC: Current asset list shows it at \$130,000.

JE: That high? Really?

MC: Timing equipment is extremely expensive.

JE: That's one adjustment that needs to be done on the balance sheet because assets and equity were overstated. Those numbers will be fixed before those numbers are posted and you will be able to see the balance sheet.

PM: One other question: I'm looking down the sheet and I see "deleted" beside several entries. What does that mean?

MC: Those are categories that the accountant set up that are no longer used.

JE: Yeah, some of these codes are duplicated elsewhere and we just don't need them anymore. I'll roll those up when I do the consolidation.

MC: Yeah, I don't think we need two separate travel categories.

JE: Any other questions about the numbers?

DW: I can see where Elon Musk has the money to launch rockets into space. That PayPal fees amount is a significant amount.

JE: At least now you can see where the money is going. You will be able to see what percentage track rentals are and other essentials. Those metrics are important to keep track of. One of the things we are going to do moving forward is be able to get a better look at events on an event by event basis. The accountant will be able to do this by subcategorizing numbers into event revenue with subcategories. This will happen sometime in 2017. We will be able to see if we captured all of the expenses say of going to COTA where we know we lost our asses. That sort of thing because we need to know. To Mike's credit, he keeps all of that separately, but we need to get it into Quickbooks, so we can all see it.

DW: This is a pretty good start on a chart of accounts.

JE: Yes, if we set up a chart of accounts for each event going forward we can get a good look at financials. It's a lot of work, but that's why we have an accountant.

MC: Dana, Mike Morrison, and I reconcile every receipt to a category in Quickbooks. Starting this year we can pull a report of expenses and revenue by event

JE: Thanks for your work on that, guys. Any other questions? Just so you know, this is the first year we really have numbers and we kind of had to guess at beginning numbers but moving forward we have a firm basis to tell everyone exactly what is going on. It will only get better.

MC: With that good news I told you I wanted to discuss and work on a vision statement. I think its important that every company have one so management can focus on delivering it and the members understand what we are trying to accomplish. It's never been done here before and before we get to debating petitions here in a few weeks we have something to reference so when we have a question or a disagreement. This vision statement should help us guide our decisions about each petition. You guys have sent me some ideas and I have been kicking some ideas around for over a year, but never got anywhere with it. Any other ideas for a starting point?

JE: The best one I ever saw was when I was a controller for Red Robin restaurants. When ever there was any doubt as to what we should do it was referenced. It was written everywhere. It's important and we should live by it.

TA: I agree totally with you.

MC: Rich and Doc sent some ideas: Doc's was "It is the vision of the ChampCar Endurance Series to be the market leader in providing an amateur, entry level racing series that is affordable, competitive, and fun at the most iconic circuits in the United States." And Rich wanted to shift the focus to fun and affordable before competitive.

BM; I like that he lost the word amateur. I like Rich's edit.

MC: Well, we are definitely amateur. We found that out. I don't know how many of you watched the Red Flag video I made addressing the incident at VIR where a driver basically talked down to a new driver. The web traffic went through the roof. Tons of comments, I got emails and phone calls about it. It really struck a nerve and got behind it so our members do believe in us being a place for new drivers. When no one else will accept them they can come here, have fun, and learn to drive. That's a very important part of our vision statement. Have any of you ever put together a vision statement for a company you worked for?

RS, DW, JE, BM: Yes

PM: Yes, but I don't want to talk about it.

JE: The key to this is to keep it really simple. If everybody adds their ideas pretty soon you have a paragraph instead of a statement. If that happens you put it in a box and everybody ignores it.

PM: The real test of it is to find somebody that hasn't been involved with it and have them read it and tell you what it means to them.

MC: That's a good point. I spent a lot of time online and most advice is to keep it short and people outside your inner circle should understand it and know what you are doing. I gleaned it is not supposed to talk about what you are today, but where you want to be tomorrow.

PM: We own real racing, real track, real cheap. Do we want to utilize that or completely abandon that?

MC: Andrea and I talked about that. Everybody liked that, but a lot of people don't like the word cheap.

JE: Yeah, affordable is a lot nicer sounding than cheap.

MC: Which is why the two most important things we are here for are amateurs and rookies, but we are also affordable for everybody whether you are a veteran or a rookie. There are plenty of places to take your car that are expensive or exclusive. We are not either of those. Will never be.

TA: Is there a way to say that without using the word amateur?

BM: Entry level?

DW: The only reason I used amateur is because you don't need a license and you are not being paid to do it.

JE: As Mike said in his email, novices are welcome so we just need a succinct short statement that wraps it all together.

TA: Reading Doc's statement do we need amateur and entry level, or would one suffice?

RS: I think entry level covers us on the novice because when I think amateur racing I think BMWCCA club racing, Porsche club racing because they are also amateur series. Yes, they have licensing, but they are still amateur series. They are not getting paid to run those races. There is a schooling process too.

JE: I understand what Tiffany is trying to do...simplify it and reduce the wording. I think that is a good idea. I'd go with amateur not entry level because it's an insult for those people that have been doing it for 5 years

MC: I can't find what I am looking for, but we had something similar on our home page. Delivering an affordable racing experience for everyone. That was something we talked out months ago when we were coming up with a business statement. It didn't quite stick, but Bill and Paulie used it for the web and the broadcast stuff. That but those two words together, amateur and affordable. How short should this be?

TA: Not more than two sentences.

DW: Two commas maximum Not counting commas separating adjectives though.

JE: When Mike read Doc's statement I would strike "at the most iconic tracks in America" Obviously that's what we are trying to do and it doesn't need to be a part of our vision statement. I would shorten it to get rid of that clause. I really like what he wrote so I didn't offer any suggestions. That pretty well covered it. If you said ChampCar delivers an affordable

MC: We don't really need to say (inaudible) because anybody reading it would already know that.

BM: If you said ChampCar delivers a fun affordable and competitive entry level racing experience at the most iconic circuits across the United States, is that too much?

TA/DW: No...

RS: I agree with dropping the iconic part. I'm afraid if we put that as part of the mission statement then it becomes about we have to go to COTA or we have to go to these places where we lose money because we HAVE to provide the experience at these iconic tracks.

DW: I don't think it has to be in there at all either, but it is one of our big selling points, but it doesn't have to be in a vision statement.

TA: Saying that we are going to go to iconic tracks doesn't mean we are going to every one of them.

DW: I know when I talk to people they ask, "Well, where do you race?" When you say Daytona and Watkins Glen their eyes kind of get big. That's the only reason I put that in there. It's the one thing they recognize.

TA: Yes, because they have watched races there on their TVs.

DW: Yes, they have heard of them. Like Richard Petty. You don't even have to like racing to know who Richard Petty is. He's an icon. But, no, I don't think it HAS to be in there, certainly.

MC: I just sent an email to everybody with this website with examples of vision statements. They show up to like twenty words. It's a good idea jog to read through what these other companies use. 32 words.

DW: The one word in mine I don't particularly like in mine is "fun" I don't know, it certainly IS fun, but...

RS: What about enjoyable?

DW: Yeah enjoyable is what I was thinking of too Rich.

JE: Hey guys, if you don't mind I still know the Red Robin one. It was so good I committed it to memory and I haven't worked there in sixteen years. "Acting with honor and integrity, continuing seeking knowledge and having fun." That was it.

BM: Only like 12 words.

JE: We laid everything against it when we didn't know what to do. It led us down the path that we needed to go down. The shorter and simpler you make it with key points it can be simple, only took us thirteen words to do it. Just a thought. Amazing I still remember it, but that's it.

TA: I think fun is important. Does anybody go to these or do this to not be fun?

MC: Well, we are in a hobby industry, so I would hope you do this to have fun and not be more work?

JE: I'm not saying not to use the word fun, but the shortness and the succinctness is really important.

MC: I have Doc's email in front of me and I'm whiting out words so it's shorter. What's the difference between a mission statement and a vision statement? I worry about mixing the two up.

PM: A mission statement is how you do it, a vision statement is what you are trying to do.

MC: What we are working on is what we are trying to do. Today, tomorrow, and going forward. Did one of you guys say we don't want to use the word competitive?

DW: No, he just said it should come at the end, right Rich? You could always say "yet competitive" at the end if you want to leave it in. I think it needs to be in there because it IS a competition.

MC: Yes it's a race, a race is a competition, and it has a winner. We will be setting up these petitions and about the seriousness of these things. Well, it's a race and there has to be a winner.

JE: If you said, The ChampCar Endurance Series provides its members with a fun affordable and competitive entry level racing experience and you want to add at the most iconic circuits across the US, Rich has a winner. If you had the word road in front of racing I think it's perfect.

TA: Oh yeah...

MC: I'll type it up clean and send it out to everyone, so you can look at it.

DW: I would like to keep market leader in there. I think that is important.

RS: If Mike wants his vision statement to be what we look at when it comes to us to make a decision, do we really need to make a decision on what's best for the club just trying to be ahead of everyone else?

DW: Yeah, that's true.

RS: That's why I avoided that in the first place.

DW: That makes sense.

MC: So, ChampCar will provide our members with an affordable entry level racing experience...and you said put competitive in there towards the end?

RS: An affordable and competitive entry level...

BM: ...a fun, affordable, and competitive...

TA: Not to throw one more adjective in, but we did kind of go back and forth on sportsmanship and there are some good points on that.

MC: That's true, I hadn't thought about that. We award a sportsmanship award and we always have and always will so it's kind of important to us.

TA: I think that would be a good part of it.

RS: Something I kind of think we have gotten away from the past year. Not as an organization but certainly on the competition side. I don't see it in the paddock as I used to.

MC: I have seen it to, but I didn't know what I was seeing. It used to be easy to pick this award winner. I had multiple choices and now I am having to stretch it and rack my brain just to give it to someone just for being nice. We are losing some of that because the competitive nature is creeping back into it. It's not something we can fix with the rule book; this happens to be with the attitude of the members.

TA: So, make it part of the vision statement.

JE: I honestly think we should empathize that award at the awards ceremony it might help. It's a thought: Make it a big deal; the first award you give out.

MC: Not a bad idea.

JE: I still see it in the garage. We cut a brake line and another team gave us one. I loaned my engine hoist to three different teams at Sonoma and had to wait until I got it back to change my own engine. I think it is still there, maybe its just not in our faces as much anymore.

DW: Its still there with the people we pit around. Hell, I owe Rich a six-pack of rocker arms.

RS: I'm sure I owe you something too. What got me thinking about it...2-3 years ago at AMP we got it because my tea was out there fixing a car that had gotten in a wreck and I don't see teams emptying their pit stalls to help someone else like I used to. "Sure, I'll throw you a part to get back on track, but I'm not sending people over to do the wrenching for you like they used to.

DW: O think that's who you are near. Chris Huggins has come over to help us, certainly Michael Bulls.

TA: We haven't lost sportsmanship entirely, but we have to balance that with the competitiveness, right?

RS: I agree.

JE: It is (inaudible) as you become more competitive you become less friendly. Kind of the evolution of the sport, but I still see it every single race. In the garage everybody is everybody's bud but on the track you are mortal enemies, but if someone is broken down you will give them anything you have to get them back out again. I still feel that way about everybody. I also feel everybody else feels that way too.

TA: So, we are all saying it's an important part of our vision statement.

RS: I think sportsmanship needs to be worked in there somehow, but I'm not sure how.

JE/TA/DW: I agree.

BM: So, we are having a competition among the board to see who gets a cupcake or something?
Working all these words in...

JE: Yeah, you gotta be careful. What happens is everybody adds words in a soon enough you have a paragraph instead of a statement.

BM: These are good though.

RS: I'm looking at the bullet points. Do we really need open to all and entry level? I think one or the other.

BM: Entry level kind of equates to amateur. Open to all equates to you don't have to have a license. Those are all similar

MC: Last summer I used the word everyone and I wish I had our new backdrop we used in Idaho that we will use in Long Beach too. It said something like...Well, Bill deleted the picture on Slack

JE: Personally, I would strike entry level and just leave amateur, but that's just my opinion.

MC: Striking entry level.

PH: We have a scenario where, Jerry, if I am a professional race driver and I read this as amateur racing, is it for me? Can I come and play? I think we leave it to "open to all" because we do have a lot of professional drivers that come and race with us and they are there for the fun and the less stressful situation.

RS: Let's go with open to all, open to everyone...something like that.

TA: Open to any level of racing experience

RS: Open to everyone.

MC: This backdrop we used...two lines: "Real affordable racing." Quit dreaming, start racing." Now this is a marketing statement we use and we wouldn't use it for anything we are doing now, but we hit on that real affordable statement and it keeps coming up so we want to keep open to all, affordable and try and work in sportsmanship and fun? This is harder than reviewing those petitions.

JE: Speaking of that are we voting on petitions at Daytona?

MC: We can cover some and come to a decision on some. We have after Daytona to meet and talk about it. We don't have to get the voting done until the end of May.

JE: I just want to make sure that if we talk about them I will have to call in because I won't be there, but I'd love to be a part of the conversation. Who else won't be there?

MC: Bruce, are you at home or at Daytona?

BM: I'm trying to figure out a way to get there with my calendar.

MC: Tiffany, you are working the event, right?

TA: Yes.

MC: I have a project for you.

TA: I heard.

MC: Anyway, we can do a phone call Thursday night because Friday night is going to be ridiculous with the party over at Grassroots Motorsports. We will do a Thursday night call.

JE: I don't travel again until Road America so I'm available anytime.

TA: Is everybody going to be there by Thursday afternoon?

RS: I will

DW: I will. Yeah, Rich, I want to talk about that. See if we can tag team down there.

RS: Lead/follow?

DW: Yeah, we can practice drafting.

TA: Are you both leaving on Wednesday?

DW/RS: No, early Thursday morning.

TA: Well then, let's get together and do dinner then.

MC: I'll be down there around four

DW: Yeah, lets get together for dinner.

PM: I may have to duck out because I'm proposing a meeting with the techs and the directors to discuss protests.

TA: Can we work around that?

MC: Well, we have all night. If we do dinner at five we still have a few hours.

TA: So, we will say around 5ish.

MC: With these words we have, why don't we type up all sorts of variations. We agree on the concept, try and keep those key words and have it flow right. I'll send them out, we can agree on one, otherwise we will be here all night.

JE: If it makes you feel any better I have seen these meetings last all day.

MC: I'm sure that was intentional; It got them out of work.

PM: That's why I said what I said. I've been on a few of them. You wordsmith it and beat it to death. Keep it short and simple and when people ask you can read it to them.

TA: Yeah short and it could be on their membership cards without it having to be .10 type

MC: Okay, I'll send these out, you can edit them, write down other ideas that pop in your head. Put as many as you can. We can lose stuff we don't like, and we can whittle this down by the end of the weekend.

JE: On financials I can do the consolidation. Now that I have asset numbers there will be a few more journal entries. Depreciation will knock our income down, but I will get that out to everybody by end of day tomorrow.

MC: Thanks everybody

The meeting was adjourned at 8:58 PM EST



SECRETARY'S CERTIFICATE

I, Richard L. Waldrop, certify the following: I am the Secretary of ChumpCar International, Inc. ("CCII") and this document is an accurate account of this meeting;

FOR THE BOARD, AND IN WITNESS THEREOF, I hereby set my hand this March 22, 2018.

/s/ Richard L. Waldrop
Richard L. Waldrop, Secretary –CCII