

AUTO RACING GROUP COULD BE FORCED INTO CHAPTER 7 - COMPANY FOUNDER HOLDS OUT HOPE FOR ANOTHER RACE.

By Leonora LaPeter Savannah Morning News August 3, 1999 Publication: Savannah Morning News (GA) Page: 1A Word Count: 903

The future of auto racing on Hutchinson Island may be on the verge of a crash and burn.

Colonial Motorsport Group Inc., the company that brought the Indy Lights Racing Series to Savannah in May 1997, could be liquidated in another month. U.S. Bankruptcy Court Judge James Walker is holding a hearing Sept. 9 to decide whether the company should be forced into Chapter 7 bankruptcy.

But Colonial Motorsport Group's president, Dr. Rick Timms, still holds out hope that the company will resurrect racing on the two-mile track. He said the company is talking with several promotion groups to bring upscale racing to Savannah, possibly even an antique car race that would complement Savannah's historic roots.

"We have exhausted our resources, but even so we believe in the potential of the venue," Timms said. "We know there's support in the community, and we're willing to do essentially what we can."

The company, which owes 65 creditors more than \$3.3 million, originally filed for bankruptcy in 1997, seeking to reorganize and pay its creditors under Chapter 11 laws. But two years later, it has yet to file a plan for reorganization.

On July 7, one of its creditors, Host South, petitioned the court to dismiss the bankruptcy or dissolve the company. Colonial Motorsport Group owes Host South \$331,694 for tent, chair, table, golf cart and Port-o-Let rentals at the 1997 race. Host South's owner, Richard Chambless, could not be reached for comment.

Host South has a case against the Colonial Motorsport Group principals pending in State Court that cannot go forward without a resolution of the bankruptcy case, said Dorothy Chisholm, Host South's lawyer in the bankruptcy case.

Meanwhile, an assistant U.S. Trustee assigned to handle matters for the bankruptcy court filed a request July 19, also seeking to have the case handled under Chapter 7 laws.

The two requests say Colonial Motorsport Group does not have enough income or assets to pay its debts and has no plan to pay the money.

Auto racing at Hutchinson Island has been plagued with problems ever since Chatham County built the \$6 million road to promote development on the island. It was supposed to double as a race track.

But the inaugural race cost more than expected, some \$4 million. And then races in 1998 and 1999 were canceled for various reasons. Recently, a dispute between Colonial Motorsport Group and a sports marketing agency, API Championship Group, derailed the 2000 race and ended the partnership. Officials with that company could not be reached for comment.

"It's just that we missed the mark quite a bit in predicting how much it would cost to put on the (1997) race," said Joe Mahany, chief financial officer for the company and a former Chatham County Commission chairman.

Mahany pointed out that the road still served its original purpose to promote development on Hutchinson Island. And he said that it has also been used by several organizations for bike and go-cart races.

"In the meantime, we have contacted somebody else and are working to find an additional investor or racing event to present to the court for spring 2000," Mahany said. "We're not totally dead yet, but we're pretty darn close and if this doesn't work out, I would assume Chapter 7 would be the future of Colonial Motorsport Group."

HUTCHINSON ISLAND AUTO RACING

1995 -- Colonial Motorsport Group forms and receives 14-year contract from Chatham County

to promote races on 2-mile loop development being built on Hutchinson Island. Ground breaking for the track in June.

May 19, 1996 -- Chatham County completes work on \$3.6 development road on Hutchinson Island. Road is designed to double as a racetrack.

Oct. 31, 1996 -- Colonial Motorsport Group announces the inaugural race at the Hutchinson Island track will be an Indy Lights event on May 16-18, 1997.

March 26, 1997 -- Indy Lights cars run exhibition races on Hutchinson Island Course.

May 5, 1997 -- Colonial Motorsports Group officials announce an open house on the nearly completed Hutchinson Island track.

May 16-18 -- Dixie Crystals Grand Prix run at the Grand Prize Circuit on Hutchinson Island. Three-day event draws a crowd estimated at 35,000.

June 6, 1997 -- Joe Mahany, former chairman of the County Commission, is hired as interim chief executive officer of Colonial Motorsport Group. Mahany pushed for construction of the track while chairman.

July 29, 1997 -- CMG acknowledges it can't pay off its debts, estimated from \$2.5 million to \$3 million from the May races. CMG officials say they will seek new investors.

July 31 1997 -- API Championship, a sports-marketing agency, expresses interest in the local race.

Aug 14, 1997 -- Richard Chambless, owner of Savannah special events promotion firm called Host South, files suit seeking \$321,000 he says Colonial Motorsport Group owes him.

Oct. 29, 1997 -- CMG files for Chapter 11 reorganization, listing \$3.3 million in unpaid bills and assets of only \$1.1 million.

Nov. 15, 1997 -- Grand Prix at Savannah Harbour is dropped from the 1998 Indy Lights scheduled, ending hopes for a race in May of 1998.

March 5, 1998 -- Colonial Motorsport Group hires The Rahal Group of Tampa, Fla., to help chart a strategy, and CMG and API Championship later reach an agreement to attempt to save the event.

April 20, 1999 -- CMG and API Championship end their association, primarily over monetary issues.

Bob Morris/Savannah Morning News file photo Indy Lights cars run exhibition races on the Hutchinson Island Course in this May 1997 file photo.

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