



## **In the Interest of Full Disclosure**

15 September 2007

### **Topics covered:**

- *Merced Sun-Star* article, September 6, 2007, "County's work on racetrack complex hasn't been given the green light" by Corinne Reilly
- *Merced Sun-Star* article, September 13, 2007, "Talks between RMP, county now called 'productive'" by Corinne Reilly

The articles referenced above continue a series of articles that started August 7 when *Merced Sun-Star* reporter Corinne Reilly wrote an article "County Stops Work on Race Track." This story also ran in The McClatchy Company's sister newspapers, *The Modesto Bee* and *Fresno Bee* and was carried by ABC Channel 30. (See Full Disclosure dated August 14 for corrections to that article.)

Ms. Reilly's September 6 and 13 articles again did not report the factual information provided by Riverside Motorsports Park to the reporter. Read the following for full disclosure of information from Riverside Motorsports Park on this subject.

### **What the *Merced Sun-Star* wrote September 6, 2007:**

*More than a month after Merced County halted all work related to the Riverside Motorsports Park because of the company's failure to pay its bills, the controversial project remains at a standstill. County officials announced last month that they had ceased doing work on RMP's behalf because RMP failed for months to make more than \$150,000 in delinquent payments to the county. Soon after, RMP paid the county about \$130,700. But county officials said work on the project won't resume until the bill is paid in full.*

*For more than six months, RMP failed to make a single payment on the debt, despite repeated written and verbal requests from the county, county officials said.*

*RMP's vice president of operations, Mark Melville, hand delivered the \$130,700 check to the county's attorney on August 6. Melville said that day that it took the company longer than usual to pay the bill because RMP "had some concerns" with how the county calculated what the company owed.*

### **What really happened and the *Merced Sun-Star's* printed correction:**

Ms. Reilly did not contact, or request contact with, a company spokesperson prior to this article being published. With the release of this story, Riverside Motorsports Park provided the *Merced Sun-Star* with various communications and e-mails between Merced County and the Riverside Motorsports Park that clarified, that in actuality, it was Riverside Motorsports Park that first requested, in writing, a financial accounting review of the County's charges for the Riverside Motorsports Park project. This request was made in February 2007, and the County did not respond. A second written request was submitted by RMP in April. The documentation provided to the *Merced Sun-Star* also showed that in May, based on a Merced County Planning



Department audit, the County agreed to credit RMP \$15,000 associated with two accounting errors made on the County's part.

On 1 August, RMP felt the matter had been settled and on 3 August issued a \$130,700 payment which brought the Riverside Motorsports Park account current.

However, on 7 August, the *Merced Sun-Star* reported that Riverside Motorsports Park owed the County \$152,000 and incorrectly reported that Merced County demanded that the entire amount be paid prior to any additional work would be completed on the RMP project.

The actual facts follow:

- RMP paid and was current on all of the invoices that the County had submitted to RMP up to 1 August.
- On that same day Merced County Counsel provided RMP with various legal invoices from its own department. These invoices totaled in excess of \$9,000, and extended back 9 months (some to December of 2006).
- The dates of specific charges included within these newly submitted invoices matched certain dates and charges that were included in the collection of previous invoices included in the \$130,700 payment. Therefore, citing double billing, RMP called for a second accounting review of these 9-month old charges.
- RMP requested further clarification from Merced County as to how long it could take for other invoices to be submitted to RMP for payment, as these seemed to "appear," causing the company to keep looking over its shoulder for various invoices to surface.
- Communication between RMP and Merced County was provided to the *Merced Sun-Star* that showed that Merced County delayed engagement in the second detailed accounting review until the first week of September. A comprehensive review meeting was put off until 12 September.
- RMP additionally noted that on 12 August, the Company pre-paid a \$21,000 fee to Merced County Public Works for the review of the project's initial construction plans. Although County Counsel and the Planning Department agreed that RMP's account was now current, and that all development work on the RMP project would be immediately processed, Public Works was not informed of this fact and delayed its review of the off-site construction plans for an additional 4 days. This "communication error" by the County was further confirmed in an e-mail from County Counsel, James Fincher, and was provided to the *Sun-Star*.

Based on the documentation that Riverside Motorsports Park provided to the *Merced Sun-Star*, RMP requested that reporter Corrine Reilly print a corection of the errors cited in her report; however, even in admitting an error, the *Sun-Star* did not get the facts within their own correction right.

**CORRECTION:**

*Merced County is continuing to defend itself against a series of lawsuits that claim the county wrongly approved plans for the Riverside Motorsports Park. In an earlier edition, because of incorrect information provided by the county, it was reported that the county wasn't fighting the lawsuits. In addition, the county's public works department has accepted plans for road improvements that RMP officials have agreed to make near the project's site. RMP officials say that the public works department's action shows progress toward RMP's development. However, county officials maintain that work by the*



*planning department won't resume until a billing dispute between RMP and the county is resolved. A meeting to deal with that issue is scheduled for Sept. 12.*

### **What the *Merced Sun-Star* then wrote on September 13, 2007:**

*Riverside Motorsports Park officials have promised to pay Merced County the last \$22,000 of an outstanding bill that's been in dispute for more than a month following a meeting with county officials on Wednesday. In a turnabout from previously strained relations, both sides described the meeting as 'productive.' The county's lead attorney, James Fincher, and several officials from the county's planning department met Wednesday afternoon with RMP's vice president of operations, Mark Melville, and the company's lawyers to discuss the bill.*

*County officials announced last month that the county planning department had ceased doing work on RMP's behalf because RMP failed for months to make more than \$150,000 in delinquent payments to the county. Soon after, RMP paid the county about \$130,000. But county officials said work on the project wouldn't resume until the bill is paid in full.*

*While Melville said RMP 'had some concerns' about how the bill was calculated, he initially said RMP would pay it in full by the end of August. Instead, the company scheduled a meeting with the county to discuss the charges, which RMP officials believed included some double-billings, said Melville. But after Wednesday's meeting he said that RMP now understands how the bill was calculated and agreed it includes no double-billings. He said the company will probably pay the bill within the next week.*

*Hendrickson said the county's decision to stay any further work by the planning department on RMP's behalf will remain in effect until RMP pays off the bill. (Work by the county's public works department has continued. The department recently accepted and reviewed engineering plans from RMP for road improvements the company has agreed to make near the racing complex's planned site.)*

*Reporter Corinne Reilly can be reached at 209-385-2477.*

### **What actually happened:**

- On 12 September 2007, Riverside Motorsports Park's VP of Operations, Mark Melville, and Ms. Kristen Castaños, one of RMP's attorneys, met with and provided Merced County with documentation that challenged the \$9,000 of invoices provided by the County Counsel's department for legal costs associated with the County's defense of the Riverside Motorsports Park environmental impact report (EIR), a report it approved and certified last December.
- From that meeting, the County agreed that certain charges and costs were duplicated and reduced their invoice to a total of \$7,400.
- Merced County and RMP developed an agreement whereby future invoices would be detailed in their accounting and discussion of work completed, and (to ensure timely accounting practices) would not include charges extending beyond 60-days from the date work was performed.
- The reference in Ms. Reilly's article to a current amount due and payable ("*the last \$22,000*") is attributed to the \$7,400 of adjusted charges payable to Merced County



(determined at the 12 September meeting) and \$13,500 of newly submitted current charges that were issued on 1 September by the law firm of Abbott & Kindermann LP, a law firm assisting Merced County with the EIR's defense. In total, the correct amount now payable to the County by RMP is \$20,900.

#### **Further comments from Riverside Motorsports Park**

With all matters and disputed charges understood and corrected, ***all accounts have been settled between Riverside Motorsports Park and Merced County.***

Riverside Motorsports Park finds it incredulous that a spokesperson for Merced County continues to be quoted by Ms. Reilly regarding a stoppage of work on the project. Such comments are groundless, unsupported, and are in error, especially in the light of the fact that on 5 September 2007, RMP received a 3-page letter from Merced County Public Works that provided a detailed review of RMP's recently submitted off-site and roadway engineering plans.

#### ***Work on the Riverside Motorsports Park project continues.***

RMP has submitted a draft of its Development Agreement with Merced County for review by the County, and the Company is continuing toward the completion of the critical Development Plan, which will be the foundation document authorizing on-site facility construction.