

Revitalizing the Finance Environment at RACER Trust

Revitalizing Auto Communities Environmental Response Trust (RACER Trust) was formed to clean up and position for redevelopment the facilities formerly owned by General Motors Corp. before their 2009 bankruptcy. With a \$500 million budget to revitalize 60 locations, RACER Trust needed a budgeting and reporting solution that would allow them to track and update holding costs for each property including maintenance, insurance and security expenses. With Prophix, RACER Trust can project these holding costs 100 years into the future to reflect their ownership responsibilities.

Business Challenges

Each of RACER Trust's 60 properties have key attributes that need to be monitored including the status of property (i.e. owned, sold, etc.), its location and the necessary maintenance (i.e. mechanical, fire, electrical, alarm, general, janitorial, landscaping, elevators, etc.).

In addition, RACER Trust needs to account for a variety of managers (i.e. cleanup, site, etc.) and other personnel, including engineering, environmental and industrial consultants, that are necessary to maintain and position their facilities for redevelopment.

Their properties may also incur additional expenses including equipment removal, permits and environmental concerns, which must be incorporated into the budget.

Changing attributes made it difficult for RACER Trust to keep track of the status of their properties, while also working towards revitalization. This process was further complicated by RACER Trust's 100-year environmental responsibility for their assets.

RACER (Revitalizing Auto Communities Environmental Response) Trust is one of the largest holders of industrial property in the United States and is the largest environmental response and remediation trust in U.S. history. When the Trust was formed, it owned properties at 89 locations in 14 states, principally in the Midwest and Northeast. The Trust was created by a settlement agreement in the U.S. Bankruptcy Court between the U.S. Government, the 14 states where the former GM properties are located, and the St. Regis Mohawk Tribe, which owns land adjoining one of the properties in Upstate New York.

Operating: Since 2011

Website: www.racertrust.org

Operating Budget: 500 million USD

Employees: 30 full-time employees, 600 contractors

ERP: Sage



Why Prophix?

RACER Trust considered a number of Corporate Performance Management (CPM) vendors in their research. RACER Trust chose Prophix for three primary reasons: automated reporting, a flexible number of attributes in financial models and Prophix's commitment to building a 100-year time dimension. Each of these key features positions RACER Trust to revitalize GM properties in over 14 U.S. states.

Results

RACER Trust established several models within Prophix to effectively manage their property trust including holding costs, financial, personnel and professional.

Using their 100-year projection, RACER Trust can budget based on the predicted sale date of each property, while also monitoring the associated costs. Using this model, RACER Trust prepares three separate budgets based on different economic conditions: natural, slowdown and recession. These budgets are monthly for the first five years and yearly after that.

Within their personnel cube, RACER Trust budgets for over 30 internal job titles, which includes benefit plans, dental and life insurance plans, 401Ks and different compensation categories.

RACER Trust also accounts for professional fees, which includes over 600 possible contractors. This includes legal services such as audit, tax advisory, public consulting and related services. Each unique contractor title is broken down with additional fees, allowing the Office of Finance to generate a variety of expense reports.



Similarly, RACER Trust's financial model is used primarily for reporting purposes and consolidates the data from the other models to produce a series of reports that are used for internal and external reporting.

Future Plans

RACER Trust plans to continue to use Prophix until all of their assets have been sold, at which point the Trust will be dissolved.

About Prophix

Prophix develops innovative software that automates critical financial processes such as budgeting, planning, consolidation and reporting – improving a company's profitability and minimizing its risks. Thousands of forward-looking organizations in more than 90 countries use software from Prophix to gain increased visibility and insight into their business performance.



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