

Under the Hood October, 2021

Zora Arkus-Duntov was generally considered the father of the modern Corvette and probably did more than anyone else to make sure the Corvette survived the first years. Zora died in 1996 and his widow, Elfi, died in 2008. However, the Duntov name lives on in our automotive fraternity as shortly before she died, Elfi licensed the Duntov name to Duntov Motors located in the Dallas area. Duntov Motors (Duntov) has a 16,000 square foot shop and one of their specialties is rebuilding, preparing and maintaining vintage race cars (generally Corvettes). They have a field crew that travels to racetracks to support vintage racers. They manufacture specialty high performance parts and also sell restoration parts for 1963-82 Corvettes. If you want a well done C1-C3 resto-rod, they are well known as builders. However, the main reason they sought an agreement with Elfi was to produce officially licensed GM 1963 Grand Sport continuation vehicles. These are similar in appearance to the original 5 Grand Sport racers, but as with most resto-rods are extensively different in suspension, brakes, engine and transmissions. Duntov has partnered with Superformance for the roller chassis/body and then adds whatever engine/transmission and specialty items the customer wants. Superformance is well known for their first-class Cobra, Cobra Daytona Coupe and GT40 continuation vehicles, so it is no surprise that they would also be involved in the Grand Sport continuations. When I checked on pricing, it appeared that somewhere between \$170-200K would get you a running Grand Sport continuation that you could take directly to the racetrack or cars and coffee. If you could even find one of the 5 original Grand Sports for sale, the estimated price is somewhere between \$6-8 million. Maybe \$200K is a bargain. Some of you might have seen one of the original Grand Sports when it was owned locally by an Issaquah couple. Duntov is also building continuation Greenwood Corvettes. John Greenwood built some outrageous wide body IMSA racers in the late 60s and early 70s. Most, if not all, were painted in a stars and stripes motif.

In May, I had written about Lordstown Motors (LM) purchase of the former GM assembly plant in Lordstown, OH. At the time of the purchase GM loaned LM \$20 million and invested an additional \$75 million in LM. LM originally planned electric vehicle production in 2019, delayed several times, with the last reported production start in the fall of 2021. However, several former employees have reported that they believe the vehicle is 3-4 years away. Now, in a June SEC security filing, LM announced that they do not have enough cash to start commercial vehicle production and run the risk of running out of cash by spring, without significant additional investment. LM stock has been in trouble for some months after some prominent short sellers accused LM of inflating orders, which then caused an SEC investigation. This is a bit of a tangled web. Originally Workhorse Group (WG) approached GM about buying the plant to produce electric vehicles. WG was founded by Steve Burns. In 2018 WG announced their own auditor concerns about manufacturing viability and now WG concentrates on licensing electric vehicle technology. WG owns 10% of LM and Steve Burns left WG to become the CEO of LM. Then about a week after the June SEC filing, LM announced that Steve Burns and the CFO had left the company. A remaining board member re-stated that LM planned to start "limited production" (Italics added) in late September. Don't hold your breath, but you can do your own checking on the current Lordstown Motors status when you read this column.

If you have been reading my column you know that I like to follow the collector car market. I routinely record Barrett Jackson or Mecum auctions so that I can watch them at my convenience and fast forward

through the commercials. I also frequent the Bring a Trailer web site. None of this watching has made me an expert in collector vehicle valuations. Although I frequently will try to guess the selling price of something I like, my guess is often considerably off the mark. Sometimes, I think there is no logic in the collector car market. Twenty years ago, I remember watching 55-57 T-Birds going for a song as no one seemed to want them. Recently the T-Bird market has changed, and these early T-Birds are now commanding serious money. How many of us have said "I wish I had kept that (add any car here), I would be rich"? But I wonder if there isn't more to these cars than money. A recent article in "Road & Track" tried to answer the investment question. I won't repeat all the examples, but two stood out to me. One was the iconic 63 Corvette Split Window Coupe and the second was a small block Cobra. At current auction prices neither of these cars had appreciated enough to have beat the S&P 500 index investment. In other words, if you had invested the purchase price of either car in the 1963 S&P 500, you would be considerably ahead of the current vehicle value. The only example shown that exceeded the S&P valuation change was the Ferrari 250 GTO. None of the valuation discussion can account for the joy we have in driving or even looking at our cars. At least that is true for those of us deeply passionate about cars. That is my best excuse for why Judy and I still own a sports car we purchased as the third owners in 1976. I suspect our experience would be similar to the "Road & Track" article; the car's value is far less than if we had invested the purchase price in a blended stock market account. If we then tried to include the cost of maintenance and insurance of that car, I know the investment math would be dismal. I guess no one has said that every investment has to make total sense.