

Mount Sunapee

Annual Operating Plan

2011-2012

May 12, 2011

Prepared for:

The State of New Hampshire
Department of Resources and Economic Development

Prepared by:

Mount Sunapee Resort

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INTRODUCTION

The *Lease and Operating Agreement* (the Agreement) originally dated April 30, 1998 between the State of New Hampshire Department of Resources and Economic Development (DRED) and Okemo Mountain, Inc., which was assigned by The Sunapee Difference, LLC as successor to Okemo Limited Liability Company f/k/a Okemo Mountain, Inc. to CNL Income Mount Sunapee, LLC on December 5, 2008, requires that the Operator (The Sunapee Difference, LLC d/b/a Mount Sunapee Resort) present an Annual Operating Plan to DRED each year for the term of the Agreement.

Paragraph 5 in the *Lease and Operating Agreement* defines the Annual Operating Plan requirements as follows:

5. ANNUAL OPERATING PLAN

“On or before the 15th of May during each year of this Agreement, the Operator shall submit to DRED an annual operating plan, including a schedule of the proposed days and hours of operation for the ski area, and a description of the types of recreational activities available to the public. The proposed schedule of operation shall be reviewed by DRED and either approved as proposed, or revised for resubmission. DRED shall notify the Operator in writing of a final schedule of operations no later than June 30th of each year. No changes in the days of operation or the scheduled hours of operation may be made without the prior approval of DRED. The Leased Premises shall not be closed to the public except for emergency or unsafe weather conditions.

The Annual Operating Plan shall describe in detail the following operations:

- a. Types of recreational activities available to the public
- b. Ski lift operations
- c. Snowmaking and grooming operations
- d. Ski support services
- e. Maintenance procedures
- f. Security procedures
- g. Emergency operation plan
- h. Status of special use permits and leases
- i. Marketing and advertising
- j. Environmental management program
- k. Signage
- l. Utilities and roads
- m. Implementation of Master Development Plan improvements.”

In the following sections, Mount Sunapee Resort (hereafter, “Mount Sunapee”) presents its Annual Operating Plan 2011-2012 in accordance with the requirements of the Agreement.

SECTION A RECREATIONAL ACTIVITIES AVAILABLE

TO THE PUBLIC

Summer and Fall Activities

THE FOLLOWING RECREATIONAL ACTIVITIES ARE AVAILABLE TO THE PUBLIC WITHOUT CHARGE DURING THE OFF-SEASON (May 1 – Oct 31):

Hiking - Designated hiking trails such as the Summit Trail and the Lake Solitude Trail offer hiking on trails marked and maintained by the Sunapee-Ragged-Kearsarge Greenway and/or the Sunapee-Monadnock Greenway. These trails are part of a hiking trail network in the Sunapee, Kearsarge and Monadnock regions. Mount Sunapee does not operate, maintain, patrol or accept any liability for person(s) using these hiking trails.

Mount Sunapee may offer help with the maintenance of a specific hiking trail, or section of a hiking trail, in a volunteer capacity. In doing such volunteer activities, Mount Sunapee accepts no responsibility or liability for any hiking trail including its maintenance, condition and operation.

In addition to the designated hiking trail network, Mount Sunapee may allow hiking on the ski trails to the summit in the summer and fall. Mount Sunapee reserves the right to designate specific ski trails for hiking. Mount Sunapee reserves the right to not allow hiking on ski trails at its discretion.

Walking – Without undertaking a rigorous hike to the Summit (over 7,000 feet long with over 1,400 feet of vertical rise) the expansive base area of Mount Sunapee allows visitors to take extended walks around the premises and stay on relatively flat ground.

Birdwatching – Mount Sunapee offers the avid birdwatcher the opportunity to see numerous species of birds. With a variety of woodlands including deciduous hardwoods and mixed conifers, and a variety of terrain including wooded wetlands, streams, upland woodlands, open fields (slopes) and ponds, habitat exists for viewing many bird species.

Relaxation – Around the expansive base area of Mount Sunapee, opportunity exists for visitors to picnic, set-up a lounge chair, read a book, sunbathe or simply relax.

Picnics – Picnic tables and outdoor grills are available in the area along Beck Brook near the South Peak area and in the woods at the upper end of Lot 2 for general public use. Although Mount Sunapee encourages a “pack it in, pack it out” approach to personal trash, trash cans are provided for use by the public in the picnic areas.

***** Restrooms are available in the Spruce Lodge for picnic groups and the general public.**

The Sunapee Lodge facilities may not be open to the general public depending upon operating

schedules. The Summit Lodge is not scheduled to be open in the summer months, including for use of the facilities, except when the Summit chair lift is operating for the public.

Parking - Free parking is available for visitors to use the grounds for the above activities.

Hunting & Trapping – Mount Sunapee reserves the right to prohibit all hunting and all shooting activities of any type within ski area boundaries.

Prior to the ski area opening to the general public for ski operations in November, Mount Sunapee may permit hunting and trapping within the lease area boundaries in accordance with New Hampshire Fish & Game Laws, Rules and Regulations.

Recreational shooting is not permitted within the lease area at any time.

MOUNT SUNAPEE OPERATES THE FOLLOWING FEE PAID RECREATIONAL ACTIVITIES IN THE SUMMER AND FALL:

Sky Rides – Mount Sunapee will offer scenic chair lift rides to the summit on the Sunapee Express chair lift on selected summer weekends and selected fall foliage weekends. The lift may also operate during certain special events. A lift ticket will be required to ride the lift. Mount Sunapee does not offer mountain biking or mountain bike trails on the mountain.

Sky Rides - schedule of operations:

Lions Club Car Show	June 26	10:00 a.m. – 4:30p.m.
Summer weekend	July 30-31	10:00 a.m. - 4:30 p.m.
Craftsmen’s Fair	August 6 – August 14	10:00 a.m. - 4:30 p.m.
Fall weekends	Oct 1-2, 8-10, 15-16	10:00 a.m. - 4:30 p.m.

Special events & functions dates as booked times as scheduled

Note: Chair lift operations and outdoor activities may be suspended or closed due to adverse weather conditions such as high winds, heavy fog, rain, thunderstorms, or unusually hot temperatures, etc.

Food & Beverage Services – Food and beverage services may operate in the Sunapee Lodge, the Spruce Lodge, or the Summit Lodge during scheduled summer chair lift operations or for special events and banquets & receptions as scheduled.

Retail Ski Shop – The retail shop in the Sunapee Lodge may operate in the summer and fall to provide accessories, light apparel and ski season closeout sales.

Outdoor Concerts – Mount Sunapee may offer classical, jazz, pop, rock or folk outdoor concerts in the late afternoon or early evening hours during the summer and fall. An admission fee may be charged for these concerts.

Banquets & Receptions - Facilities are available for catered private functions such as banquets, receptions, reunions, and special events, etc., from 8:00am until 12:00am daily during the non-ski season. Wedding receptions and banquets are booked for most weekends. Fees are charged for the building rental and for food and beverage services rendered.

*** During private functions the base lodge(s) may be closed to the general public.

Shows, Fairs and Events – Several shows, fairs and events may be scheduled at Mount Sunapee including, but not limited to, the following and their tentative dates:

- 1.) Sunapee Lions Club / Antique Car Show June 26, 2011
- 2.) League of New Hampshire Craftsmen's Fair August 6-14, 2011

Winter Activities

ALPINE SKIING & SNOWBOARDING

The principal winter recreational activity at Mount Sunapee is alpine skiing and snowboarding, and those ancillary skiing services associated with alpine ski area operations.

All users of the ski area lifts and/or ski area slopes and trails will be required to purchase either a daily lift ticket or a season pass in order to use either the ski lifts or the ski trails.

Mount Sunapee offers downhill skiing and snowboarding on a variety of ski slopes and trails for all ability levels and interests. Additionally, Mount Sunapee also offers skiing in designated wooded areas or “glades” between certain ski trails.

Mount Sunapee also builds and maintains several terrain parks that contain jumps, rails, and snow features for all ability levels of snowboarders and skiers.

In addition to the designated ski trails and “glades” on the Mount Sunapee Trail Map which are routinely skied and maintained by the ski patrol and mountain operations staff, Mount Sunapee allows “boundary to boundary” skiing within the wooded areas inside the perimeter ski trails when snow conditions permit. Mount Sunapee does not patrol or maintain areas not designated as a ski trail or designated as a glades area on its Trail Map.

Any individual skiing or snowboarding in any area that is not a designated ski trail or glades area on the Mount Sunapee trail map does so solely at their own risk with the understanding that these areas are neither maintained nor patrolled by Mount Sunapee. They may be responsible for the cost of rescue if injured or lost in these areas.

Skiers and snowboarders will not be permitted to hike uphill on any of the ski slopes or trails in order to ski or snowboard downhill on the ski trails regardless of whether they have purchased a lift ticket or season pass. This policy is for the safety of all guests.

Additional skiing services include the ski school, children’s ski school, childcare, ski and snowboard rental and repair shop, ski retail shops, food and beverage operations, alpine ski racing and freestyle programs and photography services.

WINTER OPERATING SCHEDULE

Mount Sunapee is open for alpine skiing and snowboarding seven days a week from the opening day of the ski season until the closing day of the ski season unless weather conditions force the mountain to be closed temporarily.

With favorable weather conditions for snowmaking and opening the ski area, Mount Sunapee plans to open for the winter ski season on or before November 25, 2011, the Friday following Thanksgiving Day, and plans to remain open through Sunday, April 8, 2012, or longer, weather permitting.

Because of the weather dependent nature of the ski business these dates are subject to change including: opening sooner or later and closing sooner or later, or both, without notice. In general, Mount Sunapee historically opens as soon as possible following Thanksgiving Day, and stays open as long as feasible into early, mid or late April.

<u>LEASE YEAR</u>	<u>SKI SEASON</u>	<u>OPENING DATE</u>	<u>CLOSING DATE</u>	<u>DAYS OPEN</u>	<u>SKIER VISITS</u>
1	1998-1999	December 11	April 11	122	165,000
2	1999-2000	November 25	April 02	133	189,000
3	2000-2001	November 23	April 22	151	258,000
4	2001-2002	December 10	April 07	122	231,000
5	2002-2003	November 29	April 13	136	272,000
6	2003-2004	December 04	April 11	130	229,000
7	2004-2005	December 05	April 10	127	257,000
8	2005-2006	November 25	April 03	130	234,000
9	2006-2007	December 06	April 22	137	230,000
10	2007-2008	November 23	April 20	150	280,000
11	2008-2009	November 28	April 05	124	273,000
12	2009-2010	December 08	April 08	122	265,000
13	2010-2011	November 30	April 10	132	288,000

Operating hours for the ski lifts during the ski season are generally from 9:00am to 4:00pm midweek, Monday through Friday, and from 8:00am to 4:00pm on weekends and holidays. Lodges generally open one hour prior to the opening of the lifts each day.

Dogs are not permitted at the ski area from the opening day through the closing day of the ski season for the safety and convenience of all guests.

A variety of special events are held throughout the ski season promoting skiing and snowboarding at Mount Sunapee. Some of the more renowned events include the Slush Cup and the Cardboard Sled Race in April.

Après-ski entertainment is offered in Goosefeathers Pub on weekends & holidays.

Goosefeathers Pub is open from 11:00am to 6:00pm, or earlier or later for functions.

SNOWSHOE TRAILS

In addition to alpine skiing and snowboarding, designated snowshoe trails may be available to the public.

The snowshoe trails are not maintained and are dependent upon natural snow conditions. The user of the snowshoe trails assumes all risk and responsibility for usage of the snowshoe trails.

A lift ticket is not required to use the snowshoe trails and there is no fee for using the snowshoe trails.

Snowshoes are not permitted on any ski trails at any time unless specifically permitted and approved by Mount Sunapee management.

NEHSA

The New England Handicapped Sports Association (NEHSA) is based at Mount Sunapee, and begins their ski instruction and skiing assistance programs for adaptive skiers in early December and continues into late March or early April.

NEHSA is an independent organization and has a lease agreement with the Department of Resources and Economic Development.

Mount Sunapee provides the NEHSA organization with lift tickets and season passes for their volunteers, and electricity, water and wastewater disposal for their building.

NEHSA provides approximately 1,000 ski lessons per year for adaptive skiers.

SECTION B SKI LIFT OPERATIONS

Mount Sunapee operates chair lifts and surface tows for winter alpine skiing and snowboarding in accordance with the American National Standards Institute (ANSI) – B77.1 National Code for Aerial Tramways, and the State of New Hampshire Department of Safety – Tramway Division - Rules and Regulations.

Supervision of lift operations and lift maintenance at Mount Sunapee is performed by experienced, qualified, full-time year round personnel.

Mount Sunapee currently operates six (6) aerial chair lifts and five (5) surface lifts. In the summer of 2010, a new moving carpet lift was added at the South Peak novice area.

<u>Aerial chair lifts</u>	<u>speed / design capacity</u>	<u>manufacturer</u>	<u>installation</u>
1.) Sunapee Express	1,100 fpm / 2,650 pph	Poma of America	1998
2.) Sun Bowl Quad	500 fpm / 2,400 pph	Poma of America	1998
3.) Clipper Ship Quad	425 fpm / 2,200 pph	Poma of America	2000
4.) North Peak Triple	450 fpm / 1,800 pph	Doppelmayr USA	1987
5.) Spruce Triple	425 fpm / 1,800 pph	Doppelmayr USA	1985
6.) Duckling Double	390 fpm / 900 pph	Roebing	1962

Surface lifts:

1.) Piggy Back Tow	Borer	1994
2.) Rope Tow Tow	Bruckschlogl	1996
3.) Little Carpet – 90’ moving carpet	Bruckschlogl	2000
4.) Flying Carpet – 340’ moving carpet	Bruckschlogl	2002
5.) Middle Carpet - 130’ moving carpet	Bruckschlogl	2010

Scheduled hours of operation for ski lifts:

Weekends & Holidays	8:00am - 4:00pm
Weekdays	9:00am - 4:00pm

Notes:

- 1.) Chair lift operations may be extended to 4:30pm on peak weekend days to alleviate traffic congestion by spreading out the exit time frame.
- 2.) Chair lift operations may begin prior to the regularly scheduled hours for private functions prior to general public opening at 8:00am or 9:00am.
- 3.) Adverse weather conditions, i.e., high winds, icing conditions, thunderstorms, etc. may affect chair lift operating schedules including delays and/or closures.
- 4.) Not all lifts are scheduled to operate seven days per week.

SECTION C SNOWMAKING and GROOMING OPERATIONS

SNOWMAKING OPERATIONS

Snowmaking operations are scheduled to begin in mid-to-late November 2011 or as soon thereafter as sufficiently cold temperatures occur which allow for productive snowmaking operations to begin. Snowmaking operations are planned for mid-November for Mount Sunapee to meet its goal of opening for the Thanksgiving weekend each year.

Snowmaking operations usually begin with nighttime operations in mid-November, and expand into around-the-clock snowmaking operations as temperatures become sufficiently cold during the day to rapidly expand snow coverage on the ski trails.

Snowmaking operations generally take place during the months of November, December, January, February and March, and have averaged approximately 706 hours per season over the past five (5) years. Snowmaking operated for approximately 777 hours during the 2010-2011 winter season.

GROOMING OPERATIONS

Snow grooming operations begin immediately after the start of snowmaking operations and prior to the opening day of the ski season. Grooming operations generally continue on a daily basis until the last day of the ski season.

Most ski trails are generally groomed every night although adverse weather conditions may affect grooming schedules. Some trails, i.e., ski trails with moguls such as Upper Flying Goose and Lift Line, and certain natural snow trails may not be groomed nightly or may not be groomed at all. Some normally groomed ski trails may not be groomed when natural snowfall allows for “powder” skiing days on certain advanced ski trails.

Snow grooming operations are generally performed between 4:30pm and 8:00am (during non-skiing hours) or on closed trails when grooming operations are necessary during the operating day.

Due to grooming operations being in progress at night, Mount Sunapee does not permit hiking on the mountain at night during the winter.

Mount Sunapee operates a fleet of five (5) Prinoth 350 snow grooming vehicles for ski trail grooming. Each grooming vehicle is usually operated for two shifts per night in peak season. The first shift grooms from 4:00pm to 12:00am, and the second shift grooms from 12:00am to 8:00am.

SECTION D SKI SUPPORT SERVICES

- 1.) **SKI SCHOOL** - Mount Sunapee offers a full service ski school operating daily from opening day until approximately April 1st when it closes for the season. The ski school is staffed by many PSIA certified directors, supervisors and instructors offering instruction to skiers and snowboarders of all ages and abilities including young children. Special package programs provide both the beginner and the experienced skier or snowboarder with lessons, rental equipment, and a lift ticket. Package prices will vary depending on the type and number of lessons. Guests may select a group lesson, a specialty clinic or a private lesson.

- 2.) **RENTAL AND REPAIR SHOP** - The ski and snowboard rental shop offers a large selection of current snowboards and shaped skis. The ski rental shop is open every day that Mount Sunapee is open for skiing and riding. Mount Sunapee maintains a current inventory of quality rental equipment with all rental equipment inventory replaced on a normal rotational basis every three to four years.

- 3.) **SKI PATROL** - The Mount Sunapee Ski Patrol consists of a paid, full-time, professional core of supervisors and patrollers supplemented by paid part-time weekend patrollers, and part-time weekend volunteer patrollers. Ski Patrol members are expected to meet, as a minimum, the Outdoor Emergency Care requirements as administered by the National Ski Patrol. The OEC certification is the equivalent of a basic EMT certification. A 2-day refresher clinic is held the first week of November, and all Ski Patrol members and candidates are expected to attend. Currently, five (5) medical doctors serve as advisors to the Mount Sunapee Ski Patrol. Newport Ambulance provides Mount Sunapee with on-call ambulance transportation service to New London Hospital.

- 4.) **RETAIL SKI SHOPS** – Mount Sunapee operates a retail ski shop in both the Sunapee Lodge and the Spruce Lodge. The Sunapee Lodge Ski Shop offers the latest ski and snowboard apparel in addition to accessory items. The Sunapee Lodge Ski Shop is generally open whenever the Sunapee Lodge is open during winter operations. The Spruce Lodge Ski Shop has reduced hours during early season and late season.

- 5.) **FOOD & BEVERAGE SERVICES** – Generally, all Food & Beverage operations are operated by Mount Sunapee management and staff, and are not operated by outside vendors or concessionaires. Food & Beverage services are located in the Sunapee Lodge, the Spruce Lodge, Goosefeathers Pub, and the Summit Lodge.

Food & Beverage services generally operate seven days a week during the ski

season from opening day through closing day although in the early and late season only one Food & Beverage outlet may be in operation based on business volume.

Very few evening functions are booked by the Mount Sunapee Food & Beverage staff during the winter season. Due to the demands of running a seven-day a week ski area operation in 3 lodges, Mount Sunapee generally will not accept winter bookings for Food & Beverage events from December 10 to April 20 each year.

At all times, summer or winter, Mount Sunapee reserves the right to deny any group or organization the use of Mount Sunapee facilities.

Mount Sunapee does not permit the use of outside food caterers to serve food or provide their own catering services in any of our licensed food establishments.

- 6.) **ENTERTAINMENT** - During the winter ski season, après-ski entertainment is offered on weekends and holidays in the Goosefeathers Pub of the Spruce Lodge. Beer, wine and spirits are served in Goosefeathers Pub to adults ages 21 and older.
- 7.) **ALPINE RACING PROGRAM** – Competitive training programs for youths, ages 5-18, offer season long instruction in alpine ski racing, freestyle skiing and snowboarding.
- 8.) **PARKING OPERATIONS** - Parking operations at Mount Sunapee are under the supervision of full-time year round staff at Mount Sunapee with part-time seasonal attendants assisting.
- 9.) **SHUTTLE SERVICES** - Mount Sunapee operates eight (8) shuttle buses which are converted school buses to give skiers courtesy rides from Lot 3 to the two base area lodges. Also, two (2) one-ton trucks with open air, passenger-standing shuttle bodies transport skiers from the Spruce Lodge area and the Spruce Lodge Ski Rental shop to the South Peak novice slopes and the Sunapee Lodge.
- 10.) **PHOTOGRAPHY SERVICES** - Mount Sunapee may contract with a third party photography service annually to provide photography services for our skiing and snowboarding guests. There was no contract photo service in 2010-2011.

Mount Sunapee does not allow any independent operators, agents, groups or individuals to provide services for hire on the Mount Sunapee Resort premises without written approval or contractual agreements from Mount Sunapee Resort management. This includes, but is not limited to, independent ski instructors, race coaches, photographers, food vendors, rental companies, ski tuners, transportation services, retailers, real estate agents, fundraisers, etc.

SECTION E MAINTENANCE PROCEDURES

Maintenance operations are generally divided into five (5) departments to supervise and perform the required maintenance tasks at Mount Sunapee. Even though these specific departments exist, due to Mount Sunapee's small size there is considerable teamwork and cooperation working together among the maintenance departments.

Buildings and Grounds – The maintenance of the buildings and lodges at Mount Sunapee are under the supervision of full-time year round manager who performs regular inspections of all facilities. Custodial and cleaning operations are performed daily. Building repairs and maintenance work is performed as needed.

Security operations are under the direction of the Base Operations Manager and the Buildings & Grounds Supervisor. Summer lawn mowing in the base area is under the supervision of the Buildings & Grounds Supervisor.

Vehicle Maintenance - The Vehicle Maintenance Supervisor is responsible for the service and maintenance of all vehicles at Mount Sunapee. Daily and/or weekly inspections are performed, and repair work is performed as needed. The track vehicle fleet including snow grooming vehicles and construction equipment is also maintained under the direction of the Vehicle Maintenance Supervisor.

Lift Maintenance – The Lift Maintenance Supervisor is responsible for the maintenance and operational readiness of the six (6) chair lifts and five (5) surface lifts at Mount Sunapee. Major service and maintenance is performed on each lift during the off-season to have the lifts ready for the next ski season.

During the ski season, lifts are inspected daily and are ridden by maintenance staff to observe the alignment of the sheave trains and haul rope. Winter maintenance tasks are performed as required by the Lift Manufacturers' Service Manuals and by ANSI B77.1 code.

Trail Maintenance – Ski trail maintenance is performed during the ski season and the off-season under the direction of the Mountain Manager, the Ski Patrol Director and the Grooming Supervisor. In-season trail maintenance work generally includes snow grooming operations and slope safety inspections.

Off-season work includes erosion control, water bar repairs, seeding & mulching, trimming sapling growth back on trail edges, mowing trails and general preparations for the next ski season.

Snowmaking Maintenance - Snowmaking maintenance during the ski season and the off-season are under the supervision of the Snowmaking Supervisor.

Maintenance Best Management Practices – Best management practices in Mount Sunapee’s maintenance operations have been implemented for many years. We constantly strive to evolve and improve our best management practices.

Many of these best management practices have been adopted from the Federal EPA and/or NH-DES best management practices guidelines. Some of our many BMPs are listed below.

The sand/salt mixture for sanding roads and parking lots in the winter is stored in an enclosed three-sided building with a concrete floor. Any spillage during unloading or loading operations is scooped up and returned to the sand pile inside the enclosed building.

In the vehicle maintenance shop, all wash water from the floor drains goes through two separation chambers, a solids separator and an oils separator, before being piped into the waste water lagoons. The separation chambers are pumped twice annually by professional firms that are licensed for the proper disposal of such refuse.

In the vehicle maintenance shop, all oils, lubricants and solvents are stored indoors year-round. All parts washing basins that are solvent based are internally re-circulating fluid devices with no solvents released from the closed system.

Procedures are in place advising the maintenance staff about the proper use of solvents.

Fuel storage tanks have electronic monitoring systems and are manually monitored by Mount Sunapee staff.

As a standard best management practice, any vehicle or piece of equipment that shows any sign of a fluid leak is immediately removed from service and the leak is repaired.

Most waste oils and fluids such as anti-freeze are stored indoors in 55 gallon drums until picked up by licensed professional firms for proper disposal. There is one 275 gallon outside waste oil tank. This tank is not filled outdoors, but has its inlet pipe coming from inside the maintenance shop. Waste oils and waste fluids are disposed of promptly when the designated container is 80% full.

Mount Sunapee has invested in emergency spill containment kits and has developed spill response procedures. Staff are trained in the procedures to immediately deal with spills. Each building has its own dedicated yellow 55 gallon emergency spill containment kit.

The emergency spill kits consist of booms to encircle and contain the spill zone and absorbent material designed specifically to absorb the spilled fluid. After usage, the contaminated materials are disposed of in the 55 gallon container, and the container is picked up by a professional firm licensed for the proper disposal of such refuse.

All paints and solvents are stored indoors. All empty containers are picked up by a professional firm licensed for proper disposal each fall following the summer maintenance season.

Used tires and used batteries are stored indoors for very brief periods of time until picked up by licensed professional firms for prompt, proper disposal.

All agricultural products such as hay, seed and fertilizer are stored indoors year-round.

Very few pesticides are used at Mount Sunapee and those that are used are stored indoors and are used according to the label instructions for approved uses. Mount Sunapee typically uses professional firms to spray building eaves for cluster flies and other pests annually.

Erosion control silt fencing and staked hay bales are used around the perimeter of any disturbed areas of soil during construction and/or maintenance operations.

Drainage ditches have stone check dams to reduce the velocity of storm water run-off and to create sediment settling areas. These check dams are regularly cleaned and maintained.

Level spreaders and swales are also used to reduce storm water run-off and to create sediment settling areas. These areas are regularly cleaned and maintained.

On the wastewater lagoons, regular mowing is done on the berms and sides of the dams to prevent sapling root growth into the banks of the dams.

MSDS data sheets are maintained for all chemicals used at Mount Sunapee, and all staff receive orientation training on the availability of MSDS information.

SECTION F SECURITY PROCEDURES

Mount Sunapee maintains a staffing schedule to provide a general presence and surveillance on the facilities during the ski season and during the off-season.

Mount Sunapee works closely with the Newbury Police Department to maintain a presence at Mount Sunapee during selected events. The Newbury Police Department also provides random drive through patrols of the premises.

Mount Sunapee has installed security cameras inside and outside of our base lodges and maintenance buildings to provide surveillance of the premises, internally and externally.

Mount Sunapee's security priorities are specified under the following headings:

Safety of our Guests – Mount Sunapee endeavors to provide a safe, secure and enjoyable environment for our guests. Operating procedures, project planning and staffing are performed in a manner to minimize threatening situations such as physical harm or theft of personal property or any other forms of endangerment to our guest.

Prevention of Theft of Equipment – Operational policies and staffing schedules are done so as to minimize theft of equipment and other personal items.

Prevention of Vandalism - A security program utilizing Mount Sunapee staff members and building security alarm/motion detection systems safeguard the buildings against off-hours vandalism.

Mount Sunapee has added security cameras as part of our security program, and will continue to add security cameras in the future.

Prosecution of Criminals – Individuals responsible for criminal acts at Mount Sunapee will be prosecuted as provided by New Hampshire law and Federal law.

SECTION G EMERGENCY OPERATING PLAN

The Emergency Action Plan for Mount Sunapee consists of plans for dealing with emergency events at the ski resort. In the event that an emergency situation requires the involvement of an outside agency, i.e., Local Police, State Police, Fire Department, Fish & Game Department, the General Manager and the appropriate Mount Sunapee employees will assist the outside agency in responding to the emergency situation.

While the plan is designed to be flexible and applicable to all major emergencies, the following procedures should be followed:

- Local Fire and Police Departments will be notified about any unusual situations at Mount Sunapee. There may be times when a call will be made to an outside agency to make them aware of a situation although not requiring immediate assistance.
- The following Mount Sunapee management team members will be contacted: President, General Manager, Director of Base Operations, Mountain Operations Manager, Marketing Director, and Building Maintenance Supervisor as required by the nature of the emergency situation.
- The emergency command post will be located in the administrative office unless otherwise designated.
- Only designated members of the management team will speak with the media.
- Mount Sunapee management has had several planning meetings with emergency management officials from the Town of Newbury in developing the Emergency Action Plan. The Town of Newbury, DRED and DES have copies of the plan.

SECTION H STATUS of SPECIAL USE PERMITS and LEASES

Mount Sunapee currently has four (4) Special Use Permits from the New Hampshire Department of Resources and Economic Development (DRED), and certain operating agreements and contracts with outside vendors and third parties as detailed below:

SPECIAL USE PERMITS

1.) Special Use Permit for use of the Sun Bowl access road

Purpose of Permit: Provide access to the base of the Sun Bowl area
Period of Use: June 1, 2009 to May 31, 2012

2.) Special Use Permit for access and use of storage area off the access road

Purpose of Permit: Provide access and use of the storage area
Period of Use: June 1, 2009 to May 31, 2012

3.) Special Use Permit for parking use of the State Beach parking lot in winter

Purpose of Permit: Staff parking and overflow parking for the resort
Period of Use: June 1, 2009 to May 31, 2012

4.) Special Use Permit for Mountain Bike Trail on Bowl Road

Purpose of Permit: Mountain Bike Trail on Bowl Road
Period of Use: June 1, 2009 to May 31, 2012

LEASES, CONTRACTS and AGREEMENTS

- 1.) **League of New Hampshire Craftsmen** – The League of NH Craftsmen has an annual contract / lease agreement with Mount Sunapee to operate the annual Craftsmen’s Fair which always opens on the first Saturday in August and runs for nine (9) days.

Fair setup activities on the grounds of Mount Sunapee generally begin during the third week of July to prepare for the Fair opening in early August. The Craftsmen’s Fair is scheduled for August 6, 2011 through August 14, 2011 this year.

- 2.) **On-Mountain Photography** – Mount Sunapee may enter into an annual contract and lease agreement with a service provider/concessionaire for space to operate a photography service at Mount Sunapee Resort during the winter ski season.
- 3.) **Resort Real Estate Sales** – Mount Sunapee may enter into an annual contract and lease agreement with an outside company to provide real estate marketing and sales services at Mount Sunapee Resort during the winter ski season.

SECTION I MARKETING and ADVERTISING

Mount Sunapee's marketing, advertising and sales are under the direction of a full-time year round Director of Marketing & Sales. The Director of Marketing & Sales is responsible for positioning Mount Sunapee in the New Hampshire and New England ski industry.

Mount Sunapee will be prepared to host 280,000 to 290,000 skier visits during the 2011-2012 ski season. Mount Sunapee has averaged 276,000 skier visits during the past four (4) ski seasons. Skier visits totaled 288,000 visitors during the 2010-2011 ski season.

MARKETING

Mount Sunapee is positioned as a "big mountain, family resort, close to home" with emphasis on providing consistently superior snow surface conditions, excellent guest services and excellent learn-to- ski programs.

ADVERTISING

Mount Sunapee develops and produces collateral pieces including a brochure, a group sales planner, a trail map, a ski school brochure, a magazine and other collateral materials. Mount Sunapee uses newspaper, Internet, radio, television and billboard advertising media to promote skiing and snowboarding at Mount Sunapee.

SALES

In addition to the Director of Marketing, Mount Sunapee has a full-time, year round Sales & Events Manager to book group business during the ski season and the off-season months.

PROMOTIONS & EVENTS

Mount Sunapee schedules promotions and events throughout the ski season. Some of the more popular events are the "Slush Cup" and the "Cardboard Sled Race" in late March and early April of each year.

TICKET PROGRAMS

Mount Sunapee offers many diverse ticket programs and packages including season passes, daily lift tickets, multi-day lift tickets, learn-to-ski packages, group sales programs,

corporate ticket programs and special promotional ticket programs.

SECTION J ENVIRONMENTAL MANAGEMENT PROGRAM

Mount Sunapee presented its Environmental Management Plan as a required part of both of its Five-Year Master Development Plans. In this Annual Operating Plan, the areas of the Environmental Management Program that are discussed below are relative to the major resources utilized at Mount Sunapee or to the improvements planned in the current Annual Operating Plan for this summer.

A.) WATER USAGE AND CONSERVATION

Snowmaking – Mount Sunapee is permitted by the New Hampshire – Department of Environmental Services to withdraw up to 258 million gallons of water from Lake Sunapee for snowmaking purposes during the winter season. Water withdrawals during the 2010-2011 winter season were approximately 160 million gallons. The average over the last five (5) years is 150 million gallons annually.

Water conservation – Annual water conservation measures (such as low flush toilets) undertaken by Mount Sunapee since 1999 have been effective in reducing wastewater levels in the lagoons despite increased business volume.

In the summer of 2003, Mount Sunapee completed a phased renovation of the restrooms in the Spruce Lodge adding new single faucet, low-flow water fixtures.

In the summer of 2004, Mount Sunapee completed a project that reduced storm water run-off infiltration into the lagoons.

B.) SEPTAGE DISPOSAL/TREATMENT

Mount Sunapee operates a lagoon and spray field waste treatment system under the rules and regulations of the NH - Department of Environmental Services.

On March 6, 2008, Mount Sunapee submitted its application the NH – Department of Environmental Services for the renewal of its 5-year permit to operate the lagoons and spray fields. The permit was renewed and is valid until May 2013.

Mount Sunapee will begin an engineering assessment and DES permit application for an expansion of the spray fields to have additional acreage to spray treated effluent during the summer months. The additional acreage is needed to provide more capacity for spraying during the summer months in order to assure that the lagoons are completely emptied by late-October of each year.

Septic tanks are generally pumped (septage) two (2) times per year by licensed NH haulers to treatment plants. They are pumped prior to the ski season, and once during the ski season.

Wastewater from the septic tanks flows to the lagoon system for settling, and is then pumped to a spray irrigation field in the woods above the lagoons for final polishing in the soil column.

In the summer of 2000, Mount Sunapee rebuilt the existing spray field pipelines, and installed metering to monitor the output of the spray field system.

Since the implementation of water conservation measures at Mount Sunapee in 1999, the total gallons of wastewater input into the lagoons has remained relatively constant despite the increase in skier visits during the past three years.

In the summer of 2006, Mount Sunapee Resort rebuilt the septic fields serving the summit lodge using the Presby Environmental System.

C.) DRAINAGE, EROSION AND WATER QUALITY ISSUES

Mount Sunapee will also utilize the Stormwater Management and Erosion and Control Handbook for Urban and Developing Areas in New Hampshire, published by the Rockingham County Conservation District for the NH-Department of Environmental Services in August 1992 for Best Management Practices for soil stabilization and erosion control practices.

Many erosion control buffers, swales, stone check dams and level spreaders are in place around to reduce the velocity of storm water run-off to maintain water quality.

Sand from winter sanding operations is cleaned up in April each spring by a machine designed for sweeping up sand from the parking lots and roadways. This best management practice is to prevent very fine sand particles from being washed into the brooks flowing from Mount Sunapee during spring storm water run-off.

Mount Sunapee also uses many Best Management Practices in its maintenance operations to maintain the water quality in the streams flowing from the mountain.

In the vehicle maintenance shop, all wash water from the floor drains goes into two separation chambers, a solids separator and an oils separator, before being piped into the waste water lagoons. The separation chambers are pumped twice annually by licensed professional firms for proper disposal of the refuse. These best practices have adapted from the EPA best practices guidelines for water quality.

D.) SOLID WASTE DISPOSAL

Purchasing discretion is used to reduce solid waste by avoiding or minimizing the use of certain packaging such as styrofoam and other products to minimize waste.

Recycling efforts have increased each year at Mount Sunapee since 1998. Glass recycling of glass bottle has been a standard practice since 2006-2007.

Mount Sunapee currently recycles glass, light bulbs, cardboard, and metals.

For the 2009-2010 season, Mount Sunapee entered into a contract with our solid waste carrier to provide single-stream recycling at Mount Sunapee. We continue to research opportunities to expand our recycling program where feasible.

Recycled glass, plastic and aluminum tonnage was up approximately 300% in 2010-2011 over the previous year. Trash tonnage was down due to the quantity of material recycled.

E.) AIR QUALITY AND TRAFFIC CONGESTION MITIGATION

Mount Sunapee has an Air Quality permit to operate four (4) stationary diesel air compressors in snowmaking, and four (4) diesel emergency engines in chair lifts by the NH - Department of Environmental Services. Mount Sunapee operates these diesel engines in compliance with State and Federal NOx emission regulations.

Mount Sunapee used the State Beach for overflow parking on eleven (11) days during the 2010-2011 ski season. The overflow parking days generally coincided with the usual peak holiday periods of the winter season: December 29 - January 1; January 15-16; January 29-30; February 5, 19 and 20.

Mount Sunapee works with the Town of Newbury Chief of Police on anticipated peak traffic days during the winter season.

F.) FORESTRY MANAGEMENT

The forested lands within the Mount Sunapee lease are not actively managed for timber harvesting or silviculture.

G.) WETLANDS IMPACTS

Wetlands at Mount Sunapee are regulated by Local, State and Federal rules, and Mount Sunapee complies with these rules and regulations in all proposed projects.

H.) WILDLIFE HABITAT PRESERVATION

Per 1986 NH Fish and Game Department mapping, no critical wildlife habitat areas were identified within the lease area. Improvements proposed in the current Annual Operating Plan would not affect critical wildlife habitat.

I.) SCENIC AND AESTHETIC QUALITIES

The Annual Operating Plan 2011-2012 preserves the scenic and aesthetic qualities of Mount Sunapee by maintaining the general pedestrian nature of the area in the summer recreational activities, and by carefully making improvements for the alpine skiing experience in winter recreational activities.

The recreational activities in the Annual Operating Plan are generally consistent with the recreational activities offered at Mount Sunapee prior to the Lease & Operating Agreement of April 1998.

J.) RARE PLANT RESOURCES

The NH Natural Heritage Inventory has identified a population of a threatened orchid, bog twayblade (*Liparis loeselii*), existing on the Duckling (Jet Stream) ski slope that is apparently perpetuated “in part by management of the open ski run.”

The work proposed in this Annual Operating Plan would not affect this plant population. Mount Sunapee will protect the population by mowing the trail after mid-August allowing time for flowering and seed dispersal.

K.) ARCHAEOLOGICAL / HISTORICAL RESOURCES

No archeological or significant historical resources have been identified within the lease area.

L.) ENERGY CONSERVATION and MANAGEMENT

a.) Bio-diesel fuels

In the fall of 2007, Mount Sunapee changed fuel providers and began using bio-diesel fuel blends from Evans Fuel Company in its operations.

Due to supply and pricing issues, Mount Sunapee did not use a bio-diesel B-5 blend in the snow grooming fleet, the shuttle bus fleet, the heavy equipment and the diesel air compressors this year. A bio-diesel B-5 blend was used in the #2

heating oil supplied for use in the base lodges heating oil systems.

In accordance with Federal EPA regulations, all diesel fuel is an ultra-low sulfur formation with less than 15ppm sulfur content.

b.) Electrical Energy Efficiencies

Mount Sunapee completed the replacement of older fluorescent lighting ballasts with newer, energy efficient ballasts throughout the business in both public and non-public buildings. All new construction has energy efficient fluorescent lighting installed during construction.

In the summer of 2007, Mount Sunapee purchased the latest technology in energy efficient snow guns. Eighteen (18) new HKD SV-10 snow guns were added which are operate more efficiently at higher temperatures than our current snow guns.

In the summer of 2008, Mount Sunapee purchased an additional thirty (30) new HKD SV-10 energy efficient snow guns.

In the summer of 2009, Mount Sunapee purchased an additional ten (10) HKD SV-10 energy efficient snow guns, and one (1) TechnoAlpin tower mounted fan gun.

Electrical usage increased in 2010-2011 for snowmaking due to December 2010 temperatures being less efficient snowmaking temperatures than in previous years, and due to the retiring of one diesel air compressor in snowmaking which increased electrical usage. The diesel air compressor was replaced by two electrical powered snowmaking fan-guns.

c.) Demand Response Program

In 2006, Mount Sunapee enrolled in the ISO-New England “Emergency Demand Response Program”. This program is designed to quickly reduce the electrical load on the New England electrical grid by asking for voluntary cooperation from businesses to quickly reduce their load in the event of a region-wide electrical emergency situation.

Mount Sunapee has agreed to shed 100% of its snowmaking load within 30 minutes should ISO-New England call an emergency during December and January.

M.) STORM WATER POLLUTION PREVENTION PLAN

Mount Sunapee has an internal Storm Water Pollution Prevention Plan for storm water pollution prevention measures and to use as a basis for improving best management practices. A Multi-Sector General Permit is not required by the

Environmental Protection Agency for ski areas which are classified under the SIC 7011 code.

SECTION K SIGNAGE

Mount Sunapee believes that high quality, effective signage is important and continues to maintain and upgrade its resort signage each year. Our signs are designed to be informational, simple and consistent in design.

Design changes to the Mount Sunapee State Park entrance sign were approved by the NH DRED - Division of Parks, and the Town of Newbury in December 1999.

Also in 1999, Mount Sunapee completed the replacement of all the existing ski trail signage on the mountain with new ski trail directional signs.

In 2000, Mount Sunapee replaced the existing chairlift signage at the base of each chairlift and improved signage on the buildings.

A “*Courtesy Counts*” safety and skier courtesy program was launched at Mount Sunapee for the 2000-2001 ski season, and signage was placed on the chairlift towers and in the lodges promoting the concept of courtesy and safety on the ski slopes. This program is updated each year.

In the summer of 2008, Mount Sunapee renovated the main, large entrance sign at the traffic circle.

In the summer of 2011, Mount Sunapee will continue its upgrades of the existing signage to provide better information and directions for traffic and skier flow around the resort.

SECTION L UTILITIES and ROADS

This section provides information on the parking areas, internal work roads, walkways, water supply and distribution, sewage disposal, electrical systems and telephone systems at Mount Sunapee. The following projects have been completed or are proposed:

- Phone System – A fiber optic cable was installed between the two base lodges in the fall of 2001, and from the Spruce Lodge to the maintenance shop. A new PBX phone system was installed at Mount Sunapee in 1998. A local area computer network was completed in 2000.

A new phone switch and telephone system was installed in October 2005.

Wireless service for personal computers and hand held computers was installed at Mount Sunapee in January 2006.

- Deep Well – Well testing was performed in 1999 to determine the capacity of the primary source of potable water for Mount Sunapee. The well has significant water capacity that will meet the needs of Mount Sunapee for the foreseeable future.
- Electrical Transformers – Mount Sunapee has its electrical transformers checked annually by TSI, Inc. for maintenance needs and to assure their operational reliability.
- Parking Areas – All parking lots receive annual maintenance in the form of snow removal, trash clean up, and sand removal in the spring and drainage maintenance.
- Sewage Disposal – Engineering consultation with Hoyle-Tanner Associates continues for monitoring the wastewater inflows into the lagoons and for assuring that the capability of the lagoons meets Mount Sunapee's needs.

Mount Sunapee will begin an engineering assessment and DES permit application for a small expansion of the spray fields to have additional acreage to spray treated effluent during the summer months. The additional acreage will provide more capacity for spraying during the summer months in order to assure that the lagoons are completely emptied by late October of each year.

This task was planned for last year, but was not completed and will be reviewed this year.

SECTION M IMPLEMENTATION of the MASTER DEVELOPMENT PLAN (MDP)

Mount Sunapee's first Five-Year Master Development Plan 2000-2004 was presented on January 25, 2000, and described capital improvements and plans for Mount Sunapee during the next five years.

Mount Sunapee's second Five-Year Master Development Plan 2005-2009 was presented on June 1, 2004, and described capital improvements and plans for Mount Sunapee for the next five to ten years.

Mount Sunapee's third Five-Year Master Development Plan 2009-2014 was presented on June 1, 2009, and described capital improvements and plans for Mount Sunapee for the next five to ten years.

This Annual Operating Plan 2011-2012 describes the MDP improvements proposed at Mount Sunapee for this year.

Mount Sunapee has invested over sixteen million in capital improvements during the first thirteen summers since July 1, 1998. This will be our fourteenth (14th) summer of capital improvements and capital maintenance projects at Mount Sunapee.

In the summer of 2011, new capital maintenance capital spending is estimated to be approximately four hundred seventy-five thousand dollars (\$475,000).

Most of capital maintenance spending planned for this summer will be to maintain the existing facilities, equipment and inventories.

Two notable capital projects planned for this summer include the installation of snowmaking on the Outer Ridge trail on the main mountain, and the installation of air-conditioning in the Sunapee Lodge for summer banquets and functions.

Some capital improvement projects planned for Mount Sunapee have been presented and approved by the New Hampshire Department of Resources and Economic Development in Mount Sunapee's previous Annual Operating Plans, but have not been started yet.

Due to financial constraints, on-going planning & permitting approval efforts, and/or time constraints some of the previously presented AOP projects have not been initiated to date. These previously approved projects will be carried over into future Annual Operating Plans.

Development of a summer recreational program at Mount Sunapee is a high priority, and internal planning efforts are on-going. We anticipate providing DRED with more

information on the summer projects we are planning in the near future.

Projects approved by the NH-Department of Resources and Economic Development in previous Annual Operating Plans:

1.) SKI TRAIL IMPROVEMENTS

- Construction of a new ski trail – between Upper Ridge & Blast-Off.
- Construction of a new ski trail – to the west of the Upper Ridge trail.
- Widen a section of Billy Goat trail (renamed Pipeline).

2.) SNOWMAKING IMPROVEMENTS

- Add snowmaking capability to new ski trails when constructed.
- Replace the existing South Peak snowmaking system on all trails.

3.) INFRASTRUCTURE IMPROVEMENTS

- Construct a new gravel parking lot #4 along the Access Road.

(None of the above previously approved projects will be undertaken in the summer of 2011 at Mount Sunapee Resort.)

Improvements planned in the 2011-2012 Annual Operating Plan:

1.) SKI TRAIL IMPROVEMENTS

- Create a gladed skiing area between Beck Brook and the lower section of the Upper Ridge trail.

2.) CHAIR LIFT IMPROVEMENTS

- Maintenance projects.

3.) BUILDING IMPROVEMENTS

- Installation of air-conditioning in the Sunapee Lodge.
- Painting of Sunapee Lodge
- Rebuild the deck and railings on the Summit Lodge.

4.) SNOWMAKING SYSTEM IMPROVEMENTS

- Install snowmaking pipe on the Outer Ridge trail.

5.) INFRASTRUCTURE IMPROVEMENTS

- Maintenance only.

6.) OTHER IMPROVEMENTS

- Kitchen equipment replacements and upgrades in the Sunapee Lodge, the Spruce Lodge and Goosefeathers Pub.