



MOUNT SUNAPEE STATE PARK SKI AREA LEASE INFORMATION SHEET



The State of New Hampshire, through its Department of Natural and Cultural Resources, has been and will remain the owner of Mount Sunapee State Park, including the ski area that is subject to the Lease and Operating Agreement.

The Proposed Transfer of the State's Lease and Operating Agreement

On June 4, 2018, VR NE Holdings, LLC ("Vail") announced that it had entered into an agreement to purchase Triple Peaks, LLC ("Triple Peaks"), from the Mueller family and its affiliated entities. The parties to this transaction have since provided further details to the State.

Background

In 1998, the State entered into a Lease and Operating Agreement (the "Lease") with Okemo Mountain, Inc., an entity controlled by the Mueller family. That Lease provides:

The Operator may assign, or otherwise transfer any interest in this Agreement with the prior written approval of the State. Services required under this Agreement may be delegated or subcontracted by the Operator with the prior written approval of the State. Such approval shall not be unreasonably withheld by the State. (1998 Lease and Operating Agreement, at paragraph 22)

There have been a series of transactions affecting the Lease since 1998, including the initial assignment of the lease to The Sunapee Difference, LLC ("TSD") on December 1, 1998. Since that time, TSD has been either the lease holder or the operator of the ski area, or both. As of 2016, TSD was the operator, under a sublease agreement with CLP Mount Sunapee, LLC ("CLP Mount Sunapee") who held the lease.

TSD is owned by Triple Peaks, LLC an entity that Vail plans to acquire as part of this transaction. If the lease is assigned to TSD, it would once again become both the leaseholder and operator at the ski area. Attached is a schematic depicting the proposed post-transaction operating structure.

The current term of the Lease runs through June 30, 2028, with two 10-year extension options, through June 30, 2038, and June 30, 2048.

The Proposed Transaction

The State understands that, as a condition of the sale of Triple Peaks to Vail, CLP Mount Sunapee will assign its interest as the tenant under the Lease to TSD and the sublease will be terminated. This assignment of the Lease will require approval by the State under paragraph 22 of the Lease.

In addition, all of the site improvements and personal property owned by CLP will be transferred to TSD. The State further understands that Vail will acquire all real estate owned by Sunapee Land Holdings, LLC, which is owned by the Mueller family. This real estate includes the so-called West

Bowl Expansion lands, which are referenced in the 2016 Lease amendment. Sunapee Land Holdings, LLC is a signatory to that amendment.

In sum, it is the State's understanding that, after the transaction is complete, TSD will be the tenant under the State Lease and will own the site improvements and personal property on the premises previously owned by CLP. It will also own the lands needed for the West Bowl Expansion. TSD will also be the operator of the Mount Sunapee Resort. Through its ownership of Triple Peaks, the TSD parent, Vail will be the new owner of TSD.

As part of the transfer, Vail will be responsible for complying with the current Five year Master Development Plan (MDP) 2016-2020 and Environmental Management Plan, dated December 1, 2015, and the current Annual Operating Plan 2018-2019, all of which were approved by the State.

The Process Going Forward

The approval under paragraph 22 of the Lease must be given by the Department of Natural and Cultural Resources, as successor to the Department of Resources and Economic Development. The DNCR and the Office of the Attorney General will work with the parties to the transaction to obtain and review carefully all information necessary, prior to any approval. That process has started and the parties, through their attorneys, have been cooperative.

In addition, the State has communicated to the parties the importance of transparency and public involvement with respect to this transaction. To that end, DNCR will be making information and documents available on its website (see URL below). In addition, the DNCR has scheduled a **public information session on Wednesday, July 25, 2018 at 6 p.m. at Sunapee Lodge, Mount Sunapee Resort located at Mount Sunapee State Park**, at which the details of the transaction will be presented by the parties to the transaction and the public will have an opportunity to be heard and to ask questions.

Deadline for Public Comments

The DNCR welcomes public comments pertaining to the proposed transfer of the Lease and Operating Agreement to Vail. Please provide your comments by 4 p.m., August 1, 2018, to:

Department of Natural and Cultural Resources
c/o Mount Sunapee Comments
172 Pembroke Road
Concord, NH 03301
MountSunapeeComments@dncr.nh.gov

For more information, see also:

<http://www.nhstateparks.org/about-us/commissions-and-committees/Mount-Sunapee-Advisory-Committee.aspx>

VAIL RESORTS, INC. – POST ACQUISITION OPERATING STRUCTURE - NH

VAIL RESORTS, INC.
(Delaware)
["VAIL"]

100%
Vail Holdings, Inc.
(Colorado)

100%
VR US Holdings, Inc.
(Delaware)
(Auth. in CO, MI, MN & VT)

VR NE
Holdings, LLC
(DE)
(To be Auth.
VT & NH)

Triple Peaks,
LLC
(CO)

Sunapee
Difference,
LLC
(NH)
["TSD"]

*Will Operate Sunapee
& Hold State Lease*