

Commissioner Sarah Stewart
Proposed assignment of the State's lease of a portion of Mount Sunapee State Park.
September 26, 2018

Decision

On April 30, 1998 the State of New Hampshire entered into a lease agreement with Okemo and the Muellers to operate Mount Sunapee Ski Area. The agreement was approved by the Governor and Executive Council on June 10, 1998.

This 20 year partnership has been a great success. Over 22 million dollars has been invested in capital improvements at Mount Sunapee since 1998 and over 8.5 million dollars in lease payments have been invested in Cannon Mountain Ski Area. The Muellers and their team have created one of the best ski areas in the east for snow grooming, snow quality, family programs and overall value and satisfaction has been consistently ranked in the top 20 overall since 2007.

On June 4, 2018 it was announced that there was a request to transfer the lease.

The approval of the Lease transfer must be given by the Department of Natural and Cultural Resources (DNCR), as successor to the Department of Resources and Economic Development.

The Lease, in paragraph 22 states that "The Operator may assign, or otherwise transfer any interest in this Agreement, with the prior written approval of the State...Such approval shall not be unreasonably withheld by the State."

The State, through the DNCR and the Office of the Attorney General has been reviewing the technical and financial capability of Vail to determine if the company is capable of performing in accordance with the lease terms, particularly as it relates to compliance with other ski area leases, and compliance with laws and regulations.

DNCR, along with the Attorney General's office, have worked with the parties to the transaction to obtain and review all information necessary prior to any approval. We have invested much time and energy into a thorough due diligence process. This process also incorporated public comments from the July 25th public information meeting here at Mount Sunapee and comments, concerns, and questions submitted to DNCR via email, mail, and telephone. Comments ranged from being specific to the transfer of the lease to much broader issues about Mount Sunapee State Park.

We took the time necessary to review and address all comments and concerns. These comments and our "Summary and Response" document is [available online](#).

Transparency, public involvement, and due diligence have been top priorities as we moved through this process. I would like to thank the many people and organizations who reached out to myself and DNCR to express their thoughts- a reflection of how

special this State Park truly is to so many people. I also appreciate the engagement of our Councilors.

Based on our findings I am pleased to announce that I have approved the transfer of the lease to the Sunapee Difference, LLC which will be a subsidiary of Vail Resorts.

Based on the financial review, technical assessment, feedback from other entities who have partnerships with Vail, several rounds of due diligence in order to complete a thorough analysis of many factors including safety, environmental performance, personnel, and their relationship with the United States Forest Service (dating back to 1962), we have come to the conclusion that New Hampshire can be confident that Vail is a great fit for our State.

As a result of this process there are also amendments to the lease that will need to go before the Governor and Executive Council.

The West Bowl amendment that was adopted in 2016 will need to go before the Governor and Executive Council in order to apply to the new lessee.

We also identified two improvements to the lease - adding change of control language which broadens the state's authority to approve the assignment or transfer of the lease, and updating the lease to include a reference to a Mount Sunapee Advisory Commission.

These amendments will be submitted to the Governor and Executive Council and will require their approval. We are very pleased that Vail has agreed to these proposed amendments and we will post them on our website for the public to see.

I would like to conclude by emphasizing my appreciation to the members of the public who have been engaged during this process. And my appreciation to the people at Vail who have made a commitment to work collaboratively with Mount Sunapee State Park and all of its New Hampshire partners. I look forward to building a strong partnership with Vail in order to fulfill our mission: *to provide New Hampshire's citizens and guests with outstanding recreational, educational, and inspirational experiences through the responsible management and cooperative stewardship of the state's natural, recreational, and cultural resources.*

Brief overview of the process we have gone through in order to make this decision with links to corresponding documents:

- On June 15, 2018 the Attorney General and Commissioner of DNCR issued a [Press Release](#) to share the details of the Mount Sunapee Lease Transfer
- On June 15, 2018 the Attorney General and Commissioner of DNCR sent a [letter to the Governor and Executive Council](#) to outline the structure of the transaction, its implications for the State's right to consent to transfer of the Lease and Operative Agreement, as well as to set forth the outline of a public process.

- On July 25th DNCR and AG hosted a Public Information Session at the Mount Sunapee Base Lodge. Vail made a presentation. The public shared comments, concerns and raised some questions.
- DNCR posted the [presentation](#) Vail made at the Public Information Meeting for those who could not attend to have access to it.
- Public comments were welcomed via email, snail mail and phone through August 8th.
- DNCR has posted the [Public Comments on the Proposed Lease Transfer to Vail](#) as a spreadsheet.
- DNCR has posted a [Summary and Response to Public Comments on Proposed Lease Transfer to Vail](#) which includes a letter from Pat Campbell, President, Mountain Division Vail Resorts, Vail's Request for Consent to Lease Assignment, Vail Resorts Post Acquisition Operating Structure, and Vail's Responses to Public Comments.
- AG's office initiated a final audit to review compliance with the lease terms.
- Vail's financial and technical capability was reviewed by DNCR and the AG's office.