

**ATTORNEY GENERAL  
DEPARTMENT OF JUSTICE**

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June 15, 2018

His Excellency, Governor Christopher T. Sununu  
and the Honorable Executive Council  
State House  
Concord, New Hampshire 03301

Governor Sununu and Members of the Council:

This letter follows up on the discussion at the June 6, 2018 Breakfast Meeting regarding the transaction involving the Mount Sunapee Resort. 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 us. We write to share our understanding of the basic structure of the transaction, its implications for the State's right to consent to transfer of the Lease and Operating Agreement, as well as to set forth the outline of a public process going forward.

**A. 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 assignment of the lease to The Sunapee Difference, LLC ("TSD") on December 1, 1998. As of 2016, the State was the owner and CLP Mount Sunapee, LLC ("CLP Mount

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and the Honorable Council  
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Sunapee”) was the tenant under the Lease. TSD was the operator, under a sublease agreement. TSD is owned by Triple Peaks. In 2017, the ownership interest in CLP Mount Sunapee was acquired by Och-Ziff Real Estate. Pursuant to paragraph 22 of the Lease, that transaction did not require state approval. 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.

**B. The Proposed Transaction.**

We understand 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. We further understand 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 our 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. Attached is a schematic depicting the post-transaction operating structure.

**C. 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. Our Departments 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, we have 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. In addition, it will schedule at least one public information session 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. We expect that Executive Councilors will want to participate in that session and we will work with you with respect to scheduling.

We will certainly keep you informed as this process unfolds.

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Respectfully submitted,



Gordon J. MacDonald  
Attorney General



Sarah Stewart  
Commissioner, DNCR

**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*