

PROJECT OBJECTIVES

APRIL 2013:

- Chart a Course for the Future of Diamond Peak
- Winter Experience Improvements
- Evaluate Summer Opportunities
- Ensure Projects Provide a Strong ROI
- Ensure Projects Fit within Community Character
- Continue or Improve Revenue Stream for IVGID without Need to Increase the Recreation Fee



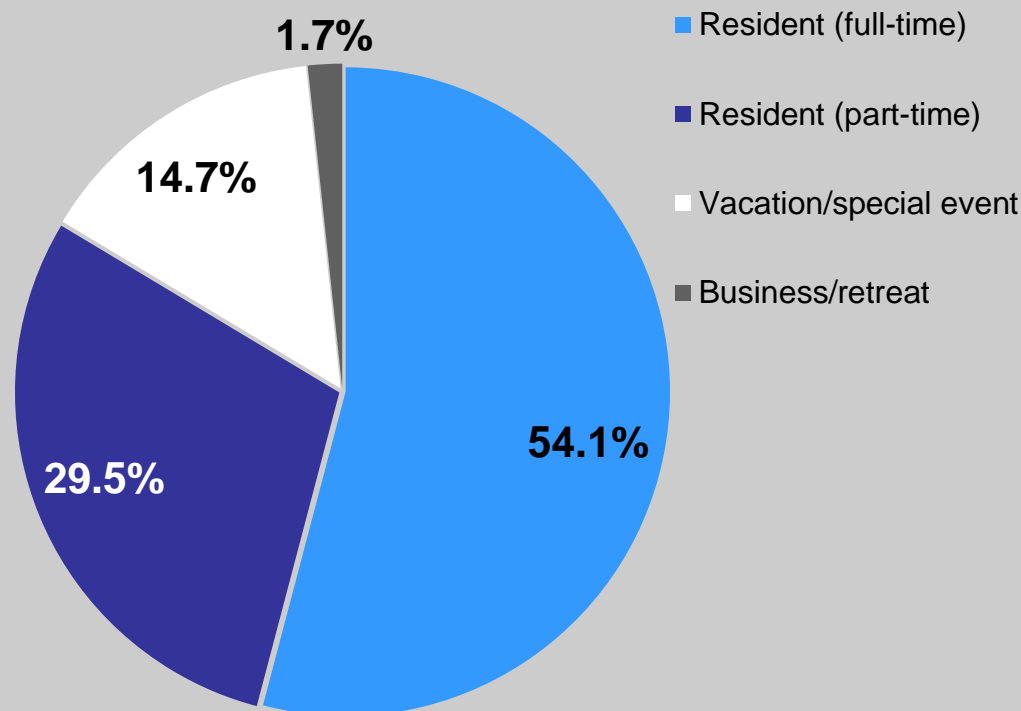
OPERATIONAL CONSIDERATIONS

- For the community!
 - An under-utilized IVGID asset 7 months of the year
- Reduce financial risk of poor winter business
 - Not be 100% dependent on winter ski operation
 - Summer weather is more reliable
 - Add revenue sources that also operate in winter (and offset poor snow years!)
- NO increase in Recreation Fees

COMMUNITY SURVEY

- Available on the website
- Emailed invitation through Diamond Peak list
- Advertised in the newspaper and PW newsletter
- Flyers distributed at the Rec Center

- 700+ took part in all or a portion of the survey
- 500+ completed it in its entirety



3. Community Input

COMMUNITY INPUT

CONCERNS

- **Crowds, noise, and traffic** congestion
- **Costs** of operation vs. revenue – do not pass on costs to the residents!
- Fire **safety**
- Increased liability and insurance costs
- **Conflicts** between bikers and hikers
- On-mountain **environmental impacts** (erosion from mountain biking)
- **Protect** the existing hiking
- There are **already enough** summer activities in the Tahoe basin
- IVGID already has a **Rec Center** – fitness programs should be there
- Want **expanded use but not intensive** use!
- Keep Diamond a **local** resort.
- Focus on mountain/forest type recreation NOT amusement park themes. Beauty and nature, NOT glitz and thrills. **Do not want Disney!**



3. Community Input

COMMUNITY INPUT

POSITIVE COMMENTS

- *Incline is a **family destination** and summer activities should be based on this.*
- ***Improving ski facilities should be secondary** until revenue can be earned all year.*
- *Need **more seating!***
- *Need to provide **accessible hang out areas** for the non-skiers.*
- *I would love to see **Snowflake open year round.***
- *Interested in **walking/hiking** the area with dogs **without going straight up.***
- *I see **nothing wrong with summer use** of the ski area.*
- *I say focus on a few things and do them really well and they will come in droves. I am super excited about the potential here and I see **summer being a better financial win** at Diamond Peak than winter ever will be.*
- *We would participate in all summer activities, frequently. **The more action, the better.***



3. Community Input

POSITIONING

A Community Resource First! The community:

- Is interested in recreation-based activities, particularly trail-based recreation and connecting to the larger regional trail networks (Rim/Flume trails);
- Recognize the beauty of the Snowflake Lodge location and support enhancement of the facility;
- Feel very strongly that the natural beauty is maintained, and the area not become a high-energy, amusement-oriented destination;
- Are concerned about traffic and noise issues
- Do not want to pay for additional facilities.

POSITIONING

Balance:

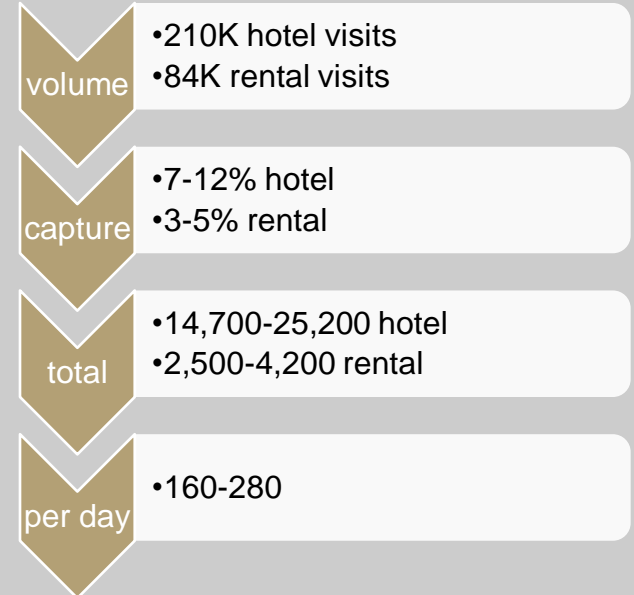
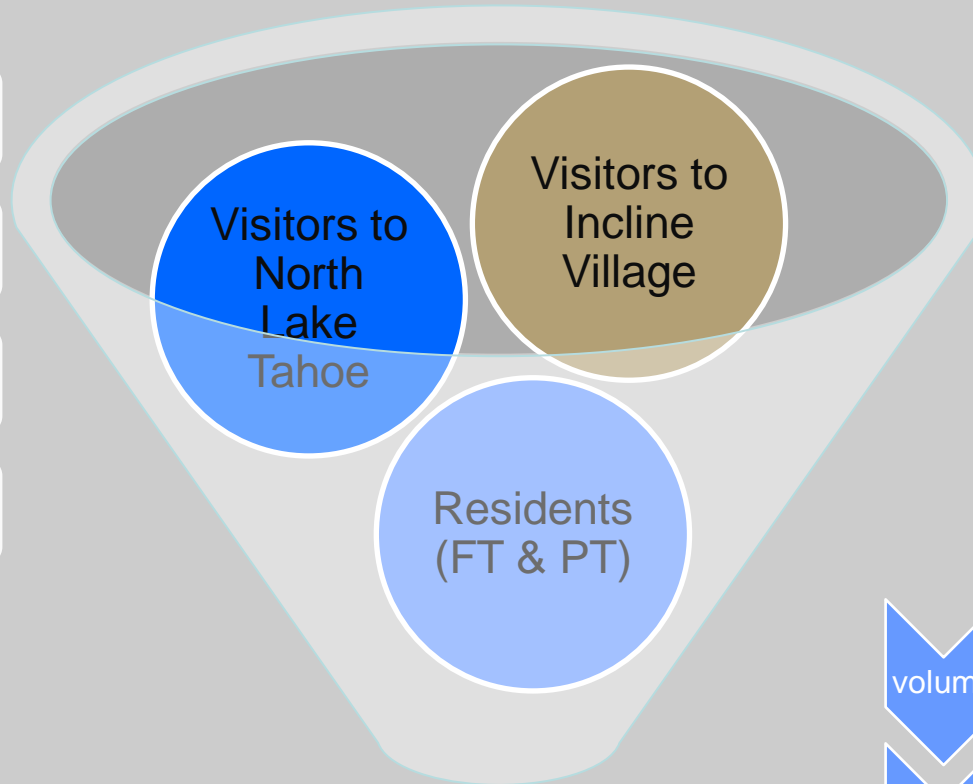
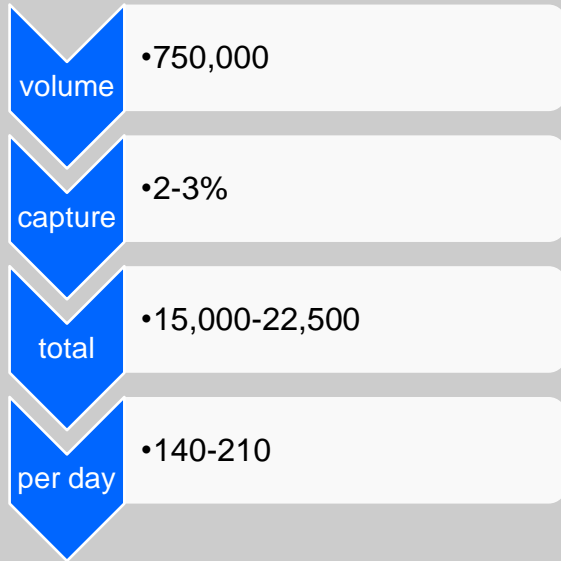
- Focus on mountain recreation that supports an active lifestyle;
- Maintain and enhance the community use of the facility;
- Preserve the scenic beauty of Diamond Peak;
- Balance community use with additional tourism visitation to provide revenue for continued viability.

Diamond Peak Mountain Park:

Active mountain recreation showcasing the scenic beauty of the Lake Tahoe region.

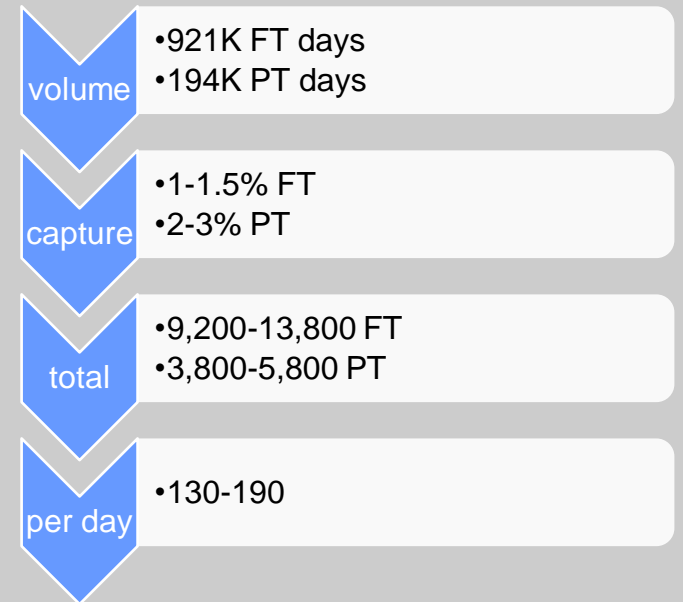
SUMMER MARKET FUNNEL

WHERE PEOPLE ARE COMING FROM



Note: Each demographic has a unique set of criteria that also factored into the larger equation, such as season length and occupancy rate.

DAILY VISITATION
TO DIAMOND PEAK
430-680 people



PHASING STRATEGY

Phase One

- Provide new amenities & activities for the community/guests
- Prioritize revenue-generating activities to generate up-front NOI to offset the capital costs of subsequent phases

Phase Two

- Prioritize Snowflake Lodge and base area activities
- Timing triggered by cumulative operating income from Phase 1
- Allows for hospitality-oriented revenue generation

Phase Three

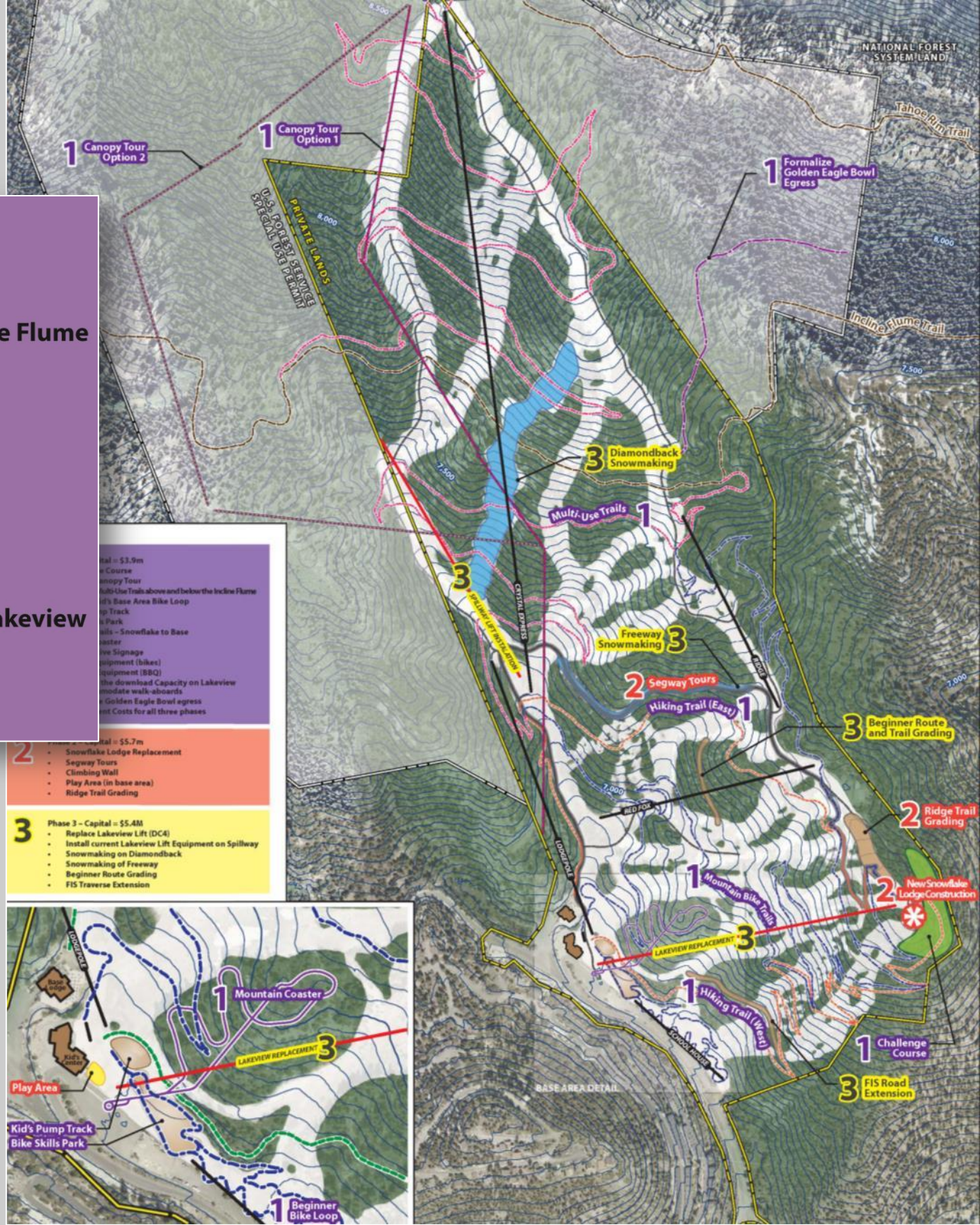
- Focus on improvements for winter operations
- Funded by cumulative operating income from Phases 1 and 2

PHASING

1

Phase 1 – Capital = \$3.9m

- Challenge Course
- Crystal Canopy Tour
- MTB Trails above and below the Incline Flume
- Family/Kid's Base Area Bike Loop
- Kid's Pump Track
- Bike Skills Park
- Hiking Trails – Snowflake to Base
- Alpine Coaster
- Interpretive Signage
- Rental Equipment (bikes)
- Kitchen Equipment (BBQ)
- Upgrade the download Capacity on Lakeview to accommodate walk-aboards
- Formalize Golden Eagle Bowl egress
- Entitlement Costs for all three phases



Phase 1 – Capital = \$3.9m
 • Challenge Course
 • Crystal Canopy Tour
 • MTB Trails above and below the Incline Flume
 • Family/Kid's Base Area Bike Loop
 • Kid's Pump Track
 • Bike Skills Park
 • Hiking Trails – Snowflake to Base
 • Alpine Coaster
 • Interpretive Signage
 • Rental Equipment (bikes)
 • Kitchen Equipment (BBQ)
 • Upgrade the download Capacity on Lakeview to accommodate walk-aboards
 • Formalize Golden Eagle Bowl egress
 • Entitlement Costs for all three phases

Phase 2 – Capital = \$5.7m
 • Snowflake Lodge Replacement
 • Segway Tours
 • Climbing Wall
 • Play Area (in base area)
 • Ridge Trail Grading

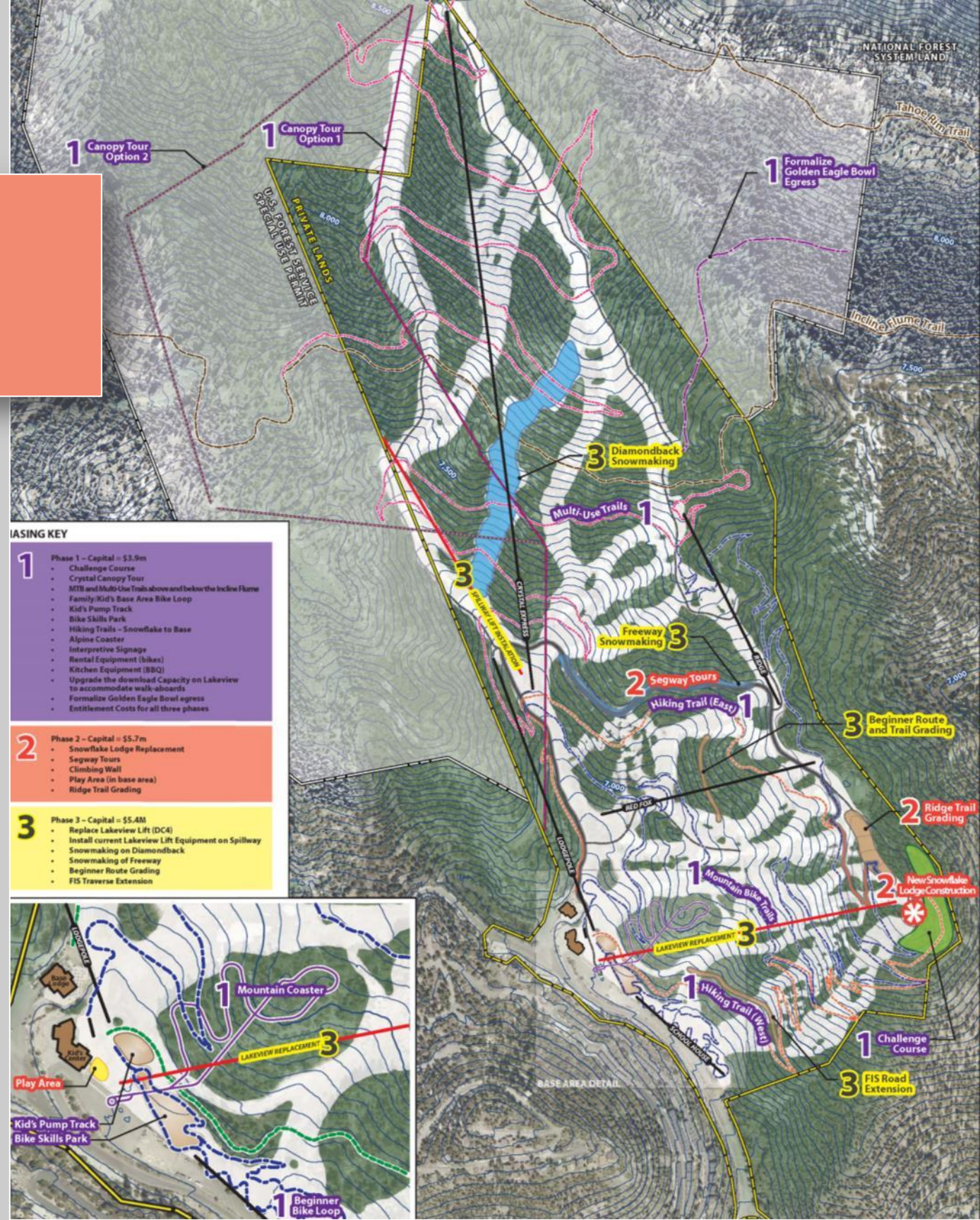
Phase 3 – Capital = \$5.4M
 • Replace Lakeview Lift (DC4)
 • Install current Lakeview Lift Equipment on Spillway
 • Snowmaking on Diamondback
 • Snowmaking of Freeway
 • Beginner Route Grading
 • FIS Traverse Extension

PHASING

2

Phase 2 – Capital = \$5.7m

- Snowflake Lodge Replacement
- Segway Tours
- Climbing Wall
- Play Area (in base area)
- Ridge Trail Grading



PHASING KEY

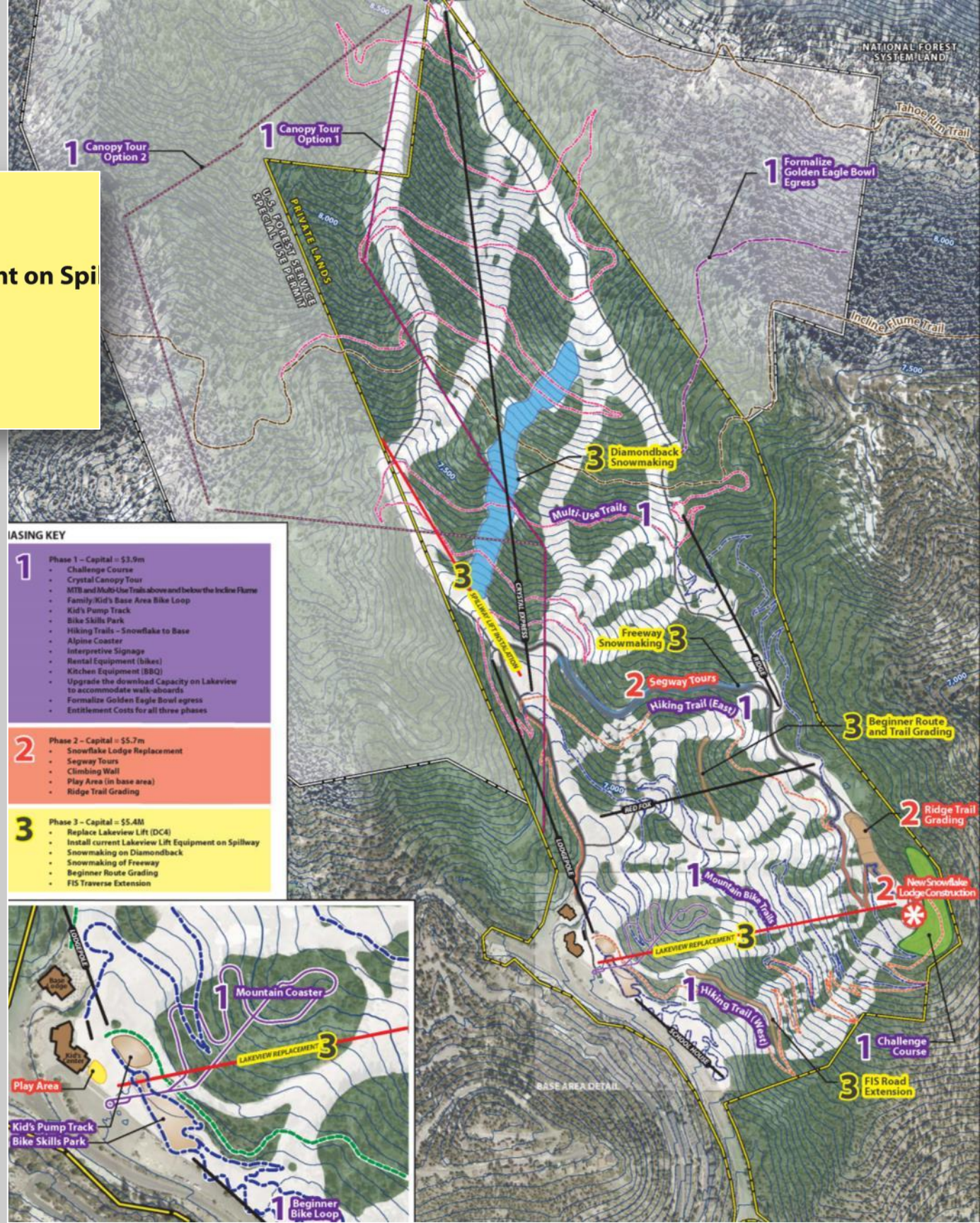
1	<p>Phase 1 – Capital = \$3.9m</p> <ul style="list-style-type: none"> • Challenge Course • Crystal Canopy Tour • MTB and Multi-Use Trails above and below the Incline Flume • Family Kid's Base Area Bike Loop • Kid's Pump Track • Bike Skills Park • Hiking Trails – Snowflake to Base • Alpine Coaster • Interpretive Signage • Rental Equipment (bikes) • Kitchen Equipment (BBQ) • Upgrade the download Capacity on Lakeview to accommodate walk-abouts • Formalize Golden Eagle Bowl egress • Entitlement Costs for all three phases
2	<p>Phase 2 – Capital = \$5.7m</p> <ul style="list-style-type: none"> • Snowflake Lodge Replacement • Segway Tours • Climbing Wall • Play Area (in base area) • Ridge Trail Grading
3	<p>Phase 3 – Capital = \$5.4M</p> <ul style="list-style-type: none"> • Replace Lakeview Lift (DC4) • Install current Lakeview Lift Equipment on Spillway • Snowmaking on Diamondback • Snowmaking of Freeway • Beginner Route Grading • FIS Traverse Extension

PHASING

3

Phase 3 – Capital = \$5.4M

- Replace Lakeview Lift (DC4)
- Install current Lakeview Lift Equipment on Spillway
- Snowmaking on Diamondback
- Snowmaking of Freeway
- Beginner Route Grading
- FIS Traverse Extension



Diamond Peak Master Plan - Financial Analysis Ver. 7.0

Anticipated Financial Performance

Summer Amenities Anticipated Performance

	Phase 1		Phase 2				Phase 3			
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Phase 1 Revenue	\$2,383,250	\$2,648,056	\$2,942,284	\$3,089,398	\$3,243,868	\$3,406,061	\$3,576,365	\$3,755,183	\$3,942,942	\$4,140,089
Phase 2 Revenue			\$1,375,987	\$1,528,874	\$1,698,749	\$1,783,687	\$1,872,871	\$1,966,515	\$2,064,840	\$2,168,082
Total Revenue	\$2,383,250	\$2,648,056	\$4,318,271	\$4,618,272	\$4,942,617	\$5,189,748	\$5,449,236	\$5,721,697	\$6,007,782	\$6,308,171
Phase 1 Operating Expenses	\$837,317	\$930,352	\$1,033,725	\$1,085,411	\$1,139,681	\$1,196,666	\$1,256,499	\$1,319,324	\$1,385,290	\$1,454,554
Phase 2 Operating Expenses			\$970,789	\$1,078,655	\$1,198,505	\$1,258,430	\$1,321,352	\$1,387,420	\$1,456,790	\$1,529,630
Phase 3 Operating Expenses							\$32,930	\$34,576	\$36,305	\$38,120
Operating Expenses	\$837,317	\$930,352	\$2,004,514	\$2,164,066	\$2,338,187	\$2,455,096	\$2,610,780	\$2,741,319	\$2,878,385	\$3,022,304
Operating Margin	\$1,545,933	\$1,717,703	\$2,313,757	\$2,454,207	\$2,604,431	\$2,734,652	\$2,838,455	\$2,980,378	\$3,129,397	\$3,285,867
Operating Margin %	65%	65%	54%	53%	53%	53%	52%	52%	52%	52%
Capital Maintenance Reserve (3% of Revenue)	\$71,498	\$79,442	\$129,548	\$138,548	\$148,279	\$155,692	\$163,477	\$171,651	\$180,233	\$189,245
EBITDA on New Activities/Amenities	\$1,474,436	\$1,638,262	\$2,184,209	\$2,315,659	\$2,456,152	\$2,578,960	\$2,674,978	\$2,808,727	\$2,949,164	\$3,096,622
Debt Service Phase 1	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658
Debt Service Phase 2			\$491,395	\$491,395	\$491,395	\$491,395	\$491,395	\$491,395	\$491,395	\$491,395
Debt Service Phase 3							\$0	\$0	\$0	\$0
Net Operating Income after Debt Svc.	\$990,778	\$1,154,604	\$1,209,156	\$1,340,606	\$1,481,100	\$1,603,907	\$1,699,926	\$1,833,675	\$1,974,111	\$2,121,569
Rolling Cumulative NOI	\$990,778	\$2,145,382	\$1,209,156	\$2,549,763	\$4,030,862	\$5,634,770	\$1,846,445	\$3,680,120	\$5,654,231	\$7,775,800
Capital Expense by Phase	\$4,022,390		\$6,232,119				\$5,488,250			
NOI Contribution to Capital on Phase	\$0		\$2,145,382				\$5,488,250			
Net New Capital Requirement by Phase	\$4,022,390		\$4,086,737				\$0			
Total Capital & Debt Service	\$4,163,174	\$128,783	\$4,346,135	\$234,350	\$208,426	\$181,594	\$153,823	\$125,080	\$95,331	\$64,540
EBITDA - Total Capital & Debt Service	(\$2,688,738)	(\$1,179,260)	(\$3,341,186)	(\$1,259,877)	\$987,849	\$3,385,215	\$5,906,371	\$8,590,018	\$11,443,851	\$14,475,932
IRR w Debt Service	46.6%									
NPV w Debt Service	\$15,900,086									



7. Financial Feasibility

FINANCIAL MODEL

Financial Results Summary

- Project infuses Diamond Peak with \$15.7m of new capital
- Return On Investment achieved by year 5
- Average annual NOI (after debt service):
 - Phase 1 = \$1m
 - Phase 2 = \$1.4m
 - Phase 3 = \$1.9m
- Phase 3 incurs no debt
- Cumulative NOI through first 10 years = \$7.7m
- Affords the opportunity for early debt retirement (approx. year 8)