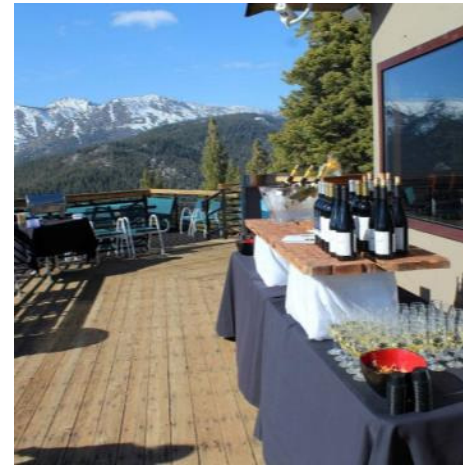


DIAMOND PEAK

MULTI-SEASON MASTER PLANNING



Incline Village General Improvement District
Public Presentation
July 2014

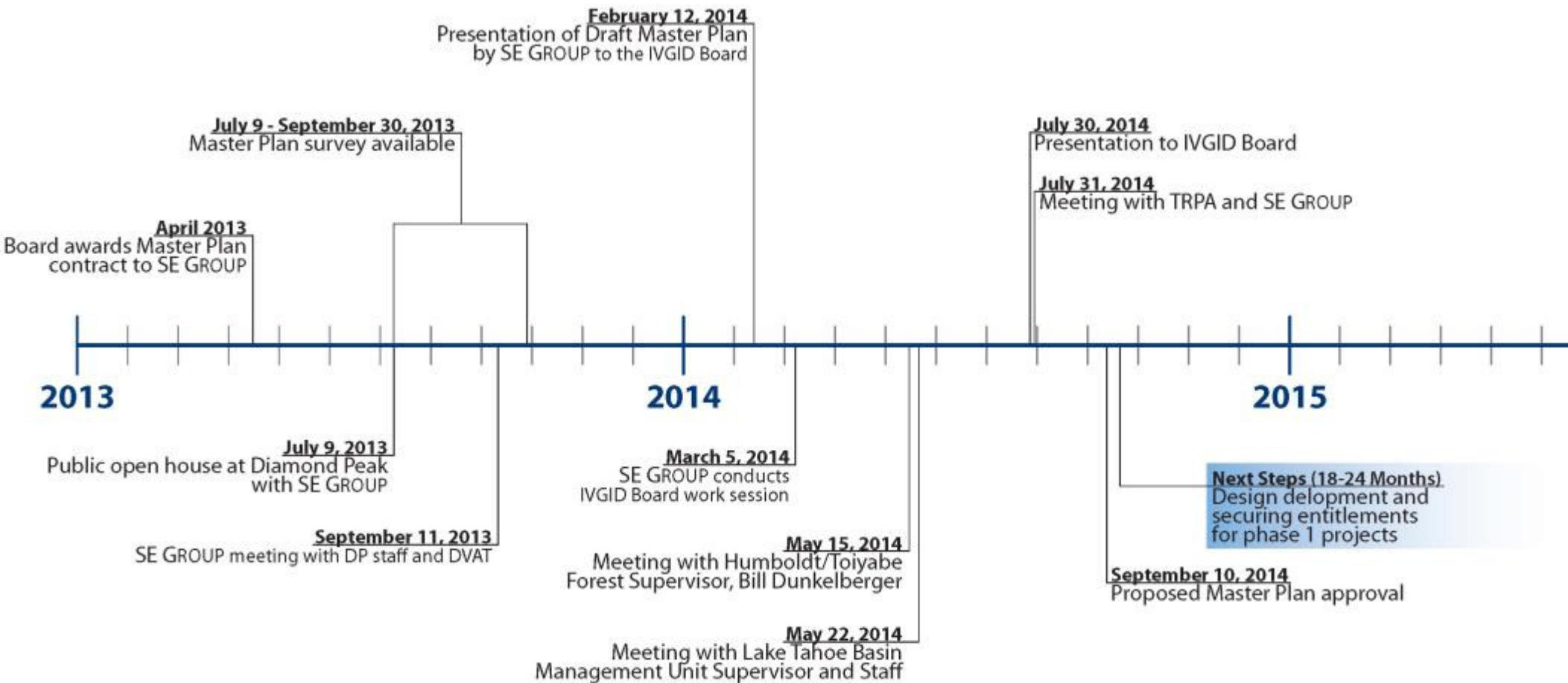
PROJECT OBJECTIVES

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



PROCESS “REFRESH”



PROJECT “REFRESH”

INITIAL ANALYSIS

ON SITE INSPECTION
OPERATIONS EVALUATION (BENCHMARKING)
LOCAL MARKET ANALYSIS

COMMUNITY INPUT

PUBLIC OPEN HOUSE
COMMUNITY SURVEY
MASTER PLAN WEBSITE/EMAIL RESPONSE
THREE PUBLIC BOARD MEETINGS

PLANNING

WINTER & SUMMER
ACTIVITIES, PROGRAMS, EVENTS
FINANCIAL MODELING



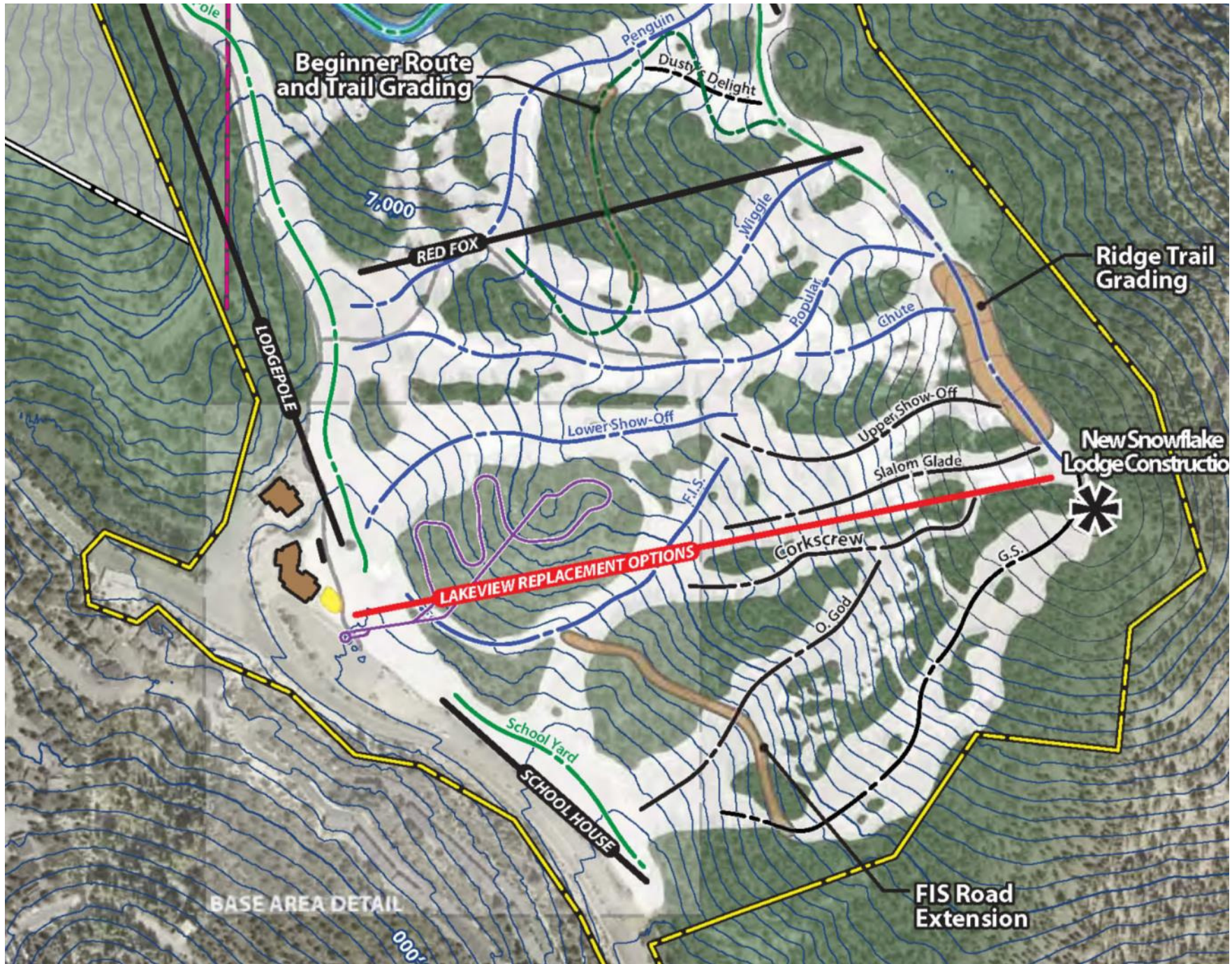
THE PLAN

Winter: Upper Mountain



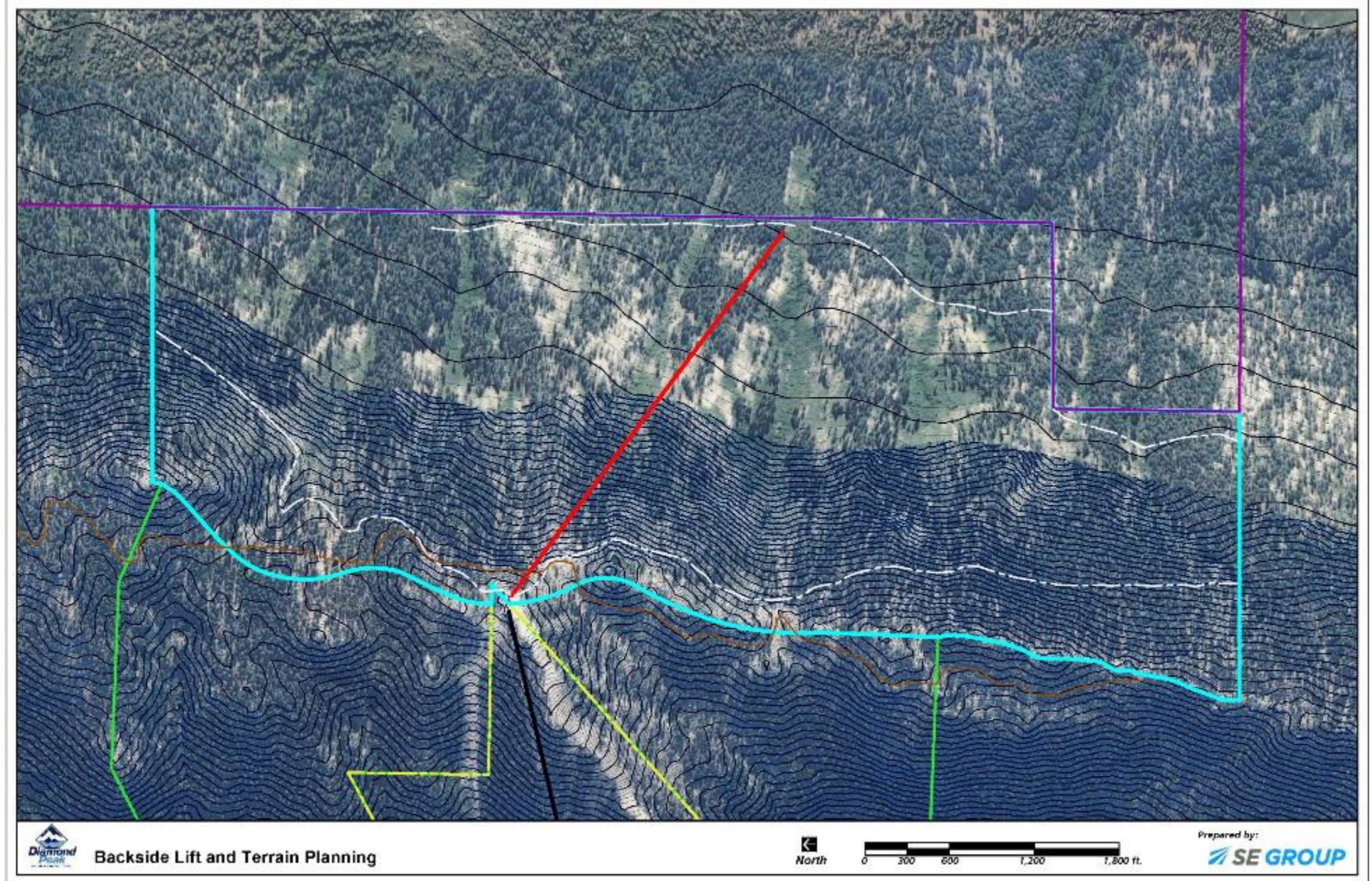
THE PLAN

Winter: Lakeview



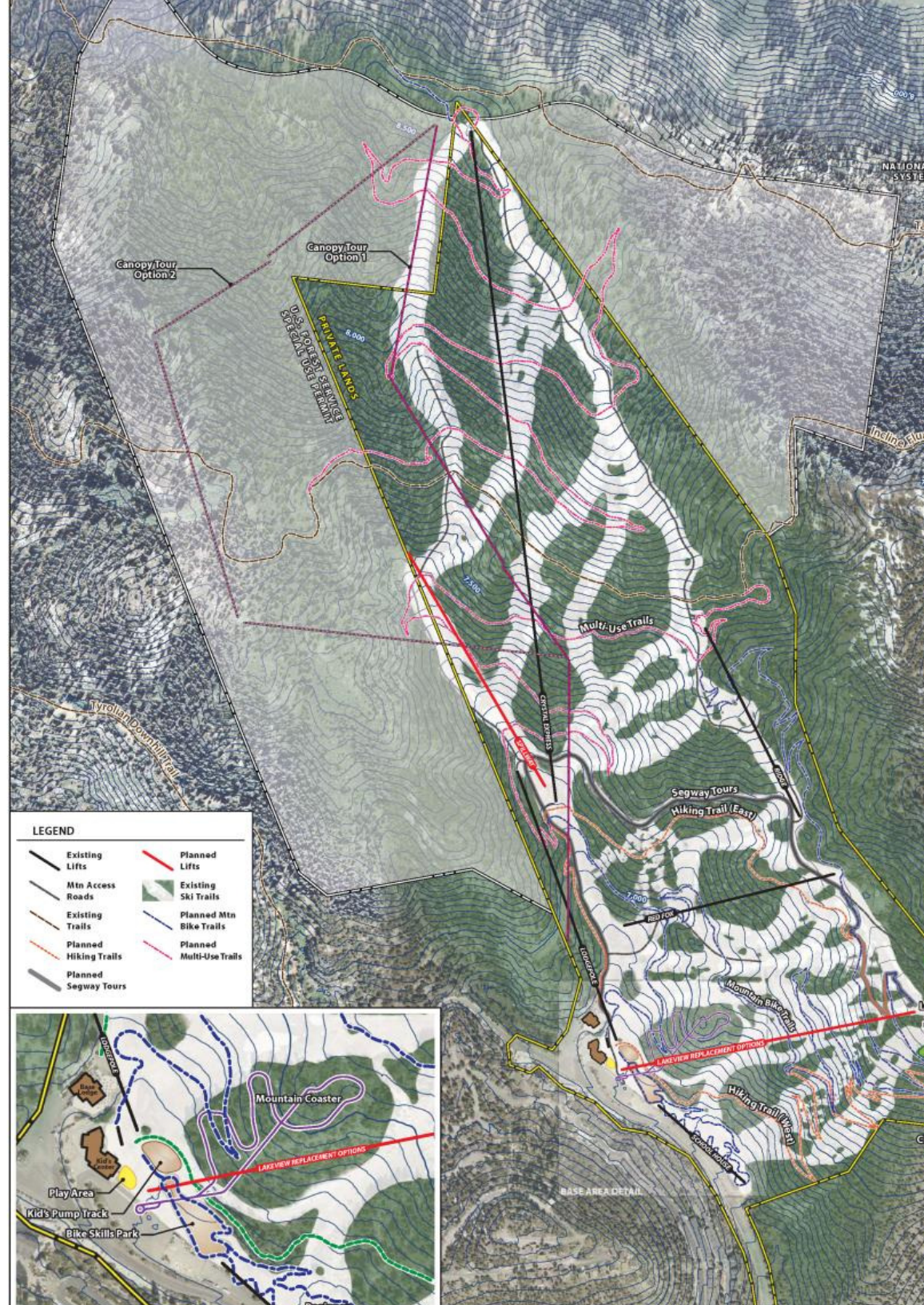
THE PLAN

Winter: Backside Expansion



THE PLAN

Summer: New Operations



ACTIVITIES:

• *Canopy Tour*

• *Aerial Challenge Course*

• *Climbing Wall*

• *Mountain Biking*

• *Hiking*

• *Alpine Coaster*

• *Segway Tours*



*Community response: +50
(Seaway Tour: 31)*

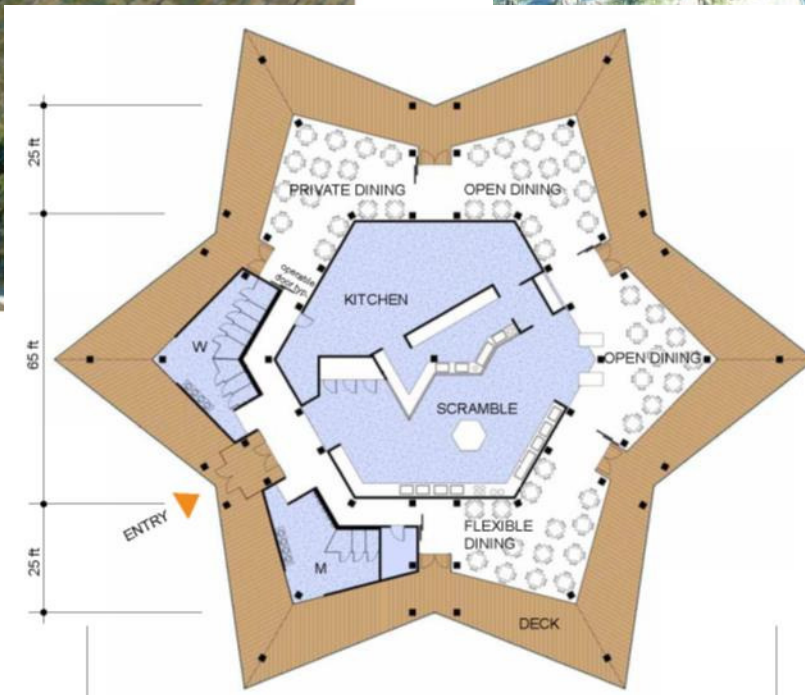
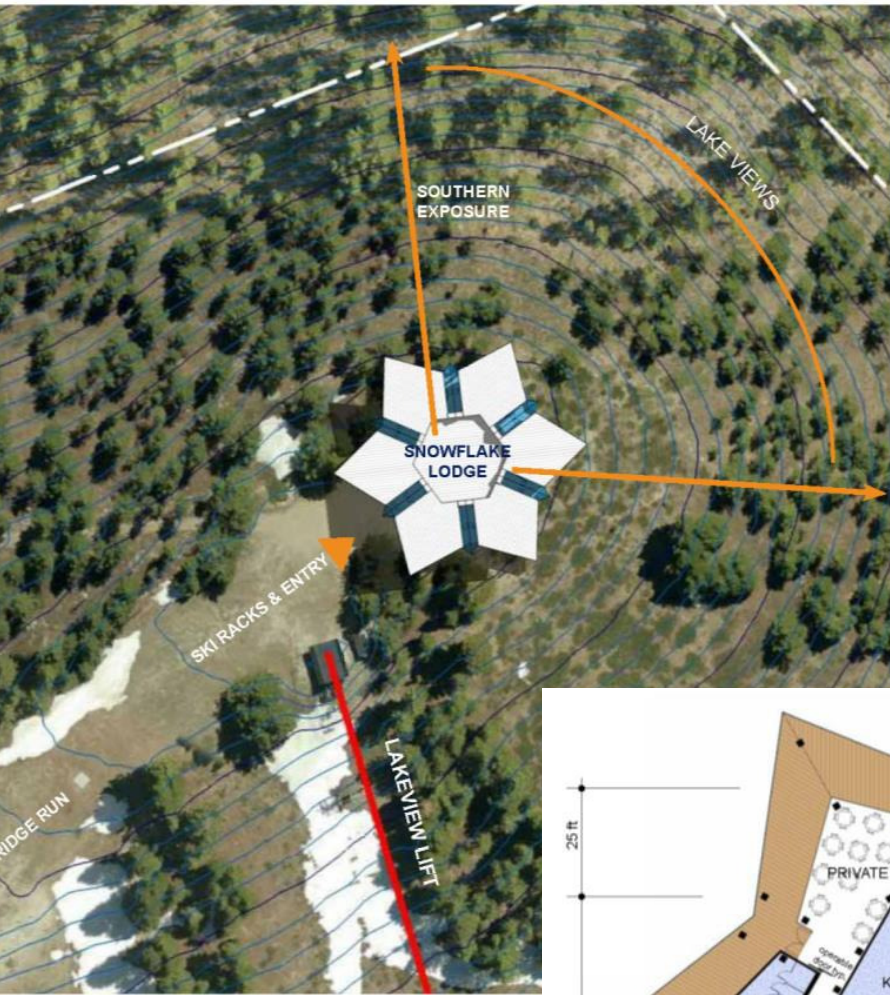
ALPINE COASTER



© Summit Aerial Imag



SNOWFLAKE LODGE CONCEPT



Community response: 83

PROGRAMS:

- *Kid's Camps*
- *Environmental & Education*
- *Adult Camps (skills)*
- *Team Building*



*Community response: 50-60
(team building: 30)*

EVENTS:

- *Small-Scale Races*
- *Local Festivals*
- *Special Events:*
weddings, banquets,
fundraisers, meetings



PHASING STRATEGY

Phase One

- Focus on new revenue-generating activities
- **Generate revenue to offset capital costs for subsequent phases**
(economic engine that drives future phases)

Phase Two

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

Phase Three

- Focus on improvements for winter operations
- Funded by cumulative operating income from Phases One and Two

Phase Four

- Mountain expansion – Backside lift and terrain

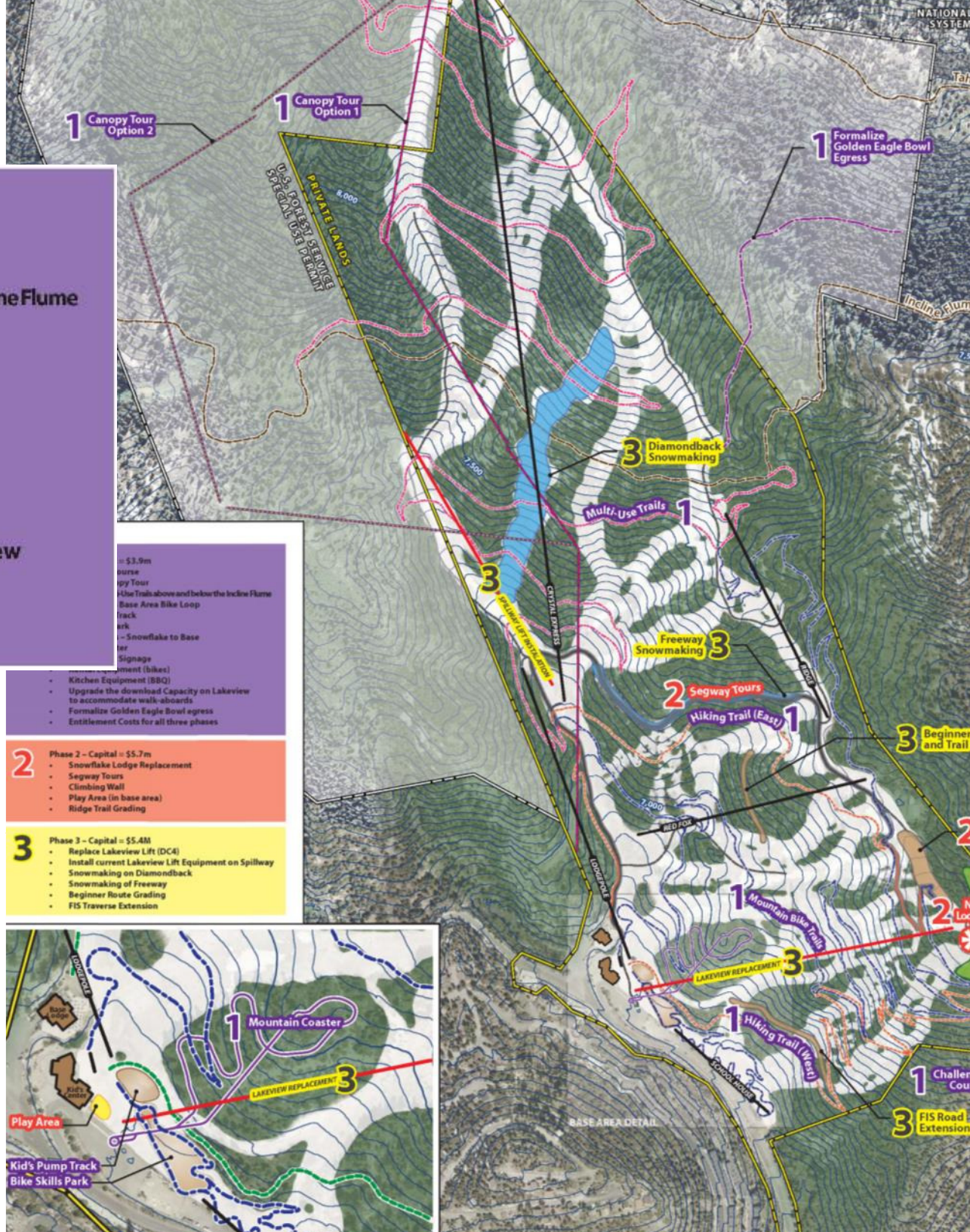


PHASING

1

Phase 1 – Capital = \$4.0m

- 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-boards
- Formalize Golden Eagle Bowl egress
- Entitlement Costs for all three phases



Phase 1 - Capital = \$4.0m

- 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-boards
- 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

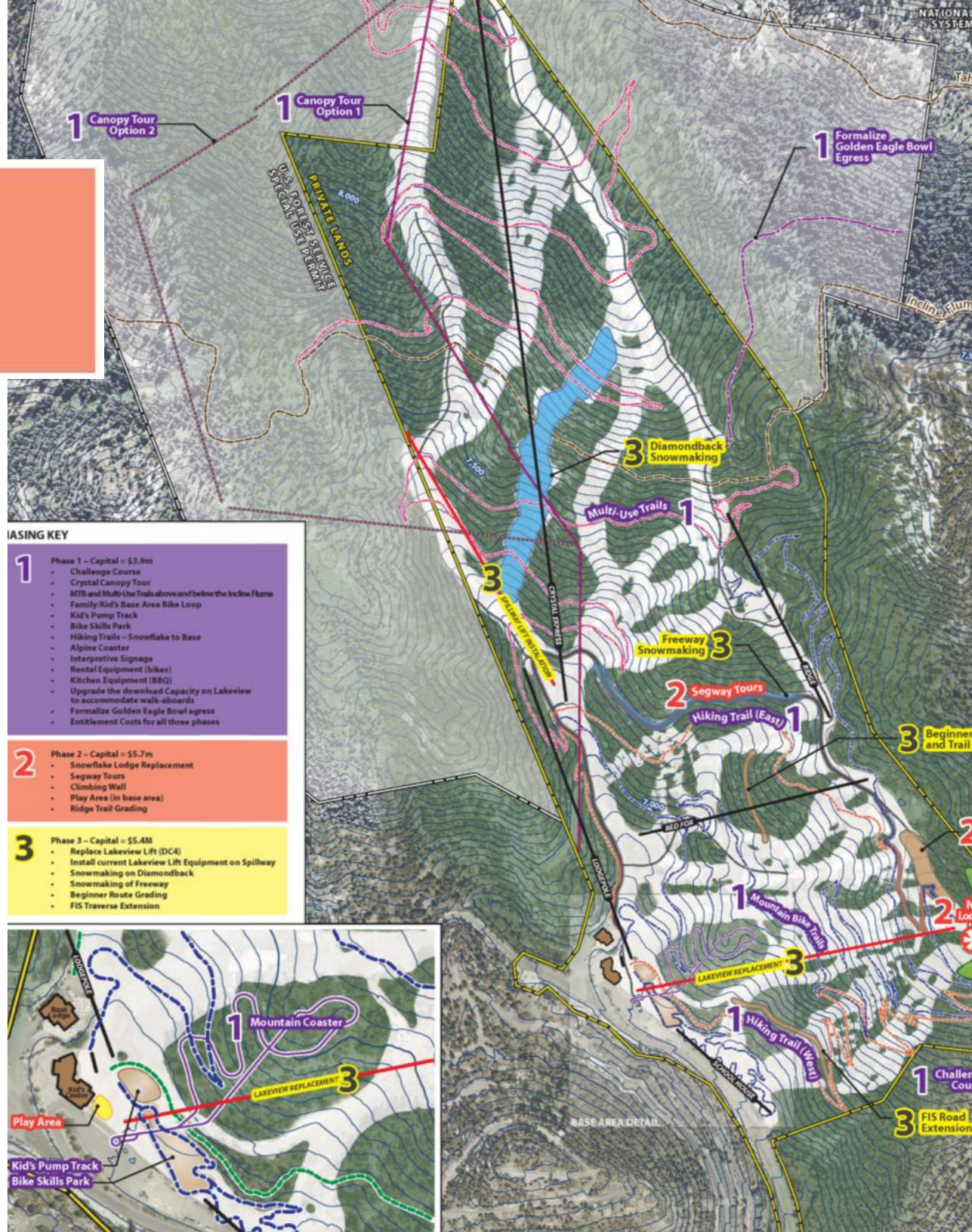


PHASING

2

Phase 2 – Capital = \$6.3m

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



PHASING KEY

- 1** Phase 1 – Capital = \$3.9m
- 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** Phase 2 – Capital = \$5.7m
- Snowflake Lodge Replacement
 - Segway Tours
 - Climbing Wall
 - Play Area (in base area)
 - Ridge Trail Grading
- 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

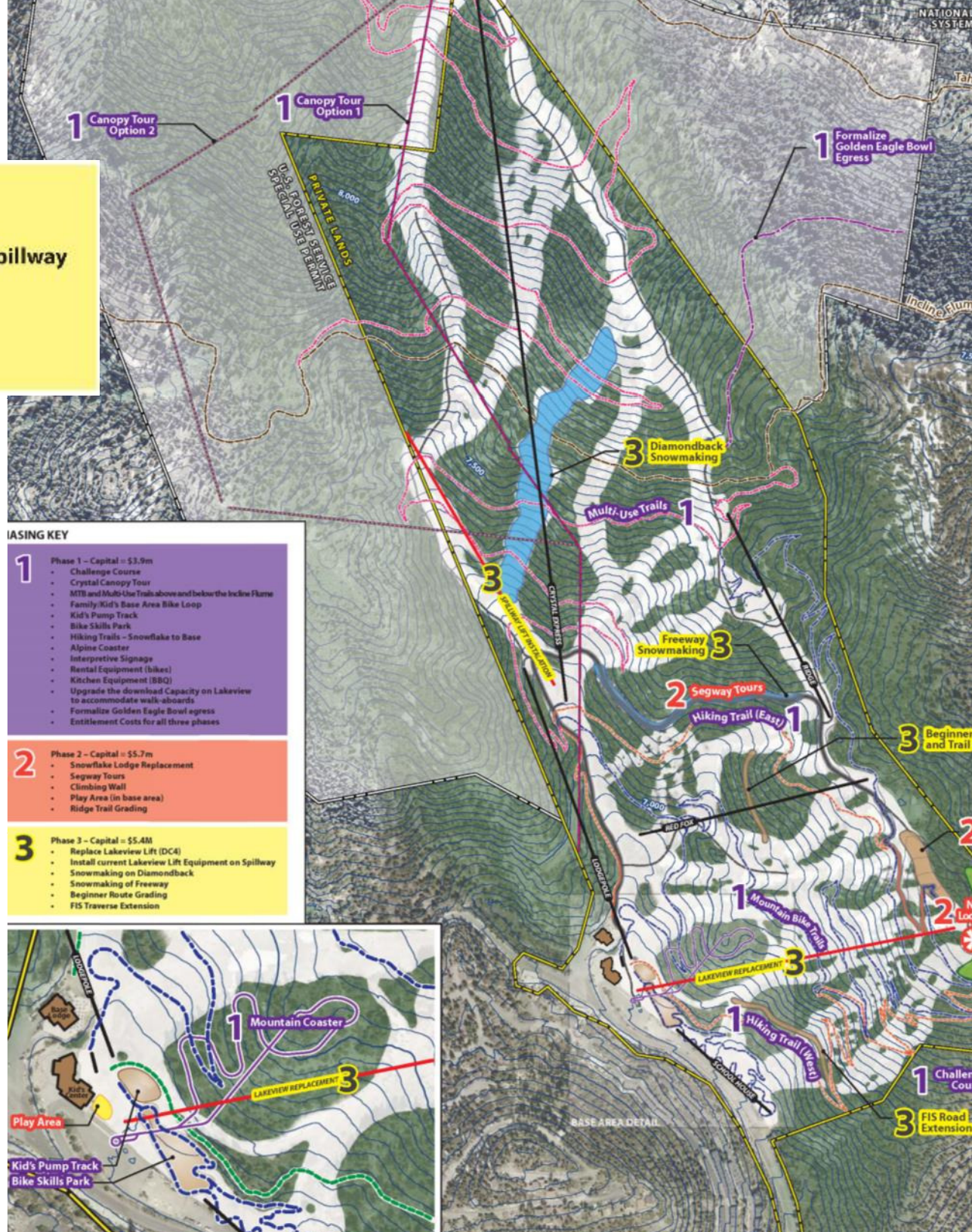


PHASING

3

Phase 3 – Capital = \$5.5M

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



PHASING KEY

- 1** Phase 1 – Capital = \$3.9m
- 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** Phase 2 – Capital = \$5.7m
- Snowflake Lodge Replacement
 - Segway Tours
 - Climbing Wall
 - Play Area (in base area)
 - Ridge Trail Grading
- 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

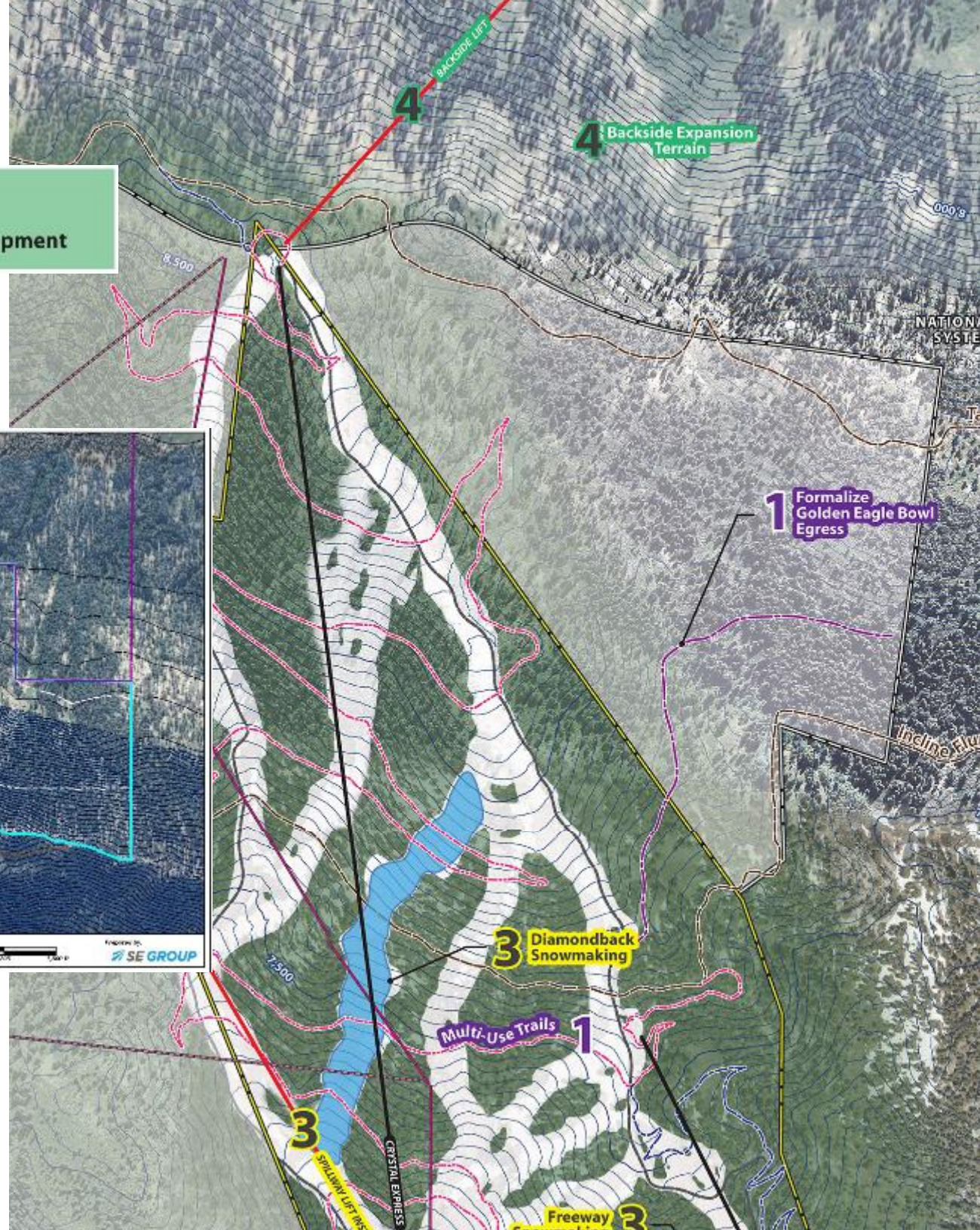
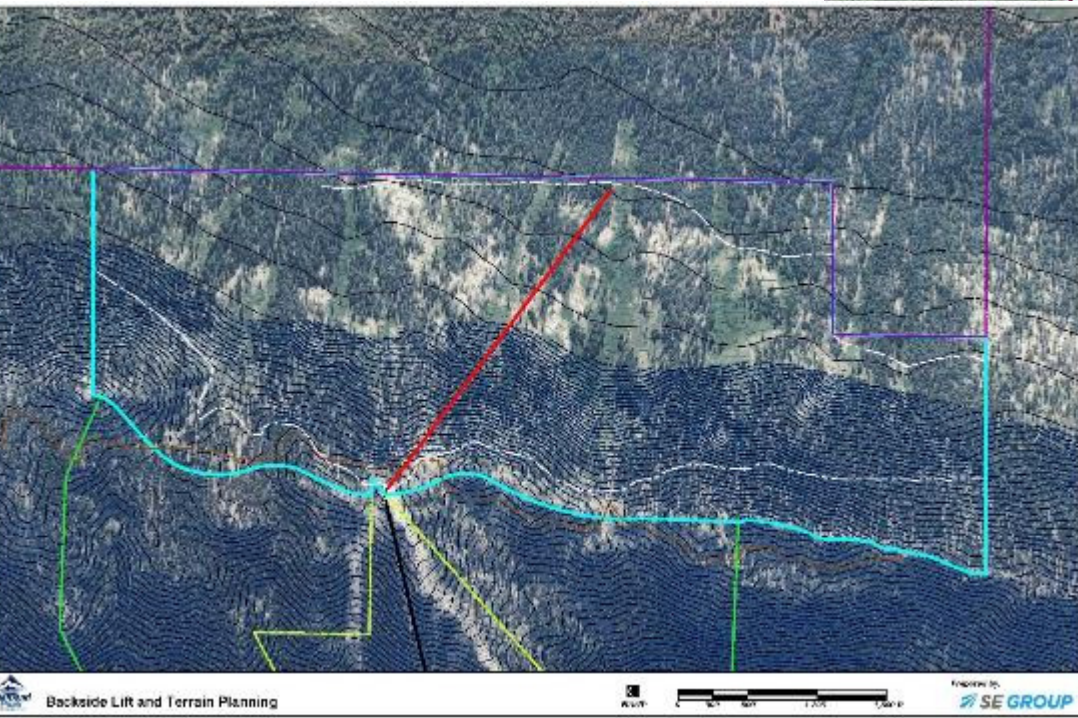


PHASING

4

Phase 4 - Capital = \$2.5M

- Backside Expansion Lift and Terrain Development



FINANCIAL FEASIBILITY

- Market/Demographics
- Visitation
- Revenue potential
- Sources of Capital and Capital costs
- Operating expenses
- ROI, IRR, NPV



FINANCIAL MODEL

	Phase 1 Years 1-2
Capital Requirement	\$4.0m
New Debt Requirement	\$4.0m
Additional Annual Revenue	\$2.6m
Operations/Maintenance Expenses	\$0.9m
Annual Net Operating Income Increase	\$1.1m
Residual Principal on Debt	\$3.3m



FINANCIAL MODEL

	Phase 1 Years 1-2	Phase 2 Years 3-6
Capital Requirement	\$4.0m	\$6.3m
New Debt Requirement	\$4.0m	\$4.1m
Additional Annual Revenue	\$2.6m	\$5.1m
Operations/Maintenance Expenses	\$0.9m	\$2.4m
Annual Net Operating Income Increase	\$1.1m	\$1.6m
Residual Principal on Debt	\$3.3m	\$4.4m



FINANCIAL MODEL

	Phase 1 Years 1-2	Phase 2 Years 3-6	Phase 3 Year 7
Capital Requirement	\$4.0m	\$6.3m	\$5.5m
New Debt Requirement	\$4.0m	\$4.1m	\$0
Additional Annual Revenue	\$2.6m	\$5.1m	\$5.4m
Operations/Maintenance Expenses	\$0.9m	\$2.4m	\$2.6m
Annual Net Operating Income Increase	\$1.1m	\$1.6m	\$1.7m
Residual Principal on Debt	\$3.3m	\$4.4m	\$3.5m



FINANCIAL MODEL

	Phase 1 Years 1-2	Phase 2 Years 3-6	Phase 3 Year 7	Phase 4 Years 8-10
Capital Requirement	\$4.0m	\$6.3m	\$5.5m	\$2.5m
New Debt Requirement	\$4.0m	\$4.1m	\$0	\$0
Additional Annual Revenue	\$2.6m	\$5.1m	\$5.4m	\$6.9m
Operations/Maintenance Expenses	\$0.9m	\$2.4m	\$2.6m	\$3.3m
Annual Net Operating Income Increase	\$1.1m	\$1.6m	\$1.7m	\$2.4m
Residual Principal on Debt	\$3.3m	\$4.4m	\$3.5m	\$0.9m



FINANCIAL MODEL

Financial Results Summary

Project infuses Diamond Peak with \$18.2m of new capital improvements

Return on Investment achieved by year 5

Phases 3 & 4 incur no debt

Cumulative NOI through first 10 years = \$6.0m in addition to capital repayment

Affords the opportunity for retirement of all debt by approximately year 9

All Phases may be accelerated or deferred as necessary to ensure financial self support

Not reliant upon the Recreation Fee for any aspect



SUPPORTING FACTORS

1. IT'S TIME FOR A NEW MASTER PLAN

- The existing 1986 plan is outdated
- Many improvements from that plan have been built:
 - Expansion of the upper mountain
 - Established snowmaking on a number of trails
 - Replaced several lifts
 - Remodeled the Base Lodge
 - Built the new Skier Services and on-mountain maintenance facility
- Summer activities didn't exist in '86!



SUPPORTING FACTORS

2. CONTINUED INVESTMENT IS CRITICAL TO SURVIVAL

Resorts that haven't continued to invest are disappearing:

622 resorts operated in 1987-88 season; down to 480 in the 2013-14 season

Other Tahoe Resorts are working on their plans!

- Mt. Rose \$28M
- Northstar in final stages of approval
- Squaw Valley seeking approval, \$50M 5-year Renaissance & Development Plan
- Homewood has approval, plans to break ground 2015

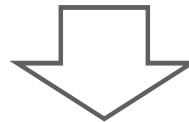
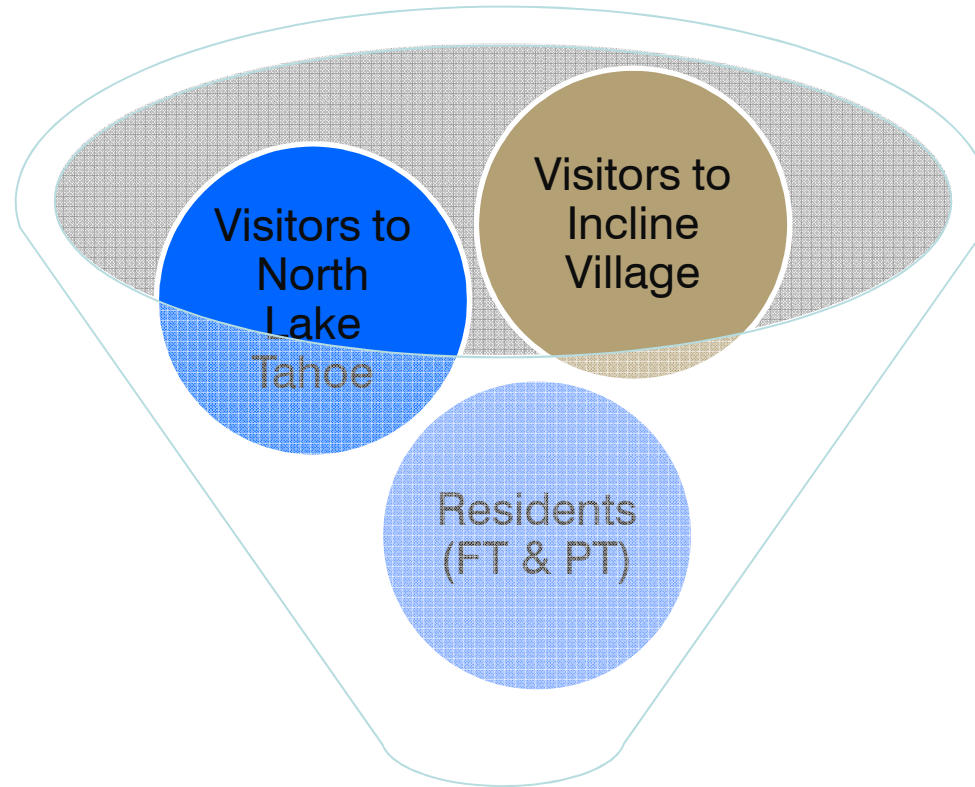
Summer activities reduce risk!

- Additional revenue stream
- Better use of IVGID asset
- Uncertainty of winter weather



SUPPORTING FACTORS

4. THE SUMMER MARKET IS ALREADY HERE

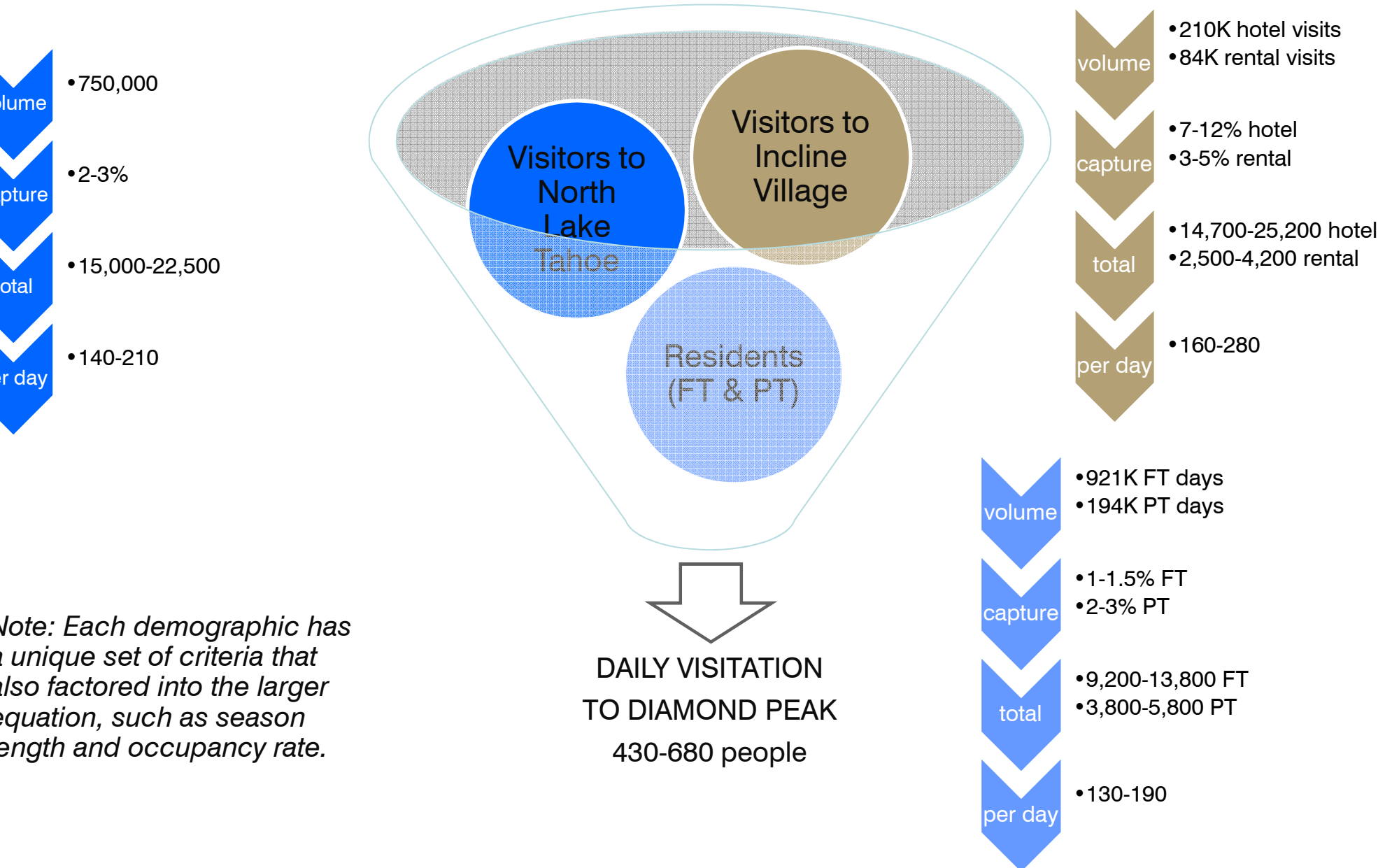


DAILY VISITATION
TO DIAMOND PEAK
430-680 people



SUPPORTING FACTORS

4. THE SUMMER MARKET IS ALREADY HERE



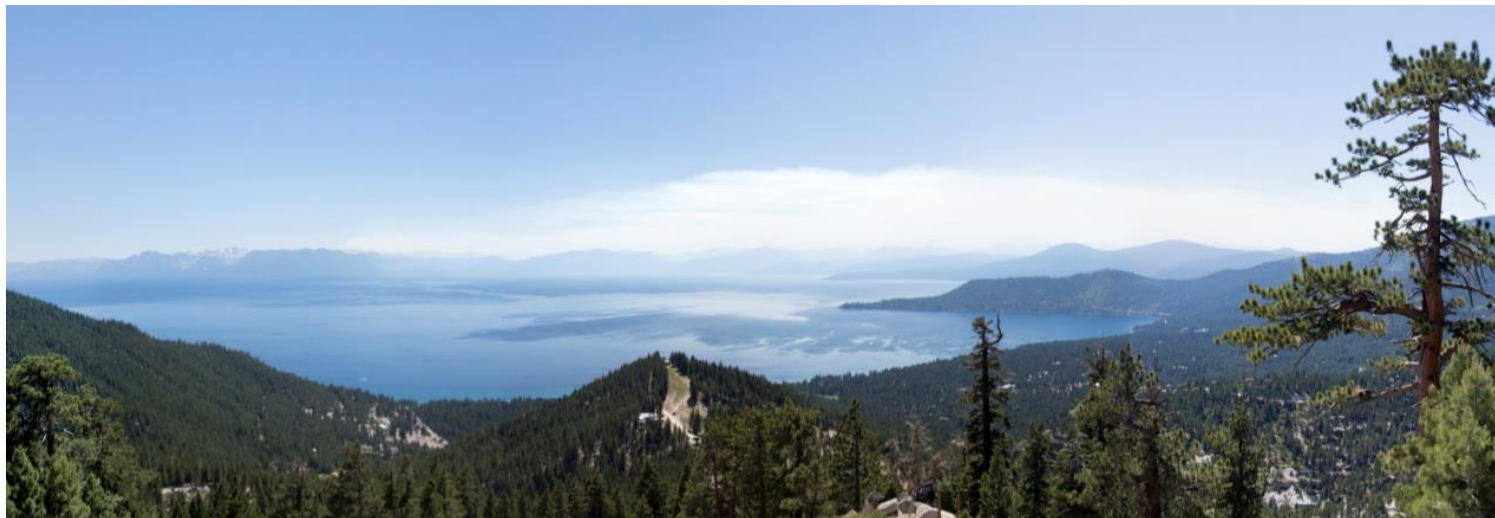
Note: Each demographic has a unique set of criteria that is also factored into the larger equation, such as season length and occupancy rate.



SUPPORTING FACTORS

3. LAKE TAHOE!

- Superior summer location
 - Spectacular scenery
 - Captive audience
 - Complementary activities



SUPPORTING FACTORS

5. INDUSTRY DATA

Average Rating of Amenity's Financial Success



Average Rating (1="Not at All Successful"/10="Extremely Successful")

Definite winners and losers

CLOSING REMARKS

Next Steps:

- Master Plan Document is online
- Public input via email to brw@IVGID.org or written response to:
893 Southwood Ave., IV, NV 89451
- Questions from the board
- Come back to the board on Sept 10th to seek adoption the Master Plan concept with approval to move forward with entitlements for Phase One



Thank You!

Questions?

The logo for SE GROUP, featuring a stylized blue and grey graphic of three parallel lines on the left, followed by the text "SE GROUP" in a bold, blue, sans-serif font.

