



*Revitalization Plan and Road Map to Success*



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## **EXECUTIVE SUMMARY**

Bear Valley represents an outstanding opportunity to transform one of the last unspoiled gems of the Sierra Nevada into a year-round sustainable Mountain Playground. Thanks to its lodge elevation of 7,750 feet (4th highest in the state), proximity to a large population base (11 million within 3.5 hours) and enormous non-winter recreational opportunities, there is huge upside potential. The ski area has been in operation since 1967, currently offering 1,680 acres of inbound skiing and 1,900 vertical feet.

While Bear Valley is one of the last California ski areas and communities that has maintained its true alpine beauty and has not been homogenized, it continues to suffer from an identity crisis, which has led to both dwindling skier visits and loss of market share. The town's declining population base and community disconnect along the Highway 4 corridor has eroded local support. Entering the 2015–16 season, employee morale is low as ownership has made it clear they are not in it for the long haul. The General Manager was replaced just before the season began, and after years of decline, the future still remains uncertain.

Bear Valley Mountain Playground (BVMP) will be rebranded and repositioned as an authentic, alpine experience for the whole family, offering an alternative to the crowds, costs, and transportation frustrations experienced at many Tahoe resorts. By making a strong commitment to environmental stewardship, showcasing its unique vibe and affordable price point, BVMP is poised to attract the ever-important "millennial" generation. BVMP will differentiate itself from its competitors and appeal to the growing number of disenfranchised Tahoe skiers.

Leveraging its expertise in the ski industry, especially with independent ski areas, MRA has conducted extensive due diligence on Bear Valley, and has identified opportunities for value creation, cost savings, and operational improvements. MRA has also recruited a leadership team with 70+ years working in the Sierra ski industry, including some who are direct competitors of Bear Valley.

One of Bear Valley's biggest strengths is the additional north-facing, advanced and expert terrain known as the "Zones", accessible within the lift-served area, that is currently accessed via a third-party guide outfit. Opening this to the public would make for the Sierra's most aggressive terrain expansion since the Mt Rose Slide Chutes in 2004 and Squaw Valley's Silverado in 1992. With the advances in skiing technology, there is growing demand for access to more challenging terrain.

Bear Valley does not need millions of dollars of improvements to be profitable. Instead, it needs to focus on playing to its strengths, reducing its expenses (beginning with payroll costs), improving on its various shortcomings, placing a strong emphasis on marketing in central and northern California, and providing a superior guest experience.

**No other organization has completed as much due diligence and stakeholder engagement, assembled a transition and senior management team, or has developed an extensive Revitalization Plan, as the Mountain Rider's Alliance has.**



***BEAR VALLEY MOUNTAIN SWOT ANALYSIS***

<p style="text-align: center;"><u><b>Strengths</b></u></p> <ul style="list-style-type: none"> <li>• Proximity to huge population base</li> <li>• Varied terrain and multiple exposures</li> <li>• Side-country access</li> <li>• Fourth-highest lodge elevation in California</li> <li>• Value perception</li> <li>• Access via Highway 4</li> <li>• Approvals and entitlements (real estate, commercial space, village lift, East Bowl lift, lodge and parking, Bear Top facility)</li> <li>• Not overdeveloped or exploited</li> </ul>	<p style="text-align: center;"><u><b>Opportunities</b></u></p> <ul style="list-style-type: none"> <li>• Rebrand and reposition</li> <li>• Pricing and product repositioning</li> <li>• Growing mid-week skier visits</li> <li>• Revamp ski school and guide program</li> <li>• Enhanced food and beverage</li> <li>• Expanded programs</li> <li>• Deck revenue options</li> <li>• Terrain expansion</li> <li>• Better integration of Bear Valley Lodge</li> <li>• No-snow and summer recreation</li> <li>• Festivals and signature events</li> <li>• On-site renewable energy creation</li> <li>• Position as a sustainability leader</li> <li>• Establish regional transportation</li> <li>• Sierra’s only RV park</li> <li>• Founders club membership could generate \$500K at closing, without giving up equity</li> <li>• Established Co-op with 600 members and an estimated \$1.2 Million available in potential matching funds</li> </ul>
<p style="text-align: center;"><u><b>Weaknesses</b></u></p> <ul style="list-style-type: none"> <li>• Advanced terrain is at lowest elevation</li> <li>• Inefficient main lodge design</li> <li>• Mid-week skier visits</li> <li>• Parking lot capacity on peak days</li> <li>• Disconnect between ski area and village</li> </ul>	<p style="text-align: center;"><u><b>Threats</b></u></p> <ul style="list-style-type: none"> <li>• Climate change</li> <li>• Aging infrastructure</li> <li>• Declining participation of Gen X and Y</li> <li>• Continued uncertainty about future and tarnished brand</li> </ul>



## **KEY BEAR VALLEY STRENGTHS**

- **Proximity to Population Center** – The Bay Area and Central California regional population is 11 million, all within 3.5 hours of Bear Valley. There are 5.4 million within 100 miles, and winter travel on Highway 4 is generally less effort than Highway 50, Highway 88 or Interstate 80, due to better roads and less traffic. There is no pass to cross and the road is rarely closed due to bad weather. Highway 4 has the least gradient of all highways in the Sierra. [Click here for a demographic study](#) completed in April 2013.
- **Location** – Located on the western slope of the Sierra Nevada, between Lake Tahoe and Yosemite, along all-weather Highway 4 in the Stanislaus National Forest, Bear Valley’s idyllic setting is breathtaking. There are very few rustic areas left in California that are close to such a large population base while maintaining their charm and peacefulness.
- **Terrain** – The ski area encompasses 1,680 ski acres and offers 1,900 vertical feet to provide for all ability levels of skiing and riding. An additional 400 acres of currently guide-only terrain, featuring prime advanced and expert-level skiing, is located within the boundary. Terrain is well divided between ability levels with a skiing on all four aspects, a rarity among ski areas, ensuring a higher probability of good conditions.
- **Summer Business Potential** – With summer temperatures in the mid-70s, clear mountain air, and great scenery, there is an exciting opportunity to revive summer programs at Bear Valley. A wide array of activities and signature events will be evaluated and developed. During the late 1990s, Bear Valley was home to the annual High Sierra Music Festival and was an important part of the original mountain biking movement. Creating a music venue and offering lift-served mountain biking are among the lowest hanging fruit. The [Ski Area Recreational Opportunity Enhancement Act of 2011](#) allows for many forms of recreation on public lands.

In spring 2014, MRA partner Extreme Engineering performed a site visit and concluded the zip line opportunity as world class. Departing from Koala Top, guests can “Zip to Town”, via the [Cloud Coaster](#), a zip line roller coast that would zig zag and terminate in the village center. The mountain biking potential is also worth exploring, as the only other lift-dedicated mountain bike parks are located in Lake Tahoe.

By repositioning Bear Valley as a year-round Mountain Playground, it will become more appealing to more patrons and lead to various offseason revenue streams and booking more hotel room nights. Another benefit of summer business is to offer more year-round employment, which will cultivate better employee retention and morale. In addition, summer operations are less capital intensive and thus have higher profit margins.

- **Operating Since 1967** – Bear Valley has a proud tradition with 48 seasons of consecutive operation. During its peak, it recorded over 260,000 skier visits. This rich history brings with it a dedicated fan base and a community eager to participate more closely with the ski area, fitting well with MRA’s approach and vision.

- **Elevation and Reliable Snowpack** – With a lodge elevation of 7,750 feet (4th highest in the Sierra behind Mammoth, Mt Rose, and Kirkwood) and average snowfall of 359 inches, Bear Valley is better suited to handle the challenges of climate change than many of its competitors.
- **Price Point** – Current Saturday window lift tickets are \$74. Kirkwood is Bear Valley’s direct mid-sized mountain competitor, with a weekend ticket of approximately \$98 (Vail Resorts does not announce their window prices). Through development of gap products and pre-committed ticket products, the resort will be able to increase overall yield while reducing average cost per day skied to the consumer.
- **Entitlements** – A master plan that includes 343 residential units, 58,000 square feet of non-residential space, and two village lifts has been approved. Both the Environmental Impact Statement and Environmental Impact Report have been completed, paving the way to develop a ski-in, ski-out village. The entitlements are owned by Dundee and Radar properties, with Skyline holding an option until July 2016 for \$3 million.
- **Forest Service Ski Area Approvals** – As part of the 2012 Environmental Assessment, there are approvals for the East Bowl lodge, parking and lift expansion, realignment of Super Cub lift, and development of the Bear Top Facility, which could include a restaurant and bar, observation deck for summer scenic chair lift riders, as well as offices for mountain operations. There are also approvals for some trails to be regraded, as well as the Mokulumne bypass that will allow beginners to ski down from the top of the mountain and the backside.
- **Timing** – The signed, non-binding Letter of Intent calls for a closing of May 1, 2016, which will allow sufficient time for the transition, restructuring, and repositioning prior to the 2016–17 season. To set the tone and usher in the new era, BVMP will feature a full calendar of events and concerts during the first summer of ownership, prior to its inaugural ski season.



*Site of the future Bear Valley Summer Music Venue*

## TOP KEYS TO SUCCESS

- **Reposition and Rebrand** – The Bear Valley Mountain Playground will finally be put on the skier’s map as well as recapture former Bear Valley visitors, target millennials and appeal to the growing group of disenfranchised Tahoe visitors. The new management team will place a very strong emphasis on marketing.
- **Restructure Management and Reduce Salary and Payroll Costs** – 2013–14 payroll and salary was 54% of gross revenue, where the ski industry standard is approximately 30%. Additionally, some key management positions are underperforming, as supported by the results of our [2014 stakeholder survey](#). A dynamic Marketing Director will be recruited, to finally put an end to the continued lack of brand identity.
- **Operate the Village as a Profit Center** – Hire a hotel professional to operate the Bear Valley Lodge. Greatly reduce room rates as well as offer inexpensive ski and stay packages to incentivize increased visitation and length of stay. Focus on overall Revenue Per Available Room (REVPAR), instead of Average Daily Room Rate (ADR), which will lead to more overall spending. Create another food option besides pizza and fine dining. BVL and the Commercial Center have been losing money each year, but with a focus on repricing, marketing, and streamlining operations, it could easily be profitable and contribute meaningful revenues to resort operations.
- **Grow Mid-week Skier Visits** – Create attractive mid-week pricing deals (2 for 1, Carload Day, etc.) and promote throughout the Bay Area and Central California. The difference between a Saturday and mid-week lift ticket is only \$5, which is not nearly enough to appeal as discounted for off-peak. The low mid-week visitation continues to cut into whatever gains are made on the weekends and holidays.
- **Host Winter and Off-Season Events, Festivals, and Concerts** – Given the Bear Valley Lodge, beautiful surroundings, and the potential of a lower parking lot to be developed into the Sierra’s premiere concert venue, unlimited potential exists. Events safeguard against poor winter conditions as they are rarely cancelled.
- **Trail Improvements** – Organize and utilize a volunteer base to trim trails to prepare for lower snowfall seasons. Both the bottom of Grizzly and the village runs have been neglected for years.
- **Expand Summer Offerings** – With a revenue share option through strategic partners Extreme Engineering, very little upfront cost will be required to develop exciting summer recreation offerings.
- **Terrain Expansion into the Zones** – Some permitting changes and some terrain alternations to create a more user-friendly traverse will be required. This would likely occur during the second or third year of operation. A legitimate terrain expansion could easily add 15,000 skier visits per year or more.



- **Shift Guiding Program to In House** – The guiding program is provided by a third-party provider, while the snowcat and ski patrol is provided and paid for by the ski area operations. Currently, the third party collects all the revenue and later pays a small percentage to Bear Valley. The guide program will be branded, marketed and modeled similar to the very successful [Expedition Kirkwood](#) program.

## **OPPORTUNITIES FOR VALUE CREATION**

### **OPERATIONAL ENHANCEMENTS**

- **Develop Summer Recreational Opportunities** – It's no secret that the key to becoming a sustainable Mountain Playground is to develop a wide range of activities that don't rely on snowfall. At 7,100 feet, Bear Valley is ideally situated to offer a plethora of summer activities and offer a relief to hot valley temperatures. Summer activities development will be critical to the long-term viability of Bear Valley.
- **Zip Line** – Enormous potential exists for a zip line course from the Bear Valley Ridgeline from over 8,000 feet, to town with over 1,000 vertical feet of drop. If completed, it would be a one-of-a-kind attraction in California.
- **Mountain Biking** – Lift-served mountain biking continues to grow as a sport, and Bear Valley's ridgeline back to town has southern exposure and offers great trail development potential. The only lift-served competitors, Northstar, Donner Ski Ranch, and Mammoth, all have seasons that are approximately 6 weeks shorter than Bear Valley. A serious and dedicated mountain bike park can operate profitably throughout summer and during weekends during the shoulder seasons. Bear Valley could host several marquee mountain bike events and races each year, develop a weekly local race series, and grow the mountain biking brand. There are some existing mountain bike trails in place, although further development will require going through the National Environmental Policy Act (NEPA) process.
- **Youth Outdoor Education** – An expansion of the ski school into a dual-season activities school for youth and adults—not just a traditional, winter-only, ski/snowboard ski school—would further increase summer visits. At Mt Abram, MRA has developed a merit badge accreditation program with the Boy Scouts of America as well as collaborate with the local 4H club to create an outdoor enrichment series. The Bear Valley Lodge and affordable room rates would be an ideal set up for overnight youth accommodations.
- **Musical Festivals** – Bear Valley was formerly host to the very popular High Sierra Music Festival with over 10,000 attendees (the promoters called Bear Valley the perfect alpine venue for outdoor music events). The lower parking at the ski area would serve as the Sierra's premiere summer concert venue, with Mokelumne Canyon as a spectacular backdrop. All of the infrastructure (food, bar, first aid, electricity, bathrooms, etc.) is already in place. Mountain



Playground Presents, MRA's entertainment arm, will work with local music promoters to create memorable music experiences.

- **Develop Signature Events** – Yoga, art and wine festivals, triathlons, mountain bike races, endurance events, and other marquee events could be developed to provide year-round revenue and employment. Mountain Playground Presents will assist with the development of signature events.
- **Media Penetration** – The story of a grassroots organization, including senior leadership with a loyal following, purchasing and transforming the Sierra's last hidden gem into a sustainable Mountain Playground will make for local, national, and international news. MRA has done a very good job of increasing press coverage, which certainly translates into more skier visits.
- **E-commerce** – Currently Bear Valley is underperforming with advanced online ticket sales. According to our partners at Liftopia, based on other similar California ski areas, Bear Valley could be converting an additional \$200,000 to \$600,000 in e-commerce revenue.
- **Ski School and Guiding**– Bear Valley's layout is favored for beginning skiers with the Cub and Super Cub zones, directly in front of the base lodge. A repackaging of the ski school products, including a low-price-point learner package for all-day lessons, will be further evaluated. Creating a 10- to 12-week program that includes a pass will help "grow" the market. This will give Bear Valley a competitive advantage over other Sierra resorts. A seasoned, full PSIA-certified ski school director will be added to the ski school staff.
- **Revamp Food and Beverage Department** – The food and beverage department is greatly underperforming and the food options are generally pretty bland. There is currently very little outside deck revenue being generated and, as a result, many customers just bring their own food. With the nearby burgeoning food scene in Murphys, there is a great opportunity to create fresh and local menu items. Offering regular, fast and affordable food and a cocktail server in the Bear Valley Lodge lobby would generate revenue, create a cozy atmosphere and offer an alternative to the cafeteria.
- **Expand Corporate Sponsorships and Partnerships** – With a dynamic Corporate Sponsorship Team and Events Coordinator, sponsorships revenue will be greatly enhanced. Bringing some marquee events is an easy way to reposition Bear Valley in the marketplace.
- **Better Integration and Use of the Bear Valley Lodge** – The 53-room Bear Valley Lodge, constructed in 1967 and admittedly outdated, could do a much better job of creating and marketing ski and stay packages, groups and company retreats. Instead of charging a premium room rate (2015–16 weekend rate of \$131–\$160), reducing the rack rate to a more affordable price will attract a new group of destination skiers and offer a better price point for Bear Valley's target demographics. MRA has retained a senior revenue analyst from a major hotel chain to do some pro bono pricing and strategy work.

## INFRASTRUCTURE IMPROVEMENTS

- **Terrain Expansion** – Between Grizzly Bowl and Bear West pod are approximately 400 acres of north-facing terrain known as “The Zones”. The terrain is currently guide-only by a third party and offers steep slopes, cliffs, and glades with a sustained pitch for over 1,000 vertical feet. The return is via the existing Grizzly Chair, therefore no additional lift would be required. Some earthwork to create a better traverse, which would trigger the NEPA process, would be required. Much of this terrain is comparable to Silverado at Squaw Valley. If opened to the general public, it would offer the most impressive terrain expansion in the Sierra Nevada since Mt Rose’s Slide Chutes in 2004. Other terrain expansions, including East Bowl behind Koala, have been approved.
- **Upgrading Snowmaking System** – Skyline repaired the snowmaking system on the Koala pod and acquired more water rights in 2015. Additional snowmaking improvements on Polar Express, such as on Pipeline Trail, would further mitigate the negative effects of increasingly unreliable snow pack.
- **Install Midway Loading Station for Grizzly Chair** – Creating a midway loading station at Jack’s Jump on the Grizzly Chair line at approximately 7,100 feet is another project that would help operations in a low-snow year. Having a midway loading station would allow Grizzly Chair to operate while still offering access to a majority of the lower mountain. This could be completed as “regular lift maintenance” work and likely reduce or eliminate the NEPA process.
- **Volunteer Trail Crew** – Many locals have expressed interest in helping with off-season trimming. Many of the runs to the village and lower Grizzly are overgrown (there are reports of 20-foot willows), and areas on the front side of the mountain require trimming to assist with coverage during lower snow conditions. At both Mt. Abram and Mt. Ashland, annual volunteer days have been very productive and an effective way to achieve community buy-in and engagement.
- **Grade Goat Trail (Snow Valley)** – Some earthwork, which has already been approved by the USFS, could allow for an easier groomed run down to the bottom of the mountain and Grizzly Chair.
- **Base Lodge Remodel** – A ski area day lodge should carry a positive first-time impression. The existing base lodge design is a series of additions to the original lodge footprint, which feels like a maze that leaves the new visitor lost and turned around. As visitors enter the main front doors, instead of the warm and welcoming atmosphere of a rustic ski lodge, they are confronted with a cold and hard day locker room that has little opportunity for seating and getting organized for the day. The existing lodge has a rundown character with peeling paint, frayed carpet, lack of natural light, and dilapidated exterior finishes.

The base lodge could be transformed into a multi-use facility with spaces capable of efficiently and effectively serving the winter visitor and during the non-winter months serving as a venue for hosting special events including summer sports and wine, art, and music events while taking



much better advantage of the natural surroundings. All future construction will include or be retrofitted with the latest in green technologies as well as Low Impact Development (LID) techniques wherever feasible. To avoid NEPA, the remodel must be completed on the existing footprint.

- **Improve Retail and Rental Shop** – The existing retail store is crowded and undersized, and the rental shop is unable to accommodate high season overflow. The rental shop and successional support facilities are fragmented. Our retail specialist will be able to reorganize and restructure this space to optimize profits and flow.
- **Enhance Day Care Center** – The children’s play and ski school rooms lack the character expected for creating a positive experience for the future of our ski population. Bonus points for creating the ski industry’s first doggie day care.
- **Repair Shop Upgrade** – The repair shop, while clean and well organized, boasts a 30-year-old tuning machine that is not capable of completing tune-ups for today’s fat skis.
- **Enhance Deck Revenue** – The main deck that faces the slopes does not have any food, beverage, or other outlets. Creating a friendly vibe with music, BBQ, and drinks in the sun will generate more revenue.
  - **Evaluate Sundeck Potential** – Conduct a feasibility study on a rooftop bar. Currently the north end of the lodge should take advantage of the view into the Sierra’s second deepest canyon.
- **Bear Valley Lodge Upgrades** – Many room furnishings are outdated and the mattresses, which were purchased used from a Travel Lodge in 2007, are lumpy and need to be replaced. Currently 8 or 9 rooms are not rentable and need to be refurbished. A facelift or upgrade of the front side of the lodge, coffee shop, and general store would help curb appeal. Some new interior lodge lighting would greatly enhance the lodge’s ambiance.
- **Bear Top Facility** – Forest Service has approved a Bear Top facility. This could double as a viewing platform for scenic summer chairlift rides as well as take the pressure off the main lodge food services. Additional operation space for lift maintenance, snowmaking, and other departments could be utilized here as well.
- **Evaluate Employee Support Facilities** – Locker rooms and other employee support facilities should be evaluated for potential upgrades to enhance or maintain employee comfort and efficiency.
- **Evaluate Snowmaking Retention Pond** – Currently snowmaking water is pumped from Bear Valley Lake to Bear Top. Alternatively, a retention pond could be built close to the top of Snow Valley to reclaim water, without having to rely on a third party for water. This would require the full NEPA process and likely take years to receive approval.

- **Install Bridge over Access Road** – The span between the Water Tank run and Snoopy’s Hanger could benefit from a bridge over the access road and far eastern side of the ski area. Not only would this allow access to additional terrain without removing skis and hiking uphill, but it would serve as an archway for those arriving at the ski area.

## COMMUNITY AND ENVIRONMENTAL FOCUS

- **Grow the Hispanic and other Ethnicities Markets** – Bear Valley is very close to the Central Valley and farming industry. By developing a “Vamos a esquiando” program with special prices, bilingual instructors, and direct marketing, Bear Valley can target and grow the untapped Hispanic market, which currently makes up 28% of the population within 100 miles. Targetting other Bay Area minorities such as Indians and Asians will also be focused upon.
- **Increased Mid-week Skier Visits** – Lowering mid-week prices combined with developing unique programs will lead to more mid-week visitors. Currently lift tickets priced at \$74 on Saturdays and holidays with \$69 from Sunday to Friday. The \$5 reduction is still resulting in low mid-week visitation. By creating mid-week programs like 2 for 1 and car load days, as well as promoting inexpensive ski and stay packages to get “heads in beds,” mid-week visitation and revenues will increase.
- **Develop Relationships with Local Schools** – Between Arnold, Murphys, and Avery, there are numerous schools within an hour’s drive. Developing educational, after-school, and weekend programs will lead to increased visits and a growing customer base.
- **Partner with Colleges** – Cal State Stanislaus and University of the Pacific are both within 2 hours and would offer excellent opportunities to provide a “Mountain Classroom.” The Bear Valley Lodge could easily host up to 100 students at a time. Over the years, MRA has entered into mutually beneficial relationships with several student groups, with great results.
- **Commit to Sustainability** – Through MRA’s partnership with [STOKE Certified](#), a dedication to best environmental practices will be established. Not only will this help reduce expenses, but when promoted will attract a growing segment of the population that chose to reward green companies.
- **Develop Renewable Energy Potential** – With California’s generous rebates, grants, tax incentives, and solar providers, Bear Valley has a prime opportunity to produce onsite energy. MRA’s project in Maine, Mt. Abram installed the ski industry’s second largest solar array. The solar panels create 70% of their energy on-site with a less than 5 year Return on Investment.
- **Develop Food and Wine Events** – In and around Murphys (50 minutes from Bear Valley) are numerous wineries and high-end restaurants. Many of these wineries have several thousand wine

club members who visit the area and have large disposable incomes. Developing programs, seminars, and tastings is low-hanging fruit (pun intended) worth pursuing.

- **RV Park** – The parking lot by the sand storage offers level parking. Bear Valley could easily offer RV hookups and market to a new audience, and turn day skiers into multiple-day visitors. It is worth noting that all the corporate ski resorts in Lake Tahoe, plus all in Colorado and Utah, have eliminated RV parking.
- **Park and Ride Program** – Bear Valley could secure open space for parking and create a park and ride program close to Stockton and the junction of Highway 99 and Highway 4 (2 hours from Bear Valley). This would reduce parking usage and the carbon footprint. Bear Valley could run a bus, further incentivizing riders by saving on gasoline. A park and ride program could form a partnership with the City of Stockton to support its current revitalization program.
- **Motherlode Bus Service** – Bear Valley used to have a local bus service that was subsidized by Calaveras County. Reestablishing a similar local bus from Jackson to Sonora and up Highway 4 would increase skier visits.
- **Develop Partnership with Public Entities** – Establish partnerships with local regional public entities. For example, Project Discovery leases property from the City of Reno at Sky Tavern, which helps underwrite the city's costs in supporting Sky Tavern programs as well as capital improvements.
- **Create Adaptive Ski Program and Convert Main Lodge to ADA Compatible** – Position Bear Valley as the premiere adaptive ski program in the Sierra. Direct access to the main lodge and beginner slopes are well situated to service disabled skiers and programs. The Forest Service has been suggesting this for years. An elevator has been included in previous base area remodel plans.

## ADDITIONAL CONSIDERATIONS

- **Bear Valley Mountain Co-op** – In February, 2015, the Bear Valley Co-op was formed, and MRA was a founding partner. The Co-op currently has [an agreement with Skyline to match funds on membership-approved capital improvements](#) and is estimated to have approximately 600 members and an estimated \$1.2 Million in membership fees. Should the Co-op remain intact, BVMP would honor all previously advertised discounts and benefits as well as additional concert benefits for members. BVMP's General Manager would meet regularly with a mutually agreed upon Co-op board member. In January 2016, the Co-op extended an invitation to MRA to present at its meeting.

Along with Environment and Riders, the other core pillar of MRA's triple bottom line is Community, and it welcomes a collaborative relationship with the Bear Valley Co-op.

- **Approved Real Estate Units** – Dundee and Radar partners own the development rights, spread over 13.9 acres. An Environmental Impact Report has been completed and [Master Plan approved](#), which includes [343 residential units plus over 58,000 square feet in non-residential space](#). These future ski-in, ski-out units would be in demand once the ski area is thriving again. While MRA’s focus is on the ski area operations, a like-minded developer could create a progressive, sustainable, vibrant ski-in, ski-out mountain village where residents and guests “live, work, shop, and play.” The Bear Valley Lodge is located on part of the footprint of the future village development and will be torn down prior to construction.
- **Approved Chair Lift Entitlements** – As part of the Master Plan, [two village lifts that would connect the existing base village to the ski area](#) have been approved. The approved lifts would not involve any terrain expansion, and currently there is an hourly bus service that returns skiers to the base lodge. The new town chairlift would make for excellent lift-served mountain biking on the south-facing side of Bear Valley, connecting with many existing trails. Additionally, a lift from the top of Koala Top to East Bowl has been approved and would open up roughly 200 acres of intermediate and advanced terrain. Thanks to its mostly southerly exposure, this could be an ideal location for [North America’s first solar-powered surface lift](#).
- **Bear Valley Lodge and Base Camp** – The Bear Valley Lodge and Base Camp have also been victims of neglect, but do offer some potential. There is an opportunity to incorporate a local ski club into a lodge remodel. This could stabilize operations as well as help grow the customer base organically. The ski club model has proven successful in the Alps and the [Clubfields of New Zealand](#).

## **RECENT OWNERSHIP HISTORY**

From 2005 until 2014, the ski area was owned by three separate investment partners managed by Colorado-based Dundee Resorts. The ownership group’s primary focus was to get approval for the Real Estate Master Plan, which [includes 343 units, 58,000 square feet of commercial space](#), and a village lift, which was finally approved in 2014. However, during the tenuous and expensive years of the entitlement process, the three ownership partners became at odds with each other and the ski area operations were neglected, maintenance was deferred, and the ski experience (and brand) were negatively affected.

In January 2015, Canada-based Skyline Development closed on the ski area and currently retain an option to purchase the village development, which expires in July 2016. Skyline currently has a lease to operate the Bear Valley Lodge and village commercial space, which is still owned by the previous owners Dundee and Radar Partners. Skyline’s inaugural season was the lowest snowfall ever recorded in the Sierra, and skier visits were at an all time low of under 63,000, down from as much as 260,000 during Bear Valley’s golden years. Skyline did invest in some capital improvements, most importantly upgrading and repairing the snowmaking system on the Koala side of the mountain, as well as acquiring more water capacity. Other improvements such as a new website and logo, additional point of sale systems and new laptops, an upgraded deck for the Monte Wolf Salon, some painting, and some main lodge interior design

were completed. Benno Nager, a long-time ski industry executive, was hired as General Manager and employee and community morale was briefly restored. The overall guest experience was more favorable than during previous seasons.

In June 2015, Skyline unofficially announced they wanted to divest their asset. In November 2015, two weeks before the start of the season, it was announced that Human Resources Director Andrea Young was promoted to General Manager. Several other senior managers received promotions as part of the restructuring.

### ***MRA'S HISTORY WITH BEAR VALLEY***

Mountain Rider's Alliance (MRA) first began following Bear Valley in June 2012 when the ski area abruptly shut down for four months, without any communication from ownership. This left both employees and the Highway 4 corridor uncertain if the ski area would open the following winter. In April 2013 Bear Valley was officially listed for sale, and MRA made its first site inspection and began conducting due diligence, until the ski area was put under offer in July 2013 but was never consummated. When the ski area was relisted in November 2014, MRA restarted its efforts, including submitting two different letters of intent, neither accepted, and were ultimately beat out by Skyline Investments of Toronto, Canada. In June 2015, when Skyline announced they weren't interested in Bear Valley for the long term, MRA immediately expressed interest. In July, Skyline entered negotiations with a second homeowner group and asked MRA to stand aside to hopefully "complete the transaction." In October, when MRA learned that the deal was dead, it restarted discussions with Skyline. In November 2015, Bear Valley Mountain Playground Group, LP, of which MRA is the general managing partner, submitted a letter of intent for the purchase of the ski area operations, which was signed by Skyline's CEO Michael Sneyd. In January, 2016, the Bear Valley Co-op invited MRA to present their vision to their board and members.

### ***ABOUT MOUNTAIN RIDER'S ALLIANCE***

Mountain Rider's Alliance was founded in 2010 in response to the growing concern that the ski industry was getting away from the business of providing basic uphill transportation and instead focusing on out-of-boot amenities such as high-end culinary experiences, cookie-cutter base villages, and, in some instances, theme park attractions. At the same time, small to mid-size community-oriented ski areas have been closing. Since the mid-1980s, over 30% of North America's small to mid-sized ski areas have closed. This is eerily similar to big box stores competing with Mom-and-Pops in other industries.

Over the past five years, MRA has studied the ski industry in depth, specifically independent and community ski areas, assembled a well-rounded leadership team, recruited a seasoned advisory board, and forged numerous key strategic partnerships. MRA have attended numerous trade shows, gained access to many industry experts, and traveled throughout North America, immersing themselves in ski communities. Through its successes at Mt Abram, Maine, and Mt Ashland, Oregon, MRA has a proven track record in assisting community and independent ski areas change trajectory and get on the right

track. MRA has now been featured in over [175 media articles](#), and its message and mission of creating sustainable mountain playgrounds resonates with snow enthusiasts around the world.



## ***RISK AND MITIGANTS***

### **Risk 1: Operational Risk – Inability to Generate Satisfactory Return on Investment**

*Mitigant 1:* Leveraging the strengths of their strategic and advisory board, MRA will address the various shortfalls of the operation including but not limited to: personnel changes/additions, performing a sustainability assessment, and evaluating the potential for onsite renewable energy projects. All of these efforts will work towards both increasing total revenues and cutting costs wherever and whenever possible.

*Mitigant 2:* Leveraging its considerable media presence, MRA will rebrand Bear Valley and deliver this new message throughout the marketplace, putting Bear Valley back on the skier's map.

### **Risk 2: Environmental Risk – Effects of Weather and Climate Change**

*Mitigant 1:* Property's lodge facilities are located at an elevation of 7,750 feet with the majority of the beginner and intermediate terrain found above this elevation, enabling the bulk of guests and especially families to enjoy the fruits of higher-elevation snow and avoid wetter conditions at lower elevations.

*Mitigant 2:* With a proven track record of successful summer business, there is an excellent opportunity to revive these programs with an infusion of talent and energy, offsetting the climate risks. Additionally, with vast expanses of south-facing terrain where snowmelt occurs earlier in the spring, Bear Valley has the unique opportunity to have a longer season to enjoy the various summer programs.

*Mitigant 3:* Increase the amount of north-facing vertical for skiers by installing a mid-loading station halfway down Grizzly Bowl, for use in low snow years or poor snow conditions. This addition would allow approximately 1,400 vertical feet of skiing to advanced and expert skiers even when conditions are too poor to have the lower terminal open, and would thus make the ski area more attractive to those skiers seeking more challenging terrain.



*Mitigant 4:* Invest in snowmaking upgrades. In the Sierra, Northstar, Boreal, and Diamond Peak have invested in their snowmaking infrastructure and are having above-normal revenue during the last 3 drought years.

*Mitigant 5:* Utilize preemptive solutions to prepare for and conserve the snow base for low snow years and spring snowmelt. These solutions include: making and/or collecting snow in pre-positioned storage “whales” at key points at high traffic areas that are exposed to extensive grooming and/or direct exposure to the sun; using thermal blankets to protect the base in exposed areas; and erecting snow fences, using trees planted for the purpose, or by constructing traditional fencing, to protect areas that receive excessive wind scouring and/or exposure to sun.

### **Risk 3: Market Risk – Changes in Consumer Demand**

*Mitigant 1:* Bear Valley’s proximity and relative ease of access to the San Francisco Bay Area with its 11 million residents represents a key insulator from shifts in consumer demand. Additionally, with the ski areas in Lake Tahoe becoming more crowded and expensive, Bear Valley will offer an economical alternative and a welcome respite from the traffic of the I-80 corridor.

*Mitigant 2:* MRA will work diligently to adjust the price point for Bear Valley, offering numerous discounts especially for groups and new skiers and riders, and during non-holiday and weekend times. A well-advertised lower price point will again help draw skiers and riders from the Tahoe market as well as attract new skiers and riders to Bear Valley.

*Mitigant 3:* Bear Valley offers a diversity of terrain that is inviting for all ability levels, making the ski area an attractive destination for families.

*Mitigant 4:* Bear Valley can take advantage of the rapidly increasing popularity of summer gravity sports, in particular mountain biking, which will drive an increase in summer visits as well as introduce the area to potential winter customers that visit during the summer months.

### **Other Risk Factors**

**Deferred Cap-Ex:** Apart from the 2005 constructed Polar Express, the chairlifts are older. The base lodge also has some deferred maintenance.

**Economy:** Continued impacts on skier numbers and spending per skier can be expected due to continuing economic uncertainty and slow recovery.

**Demographics:** The ski industry is currently experiencing a decline in participation except for families with annual income over \$150,000. Industry projections vary, with most expecting weak to negative growth in snow sports participation. Annual skier visits have been increasing throughout the past two decades; however, variations in skier visits are directly related to the state of the economy and/or snowfall totals, with decreases in

skier visits prominent in the 2007–8 season (corresponding to the beginning of the recession) and 2011–12 season (corresponding to the poor snowfall throughout the region). MRA believes a strong marketing effort, affordable lift ticket prices and mid-week programs and targeting the Hispanic community will increase market share for Bear Valley.

**Competition:** As previously stated, as the Tahoe market continues to become more saturated and “corporatized,” MRA believes that Bear Valley represents an incredible opportunity to deliver the unique, authentic California Sierra ski experience. Through aggressive marketing, maintaining a lower price point, and the preservation of the funky vibe that Bear Valley exudes, MRA feels that the ski area will position itself as an attractive alternative to the ski areas of Lake Tahoe.

## ***APPENDIX A – Strategic Partners***

**Extreme Engineering** – A leader in summer recreation equipment, [Extreme Engineering](#) made a site visit to Bear Valley in Spring 2014. Extreme Engineering offers inventive products that are now commonly used, such as the self-belaying device.

**Hogan Lovells Law Firm** – Based out of Colorado, [Hogan Lovells](#) works with numerous ski areas on US Forest Service Land. Jamie has worked with the law firm on a previous project and has a great relationship with attorney Ana Gutierrez.

**Liftopia** – The industry norm in e-commerce, [Liftopia](#)'s proven pricing strategies will be implemented to optimize advanced purchase lift ticket sales. Jamie has a personal relationship with Liftopia CEO Evan Reece and has been receptive in using Bear Valley as a laboratory for their new technologies.

**Mountain Playground Presents** – A joint partnership between [Nature Partners](#) and MRA, Mountain Playground Presents will produce events, festivals, and large-scale signature events at Bear Valley.

**Mountain States Snowcats** – Offering a turn-key, third-party grooming service, [Mountain States Snowcats](#) could be a great fit for Bear Valley. The current fleet is old and costly to maintain, whereas Mountain States offers state of the art machines. Bear Valley's old fleet could be sold off for an estimated \$175,000.

**Native American Olympic Team Foundation** – Founded by Olympian Suzy Chaffee, a close personal friend to Jamie, the [Native American Olympic Team Foundation](#) will work to create special programs at Bear Valley as well as an annual Mountain Gratitude dance.

**North Pole Design** – A ski industry leader in trail maps and resort guides, [North Pole Design](#) will revamp the old trail map and other print collateral with a new Bear Valley Mountain Playground guide, including updating current runs and a separate section for the learn-to-ski area.

**PayneWest Insurance** – A leading broker of ski area insurance, [PayneWest](#) will provide training and risk management assistance to the new regime. In future years, PayneWest and MRA will be working together to create an insurance pool that will diversify the risk and reduce premiums at participating ski areas.

**She Jumps** – Designed to get more women involved in outdoor adventure sports, [She Jumps](#) has worked with MRA at its two affiliate ski areas. The She Jumps partnership will help increase female participation.

**STOKE Certified** – As the world's only Snow Sports Certification, [STOKE Certified](#) will work alongside management at the Bear Valley Mountain Playground to benchmark, create a sustainability road map, and ultimately facilitate implementation of environmental initiatives. STOKE puts the “sustainable” in MRA's tagline of “Creating Sustainable Mountain Playgrounds.”

**Tahoe Training Partners** – Founded by long-time ski industry Human Resources expert Laura Moriarty, [Tahoe Training Partners](#) will work alongside Bear Valley's director of human resources, reviewing, evaluating, and recommending best HR practices. After numerous years of declining employee morale, TTP's work will be critical to the overall future success of the ski area.



## APPENDIX B – MRA Accomplishments

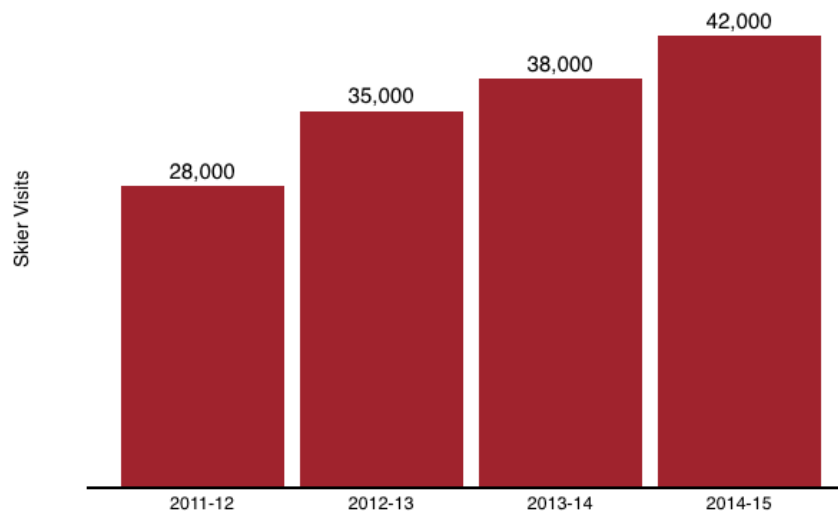
Since 2011, MRA has worked with several community ski areas, gaining invaluable hands-on experience.



MRA began working with the Mt. Abram, Maine, in 2011, first sharing best practices. In 2012–13, MRA formed part of the management team, and in 2013–14 MRA co-founder Dave Scanlan was hired as general manager.

Accomplishments at Mt Abram include:

- 2012 Winner of the Golden Eagle Award for Environmental Excellence
- Became the second ski area to install E/V chargers. Applied for and received USDA REAP Grant for \$235,000 towards solar panel project
- Installed 803-acre solar panel array, second largest in the ski industry, which creates 70% of energy on-site
- Garnered numerous media articles including *Powder* magazine, the *Boston Globe*, *Fox News*, and *Outside* magazine
- Led successful rebrand and repositioning of 50+ year-old ski area
- Greatly enhanced guest satisfaction and overall ski experience
- Helped create and host annual non-profit fundraiser, raising \$50,000+ annually
- Noticeably increased employee morale under MRA management
- Significant increase in skier visits and top line revenue





MRA began working with the non-profit-owned Mt Ashland ski area in southern Oregon in summer 2014. First serving as a consultant, Jamie was then hired on as director of sales and marketing for the 2014–15 season.

Accomplishments at Mt Ashland include:

- Worked with board of directors to interview and hire new general manager
- Created a DNA statement and collaborated on a major rebranding and repositioning of the 50-year-old ski area
- Greatly enhanced media coverage
- Extensively engaged stakeholders and noticeably increased community relations
- Established a regional transportation program to service the ski area
- Developed a live music series
- Kept momentum going during an unusually tough season with 3 separate closures and only 38 total days of operation
- Collaborated on summer recreational plan and submitted to Forest Service



Antelope Butte Foundation is a 501(c)3 nonprofit formed to reopen their community ski area in the Big Horn Mountains of northern Wyoming. Jamie was ABF's first employee and served as Interim Executive Director, collaborating with the seven-member board and future executive director to lay the groundwork for success.

Accomplishments at Antelope Butte include:

- Conducted ongoing stakeholder engagement to help shape project
- Oversaw all aspects of project development
- Greatly expanded media exposure and brand awareness of reopening efforts
- Worked alongside Development Direct to develop \$4.3 million capital campaign
- Arranged Native American mountain blessing
- Planned, promoted and executed successful Antelope Butte Summer Festival

**APPENDIX C – Bear Valley Mountain Playground Founders Club**

**Mountain Riders Alliance (MRA) has executed a Letter of Intent for the acquisition of Bear Valley Ski Area from Skyline Investments, scheduled to close in May 2016!!**

In leading Bear Valley Ski Area into a new era, MRA is offering Bear Valley family participation in a different type of founder’s role. By creating the **Bear Valley Mountain Playground Founders Club**, MRA will offer a strong value proposition and visible recognition for their founding membership.

The offering is limited to 50 membership households. Members’ benefits are structured to pay for themselves within 5 years with further details below.

**Bear Valley Mountain Playground Founders Club**

<b>Investment</b>	<ul style="list-style-type: none"> <li>• \$10,000</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• 4 Transferable Season Passes for life of BVMPG (min of 7 years)</li> <li>• 4 Tickets for all future Bear Valley Mountain Playground concerts</li> <li>• 1 Mountain Playground Founders Club Mug*</li> </ul>
<b>Redemption</b>	<ul style="list-style-type: none"> <li>• Use Mountain Playground membership card as season pass and to enter concerts</li> </ul>
<b>Optional Add-ons</b>	<ul style="list-style-type: none"> <li>• \$2,500 per additional Season Pass and Concert Ticket bundle up to a maximum total investment of \$25,000 per Club Member’s household</li> </ul>
<b>Equity</b>	<ul style="list-style-type: none"> <li>• 0% <i><u>This is a non-equity membership</u></i></li> </ul>
<b>Transferability</b>	<ul style="list-style-type: none"> <li>• Passes and tickets may be used by <u>owners, family, friends and renters</u></li> <li>• Club membership is transferrable only with the sale of condo or home</li> </ul>
<b>Duration</b>	<ul style="list-style-type: none"> <li>• For the life of BVMPG lease of Bear Valley Ski Area: min of 7 years</li> </ul>
<b>Return of Funds</b>	<ul style="list-style-type: none"> <li>• <i>Pro-rata</i> in the event of BVMPG transfer prior to 7 years</li> </ul>
<b>Limit</b>	<ul style="list-style-type: none"> <li>• 50 total units available</li> </ul>

\* Includes a limited edition founders-edition 24oz mug with a monogrammed storage spot (back-bar hook or small side-wall locker) in the Monte Wolf Saloon.

*Founders’ mugs will be filled with any tap beverage at the price of 16oz drafts as a courtesy to founding members in recognition of their contribution.*

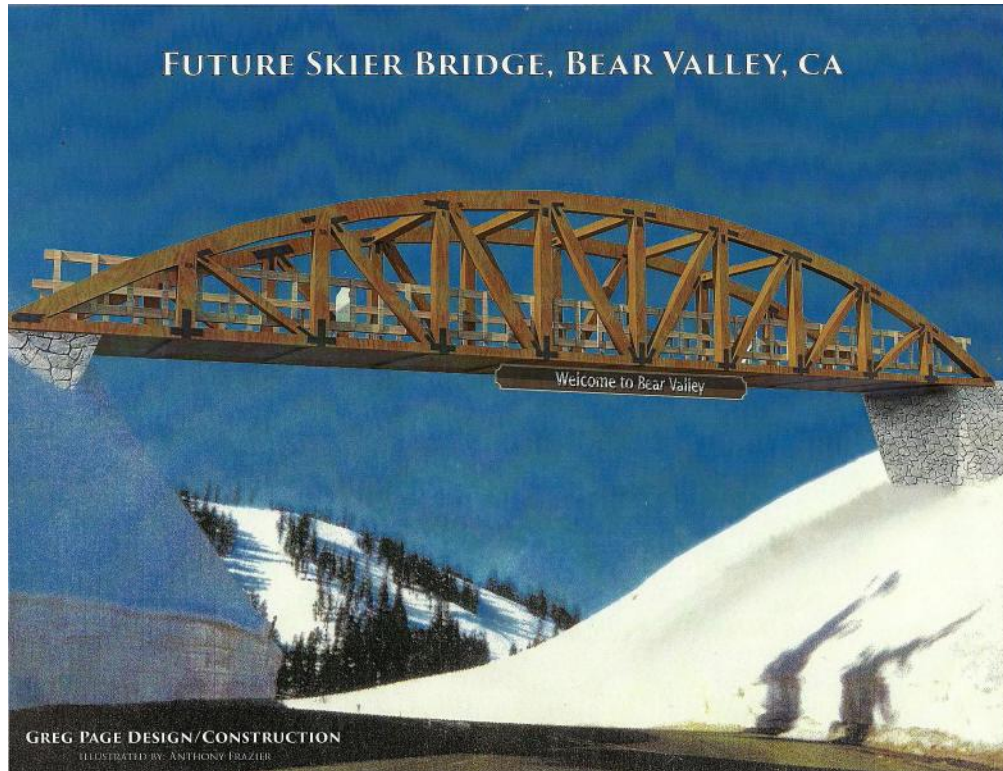


**Mountain Rider Alliance**

*Creating Sustainable Mountain Playgrounds*

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## *APPENDIX D – Future Skier Bridge Conceptualization*



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### *APPENDIX E – Sierra Ski Resort Comparison*

Ski Resort	Average Annual Snowfall	Vertical Drop	Lodge Elevation	Top Elevation	Lifts	Acres of Skiable Terrain	# of Runs	Window Weekend Adult LiftTicket
Bear Valley	359"	1,900'	7,750'	8,495'	9	1,680	75	\$74
Alpine Meadows	365-450"	1,802'	6,835'	8,637'	14	2,400	100	\$124 + Squaw*
China Peak	300"	1,673'	7,030'	8,709'	11	430	45	\$72
Dodge Ridge	400"	1,600'	6,600'	8,200'	12	852	67	\$68
Heavenly	360"	3,500'	6,540'	10,067'	30	4,800	94	\$98
Kirkwood	500"	2,000'	7,800'	9,800'	15	2,000	65	\$98
Mammoth Mountain	355"	3,100'	7,953'	11,053'	28	3,500	150	\$119*
Mt Rose	350"	1,800'	8,260'	9,700'	8	1,200	60	\$94
Northstar	350"	2,280'	6,330'	8,310'	19	2,900	93	\$124*
Sierra at Tahoe	480"	2,212'	6,640'	8,852'	12	2,000	46	\$97
Squaw Valley	300-450"	2,850'	6,200'	9,050'	30	4,000	170	\$124 + Alpine*
Sugar Bowl	500"	1,500'	6,383'	8,383'	13	1,500	94	\$97





## *APPENDIX F – Bear Valley and MRA Timeline*

June–October 2012:	Followed summer closure
March 2013:	Reviewed offering memorandum
April 2013:	Conducted initial site visit
June 2013:	Property put under contract
September 2013:	Property falls out of contract
November 2013:	Seller puts property back on market with new offering memorandum
November 2013:	MRA CEO Jamie Schectman meets with Steve Troyer to discuss community ownership
December 2013:	MRA refocuses and conducts due diligence
January–February 2014:	MRA conducts several site visits and stakeholder engagement
February 2014:	Bear Valley Acquisition Group, LP formed, \$50,000 raised in \$2,500 units. Submit Letter of Intent (LOI ) for \$2.1 million for Ski Area Operations (not accepted)
March–April 2014:	Jamie moves to Bear Valley
March 2014:	Jamie re-engages Co-op, gives presentation and offers to partner with Co-op (not accepted)
April 2014:	MRA and like-minded development partner forge partnership, submit LOI for \$6 million for entire property (not accepted)
April 2014:	Development partner bows out of the deal
April–May 2014:	MRA conducts a Bear Valley Stakeholder Survey with over 125 responses
June 2014:	Skyline begins negotiations with seller
July 2014:	MRA talks with Skyline about a potential partnership
August 2014:	Skyline and Co-op reach partnership, MRA steps aside
January 2015:	Skyline closes on Bear Valley Ski Area and Lodge, with 2 year option on Village Real Estate
June 2015:	Skyline re-evaluates Bear Valley investment, decides to sell
June 2015:	MRA contacts Skyline and begins discussions
June 2015:	MRA forms Bear Valley Mountain Playground Group, LP (BVMPG)
July 2015:	Skyline asks BVMPG to step aside while it negotiates with second homeowner group
October 2015:	Talks between Skyline and second homeowner group halted
October 2015:	BVMPG restarts discussions with Skyline
November 2015:	Skyline signs BVMPG’s Letter of Intent for the acquisition of Bear Valley Mountain Resort
January 2016:	Bear Valley Co-op extends invitation to MRA to present vision to board and members



## **APPENDIX F – Testimonials**

*“One group of passionate snow riders is doing everything they can to help small ski areas not only survive, but thrive. Mountain Rider’s Alliance is a group of talented individuals working with small ski areas to become community-focused Mountain Playgrounds. MRA works with existing ski hills to help them become more efficient and successful. Through the intersection of the community, the environment, and the customers, MRA strives to establish healthy and profitable local ski areas.”*

Dave Belen  
RRC Associates  
Boulder, Colorado

*“Jamie’s passion for MRA’s mission is evident in everything he does, and it’s contagious! Within a short time of working with Mt Ashland, Jamie developed relationships with key members of the community. He used these relationships to move initiatives forward that created positive change at Mt Ashland. He was instrumental in helping develop a new brand that laid the foundation for all business decisions. He revived Mt Ashland’s social media program and launched a successful crowdfunding campaign—engaging and exciting Mt Ashland supporters and gaining new supporters.”*

Chris Cook  
Mt Ashland Association Board Member and Community Outreach Chairperson  
Ashland, Oregon

*“Mountain Rider’s Alliance is trying to change the sport of skiing. More accurately, they’re trying to return the sport to its roots.”*

Kim Kircher  
Ski Resort Owner, Veteran Ski Patroller and Author  
Crystal Mountain, Washington

*“Fed up with what they see as skiing’s ‘increasing costs and sense of exclusivity,’ MRA seeks nothing less than to recreate the ski industry along more sustainable lines.”*

The Brave Ski Mom Blog

*“MRA is about skiing, plain and simple: a thriving business model away from the commercialized, overpriced, factory outdoor experience at the mega-resorts.”*

SAM: Ski Area Management magazine