

# Warm Springs Ranch

The latest schematic of the project has eliminated nearly 250,000 square feet and contemplates 3 phases. The project will generate more than \$42 million dollars of revenue to the city, including local option tax, property tax, transfer tax, impact fees, real estate commissions and generate over 120+ jobs.

**Phase 1** - comprised of over 300,000 square feet of space including public area (Bar, restaurant, ballroom, board room, living room, kids game room), 120 guest rooms, 31 residences, spa and treatment rooms, swimming pool and jacuzzi, tennis courts, Dave Pelz short game school, trails, fishing facility and stream restoration. Several brands have expressed interest in the project including St. Regis and Ritz Carlton.

**Phase 2** - Up to 59 creek side residences.

**Phase 3** - Up to 15 ranch homes.

# starwood

Hotels and  
Resorts

July 20, 2011

[Via Email – mbarnard@bluhotelinvestors.com](mailto:mbarnard@bluhotelinvestors.com)

Michael A. Barnard  
Principal  
Blu Hotel Investors, LP  
215 Hot Springs Rd  
Santa Barbara, CA 93108

Re: Proposed St. Regis Sun Valley Resort

Dear Mr. Barnard:

Thank you for speaking with us regarding the Warm Springs Ranch development in Sun Valley, ID (the “Hotel”), and your interest in the possibility of having Starwood Hotels & Resorts Worldwide, Inc. or any of its affiliates (collectively, “Starwood”) manage the Hotel as a St. Regis. Based on our understanding of the market and your description of the Hotel project, we are pleased to express our significant interest in further evaluating this opportunity. We believe St. Regis, which has an unmatched reputation for luxury around the world, compliments the Sun Valley market and would benefit from Starwood’s powerful global systems and dynamic management team. In addition, Starwood has a strong portfolio of assets in ski-country such as Aspen, Deer Valley, Vail / Beaver Creek, Mammoth, Whistler, Steamboat Springs and Mont-Tremblant, and is focused on growing this platform in markets such as Sun Valley.

A few of the reasons why we believe St. Regis and Starwood are ideal for the Sun Valley market and the Warm Springs Ranch development site include the following:

- 1. Starwood is the Leading Luxury and Lifestyle Branding Company:** With over 1,000 hotels across nine distinct brands, Starwood is the leading lifestyle branding company that continues to redefine the hotel space. Starwood has reshaped the public perception of the hotel experience with its emphasis on innovation, design, and brand differentiation and are focused on creating hotels that are complimentary to their respective markets.
- 2. The Strength of the St. Regis Brand:** St. Regis established the luxury segment with the opening of The St. Regis New York. Today its rich heritage, loyal following and sought-after properties around the world have made it one of the

fastest growing luxury brands. St. Regis' unique brand positioning delivered through meaningful guest experiences, high-demand partnerships and distinct design have resulted in strong guest loyalty and market-leading performance.

3. **The Power of Starwood's Systems and Programs:** The St. Regis Sun Valley Resort will be backed by the power of Starwood's industry leading booking channels that drive customers to the destination. This includes the world-class Starwood Sales Organization, regionally-based Field Marketing team, award-winning branded web sites, TeamHOT our unique cross-selling program that encourages property-based sales teams to refer business to other Starwood hotels, and Customer Contact Centers.
  
4. **The Strongest Loyalty Program in the Industry – Starwood Preferred Guest:** Driving transient business to The St. Regis Sun Valley Resort is instrumental to the overall success of the property, and Starwood believes that Starwood Preferred Guest (SPG) will be a major contributor. SPG has been the industry's most honored loyalty program for nine years running. SPG's existing customer base of more than 13 million active members drives success at locations such as Aspen, Deer Valley, Vail / Beaver Creek, Mammoth, Whistler, Steamboat Springs, and Mont-Tremblant.

We look forward to continuing our conversations about this opportunity with you. Please note that this letter is only an expression of our interest to further evaluate this opportunity and does not create any legally binding obligation on Starwood. You should not rely on this letter, or any further discussions regarding this potential transaction as an agreement, offer or commitment by Starwood to enter into any transaction with respect to the Hotel.

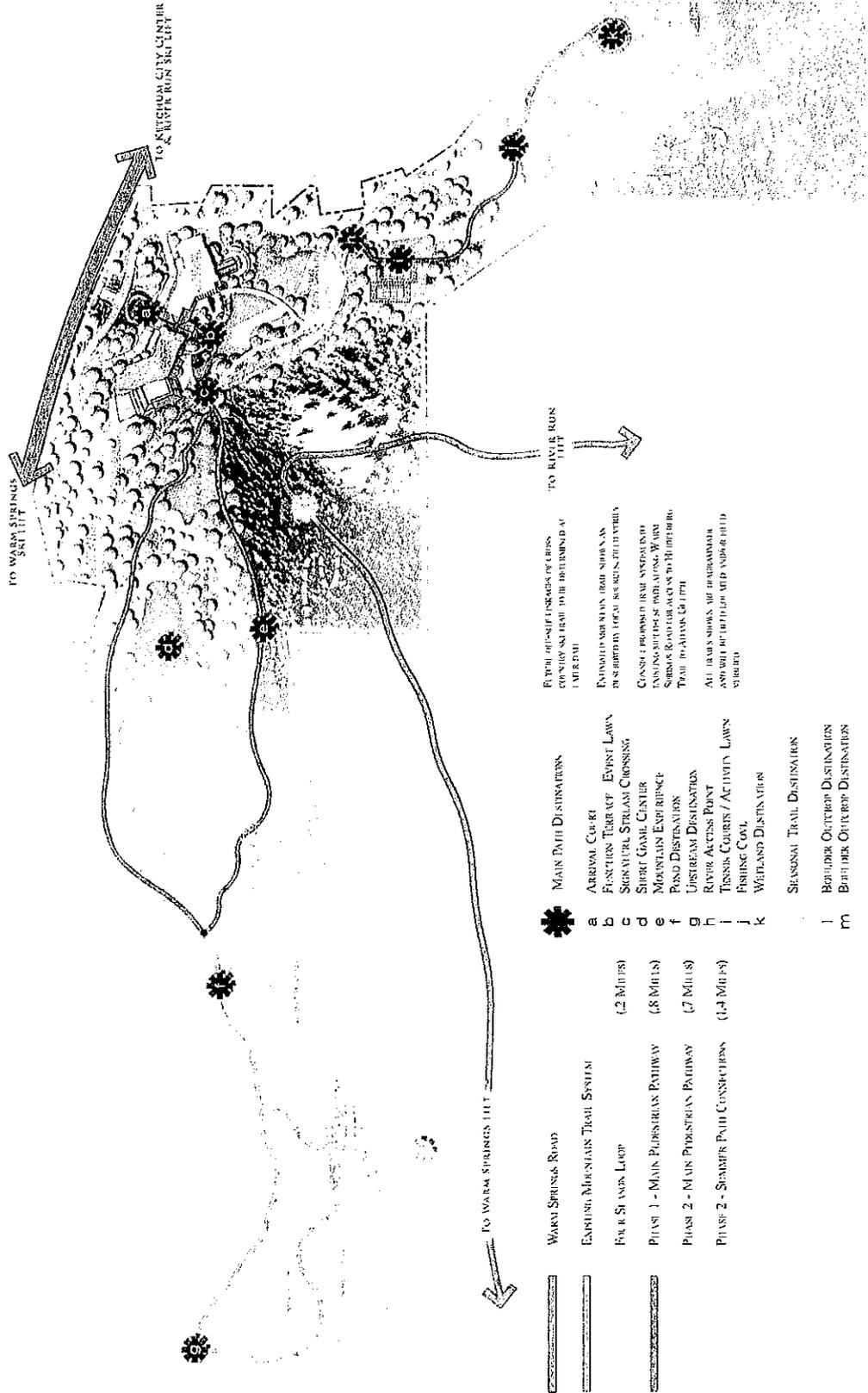
Thank you again for working with us on this project, and look forward to the potential opportunity to bring Starwood to the Sun Valley market.

Sincerely,

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Mark Keiser  
Vice President, Development

cc: Charlotte DeHaven



FUTURE DEVELOPMENTS OF CROSS COUNTRY SKI TRAIL TO BE DETERMINED AT A LATER DATE

EXTENDED MOUNTAIN TRAIL SHOWN AS DESCRIBED BY LOCAL BUSINESSmen AT THE TIME

CONSTRUCTION OF TRAIL SYSTEMS IN THE MOUNTAIN EXPLORATION SURVEY ROAD TO ACCESS TO BE DETERMINED AT A LATER DATE

ALL TRAILS SHOWN BY DIRECTIONAL ARROW AND WILL BE DEVELOPED WITH VARIOUS FIELD VISIBILITY

- MAIN TRAIL DESTINATIONS**
- a ARRIVAL CURVE
  - b FUNCTION TERRACE
  - c SIGNATURE STREAM CROSSING
  - d SHORT GAME CENTER
  - e MOUNTAIN EXPLORATION
  - f POND DESTINATION
  - g UPTHEM DESTINATION
  - h RIVER ACCESS POINT
  - i TENNIS COURTS / ACTIVITY LAWN
  - j FISHING COWL
  - k WETLAND DESTINATION
- SEASONAL TRAIL DESTINATION**
- l BOULDER OUTCROP DESTINATION
  - m BUTTE OUTCROP DESTINATION

- WARM SPRINGS ROAD**
- EXPANDED MOUNTAIN TRAIL SYSTEM**
- FAIR SLOPE LOOP (2 Miles)
  - PHASE 1 - MAIN PLEASANT PATHWAY (6.8 Miles)
  - PHASE 2 - MAIN PLEASANT PATHWAY (7 Miles)
  - PHASE 2 - STAMPER PATH CONNECTIONS (1.4 Miles)

**WARM SPRINGS RANCH RESORT**

**WARM SPRINGS RANCH REPORT**

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

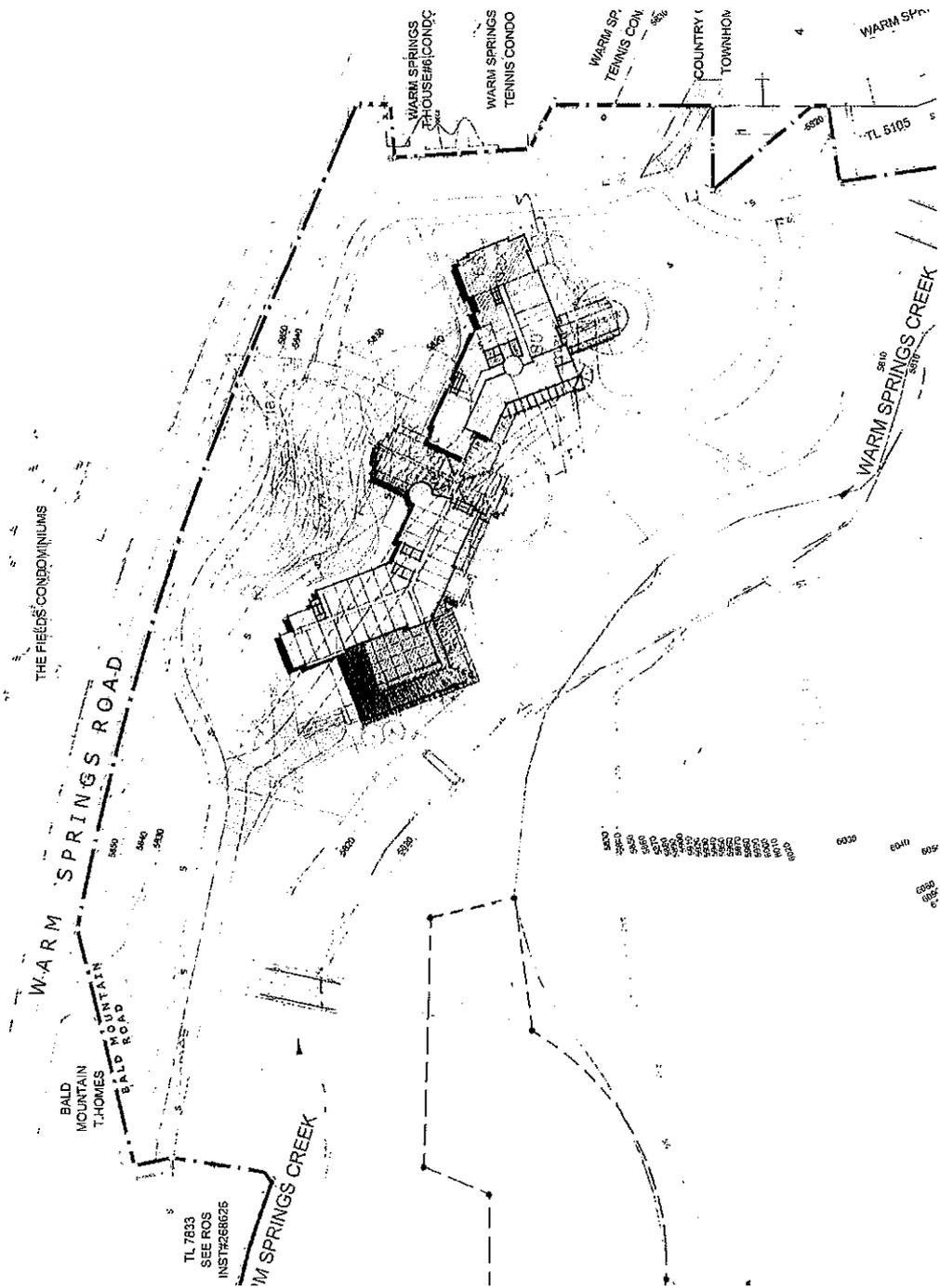
FOR: \_\_\_\_\_

DATE: \_\_\_\_\_

MP-1100

NOT FOR CONSTRUCTION

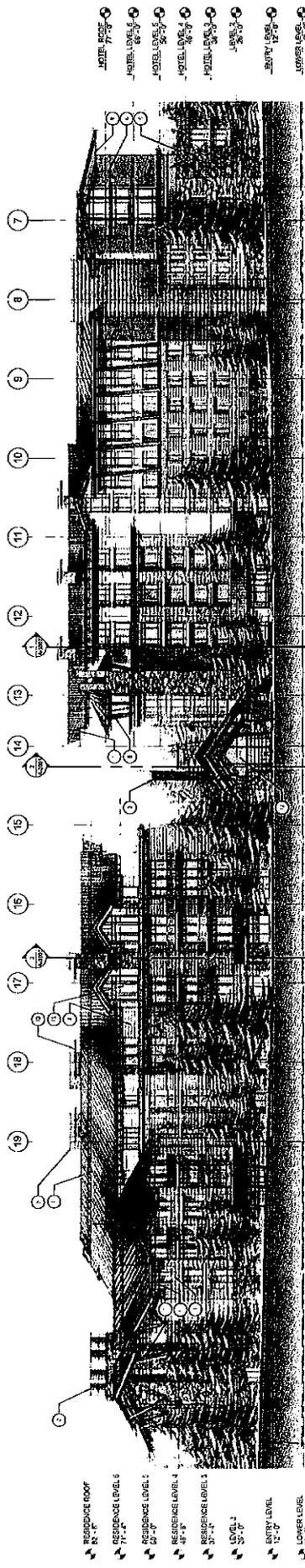




TL 7833  
SEE ROS  
INST#286026

**WARM SPRINGS RANCH RESORT**  
WARM SPRINGS RANCH RESORT  
DATE: 08/11/10  
BY: [Signature]  
CHECKED: [Signature]  
SCALE: [Blank]  
DATE: [Blank]

ARCHITECTURAL PLAN  
A-1110  
NOT FOR CONSTRUCTION



RESIDENCE ROOF  
82'-0"  
RESIDENCE LEVEL 6  
71'-0"  
RESIDENCE LEVEL 5  
60'-0"  
RESIDENCE LEVEL 4  
49'-0"  
RESIDENCE LEVEL 3  
37'-0"  
LEVEL 2  
25'-0"  
ENTRY LEVEL  
12'-0"  
LOWER LEVEL  
0'-0"

HOTEL ROOF  
77'-0"  
HOTEL LEVEL 7  
66'-0"  
HOTEL LEVEL 6  
55'-0"  
HOTEL LEVEL 5  
44'-0"  
HOTEL LEVEL 4  
33'-0"  
HOTEL LEVEL 3  
22'-0"  
HOTEL LEVEL 2  
11'-0"  
HOTEL LEVEL 1  
0'-0"

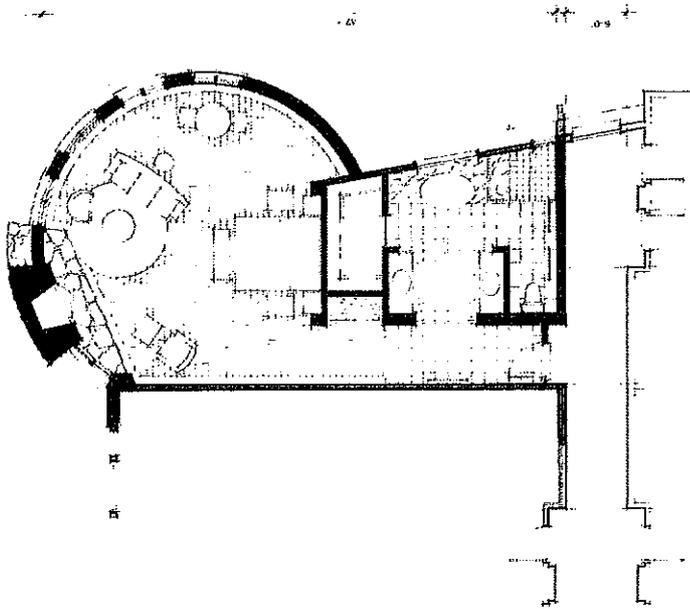
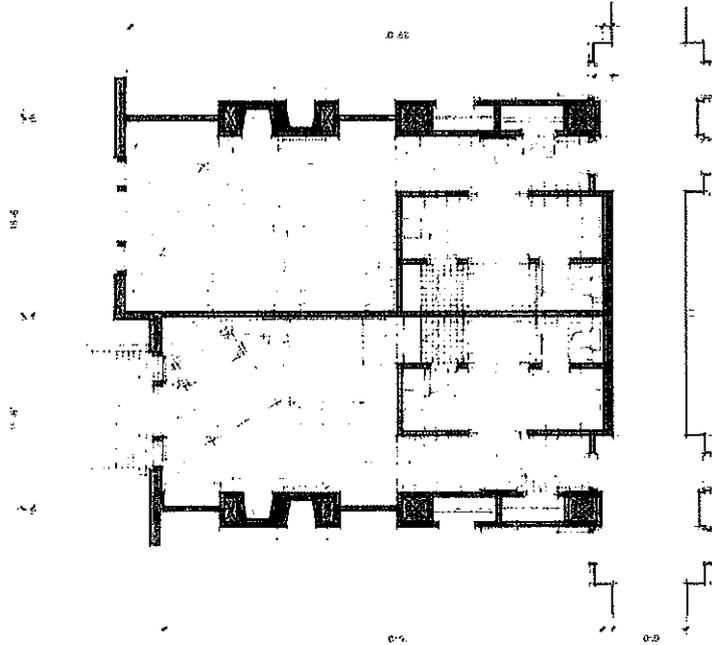
North  
SCALE 1/8" = 1'-0"

**GENERAL NOTES**

1. REFER TO ALL OTHER DRAWINGS FOR DETAILS.
2. REFER TO ALL OTHER DRAWINGS FOR MATERIALS.
3. REFER TO ALL OTHER DRAWINGS FOR FINISHES.
4. REFER TO ALL OTHER DRAWINGS FOR MECHANICAL.
5. REFER TO ALL OTHER DRAWINGS FOR ELECTRICAL.
6. REFER TO ALL OTHER DRAWINGS FOR PLUMBING.
7. REFER TO ALL OTHER DRAWINGS FOR STRUCTURE.
8. REFER TO ALL OTHER DRAWINGS FOR EXTERIOR.
9. REFER TO ALL OTHER DRAWINGS FOR INTERIOR.
10. REFER TO ALL OTHER DRAWINGS FOR LANDSCAPE.
11. REFER TO ALL OTHER DRAWINGS FOR SITEWORK.

**WARM SPRINGS RANCH RESORT**  
WARM SPRINGS RANCH RESORT

DATE: 01/15/01  
DRAWN BY: J. ALLEN  
CHECKED BY: J. ALLEN  
ISSUE NO.: 01  
SCALE: AS SHOWN



WARM SPRINGS  
RANCH RESORT  
WARM SPRINGS RANCH RESORT  
PROJECT: \_\_\_\_\_  
ARCHITECT: \_\_\_\_\_  
DATE: \_\_\_\_\_  
BY: \_\_\_\_\_

NOTE: OVERROOMS

A-4001

NOT FOR CONSTRUCTION