

Mountain Reservations 'Stocking' Its Own Shelves

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05/07/2008

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Overstock.com is back concentrating on its core business of selling overstocked merchandise, not ski trips. The twisty-turny saga that began with Overstock acquiring fast-moving Ski West in 2005, has taken a new turn. Julian B. Castelli and George M. Trevino of Castles Media bought those travel operations from Overstock and renamed it Mountain Reservations.

The Industry Report caught up with Castelli and Trevino during the recent Mountain Travel Symposium at Vail and discovered the company is taking aim at ruling the entire roost - whether the snow is falling or the sun is shining. They also have acquired VRGateway and its consumer Web site (Rooster.com) specialists in warm weather travel, with a re-launch planned this summer under the name Vacationroost.com. They're in the hunt for more acquisitions.

"The new site will be a distribution channel for our current mountain suppliers, but will also merchandise vacation rentals in beach markets," Castelli told the IR. "It will become our umbrella brand for all of our vacation rentals across North America." He said the Mountain Reservations Web site and brand, as well as several of the company's other sites, will continue as they are currently.

Mountain Reservations has strong presence in markets such as Aspen, Vail, Breckenridge, Park City, Deer Valley, Whistler, and Jackson Hole. Vacation Roost expands the geography to include popular beach sites like the Outer Banks, Myrtle Beach, Hilton Head, and Destin. The combined company will market and sell more than 200,000 units of vacation rental inventory in over 300 destinations across the U.S., Canada, Mexico, and the Caribbean.

Confused by what's going on in the castle? Here's a simple clarification: Castles Media Company was formed in 2006 by Castelli, who remains its CEO. Trevino is CFO. Castles joined with Kinderhook Industries, LLC in 2007 to form a holding company (Castles Travel) with the sole purpose of acquiring Overstock's travel business. Bottom line: Mountain Reservations is owned by Castles Media and Kinderhook.

Just how deep are the pockets to grow and potentially rule the roost in managed vacation rentals? Deep and deeper. Kinderhook is a private equity firm that

manages \$470 million of committed capital. This Castles-Kinderhook partnership gives Mountain Reservations the ability to aggressively pursue acquisitions that make sense, knowing they can write the check.

"We bought Rooster because they have great technology, have such good inventory on the beach side, and quality people running the company," Castelli said. "We will be integrating it with our operation in Park City, and probably in Salt Lake City."

Both Castelli and Trevino have strong resumes in the field. Castelli served as the Chief Financial Officer of Consumer Source, a \$300 million revenue media company that owns and operates targeted media brands: Apartment Guide/Apartmentguide.com, New Home Guide/Newhomeguide.com, Auto Guide/Autoguide.com, and Rentals.com. He has an MBA from Harvard Business School.

Trevino was Director of Finance with Nokia Inc.'s Enterprise Solutions (ES) business group. He had global financial responsibility for the ES Sales and Marketing group. He had previously worked at GTE (Verizon) and ILD Telecommunications.

"We expect to become 'champions' for suppliers," Castelli said. "Our goal is really clear. We expect to build the leading sales and marketing channel for vacation rental property across North America."

Trevino, as CFO, when asked if the downturn in the economy makes this perhaps not the best time to be building a vacation travel business, agreed that "business could be slower for the short-term, but Mountain Reservations has the access to capital, not only to survive the downturn, but to continue to acquire 'superstars' in the field."

Translated: Stock, but don't necessarily, "overstock."

Taken from www.mountainnews.com

"The Industry Report"

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