



AEP-attn. Geoff Smith  
Southern Rockies Area  
8660 Bearspaw Dam Road, NW  
Calgary, Alta  
T3L 1S4

Dec 1, 2020

Dear Geoff:

As one of the conditions of our dispositions, FMH is required to submit a semi annual report of activities and progress towards re-development of the resort. Please find the following report detailing from the time of our last report June 1, 2020.

#### **Site Work**

- Utilized Canadian lift line timber in Canadian parking lot for fire wood for cat ski operations.
- Stumped Canadian lift line and cut smaller remaining trees/brush. Still some large timber to be removed from upper portion of lift line. Plan to fly/haul off when flying/pouring concrete for towers.
- Gladed chute two-needs to be burned.
- Cleared chute three-needs to be burned
- More glading done in TNT
- Widened patrol chutes and re-gladed.
- Rampart widened and flail used on lower angle terrain at bottom
- Sorcerer cleared by flail and hand at top steep section.
- Canadian ridge, Raceway, Garden Path, Pallisade park and upper Jolly Jester cleared by flail
- Roller coaster cleared by flail and hand on steeper sections
- Criss cross chutes re-gladed
- Flying Fortress cleared and or re-gladed
- Taint and Goodnight Gully cleared/re-gladed
- Dead tree re-gladed
- Far side lift line stumped and smaller trees cleared
- Picnic table road to corner 6.5 stumped and re-cleared
- New road to Farside lift unload and skier track-edge cleanup and reveg along cuts with drainage
- Started to cross top of Devils gulch and prepped for culvert until stopped by weather.
- Drainage improvements on mountain roads/ditching and rocking for runoff slowdown in ditches.

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Made significant progress on the vegetation re-growth that has occurred since Fortress was last maintained. We were unable to do much burning due to the Fire hazard so need to catch up on those efforts when conditions are appropriate. Numerous small brush piles are ready to go on most runs worked on this summer.

### **Film / Photo**

Due to Covid shutdowns Fortress hosted a smaller number of film and commercial productions than usual during this reporting period. Covid caused loss of film revenue remains difficult but we are starting to see increased activity in the sector which will assist with the badly needed economic recovery in Alberta.

- Bowhead Corp., July, 1 day
- Travel Alberta, August, 1 day
- Merrill, November, 1 day
- Sporting Life, November, 1 day
- Scouting for fall and next winter projects

### **Summer use**

FMH applied for a TFA for guided hiking on June 12 which was granted July 28<sup>th</sup>. This allowed our contractor White Mountain Tours to host 76 guests for hiking and fall Larch viewing after staff training and orientation. Ranger ATVs were used to attain elevation/Farside with hikes from there. This proved to be popular with very little lead time and marketing. While engaged in the TCL process, FMH has applied again for a similar TFA for next summer but hopes to get it approved earlier for better/earlier planning and marketing.

### **Redevelopment /Project Progression**

Received a requested “reset” of our DML to 25 years to allow for BDC financing to be obtained. This also extended our requirement to be operational until 2023. Waiting on same for DLOs. Thanks to Rob Simieritsch and Corinne Kristensen for their assistance with these. Important to note however, that the reset DML lease did not implement any of our requested changes-possibly due to the quick turnaround on them? We look forward to working with AEP on the lease wordings prior to the reissuance from the TCL process.

In August we embarked on the TCL process which will allow for up to 60 year leases with the hiring of Britt Land Mgmt. At last check our application was stalled with ACO for the last ten weeks. We attach a letter from Minister Nixon on this topic to a concerned Albertan. We were pleased to read his take on the process which clearly states consultation is NOT required for existing disposition holders. How can we implement this on the ground to achieve the desired result to bring our lease term into balance with the rest of our industry?

Our efforts to secure the BDC loan to complete the potable water system were not achieved to date. We are in what we hope are the final stages of this process. Once received we will have to

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work with the contractor on what can be accomplished, if anything, now that winter has arrived or simply restart in May. Worked with our lift manufacturer to refine lift designs and detailed operational capabilities. Final lift quotes are now in hand awaiting financing to place order. Worked with interior designer and architect on Daylodge until pausing due to Covid shutdown/finances. CFO is currently working with BDC, ATB and BMO on a financing package as well as Canaccord Genuity. Still possible to order lifts for next season build if financing achieved in short order.

We will continue to work with AEP on the lease issues/irritants and were pleased to hear Rob Simieritsch state that he 'understood' our concerns on hunting and the lack of ability to control/close areas of the DLOs for public safety. We look forward to resolving these longstanding issues.

### **Education**

- Continued Wildlife sighting sheet for staff and visitors to share with AB parks and AEP
- University weather, snow melt and vegetation studies continued after Covid re-opening- University of Saskatchewan, Guelph, Waterloo, and the University of Calgary undertook a variety of vegetation, weather and geologic studies .

### **Cat Skiing Operations**

Cat skiing bookings are up over same time last year. Covid 19 protocols have been developed to adhere to AHS guidelines and regulations in conjunction with our medical Directors.

### **Avalanche Control and Mountain Safety**

- Same avalanche team and crew for this winter season as last year
- Staff team continues to include Advanced Adventure medics, EMRs, EMTs, and RNs certified members. Dr. Kevin Hanrahan continues as our Medical Director with Dr. Jason Lord- from Foothills Emergency and Peter Lougheed ICU.

### **Upcoming winter/spring Plans**

- Continued glading / brushing, flail mowing program to catch up on unmaintained runs and gladed terrain.
- stumping and timber removal, brush burning
- Finish road too new Farside unload location and skier track across Devils gulch
- Finish water system-place water treatment plant on foundation, connect already installed piping and repair reservoir liner. Repair sewer pipes and add spurs as required. Connect holding tank and transfer station to existing piping
- Finish detailed design for Daylodge

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- Continued clean up of the resort and making drainage improvements
- Restart condos for office space and ski patrol infirmary
- Plan with Fortis transformer locations for lifts and Daylodge.
- Film and commercial work as requested/approved by TFA

### **Outstanding issues**

- Resolve issues with DML/DLO concerns with AEP per letter sent to ESRD March 7, 2013. More detail and proposed wordings added in memo circulated for discussion in group virtual meeting May 27, 2020.
- Return of \$200000 security deposit to assist with short term cash and spring work
- Request TFA for guided hiking for this coming summer and fall while discussion on adding summer use goes on. This will help in some part to fill hotel rooms and create economic activity in the valley with achievable social distancing
- Request removal of requirement to have TFA for water hauling.
- Request removal of requirement to have TFA for filming activities.
- Seek clarity/conformation from KID/AEP on amount (sq footage) of accommodation that can be built as last policy dated 1999 and vague. This will also help with investors.

Sincerely;

Chris Chevalier  
President  
Fortress Mountain Holdings  
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Canmore, Alberta  
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Letter from Minister Nixon attached  
CC  
cc Thomas Heath, Managing Director, FMH  
Rob Simieritsch, AEP  
Dion Lawrence, AEP