



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

June 1, 2019

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 December 1, 2018.

#### **Site Work**

- Removed significant assorted waste and old debris from various locations on site over snow to bins in Canadian parking lot in conjunction with Disney movie garbage bin contractor

#### **Film / Photo**

Fortress hosted two large feature films and a number of commercial productions during this reporting period. These productions produced significant trickle down economic spinoffs for the Kananaskis Valley and the region/province.

- Tenfold-Dec 19/Jan/Feb for 4/9/4 days respectively
- Travel Alberta/Sherpas-March for 2 days
- North Face commercial- March for 1 day
- Hyundai commercial- April for 1 day
- J2- April for 9 days
- Upcoming tour with Film and TV executives as part of the Banff World Media Festival with the Calgary Film Centre and Economic Development
- Scouting for summer/fall and next winter projects on going as requested

#### **Redevelopment /Project Progression**

Environmental overview was submitted in January by Golder and Associates. Approvals were subsequently received from AEP for phase 1 of the re-development. Per the agreement with AEP, the wildlife cameras and monitoring were left in place over the winter months. The cameras will be collected over the next several weeks and data will be shared with AEP. Building permit applications for the lifts and Daylodge will be submitted to KID in due course. The water and sewer work that was curtailed by early snow last September will recommence once snow free and the ground has dried up. Fortress also submitted a Change of Use application to AEP-Water to re-allocate a portion of its existing potable water license for sale. This application as well as an

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application to amend/add to the disposition to allow for this are in progress, however the Change of Use application has been put on stand-by until the disposition application is completed. This inability to allow both applications to be processed simultaneously has significantly diminished Fortress' ability to reasonably plan for Summer 2019 construction activities. AEP seems to have chosen the most difficult path for this asking Fortress to apply for an entire new disposition for the water filling station in the condo parking lot rather than a simple amendment to the disposition and water license. Our environmental consultants, engineers, and land agents do not understand why this approach has been chosen....

### **Education**

- University of Calgary, Outdoor Program – AST-1, Introduction to Winter Camping, Introduction to Backcountry Skiing programs operated all winter. Solid season in a poor snow year with 557 program participants in avalanche safety courses and intro to back country skiing/snow shelter courses.
- White Mountain Adventures again ran a guided snowshoeing operation this winter with 157 guests. They also conducted a leadership training session for high level executives staying at the Pomeroy Mountain Lodge- # included in total
- Continued Wildlife sighting sheet for staff and visitors to share with AB parks and AEP
- University weather, snow melt and vegetation studies continue -University of Saskatchewan, Guelph, Waterloo, University of Alberta, and the University of Calgary.

### **Cat Skiing Operations**

- Eighth season of cat skiing operation was very slow in December but picked up in January. A challenging season was experienced with long cold stretches and a snowpack well below average. Operations were conducted for 37 days, with a total skier count of 484.

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

- Study and observations of active avalanche paths on site and adjacent was ongoing through the season. Active control work conducted through the season on terrain posing a hazard to cat skiing and filming operations. One heli control day was required on the access road, Fortress Shoulder and the Bandit chutes. Two hand route control days undertaken in the Artesian area.
- Staff team continued to include Advanced Adventure medics, EMRs, EMTs, and RNs certified members. Dr. Kevin Hanrahan continues as our Medical Director and is now joined by Dr. Jason Lord: both from Foothills Emergency.
- Three guest injuries were experienced and no staff injuries.

### **Upcoming Summer/fall Plans**

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While upcoming summer / fall planning remains very difficult due to the uncertainty caused by the outstanding water applications (Change of Use & Disposition), Fortress intends to pursue the following should developmental confidence be achieved:

- Continued glading / brushing program to catch up on unmaintained runs and gladed terrain. Cut Canadian, Haulback and Farside Lift lines.
- Inspect all filming sites once snow free and litter pick/clean as required
- Work with lift manufacturer on plans for lift construction
- Finish road to new Farside lift unload location-previously approved
- Finish water treatment plant, piping, water filling station and reservoir. Repair sewer pipes and add spurs as required
- Finish detailed design for Daylodge
- Finish re-establishing 3-phase power to resort started last fall.
- Install back up genset in shops
- Repair sewage lagoon liners and pipe as required
- Wildlife fencing for sewage lagoons
- Continued clean up of the resort and maintenance of drainage/culverts
- Finish flood damage repairs snowmaking dam, potable water dam curtailed by initial heavy snows. Permit extension has been issued.
- Restart condos for office space, repair sand shed, repair snowmaking building
- Finalize plan with Fortis transformer locations for lifts and Daylodge
- Obtain summer TFA for industry common commercial/film work
- Film and commercial work as requested/approved by TFA
- Site visit with new MLA and invited by her the Minister of Red tape reduction and Economic Development -TBD

### **Outstanding issues**

- Resolve DML/DLO concerns with AEP per letter sent to ESRD March 7, 2013. We understand this is still under review by AEP after one back and forth with Fortress.
- Fortress has indicated that hunting on the DLOs and DML is not appropriate or safe with the intended use as a ski resort. AEP has undertaken to review methods to end hunting on leases. Fortress has posted signage requesting no hunting and this seemed effective as a stopgap last fall until a permanent solution can be found.
- Work on relationship and communication issues with our local AEP representatives/contact. We once again are seeing arbitrary and negative changes to previously agreed upon processes and inspections. This is primarily manifested with TFA's for film activities which Fortress has repeatedly asked to be included in our dispositions to make this activity a recognized ski area activity which it is across the industry. This would "cut red tape" and the workload on our and AEP's side. As a part of the regression we suffered here after reaching workable arrangements with our previous appointed AEP contacts, Bart McNally, Troy Johansen and Dan Adams, we are again being forced to register and insure as road vehicles our off-road vehicles such as snow cats, snowmobiles, atv's etc. No ski resort does this as these vehicles are covered under listed property insurance and liability is covered in the liability component of our insurance. While we were successful in explaining this to our previous contacts and

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agreed that when we re-opened the dispositions (which we also agreed we only want to do once) this clause would be removed and in the meantime we would carry on per industry standard. As there has been no transfer of knowledge, agreements and issues from one contact to the other this re-education in regard to our industry has been frustrating and expensive. As far as inspections and compliance issues go we were used to weekly visits from AEP, then SRD. This was great as we developed relationships and mutual understanding of each other's issues and concerns. Currently we recently had an unannounced "inspection" (there was an attempt to leave a message but we all have cell email etc...) which resulted in a formal letter that was entirely inaccurate in its conclusions and negative in its entirety. We are tired of only negative from AEP, CO,s etc. when we have done a massive amount of work cleaning up the lands which were left in a shocking state of disrepair on their watch. We would suggest a meeting to collaborate on a job description, meeting times, expectations etc. for whomever our contact will be including a transition plan for when these people change to again try and avoid the moving goalposts and red tape we are currently being subjected to yet again. It is interesting to note as well on the contact issue that a model for this exists literally next door in the National Parks, where an ESO-Environmental Surveillance Officer is assigned to all the Ski resorts. This person is tasked with establishing good working relations with resort management, establish regular meetings and on-site visits, discuss plans and oversee projects thru the application phases right thru to reclamation. This position is the conduit to senior Parks Canada staff but has authority to make significant decisions on the ground. When this position changes there is actual consultation with the resorts on the replacement candidate and a changeover period of months. This model works and has worked for decades and is in stark contrast to how AEP manages ourselves and Castle Mountain. While we understand that manpower constraints may not achieve this actual model it is a good approach that works and its thrust and intent should be considered.

#### **Other**

Fortress Mountain Holdings was pleased to see progress on the file in the form of approval of Phase I. Thank you. We look forward to approvals on the water side in the near future which will ensure the resort is financially stable for the long term. We look forward to working to improve our relationships with Government representatives of all departments.

Sincerely;

Chris Chevalier  
President  
Fortress Mountain Holdings  
PO Box 8173  
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CC



cc Thomas Heath, Managing Director  
cc John Conrad, ADM, AEP

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