

# **Cannon Mountain Advisory Commission (CMAC)**

**Meeting at Cannon Mountain / FNSP Headquarters – May 1, 2009**

**Present:** Dennis Murphy, Chairman / Martha McLeod, Vice Chair / Rich McLeod  
Rep. David Russell / Rep. Kathy Taylor / Catherine Provencher, State Treasurer  
Sen. Deborah Reynolds (via con-call) / John DeVivo, GM/Cannon & FNSP

**Absent:** Sen. John Gallus / Jay Polimeno / Georgie Thomas

## **Introductions:**

Chairman Murphy called the meeting to order at 2:10 PM. The only new member present was Rep. David Russell, a House appointee and member of the House RR&D Committee, who was introduced to the group by Chairman Murphy.

## **Approval of past minutes:**

The approval of the minutes of the December 1, 2008 meeting at Cannon was moved by Rich McLeod and seconded by Rep. Taylor, and passed unanimously. John DeVivo had given the December 1st Cannon Mountain report to Rep. Russell prior to the start of the meeting, in order for Rep. Russell to catch up on the previous 18 months' activity.

## **Election of new Chairman:**

Chairman Murphy requested nominations for a Commission Chair. Rich McLeod moved that Dennis Murphy continue on as the Chairman. Treasurer Provencher seconded the motion, and the motion was passed unanimously.

## **Cannon Mountain update:**

John DeVivo provided an update (see attachment) on Cannon Mountain activity (Dec 1, '08 – Apr 30, '09) and YTD financials effective Apr 29, '09. The financials (see attachment) were shown to reflect performance against both the FY '09 budget and FY '08 actuals, both effective Apr 29. The Cannon Mountain report (see attachment) also included an update on summer planning and projects, summer '09 and winter '09/'10 marketing, and summer / fall '09 capital projects and requested capital funds.

## **Capital Budget:**

Chairman Murphy inquired about the status of the Mittersill lift capital funding request (\$3M) within the State's capital budget process. John DeVivo reported that the project had been scoped and spec'd by Cannon Mountain, the NH BPW and DoppelmayrCTEC at \$3,065,401. The lift project did not make it through the Governor's Office. Commissioner Bald presented the project to the House Public Works Committee using the ROI / justification document prepared by Mr. DeVivo (see attachment) and the lift construction spreadsheet prepared by Beverly Kowalik at NH BPW (see attachment). The project was not approved by the House Public Works Committee. Commissioner Bald had indicated to Mr. DeVivo (and later to Rep. Taylor and Martha McLeod) earlier in the week that he plans to request funding for the project from the Senate Capital Budget Committee next week, but not at the expense of the Hampton Beach project. There was spirited discussion as to the status of the Hampton Beach project, which was approved by the House Public Works Committee, and its alleged direct impact on the Mittersill lift project. On Tuesday, Rep. Taylor and Martha McLeod spoke to Senator Janeway, seeking permission to speak at Wednesday's Senate Capital Budget Committee meeting about both the Mittersill lift project and the Hampton Beach project. Rep. Taylor and Martha McLeod detailed their discussion with Senator Janeway and their presentation at the Senate Capital Budget Committee. John DeVivo reiterated Commissioner Bald's position to the CMAC members.

Treasurer Provencher asked John DeVivo if he was aware of Commissioner Bald's plan to fund and pay off the Mittersill lift construction, whether through general funds, self-funding, the Cannon Mountain Capital Improvement Fund, or some combination thereof. DeVivo stated that Commissioner Bald had pledged to research several means of funding the lift construction, whether through the capital budget process or an increase in the size of the bond on the Cannon Mountain Capital Improvement Fund. Treasurer Provencher asked Mr. DeVivo if he felt that Cannon could absorb the debt service for the construction of the Mittersill lift on its operating line. DeVivo replied that while that is certainly not the preferred route, he felt that if necessary, Cannon could absorb the debt service and still break even or make an annual profit. DeVivo also stated that he and Commissioner Bald had previously discussed the disbursement of annual net profits from Cannon Mountain, and that the Commission has offered to research whether said annual profit may be split between paying off the company's 70-year debt and filling in any gaps on the annual payoff of the Cannon Mountain Capital Improvement Fund left after the annual payment by Okemo Corp. (Mount Sunapee). Rich McLeod offered a historical perspective, citing several instances in Cannon's recent past in which capital projects proposed for general funding were self-funded by Cannon and/or the Division of Parks & Recreation. Said projects were either paid for out of surplus or

absorbed on the operating line after budgets had been completed and submitted as often the only means of funding the projects, thus the growth in Cannon's negative 70-year balance.

Rep. Taylor reiterated her position that should funding for a Mittersill lift construction project not be approved during this capital budget cycle, it may be 2 – 4 years before it has any opportunity to do so. Mr. DeVivo reiterated Cannon Mountain's position that the company is on a tremendous upswing with regard to business volume and momentum, and that it can ill afford any hiccups in capital funding and/or the move toward Mittersill; that the Mittersill project will carry a far greater weight in the marketplace when lift construction is announced. Chairman Murphy discussed drafting a letter to the Chairman of the Senate Capital Budget Committee (copied to Commissioner Bald) strongly requesting the inclusion of the \$3M in funds for the Mittersill lift construction project in the capital budget put forward by the Senate during the current cycle. Treasurer Provencher stated a position of support for the project, and her clear understanding for the current need for the project, but asked the CMAC members to consider Cannon's and/or the State's financial responsibility in moving forward with drafting the aforementioned letter. Martha McLeod moved that the letter be drafted to the Chairman of the Senate Capital Budget Committee (copied to Commissioner Bald) strongly requesting the inclusion of the \$3M in funds for the Mittersill lift construction project in the capital budget put forward by the Senate during the current cycle. Rep. Taylor seconded the motion, and it passed unanimously.

### **Cannon Mountain Phase II capital plan (\$460K):**

John DeVivo advised / reminded the CMAC members that last fall, Commissioner Bald had considered its recommendation for \$1.893M in funding from the Cannon Mountain Capital Improvement Fund, but that he had moved forward with a request for approval by the Capital Budget Overview Committee (CBOC) for a first phase request of \$1.433M, and advised both the CBOC and G&C that we'd planned to return this spring with a request for the additional \$460K to cover the second phase (contingent upon a successful 2008/09 winter season). On December 1, 2008 the CMAC members present had voted unanimously to recommend the \$460K in question for the second phase. John DeVivo and Commissioner Bald went before the CBOC on April 21, 2009 to request approval on this \$460K in capital funding, but pulled the request when it was discovered that there was a discrepancy in the project lists being presented. The CBOC membership was reviewing the original (second phase) project list request, while DeVivo was proposing the revised project list request (in the amount of the same \$460K being requested). DeVivo and Commissioner Bald pledged to request a CMAC recommendation on the revised project list and return to the CBOC as quickly as possible.

Mr. DeVivo detailed the revised project list in the amount of \$460K for the second phase (see attachment). The plan allows for the completion of current projects, adds a tremendous benefit in the way of guest services and energy and operational efficiency, provides an opportunity for the company to move forward in the areas of safety, infrastructure and information, and looks toward trail work and reclamation at Mittersill. There was discussion by Chairman Murphy regarding a motion to again recommend the \$460K in funding from the Cannon Mountain Capital Improvement Fund, but with the revised project list. Sen. Reynolds stated for the record that she supports the project, but asked that in the future she be given supporting documentation and financials in advance. Rep. Taylor moved that the CMAC again recommend the \$460K in funding from the Cannon Mountain Capital Improvement Fund, but with the revised project list. The motion was seconded by Rep. Russell and passed unanimously. Mr. DeVivo stated that upon drafting the minutes of the meeting, he would contact Commissioner Bald with news of the recommendation and request that the Commissioner seek a new audience with the CBOC.

### **New Business:**

Martha McLeod requested an opportunity to discuss current legislation. Chairman Murphy agreed. Mrs. McLeod mentioned that SB 101 (relative to the leasing of Cannon Mountain) was killed in the Senate with a 15-8 vote. Rep. Taylor briefly detailed HB 558 (relative to establishing a review process to be undertaken before any state park property or ski area could be leased). Rep. Taylor (sponsor) and Rep. Russell (RR&D Committee) discussed the intent of the bill to seek a better analysis of public benefit (or lack thereof, if applicable) before moving forward with any such measure. Rep. Russell indicated that the intent of the bill is still under discussion, and that he'll be an active participant in the discussion for the foreseeable future. Chairman Murphy also spoke to the issue and asked that the question be raised as to what protections are in place for members of the public so as not to lose a piece of public property without proper representation and/or recourse during the discussion phase. Mr. DeVivo mentioned that from Cannon Mountain's perspective, it seemed odd that several months of gut wrenching statewide discussion regarding the fate of Cannon's current business model and the company's recent successes, the decision on SB 101 essentially seemed to (on the surface) come down to a vote primarily along party lines.

### **Next Meeting / Adjournment:**

It was agreed that the next CMAC meeting will be held at the call of the Chairman. Rep. Taylor moved for adjournment, and it was seconded by Treasurer Provencher and passed unanimously.