

Good afternoon.

Good afternoon.

Gary, how are you?

Good.

Welcome everyone. Okay, you know who I am. I'm Gerald Martens, Chairman of Orda. Mary, why don't we start with the roll call?

We have Chairman Martens.

Here.

Sergey Luci.

Here.

Glen ...

Here

...

Here

Chris Vosch.

Here

Betsy Lowe

Here.

Ed Weibrecht

Here.

...

Here

Jerry ...

Here.

... has asked to be excused.

Thanks Mary. Okay, we have [?? 0:39] interconnected, and the Orda concessions are the two agenda items. You have a memo from me on the former, and a memo from Ted on the latter. And I thought – I'm going to operate on the presumption that everybody's read the memo, with at least my perspective on the topic and I'm just going to open it up to questions from the Board, unless there is something you want me to explain in advance.

You mean questions regarding the memo?

The memo, the topic. I would just open it up, and again I'm going to operate on the presumption that you've had time to read the memo. And welcome to everybody, by the way. Mostly from North Creek I understand by the way. Questions? Would anyone like to make a motion?

I guess I should talk, since I spoke up a lot last weekend. Was there any attempt made to talk to any of the developers at [?? 1:51] or is that planning...are we planning to do that, or what's the idea or the plan there?

I guess my perspective, and it's...other people may have other perspectives, and I welcome any other comments. My perspective is, we will have plenty of opportunity to talk to Front Street, as well as, you know other businesses in the community for future support for things we do at [?? 2:18]. My cut on this topic is that the lift and the ski trails are a stand alone project, and that we shouldn't hinge a discussion on that, on discussions with a single developer. That's my perspective on it. I think they are...you know, Front Street, if development goes forward, is a neighbor. They have a direct business interest in the mountain, and we're going to talk to them about cooperating with us, and hopefully provide support to us, just like we do with other business, for Whiteface, or for the operation here in Lake Placid. So I think, again we're going to have lots of opportunity to talk to them, but I did not feel comfortable hinging a decision on the chair lift which we've already purchased, on having...you know starting a discussion now. I didn't think it was necessarily appropriate, and you know my brother [?? 3:13] sort of let this project stand on its merits alone, and then talked to a developer, you know through the course. Again, you know, I'm not sure when that project starts, if it starts. But if it looks like that project is going to move forward, we should be talking to him as well as other businesses, and the community itself. You know we have the relationship with North Creek, and a very good one with the Town Supervisor there, and we're going to be constantly talking about getting help on things that we need to do at Glor.

Joe, I'd even go a little bit further than what you said, in regards to interacting with Front Street at this particular point in time. This is one of two projects, capital projects at Orda that are going through, and the Gore Mountain Interconnect project started before the convention thing, or about the same time. And there have been some setbacks in some of the areas, but I think the setbacks in the convention center one will make a better project. But how it relates to the Core Mountain Intercept, we've already paid for a lot of the equipment that's there, and it is basically an economic program for the community, the same way the convention center is here. And I don't think that we should involve ourselves at all with Front Street. We involve ourselves in the community. The community of North Creek and the County of Warren, for economic development activity. Now, I visited Gore Mountain with Senator Little on a busy ski day this past winter, and I specifically wanted to take a look at the money that was put in from Senator Little's appropriate, as to whether I thought it was expended in a correct manner, and I came away with the conclusion that if it wasn't expended, they would have been in real trouble. There

wasn't a seat available in the downstairs area of Gore for anybody, it was filled completely. And that area, prior to last year, was used to rent skis and other facilities. I had a real question as to whether or not an expenditure for a babysitting operation was any good, but then when I saw 32 babies in the place, that certainly changed my mind. And then I took a look at the construction that was done to put the new ski rental in the area, and I thought that that was excellent. So now we've spent all that money, it's an economic thing. The interaction that we have with the community is important, and the interaction with the county. If and when a developer really gets to the point where he's going to put some money in, and he needs some help, or he needs some guidance, fine. But we're not doing this project, in my opinion, for the developer at all. And in fact, interacting with the developer I think would be against what we should be doing at this point, unless he asks for something. So that's my 2 cents worth. I don't want to see us interacting with the developer. I don't want to see us asking them for any money, or any thing until the point where they actually got some digging done, and they've made this conscientious investment in the community, more so than they have at the present moment.

I guess I would only add to that Bob, that when I say interactive developer, I think there's going to be opportunities for us to do things together where we mutually benefit. And we should be talking to developers, because this property happens to adjoin state property. There's going to be a very direct connection there eventually, and I think there's going to be things of mutual interest and we should work with them, again like we work with any other business, and we work with lots of businesses at Whiteface and elsewhere too. Chris?

Yes. At the last meeting, I emphasized the fact that the interconnect project is immediately adjacent to, and will in my view, uniquely benefit Front Street, and that's the largest residential development planned for the North Peak area. I think it provides Orda with a great opportunity to negotiate with some financial assistance, which right now the state could sorely use. I also said it makes sense...most sense to do this now, prior to committing build [?? 7:47] rather than later, because I think our leverage is strongest now. And I still believe that's the case. With respect to the project itself, while I may have some doubts about how transforming it would be for the future economy in [?? 8:01] especially if Front Street does not move forward. I recognize that my doubts on this are not shared by many others. Moreover there are many people who have fought longer and harder about this plan than I have, and they're convinced that Interconnect is key to the [?? 8:15]. And I've heard from the local economic developers, and most importantly my view from the people who own businesses, or who are developing projects in North Creek, that are not immediately adjacent to the ski bowl, and those folks have their own skin in the game and firmly believe that the Interconnect Project would be of great benefit. And based primarily on that fact [?? 8:37] in favor of the proposed resolution. I will say though that careful attention has to be paid to the costs associated with operating the Interconnect project. Money needed to properly maintain and operate the main mountain cannot be redirected in any amount to operate the Interconnect Lift and Trails. Doing so would be shortsighted and risk impairing the primary economic asset that exists in North Creek, and that's the main Gore Mountain ski area.

No motion?

Thanks Chris.

...

Cliff, go ahead.

Before we do the motion, I think procedurally we have to remove it from the table first, because it was tabled at the last meeting, correct?

Correct.

So I've removed...I would move to remove the issue of the Gore Capital Project off the table, and bring it, and move the resolution before us.

I'll second.

That's a motion.

So that's the first motion, that's just to remove the table.

...

No that's it. I think that's a fine point. I mean I don't see any harm in removing the table, but it is a slightly different resolution than we tabled the last time, so I'm not sure we have to do this. There's no harm in it.

So ... a motion?

Right. I move...

Okay, let's do the first resolution first.

I would move the adoption of the resolution approving the Gore Capital Project that is moved forward...

We didn't act on the first one yet, though. Let's act.

Right.

Remove the first movement...

The table.

Second.

All in favor?

Aye.

Opposed? Thank you. Now, I will move the resolution approving the Gore capital project, resolution #239.

Second.

Second.

The word is revised.

Let's have discussion there because I think Bob is suggesting...

I wanted the Board to consider adding the word revised in regards to management because we are all talking about the traditional uses of a ski goal, and I think that the opening of the bowl with the interconnect may mean that you would like to revise how you're operating it to hours, towards a different thing [?? 10:59] towards changing exactly how it works until you find the economic mix that is a success in that particular area. Maybe it could be covered with the existing words, but I thought by adding that word in there, it might assist management in having the capability of revising how they would operate.

Sort of...for the benefit of everyone, it was just under discussion, and we made 1, 2, 3, 4, 5, 6 paragraphs. The sentence that begins, however, if operating funds are insufficient to operate the interconnect facilities, or to manage them has advised the board that it may delay, and Bob has suggested adding the word revised, or suspend operation of such facilities until such funds are available, or reasonably anticipated to be available.

For clarification delay comma revise?

Yeah.

Then I would...

Do you want delay comma revise, or replace delay with revise?

...

I see delay is fine. I mean revise...I mean different uses of what is the traditional skiing, something going up, and something coming down.

... revise first, devise, delays is ...

...

I certainly agree with that, Becky.

Mr. Chairman, I will revise my motion to include in paragraph, 1, 2, 3, 4, 5, 6, where it says however, if operating funds are insufficient to operate the interconnect facilities, or to manage it, has advised the board that it may revise, delay or suspend operation.

Second.

Any further discussion?

And this is on the amendment, correct?

...

...I think you have to vote on the amendment first.

I'm looking to the left here.

That's right.

Yeah.

You have to vote on the amendment first. Let's vote on the amendment. So we have a motion on the table that has been seconded, to revise the clip, just articulate it. All in favor?

Aye.

Opposed? Okay. One more time. Cliff, do you want to do the honors?

I...I believe I already moved it, Mr. Chairman, so you would need a second.

Second.

All in favor.

Aye.

Opposed? Okay. It carries.

...

We are up to the second topic, which is the concessions.

...

I had two comments on the Gore mountain, on that subject. I would encourage our management, and the officials from the town to create a proper groundbreaking, ribbon cutting press conference event, and I think it should be...the honored person should be Senator Little since she secured funding, so that we can start to create a buzz around this, and get people interested in it. The second thing. I would encourage those two entities to do, is to create some signage. I don't want to use the word billboard, but I'll call it a big sign, as close to the road as they can put it, so that the cars going by on the main road can see that something is going to happen there. And then a similar sign, maybe somewhere at the base of Gore Mountain, so that everybody coming and going from Gore can see that. And then maybe a somewhat smaller sign could be placed somewhere in the middle of the town of North Creek, so that people that are there during the summer to see it. And then I would even go so far as to have small, maybe poster size or smaller duplications of that sign made available to all the businesses in the area so they can all post that in their place of business so that people can see what's going to happen. I think the sooner that we create a buzz, the more...the easier this is going to be for all of us to move forward in the future, operationally.

Thanks.

I have a question Ted. With the passage of this resolution, we'll still be able to begin construction in this construction season?

Yes.

Okay.

Concessions. You have a memo from Ted to the Board, several pages long that gives the background of the concession issue. He refers to a special board committee that helped negotiate with ... lake on this, and this is the ... Luci, and I think the memo again is self-explanatory, but I'm sure there's questions, so if people want...if people have any questions, or if Sergey wants to give any further background or thoughts, now is your chance.

It's very easy I didn't ...

Questions? Chris?

If you do the five year agreement. The \$1.4 million in capital improvements that center plate makes, do we ever have to reimburse them for that money?

If...if it...well, if it took place the first year it should have a 5 year amortization. If anything bled over into subsequent years, and let's say we did a 5 year deal, at the end of five, there'd be remaining balance that we would owe.

You would expect to amortize over five years?

Yes.

Well Chris...no, Chris has a good point. Right now this proposal says Gore is going to put in \$500,000. At the end of two years, then or is that 1.56?

IS that over amortization?

It will be, it will be.

... but then would we still expect ... here. I think at that point in time, if we want to continue forward, then we would have center plate put some money in at the same time.

Yeah, they can make a proposal to us at that time.

A good point, good point.

At the end of the two years.

Yeah, we put \$500,000 up now. We operate...at the end of two years we sit down and give at Center Plate, negotiate, and that 1.5 is still sitting there someplace/

In the recommendations that came out of the group that was interacting with the concession manager, should you give, if you want to give more money from the concession manager, you feel that he's making a profit that he could lessen his profit and get more to Gore. Why haven't you put down as a recommendation to put out for bid, with the hundreds of other people that offer that type of concession? For example, the...my fellow board member here, I'm sure looks over at least 100 contracts, everything from Jones Beach to...I couldn't tell you, it's probably more than 100. The hotel in Saratoga, Jones Beach, hundreds and hundreds of places that the state owns, where they contract out food service. Why not find out of Mariette, or some other people are willing to kick in more than 20%, 22 or 23%?

We went through an extensive R&P process, and at the beginning...when the contract first started it was in...it was like 5 years ago, and we went through a very long process. We used a person from the New York State Parks & Recreation on our committee, and we interviewed several...many companies, and we settled on Center Plate. The way the contract was written it was 4 or 5 plus 5. So we are in a position where we would talk to them after five years about moving forward. We got a proposal from them, we had discussions about self-operation. The Board directed us to try to see if we could get a one year deal. That's where we'd gone. Their contract expires May 31st, so we're imminent now. So I think at the end of two years, you know we're going to look at all the options, they're going to do the best job they can, we're going to look at how they perform. If we have to move in other directions at that time to make decisions, we will.

Is the two year option in place of the 5 year?

Yes.

Okay, so the 5 year is gone.

Yes.

All right, and whatever takes place, takes place between now and the end of two years.

There was...it was not an easy meeting, Bob, and I think that we, the Board feels, and Orda feels, the staff, that we can substantially increase our profits, if we can help ... increase their sales. And we think we can do that by doing a better joint effort with Centerplate, and being...the ...file, given a two year period of time, we can work closely with them, and them with us, retail sales which are – which we think we can do, and we'll both make out better. Now if we can't do that, and it's not a great cooperative effort here in two years, then we ... or we do something else, that's a whole new story. The two year deal was a pretty good deal.

Fine. Chris.

In the two year deal, the \$500,000 that we're investing, where does that come from?

Well we'll...as we move forward...we've been making some savings operationally. We'll try to use some of that money first and then we have a line of credit. If I feel that we cannot handle it that way, then I'll approach everybody in the June meeting to see if we need to make – take other measures.

What's your sense? Do you think you...

I think we'll be able to float through that. We did – we've talked about this internally a little, I did with Joe, and we'll massage this, so that we – if we have to take out money it'll be the least amount necessary.

I think the consultant also identified different places where he thought there was the ability to increase sales and revenue. All of this obviously is dependent on how good the ski season is, and how good the snow is. But the investments are, certainly from when they're completed, gone, are intended to generate more revenue. They looked at, also things like the pricing of stuff that sold, both at the concessions and the food operation. But we think there's some opportunity for a change in prices, some may be up, some may be down, but overall to increase the amount of revenue from the price of the food concessions. So, we're hopeful that we don't have to go to the bank, but in the long term, we think this is going to increase revenue one way or the other.

... go forward with the contract, the Board would have had to come up with 500 plus.

...

Just to get out of the contract. So we had the money, we still have...

Then we would have to buy inventory, and then we would have to do staffing.

...

...you guys, if we had done the 5 year contract t here wouldn't be any capital outlay, because it would all be depreciated, but we're willing to put up the \$500,000 and go with this approach because it creates an incentive to increase revenues and sales, so we're willing to put up the \$500,000 in a two year contract. So I'm just trying to get my head around that, you know, the investment.

It's a good question. But I think the short answer is, we were considering self-operation at one extreme, and the 5 year at the other extreme. If we went self-op, we would have had to buy ourselves, buy the inventory, equipment. I think that the price tag for that was \$600,000 and change/ Correct me if I'm wrong, but it's about \$600,000. So we would have had to invest that if we went self-op. The two year option again, we know we have capital needs, the consultant identified them, Centerplate has, you know, encouraged us to make investments in the place, and it was a question of somewhere between the two extremes of them investing the money for a five year contract, or us investing it for a much shorter contract.

Yeah, no I think we've gone in the right direction, considering the two years and five years. Is there a chance that we'll have...the profits will be greater since Orda's investing the \$500,000?

Absolutely. Unequivocally.

...

...\$500,000 and depreciation. So their increased profits by only paying \$500,000 that...

Yes, in theory. I mean, we know the improvements have to be made. Again it depends on a lot of other things that are completely out of our control. Sales are down because people, because snow conditions are terrible, profits will not increase.

So Centerplate had put in the \$500,000, or to have had a little smaller profit to make up for, but since Orda is putting in the \$500,000 then the chances are they'll make a little bit more profit off the sales the next two years. That's how that works.

And depending on, all those out coming ... on day one either, necessarily. I'm not sure if we have an idea of how that money's going to be invested, that...Ted is going to be coming back to the Board and advising us how we ought to spend that...

Yeah.

There are suggestions in the mail, you can see that, the locations, that several of them ... several of them are at Whiteface.

...

I'd like to move ...

Okay, a second?

Second.

Any further discussion? All in favor?

Aye.

Opposed? Thank you.

Joe, I'd like to thank our supervisors from the ... up north, Johnsberg (?) really, for this picture. I was looking to see...I was in it, obviously about 4 years old. That's where I taught my kids how to ski, and I'm sorry if I mumble a little bit, but I'm in the midst of two root canals. So, all I have at the moment, is a pen given to me by the root canal expert.

And that's so you can sign the check for them.

...

Well, I found out what it cost, I did gasp a little bit.

I know people have also come a long way. Not as...probably as long as I did, but if there is anyone from the audience that would like to make a comment, I'd be...we'd be delighted to hear.

...

I just want to say a huge thank you to the Orda Board for the support, and the belief in this project. And I think that the message next year, and the year after that will be as Gore grows,

we'll have more revenues to bring back to your economy and your project. And the Interconnect is going to be a vital resource for you folks. And the people that are here today represent our business community, and this brings the mountain to our main street. So I just want to again thank you, and when I was here two weeks ago I said we were partners, I truly look forward to that partnership continuing, and enduring, and together we will profit.

Thanks Tom.

...

Anyone else? Sure.

... Bob Pascal from Centerplate. I'd like to thank you so much for extending the partnership. We look forward to partnering with you over the next two years in exactly what you said, and continuing to enhance the guest experience, driving returns toward us. Thank you so much.

Thank you doctor.

...

Gentlemen.

...

...will take up that suggestion, and we will try to have posters and signs up as soon as possible. I think it's an excellent suggestion ...

Thank you Len.

...

Could I have a motion to adjourn, unless anyone else has a comment?

...

...our next meeting is on June 16th. I'm just trying to confirm the date, and also the agenda. Just...there's so much going on, I just wanted to...

I don't think we have an agenda...

Yeah, there's no agenda.

No, okay.

Okay, is that the date?

Yes, the 16th.

I just want to propose, if that is...I think that is the date, and then on the agenda, we continue to talk about the convention center. At the last meeting, what we approved is really a program plan, but not the exterior of the building or how they work together.

We'll get the sub-committee to get together in advance of that meeting.

Okay. And then the budget stuff, and the contracts...

...

Yeah any...the board should feel free to get either Ted or I suggestions, agenda items, suggestions. We'll definitely be talking about the convention center. We're going to be, you know, reviewing where we are budget-wise, but if there are other items, let us know.

Okay.

Okay. Ted?

...

Okay, we've had a motion to adjourn. All in favor?

Aye.

Opposed. So carried.

[END OF RECORDING]