

GUNSTOCK AREA COMMISSION MEETING

March 24, 2021

****Public Access via Zoom Conferencing****

APPROVED MINUTES

GAC: Russell Dumais, Brian Gallagher, Gary Kiedaisch, Peter Ness, Rusty McLearn

Gunstock Personnel: Tom Day, Cathy White, Mary MacDonald, Becky LaPense, Kristen Lodge, Jim Mamos, Robin Rowe, Patrick McGonagle

BDC: Rep. Sylvia, Rep. Howard

Chair Kiedaisch read the authorization to conduct the public meeting electronically, along with instructions for the public to pose questions or comments. He called the meeting to order at 6:10PM with a virtual pledge of allegiance. Roll call attendance was taken with all Gunstock Area Commissioners present.

Minutes

The minutes of the February 24, 2021 Gunstock Area Commission public meeting were reviewed. Chair Kiedaisch reported that he and Commissioner Gallagher met with Rep. Sylvia and Rep. Howard to inform them of the GAC's progress with master planning and the actions taken in the February meeting.

ACTION

Motion: Commissioner McLearn made a motion to approve the minutes as presented.

Second: Commissioner Dumais.

Roll Call Vote: Commissioner Dumais - Yes
Commissioner Gallagher - Yes
Commissioner Ness - Yes
Commissioner McLearn - Yes
Chair Kiedaisch - Yes

Chair Kiedaisch said the minutes of the February 19, 2021 non-public meeting will need to be voted on in the April meeting since the Commissioners have not been able to review them yet.

Financial MD&A & Executive Summary

Cathy White, Chief Financial Officer, gave an overview of the monthly financial reports for February and summary of YTD performance. February revenue was \$4.2mm, \$478K favorable to budget and \$337K favorable to last year. YTD Revenue was \$11.1mm, \$1.3mm favorable to budget and \$647K unfavorable to last year. She reported that season pass and ticket sales ended \$582K above budget for the month. Operational EBITDA was \$3.1mm, \$582K favorable to budget and \$486K favorable to last year. YTD Operational EBITDA was \$5.9mm, \$1.8mm favorable to budget and \$939K favorable to last year. Cash was \$5.2mm, \$3.6mm favorable to budget and \$2.8mm favorable to last year. Cash Reserves were \$596K, \$300K favorable to budget. She noted they have not drawn on any reserves or RAN funds at this time. Discussion ensued around department performance. Chair Kiedaisch noted that the Retail operation is struggling to meet industry performance standards and would like to hear management's plan for next year's retail buy. He would like to work with them on strategies to improve the margins in that area. There was discussion about the credit card fees and opportunities to negotiate lower fees because of the higher volume in revenue. Cathy explained that Gunstock already

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has a competitive rate and she normally puts it out to bid each year to keep them as low as possible. Commissioner Gallagher asked about the feasibility of paying off any outstanding debt sooner than planned. Cathy said three of the four remaining notes do not have a penalty for pre-payment, but she will need to confirm the terms of the fourth note. Commissioner Gallagher said he would like to continue discussion on that to explore and understand their options moving forward. There was also brief discussion about the possibility of being able to accept Bitcoin or other cryptocurrencies, which management agreed to research further.

Tom Day, President & GM, reported that management is working on the operating and capital expense budgets for FY22 so they have a clear idea of what is needed for working capital this summer. He is still planning to meet the scheduled closing day of Sunday, April 4th although coverage is getting thinner by the day. Resort Services Director, Robin Rowe, reported that the spring season pass sale continues to exceed past performance. YTD sales are 1,800 passes for \$660k in revenue compared to the same time last year of 342 passes for \$103k in revenue. They are paying close attention to renewal rates and Flex Pass conversions. Currently, 60% of the season passes sold for next year are renewals and they have converted 13% of the Flex Passes to season passes. Tom said they are hoping to convert at least 1,000 Flex Passes to full season passes next year.

Commissioner McLear asked management how the guest response has been for the season. Marketing Director, Kristen Lodge, reported that they opted not to do formal guest surveys this winter because of COVID, but she is personally calling 50 random season passholders to ask them about their experiences this winter at Gunstock. Chair Kiedaisch said it would be good to get a sample of some of the critical feedback from guests so they can understand how management plans to address those issues. Discussion shifted to the growth in night skiing visits and Tom said management's goal is retain at least 6k of those new night skiing visits.

Commissioner Dumais asked how management planned to use the successes from the winter operation for summer planning. Tom reviewed the summer operating plan, noting it has been scaled back slightly, but should be more efficient and profitable without compromising the guest experience. He confirmed they will be offering Mountain Coaster rides, ZipTours, ATA Tours, E-bike and Segway Tours, and Scenic Lift Rides this summer. The ground-level, high-touch activities will be inactive this season. He added that the Marketing team has been doing a great job of getting exposure in the right places and believes it will be a busy summer. Commissioner Dumais asked how the new summer operating schedule compares to other summer attractions in the White Mountains. Tom said it was too soon to know but they will be watching closely as other companies begin making their plans public. Tom said management is analyzing the revenue and operating expenses of the summer adventure park to clarify their strategic approach for future summer revenue.

New Business

- a. 457(b) Plan Change Proposal - Cathy White presented a proposal to restructure the employee retirement plan benefits. Gunstock currently offers its year-round employees a voluntary 457(b) plan with a 3% employer match, plus a separate Profit Sharing plan, which allows for employer-only contributions. The Profit Sharing contributions are made on a yearly basis, at the discretion of the GAC. Employee participation rates in the 457(b)

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plan are relatively low, currently 40% of eligible employees. To make the retirement plan benefits more meaningful to the staff, management would like to eliminate the Profit Sharing plan and increase the employer match in the 457(b) plan from 3% to 5%. They believe this change will encourage more eligible employees to participate in saving for their own retirement and take advantage of a higher employer match. She estimates that if enrollment exceeds 50% participation, it will have an \$8k increase on employer expenses. They would hope to see participation rates meet 60%-75% by making this change and plan to make it effective on May 1, 2021, if approved by the GAC.

ACTION

Motion: Commissioner McLearn made a motion to approve management's proposal to eliminate the employee Profit Sharing retirement account and increase the employer match on the 457(b) plan from 3% to 5%.

Second: Commissioner Dumais.

Roll Call Vote: Commissioner Dumais - Yes
Commissioner Gallagher - Yes
Commissioner Ness - Yes
Commissioner McLearn - Yes
Chair Kiedaisch - Yes

Old Business -

- a. *Parking Lot* - Facility Operations Director, Patrick McGonagle, reported that he spoke with both the program manager and state director and has submitted Gunstock's letter of intent. The application for the grant is due on May 14th. He has also been in communication with the engineer to refine the budget numbers, which could improve odds of getting the grant approved.
- b. *Master Planning Committee* - Chair Kiedaisch said he and Commissioner Gallagher met with the BCD subcommittee and informed them of the GAC's progress on the resort's master plan. Commissioner Gallagher commented that there is a small building boom in Lincoln by Loon Mountain for hotel space. He said the RiverWalk in the downtown area is going into phase 2, and Marriott and Hampton Inn recently announced they are opening hotels in Lincoln within the next two years. Chair Kiedaisch added that Gunstock's timing is perfect considering current developments around the Lakes Region but it is critical to keep the planning moving so they can approach strategic partners.

Miscellaneous - Tom reported that Vail Resorts announced their pricing for next year's Epic Pass, which is 20% below last year's pricing. Commissioner McLearn asked how ski area performance has been with other NH resorts. Tom reported that NH resorts all performed well this season, in large part because they are drive-to destinations.

Rep. Mike Sylvia asked if the GAC planned to make a request for another RAN for the upcoming fiscal year. Tom confirmed that management intends to submit a RAN proposal for FY22, most likely after the budget has been finalized in May. Rep. Sylvia said the BCD has not scheduled their next meeting yet but just wanted to understand Gunstock's timeline. Chair Kiedaisch added that they don't anticipate needing to use the RAN funds if they don't have to, but it

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always makes good business sense to have a line of credit available. Rep. Howard asked if the GAC's non-public meeting had been announced or posted publicly and Chair Kiedaisch confirmed it was posted on Gunstock's webpage and in the Administration Office at Gunstock at the time that it was scheduled.

Public Comment - There were no members of the public on the Zoom call.

Adjourn

ACTION

Motion: Commissioner McLear made a motion to adjourn the public meeting of the Gunstock Area Commission at 7:26PM.

Second: Chair Kiedaisch.

Roll Call Vote: Commissioner Dumais - Yes
Commissioner Gallagher - Yes
Commissioner Ness - Yes
Commissioner McLear - Yes
Chair Kiedaisch - Yes

Respectfully Submitted,

Rusty McLear, Secretary
Gunstock Area Commission