

GUNSTOCK AREA COMMISSION MEETING
March 23, 2022
Gunstock Mountain Resort, Gilford Public Library
APPROVED MINUTES

Gunstock Area Commission (GAC): Gary Kiedaisch, Peter Ness, Rusty McLear, Jade Wood, David Strang

Gunstock Mountain Resort (GMR) Personnel: Tom Day, Cathy White, Kristen Lodge, Peter Weber, Robin Rowe, Patrick McGonagle

BCC (Belknap County Commissioners): Peter Spanos

BCD (Belknap County Delegation): Representatives Michael Bordes, Raymond Howard, Norman Silber, Michael Sylvia, Paul Terry

Vice-Chairman Kiedaisch called the meeting to order at 6:00PM and lead all in attendance in reciting the pledge of allegiance.

After the pledge was completed, Commissioner Strang objected to Rusty McLear’s participation in the meeting as the County Delegation had just declared his seat vacant due to his overstaying his term, which per the enabling statute from 1959, should have ended in Nov. 2020. McLear said he believed he was appointed for a 5-year term. Vice-Chair Kiedaisch said Commissioner Strang’s objection would be noted for the record and that he has a copy of the letter from Chairman Sylvia announcing the vacancy and an application hearing is scheduled for April 12.

Approval of Meeting Minutes

The minutes of the Feb 16, 2022 Gunstock Area Commission public meeting were reviewed. Commissioner Strang urged avoiding the use of first names only as is listed in the first sentence of the Financial MD&A. Instead, he suggested using both first and last name. He also asked to remove the words “out on” in the first sentence so that it would read:

“Cathy White reported the January and YTD financial results for overall operations and by department.”

Commissioner Ness, asked to change page 3, the first full paragraph beginning with iii., on line 10 with the sentence which begins "Commissioner Ness asked if they would require approval from the US Department of Interior to build the hotel." In between the words “from” and “the,” he would like inserted "the Belknap County Commissioners, the Belknap County Delegation, the DNCR administrators of the Federal LWCF fund in Concord, and". Thus, the sentence as edited should read:

"Commissioner Ness asked if they would require the approval of the Belknap County Commissioners, the Belknap County Delegation, the DNCR administrators of the Federal LWCF fund in Concord, and the US Department of Interior to build the hotel."

ACTION

Motion: Vice-Chairman Kiedaisch made a motion to approve the minutes as amended.

Second: Commissioner Wood.

Vote: All in favor.

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The minutes of the March 1, 2022 Gunstock Area Commission public meeting were reviewed.

ACTION

- Motion:** Vice-Chairman Kiedaisch made a motion to approve the minutes as presented.
Second: Commissioner Strang.
Vote: All in favor.

The minutes of the March 11, 2022 Gunstock Area Commission public meeting were reviewed.

ACTION

- Motion:** Vice-Chairman Kiedaisch made a motion to approve the minutes as presented.
Second: Commissioner Wood.
Vote: All in favor.

New Commissioner Swearing In:

Vice-Chairman Kiedaisch welcomed Commissioner Strang to his first regularly scheduled meeting, noting that he was already sworn in. Discussion ensued on the GAC's "Code of Ethics Policy." Vice-Chairman Kiedaisch stated that Commissioner Strang would like his attorney to review the Policy before he agrees to sign it.

Commissioner Status:

Vice-Chairman Kiedaisch said he had a copy of a letter dated March 16, 2022 from Rep. Sylvia to Rusty McLear, stating that his (McLear's) term expired in November 2020, and therefore declaring his seat vacant. Vice-Chair Kiedaisch reported that he had a "legal brief," which expressed an opinion that Mr. McLear's appointment was for a 5-year term. Commissioner Ness asked who the author of the brief was, but Vice-Chair Kiedaisch refused to identify its source. Commissioner Strang stated that if a legal opinion was going to be raised at the GAC meeting, and used to influence discussion, then the Commissioners had a right to know who it was from. Vice-Chairman Kiedaisch still refused to identify its source. It was the consensus of the Commissioners that if the source of a legal opinion was going to be withheld from the Commission, then it should be disregarded. Vice-Chairman Kiedaisch then proposed that Mr. McLear participate in the meeting as "de facto" Commissioner until the Delegation's April 12th appointment hearing. Commissioner Ness stated that the Delegation is the authority on Commissioner appointments and that Mr. McLear should recuse himself and abstain from participation as the Delegation had declared a vacancy in his seat. Mr. McLear said that he will not resign and plans to reapply for the position. Commissioner Ness said that McLear had been given notice by the body that appoints him. Commissioner Strang concurred and asked that Mr. McLear recuse himself from the meeting and follow the law.

ACTION

- Motion:** Commissioner Ness made a motion to adopt a resolution that acknowledges that the County Delegation provided notice to

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the Commission that the McLear commissionership is in question, that it is vacant and will be filled on April 12 and that the Delegation views that McLear's term expired on November 16, 2020. It is the Delegation's conclusion, since they are the appointing agency under law, to be pragmatic, and the Commission therefore asks McLear to recuse himself from any votes until the BCD appoints a successor on April 12.

Discussion: McLear stated that he would recuse himself until the reappointment has been made.

Second: Commissioner Wood.

Roll Call Vote: Commissioner Ness - Yes
Commissioner Strang - Yes
Commissioner Wood - Yes
Vice-Chair Kiedaisch - No

Motion Passes 3-1

Rusty McLear left the table and took a seat with the public.

ACTION

Motion: Vice-Chairman Kiedaisch made a motion to defer the election of officers until the April meeting.

Second: Commissioner Wood.

Discussion: Commissioner Strang noted that the GAC bylaws Article II, Section 2a state that: "A chair, Vice-Chair and Secretary shall be elected at the first regularly scheduled meeting following the swearing in of members duly appointed by the Belknap Delegation." He said that since this is the first regularly scheduled meeting after his appointment and swearing in, the by-laws require that they elect officers today.

Vote: All voted No

Motion to postpone the election of officers to April failed

GAC Nomination & Election of Officers - Chair, Vice Chair & Secretary:

Vice-Chairman Kiedaisch opened the agenda item and nominated himself for Chair and Commissioner Wood for Vice-Chair. Commissioner Strang suggested that, in order to simplify the process, that the Commissioners make nominations for each office one at a time, and then vote on those nominations, one at a time. All agreed.

ACTION

Motion: Commissioner Kiedaisch nominated himself for Chair.
Commissioner Strang nominated Commissioner Ness for Chair.

Second: Commissioner Ness seconded the nomination for himself for Chair.

Roll Call Vote: Ness - Ness
Kiedaisch - Kiedaisch
Strang - Ness

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Wood - Ness

Commissioner Ness was elected GAC Chairman.

ACTION

- Motion:** Commissioner Kiedaisch repeated his nomination for Jade Wood for Vice-Chair. Commissioner Ness nominated Commissioner Strang as Vice-Chair.
- Second:** Commissioner Kiedaisch did not ask for any seconds. Commissioner Wood then declined to accept a nomination for any GAC office. As there was only one nomination for Vice-Chair, a voice vote was called.
- Roll Call Vote:** Kiedaisch - No
Ness - Yes
Wood - Yes
Strang -Yes

At this point, Commissioner Kiedaisch turned the meeting over to newly elected Chairman Ness.

Chairman Ness said that the Secretary would be elected at the next GAC meeting when there were 5 Commissioners seated. He asked Vice-Chairman Strang if he was willing to serve as Secretary pro-tem for this meeting. Vice-Chairman Strang agreed.

Financial MD&A and Executive Summary

Cathy White, Chief Financial Officer (CFO), gave an overview of the monthly financial reports for February. Gross revenue was \$4.9mm, \$743K favorable to budget and \$734K favorable to last year (LY). Total Company EBITDA (earnings before interest, taxes, depreciation and amortization) was \$3.2mm, \$549K favorable to budget and \$509K favorable to LY.

Operational Level EBITDA was \$3.6mm, \$578K favorable to budget and \$490K favorable to LY. Year-to-date (YTD) Operational Level EBITDA was \$7.3mm, \$2.4mm favorable to budget and \$1.5mm favorable to LY.

Total Company EBITDA was \$3.2mm, \$549K favorable to budget and \$509K favorable to LY. YTD Total Company EBITDA was \$4.2mm, \$2.2mm favorable to budget and \$797K favorable to LY. Net Income was \$2.9mm, \$564K favorable to budget and \$439K favorable to LY. YTD Net Income was \$2.7mm, \$2.4mm favorable to budget and \$606K favorable to LY.

Cash and Cash Equivalents were \$7.9mm, \$5.0mm favorable to budget and \$2.7mm favorable to LY (related to EBITDA, Capital Expenditures [CapEx] and Deferred Revenue)

Chairman Ness stated he would like to see a report from each department head beginning with next month's meeting. He asked to see a consolidated P&L and balance sheet for the core GMR ski resort business exclusive of food service, retail, snowsports and other ancillary operations so as to determine what Belknap County taxpayers might possibly see as a discount. Additionally, he stated he would like to see more information about snowmaking and grooming

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in the terrain park to understand the costs to create, groom and maintain that part of the GMR. Tom Day, President and General Manager, stated that information is available and accurate now that they are using Snowright software.

Old Business

1) Capital Freeze & Preliminary 2023 Capital Discussion - Cathy White, stated that the FY22 Budget was approved in April 2021. She stated that Commissioners Ness and Wood had voted at the March 1 Special Meeting to stop the approved CapEx spending. Chairman Ness stated there was a concern over a lack of information that was shared about the Stockade Lodge improvements. Commissioner Kiedaisch stated the FY22 budget was approved 4-0 and that Chairman Ness claimed that the \$2.4M CapEx wasn't discussed in that April 2021 meeting. Discussion ensued about the planned renovations and use for the lodge. Cathy White said the Stockade Lodge has the potential to generate more revenue with its conversion to a seated restaurant. The capital is now available to make that investment. Vice-Chairman Strang said he had heard from several people who want to be able to continue using it as an area to dress for skiing, store their belongings and eat at with friends and family as they have been doing for years and don't want it to be a restaurant-only building. He added that many of these people had approached him spontaneously about this issue and particularly enjoyed being able to walk right out of the building and be at the base of several lifts. Cathy White said the project was already approved and the equipment purchase process had already begun. If it was decided not to move ahead, she said that the \$400k in equipment down payments would be wasted since 2/3 of the project is already paid for. The project was suspended at the start of the season because of supply chain issues. Tom Day stated there is often a 2-hour wait at the Powder Keg in the Main Lodge for restaurant seating and (he believes) there are more people being impacted by not having additional F&B seating than by the people who want to use the space as a "locker room." Commissioner Kiedaisch stated his belief that the GAC is not appointed to run the business but to make sure that management has a responsible operating plan. Vice-Chairman Strang stated it was the job of all Commissioners to listen to constituents. Cathy White said a decision is needed soon since they must put deposits down and make commitments for FY23 now. Tom Day asked the Commissioners to help move this project ahead. Chairman Ness stated that the concern is that management has not given them the information they have asked for. Cathy White explained that it was provided to the GAC at the August 2021 meeting. She then mentioned that there were also required renovations that needed to be made to keep the building up to code, regardless of whether the restaurant conversion takes place.

ACTION

- Motion:** Vice-Chairman Strang made a motion to unfreeze CapEx funds, excluding those designated for conversion of the Stockade Lodge to a restaurant.
- Second:** Chairman Ness.
- Vote:** All in favor.

2) *Master Plan Review* - Chairman Ness stated that he has asked for something in writing with specific dollar figures to get an understanding of what is proposed. Some aspects of the

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proposal have legal constraints and he feels the Commission needs to see a document of the proposal with numbers attached.

a. *Hold Status/Next Steps* - Tom Day stated that they have a high-level ROI but haven't gotten that far into planning. He said it is an opportunity to do something good but it's too early in the process to provide those details.

b. *East Basin ROI Work in Progress* - Tom Day said they will continue to work on the ROI analysis to be shared with the GAC. Vice-Chairman Strang stated that the GAC is looking for a document that includes more details of each of the five "pods." He asked if Mr. Day could create a document, even if it were just a few pages long, listing the specific proposed developments for each "pod," perceived hurdles and cost estimates. Tom agreed to work with the SE Group to provide further details. Chairman Ness stated he would like an executive summary first and then they can have discussion on the plan.

3) *Parking Lot Paving and Stimulus Fund Status* - Peter Spanos, Belknap County Commissioner reported that, for the \$1.3M appropriation, the BCC would like unanimous consent. The request was to foster cooperation among the Gunstock Area Commissioners to get it ready for summer 2022. Since the GAC is missing a commissioner, it was agreed to table this until the April GAC meeting.

New Business

1) *2023 AOP* - This discussion will be deferred until next month's meeting.

Chairman Ness stated that Article II, Section 3(a) of the GAC Bylaws states that the Chair can form committees. He stated he would like to form a Legal Services Committee to determine who will represent Gunstock or the GAC in legal issues. He asked Commissioners Strang and Wood to join the Committee. He then made the following motion regarding the activities of the Legal Services Committee:

ACTION

Motion: The commission hereby authorizes this committee to review the current representation of the Resort and the Commission by legal counsel, and if it is determined that assistance by legal counsel to evaluate current representation is required, the Commission hereby authorizes the GAC Chair to engage legal counsel to assist in this evaluation of legal matters. If it is determined that outside counsel is required, the engagement agreement will be executed by the Chair of the Commission.

representation.

Second: Vice-Chairman Strang

Discussion: Commissioner Wood stated that she would decline to sit on the Committee but stated she was eager to review the data that it collects.

Roll Call Vote: Wood - No
Kiedaisch - No
Strang - Yes
Ness - Yes

Motion fails.

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Chairman Ness said he would also like to form a committee to review the Snowsports School operations. Tom Day asked why he wanted a committee to look into this particular revenue center. Chairman Ness said he wanted to see operation particulars since it is a fundamental part of the industry. Tom Day asked again why he chose this particular revenue source. Chairman Ness stated he has been asking questions about that department since joining the GAC almost two years ago and his questions have been ignored. Commissioner Kiedaisch made several accusatory statements toward Chairman Ness which were quite personal. Vice-Chairman Strang asked that he refrain from such comments as they were a violation of section 3 (Conduct of Commissioners) of the very "Code of Ethics Policy" that Commissioner Kiedaisch himself had helped draft which states:

"The members of the Commission shall refrain from abusive conduct, personal charges or verbal attacks upon the character or motives of other Commission members, the staff or the public."

- 2) Commissioner Email Addresses - Cathy White stated that Commissioners will be getting their own Gunstock email address and will receive information shortly from Gunstock's IT department with login instructions.

Public Comment

Ruth Larson, Alton, stated her belief that the Commissioners were not representatives of the people and admonished the GAC for taking so long in this meeting to discuss needed business. She particularly chided Commissioners Ness and Strang for not accepting the compromise proposed by Commissioner Kiedaisch to allow Rusty McLear to continue as Commissioner, describing this as "such a mild thing to do." Vice-Chairman Strang replied that the enabling statute (State Law) from 1959 was quite clear (on the term length for Mr. McLear) and replied to Attorney Larson that "violating the law is not a mild thing to do and is not a compromise."

Lois Kessin, Laconia, stated she has been skiing since 1953. She has brought her equipment in and dressed in lodges and is now happy to dress in her car. She said she doesn't need the Stockade Lodge for that and asked how many people care about the Stockade.

Kathy Dahl stated she is a skier of Gunstock and thanked the team for a super year. She felt the grooming was exceptional.

Alex Deluca, Laconia, and a Gunstock employee, stated it was hard to make it successful.

Doug Lambert repeated quotes from the meeting and thought everything was working well. He stated that Gunstock has created a demand and asked, "why grow if the profit is good?" He stated, "don't fix what isn't broken" and that the master plan should take a look inward and suggested keeping what is clearly working, going for the future.

Ray Howard, Alton, asked about the GPS program that measures snow depth and did it prove valuable? Snowmaking and Grooming Manager, Dan Carbonneau, answered that the original price for one machine was \$60,000, but Gunstock bought it at a price of \$100K for 3 machines.

Anne Park-Hurst, stated that she has lived here for 4 years and believes that the mountain is running smoothly.

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Gretchen Casey stated that if renovated, the Stockade Lodge can be used for groups and function rentals.

Skip Murphy talked about the Right to Know law (RSA 91-A) and that this particular RSA is a powerful tool. He gave each Commissioner a copy of the Fiscal Year 2017 Operating Budget which was released 4 days before that Fiscal Year began in 2016. He stated that he has made a request for the GMR budget for the coming Fiscal Year (FY23), and despite it being a regular disclosure just 6 years ago, his request was turned down by General Manager Tom Day. Mr. Day believes there is a clause in RSA 91-A which allows GMR to decline this request, as he believes releasing the budget data could be harmful to the operation of the resort. Mr. Murphy therefore asked the Commission to take a vote to compel release of the budget. Chairman Ness stated that this law is 138 pages long and that it is a worthy undertaking for the Commission to understand it. Mr. Murphy stated that Gunstock is a government agency and that he has a right to see what the numbers are. Tom Day stated if the Commissioners instructed him to release the budget, then he would. Vice-Chairman Strang stated that as there appears to be a difference of opinion on this matter and although based on the conversation that it appeared that the Commissioners would like to comply with this RTK request, he suggested that they consult an attorney for an opinion on whether this clause cited by Tom Day applies to a publicly owned entity like Gunstock.

Chairman Ness therefore asked Skip Murphy for some additional time to respond to his RTK request and he agreed.

ACTION

- Motion:** Vice-Chairman Strang made a motion that Chairman Ness construct a list of attorneys whose expertise includes RSA 91-A for review at the April meeting.
- Second:** Commissioner Kiedaisch.
- Vote:** All in favor.

In response to a request from a member of the Delegation, Commissioner Wood asked about the Indy Pass and why Gunstock does not participate in it. Tom Day stated that they approached him his first year at GMR, and he didn't feel like it fit Gunstock's business model. "It works for some places, but doesn't work for Gunstock." Paul Terry stated that his son and grandson want to ski at Gunstock but that there isn't such a pass here. He asked if the Commission would take it under advisement. Resort Services Director, Robin Rowe, stated that many of Gunstock's pass holders are Belknap County residents, and the low pass price benefits them. She stated it would "punish" out of county users to offer lower prices to Belknap County residents and that the decision made years ago was to keep prices (similarly) low for all users. Rep. Terry requested Ms. Rowe's email address in order to pass along future questions.

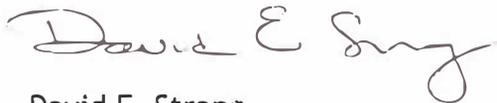
ACTION

- Motion:** Commissioner Kiedaisch made a motion to adjourn the public meeting of the Gunstock Area Commission at 9:46PM.
- Second:** Chair Ness.
- Vote:** All in favor.

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The meeting was adjourned

Respectfully submitted,

A handwritten signature in black ink that reads "David E. Strang". The signature is written in a cursive style with a large, looped initial "D".

David E. Strang
Vice-Chairman
Secretary pro-tempore