

GUNSTOCK AREA COMMISSION MEETING
April 20, 2022
Gunstock Mountain Resort, Stockade Lodge
APPROVED MINUTES

GAC: Peter Ness (Chair), David Strang (Vice-Chair), Douglas Lambert (Secretary), Gary Kiedaisch, Jade Wood

Gunstock Personnel: Tom Day, Cathy White, Kristen Lodge, Peter Weber, Robin Rowe, Patrick McGonagle

BCD: Rep Sylvia

Chair Ness called the meeting to order at 6:06PM with the pledge of allegiance. He confirmed that Commissioner Wood was attending the meeting remotely by Zoom per Article II, Section 1 (b) of the GAC Bylaws.

Commissioner Kiedaisch motioned that the agenda be re-ordered to discuss the budget first, before any other items. Chairman Ness stated he believed the agenda could be engaged as ordered and still leave time to address the budget. There was no second to this motion.

Minutes

The minutes of the March 23, 2022 Gunstock Area Commission public meeting were reviewed.

ACTION

Motion: Commissioner Kiedaisch made a motion to approve the minutes as presented.
Second: Chair Ness.
Vote: All in favor.

Vice-Chair Strang asked to review the approved minutes from the GAC public meeting on January 22, 2020 noting a needed correction on page 4, to change “1595” to “1959”.

ACTION

Motion: Vice-Chair Strang made a motion to amend the January 22, 2020 meeting minutes as noted.
Second: Commissioner Kiedaisch.

Rep. Sylvia noted that a roll call vote was required since Commissioner Wood was attending remotely.

Roll Call Vote: Commissioner Wood - Yes
Commissioner Lambert - Yes
Commissioner Kiedaisch - Yes
Vice-Chair Strang - Yes
Chair Ness - Yes

Vice-Chair Strang asked to review the approved minutes from the GAC public meeting on January 19, 2022 noting a needed correction to remove Brian Gallagher from the roll call vote as he had resigned from the GAC by that time.

GUNSTOCK AREA COMMISSION MEETING
April 20, 2022
Gunstock Mountain Resort, Stockade Lodge
APPROVED MINUTES

ACTION

- Motion:** Vice-Chair Strang made a motion to amend the January 19, 2022 meeting minutes as noted.
- Second:** Chair Ness.
- Roll Call Vote:** Commissioner Wood - Yes
Commissioner Lambert - Yes
Commissioner Kiedaisch - Yes
Vice-Chair Strang - Yes
Chair Ness - Yes

GAC Nomination and Election of Officers:

Chair Ness welcomed Doug Lambert to the Gunstock Area Commission, sworn in on April 13th. He opened the floor for the nomination of officers.

ACTION

- Motion:** Vice-Chair Strang made a motion to nominate Commissioner Ness for Chair.
- Second:** Commissioner Lambert.
- Roll Call Vote:** Commissioner Wood - Yes
Commissioner Lambert - Yes
Commissioner Kiedaisch - Yes
Vice-Chair Strang - Yes
Chair Ness - Yes

ACTION

- Motion:** Chair Ness made a motion to nominate Commissioner Strang for Vice Chair.
- Second:** Commissioner Lambert.
- Roll Call Vote:** Commissioner Wood - Abstained
Commissioner Lambert - Yes
Commissioner Kiedaisch - Yes
Vice-Chair Strang - Yes
Chair Ness - Yes

ACTION

- Motion:** Commissioner Strang made a motion to nominate Commissioner Lambert for Secretary.
- Second:** Chair Ness.
- Roll Call Vote:** Commissioner Wood - Yes
Commissioner Lambert - Yes
Commissioner Kiedaisch - Yes
Vice-Chair Strang - Yes
Chair Ness - Yes

Commissioner Kiedaisch called a point of order and asked if Vice-Chair Strang had signed the GAC Code of Ethics after conferring with his attorney. Vice-Chair Strang read a statement in

GUNSTOCK AREA COMMISSION MEETING
April 20, 2022
Gunstock Mountain Resort, Stockade Lodge
APPROVED MINUTES

response, concluding that he agreed with Chairman Ness' statement from 2021 that the Commission had no authority to enact such a policy and therefore he was not able to sign.

Commissioner Kiedaisch said the policy was adopted in February 2019, before Chair Ness joined the GAC. He asked if Secretary Lambert intended to sign the policy. Secretary Lambert said he took an oath and swore to abide by the laws of the State of NH, which binds him to the Gunstock Enabling Statute and the GAC Bylaws. He said he agrees with Commissioners Ness and Strang that it is a non-legal document and unnecessary to sign. He added there is a legal mechanism already available to remove a commissioner who violates their oath or the law. Commissioner Kiedaisch said that Stephen Nix was GAC Chair at the time the policy was adopted. He noted Mr. Nix is an attorney who drafted it so that the public could clearly understand the intent. Chair Ness agreed that a decision to scrap the policy should be reviewed at a later date and closed discussion.

Financial MD&A and Executive Summary

Cathy White, Chief Financial Officer, gave an overview of the monthly financial reports for March. Total Operational Revenue for the month was \$3.6mm, \$869K favorable to budget and \$706K favorable to LY. Operational Level EBITDA was \$2.2mm, \$483K favorable to budget and \$402K favorable to LY. Total Company EBITDA was \$1.7mm, \$307K favorable to budget and \$244K favorable to LY. YTD Operational Revenue was \$18.0mm, \$3.5mm favorable to budget and \$4.1mm favorable to LY. YTD Operational Level EBITDA was \$9.6mm, \$2.9mm favorable to budget and \$1.9mm favorable to LY. YTD Total Company EBITDA was \$6.0mm, \$2.5mm favorable to budget and \$1.0mm favorable to LY. She reported the YTD accrual for Belknap County Fees was \$316,874, versus a budget of \$255,181. Chair Ness said the results should be applauded noting that the past winter had many challenges with the weather and the results are extremely impressive. Cathy White reviewed the March balance sheet and cash flow statement and presented a winter performance recap reporting the following:

- Revenue was \$15.2mm, \$2.8mm favorable to budget.
- Management's continued strategy to focus on pre-committed sales accounted for 30% of total winter revenue.
- EFT (effective ticket price) was \$62.92 vs. budget of \$57.86.
- Total resort sales per skier visit was \$77.48 vs budget of \$79.43 (LY was \$64.44).
- Total EBITDA was \$7.3mm, \$1.6mm favorable to budget.
- Night skiing ending on 03-12-22, visits were up 13% over budget.
- Tubing ending on 03-13-22, visits were down 11% to budget. Unfavorable weather attributed to a late opening and an early close.
- Day tickets (sales) were up 2% over budget. Management continued to limit daily ticket sales to create a more enjoyable guest experience. The resort officially closed on 04-03-22.
- Total skier visits were up 26% over budget primarily due to the increase in season pass holders YOY.
- Season pass sales for 22/23 season are up 39% over LY.
- Website traffic had 2,220,150 pageviews and guests viewed 2.17 pages per session.
- Events this season included Methodology, The Tyler Davis Jam Session, and the return of the Francis Piche Invitational.

GUNSTOCK AREA COMMISSION MEETING
April 20, 2022
Gunstock Mountain Resort, Stockade Lodge
APPROVED MINUTES

- NPS (Net Promotor Score) measures customer experience of our brand. It provides the best metrics to measure against our internal goals and provides comparisons to our competition.
 - Overall Staff Friendliness: Target 65 Gunstock 70 Comp Set 71
 - Overall Visit Experience: Target 61 Gunstock 66 Comp Set 66

Discussion ensued around pre-committed sales and Robin Rowe, Resort Services Director, reported season pass sales for winter 22/23 were at \$1.6m compared to \$1.2 LY. She added that 30% of those purchases are first-time buyers. Commissioner Wood asked for the interest rates on the notes and bonds and capital leases. She commended management for not requesting a RAN and for bringing the debt balances down by \$1m. Cathy White reported that the highest rate on blend across 4 or 5 capital leases averages about 6%, and the bond rates are 2% or less. Commissioner Kiedaisch asked if data is available on the performance of other ski areas this past winter. Tom Day, President and General Manager, said that SkiNH provides some information, but it is not detailed. Chair Ness said he was interested in benchmarking Gunstock against any other ski areas owned by municipalities, especially their access to capital. Discussion ensued around the effective ticket price, sales/skier visit, and efforts that drive those results.

Old Business

1) *Committee Reports*

- a. Legal Affairs - Chair Ness said he has received and reviewed the narrative billing invoices for Gunstock's legal activity over the past three fiscal years, including the current year. He noted they are from eight different law firms and suggested that they should have one general services firm instead of an assortment of firms. He then read aloud from an email delivered by Rep. Sylvia to the GAC on April 19, 2022, requesting that the GAC investigate the genesis of their recent lawsuit and consider reimbursing the County Delegation for their legal expenses.

Chair Ness asked Rep. Sylvia how much money they were seeking from the GAC. Rep. Sylvia said 100%. Chair Ness said that after reviewing the legal invoices, it is clear to him that they are privileged. He said they detail very sensitive matters, and he does not believe it would be appropriate to waive privilege to accommodate Chairman Sylvia's request. He did however ask for a motion to engage counsel to respond to the BCD request.

ACTION

- Motion:** Vice-Chair Strang made a motion to engage legal counsel in order to respond to Chairman Sylvia's request.
- Discussion:** Commissioner Lambert called a point of order and asked if the Legal Services Committee, established at the March 23rd GAC meeting had met yet. Chair Ness said they had only received the narrative billing invoices but had not met. Secretary Lambert then asked for a list of all the standing committees of the convention and stated there are two different issues at hand. Commissioner Wood said it is important to isolate the issue of whether to release the legal

GUNSTOCK AREA COMMISSION MEETING

April 20, 2022

Gunstock Mountain Resort, Stockade Lodge

APPROVED MINUTES

services invoices from the request for funds from Rep. Sylvia. She said it was imperative to study the issue and carefully discern how they wish to move forward. Commissioner Kiedaisch said he has copies of the unredacted bills and a copy of the letter from Rep. Sylvia and this was an unprecedented request. He said it was not Rep. Sylvia's call to determine if the lawsuit was frivolous and that there were multiple charges for services not in relation to the Ness issue included in the billing invoices. He said the GAC should think hard about how to address this request. Chair Ness said his point is well taken and they were being asked to look into how the lawsuit against the BCD originated.

Motion: Chair Ness made a motion, based on the request of the Chair of the BCD, that the GAC authorize the GAC Chair to engage legal counsel to review the question brought by the Delegation regarding this litigation.

Second: Secretary Lambert.

Discussion: Commissioner Kiedaisch said that Chair Ness was in conflict and should not be the person in charge of this follow up. Commissioner Wood said it is within the Chair's rights to form a committee and that all Commissioners can review those findings. Vice-Chair Strang said the only way to resolve the issue was with an objective third party, an attorney, to advise if it was a valid suit. He did not think that a Legal Services Cmte. of the GAC, made up primarily of lay people, would be able to offer a convincing opinion on such a legal issue. Commissioner Wood said she does not agree that it should be referred to legal counsel yet, instead it should be referred to the Legal Services Cmte. for review. Vice-Chair Strang again said he did not think a layman's opinion would further the discussion. Secretary Lambert asked if the attorney would be reviewing the billing records and Chair Ness said absolutely. Secretary Lambert said that, during his nomination interview he said he didn't want to see the lawyering continue. But he thinks, given the gravity of this situation and having looked at some of the issues, he has concluded this is the best route. He said time is of the essence because this debate is causing animosity and a distraction from running the mountain. He said the most important thing is putting the truth out to the people so they can all begin to work together as residents of Belknap County. Commissioner Kiedaisch said he would be in favor of the motion on the floor if it is a full evaluation of the events beginning with the notice of the GAC's no confidence vote in Commissioner Ness.

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

GUNSTOCK AREA COMMISSION MEETING
April 20, 2022
Gunstock Mountain Resort, Stockade Lodge
APPROVED MINUTES

Motion passes

- 2) *Gunstock Parking Lot* - Vice-Chair Strang reported that Belknap County Commissioner, Peter Spanos asked the GAC to take a vote to accept \$1.3m of ARPA grant funding to pay for the main parking lot paving project. Commissioner Spanos said a unanimous vote by the GAC to accept the grant funding is required. Patrick McGonagle, Facility Operations Director, provided an overview of the process for resurfacing the parking lot and selecting the proper surface option. Discussion ensued on the engineering, surfacing, RFP process, and total amount of the grant. Vice-Chair Strang confirmed in a text exchange with Cmr. Spanos, that the grant amount is \$1.3 million for the parking lot paving project alone.

ACTION

Motion: Commissioner Kiedaisch made a motion to accept the funds for the purpose of paving the main parking lot.

Second: Secretary Lambert.

Discussion: Commissioner Wood suggested an amendment to the motion to include the design, construction, and installation of a walkway and stairs between the Stockade Lodge and the ski school for ease of movement of guests and employees. Commissioner Kiedaisch said management can address ancillary concerns and did not think the motion should be modified.

Roll Call Vote: Commissioner Wood -Yes
Secretary Lambert - Yes
Commissioner Kiedaisch - Yes
Vice-Chair Strang - Yes
Chair Ness - Yes

Motion passes

- 3) *RSA 91-A Compliance Efforts and Requests* - Chair Ness reported that the GAC has been getting a deluge of 91-A requests, and asked management to share these requests contemporaneously with the GAC including when they were received, who it was from, current status, and due date. Tom Day said they have been keeping a log and will share that information with the GAC going forward. Chair Ness stated that in response to a 91-A demand from Skip Murphy requesting a copy of the operating budget with detailed GL codes, discussed at the March meeting, he had spoken with former NH Attorney General Joseph Foster, clearly regarded in the legal community as the expert on 91-A. He stated that Atty. Foster indicated we did not have the right to withhold the budget request from Mr. Murphy as no exemption applied. Chair Ness said it was his general assumption that, under 91-A, everything is public unless it fits neatly into one of the stated exemptions. Discussion ensued on past budget distributions and existing formats available for inspection.

ACTION

Motion: Vice-Chair Strang made a motion to release the FY 2022 budget in GL format to Mr. Murphy.

GUNSTOCK AREA COMMISSION MEETING

April 20, 2022

Gunstock Mountain Resort, Stockade Lodge

APPROVED MINUTES

Second: Commissioner Lambert.

Discussion: Commissioner Kiedaisch said the public companies he is associated with only release summary financials. He asked if a government entity should be held to a higher standard. Chair Ness said it's a different standard, and this is public information. Tom Day said he would like to know what Mr. Murphy plans to do with the information. Chair Ness said they do not have the right to ask him that under 91-A.

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

Motion passes

Chair Ness reported that Cordell Johnston will be facilitating 91-A training for Gunstock's senior management team. He is available to facilitate a similar work session for the GAC Commissioners. Discussion ensued around new commissioner orientation and a physical plant tour for an introduction into how the operation works. They agreed to begin coordinating a work session to address these needs. Secretary Lambert suggested that all work sessions be publicly noticed, as it an easy thing to do and it is always best to default on the side of 91-A compliance.

New Business

1) *Presentation of Draft FY23 Budget* - Tom Day and Cathy White presented management's operating and capital budget proposals for FY23, with discussion and questions from the GAC. Vice-Chair Strang noted the forecasted growth is slowing and Cathy White explained that was because management believes they are close to their maximum earning potential without any significant changes to profit centers. They noted growth opportunities exist in Food & Beverage with the Stockage Lodge remodel and more focused events and functions. Tom Day reported that this would be the last year for Soulfest at Gunstock. Their analysis concluded that the event was not profitable to the resort and required significant investments in labor and resources from Gunstock. They intend to explore new opportunities for large-scale events that will attract new visitors and provide incremental revenue growth. Cathy White offered to meet individually with the GAC to review the budget proposal in detail and answer their specific questions. Chair Ness said they would work to include a detailed budget review into their work session previously discussed. The vote to approve the FY23 budget will be taken in the May GAC meeting.

Miscellaneous

Vice-Chair Strang asked for consideration of a change to the monthly meeting schedule due to scheduling conflicts on the third Wednesday-of the month for several Commissioners. There was discussion about possible alternatives, but no changes were confirmed. Chair Ness said they would revisit the topic later. Cathy White stated she would prefer to meet earlier in the month to make the financial data that she presents each month more timely.

GUNSTOCK AREA COMMISSION MEETING
April 20, 2022
Gunstock Mountain Resort, Stockade Lodge
APPROVED MINUTES

Public Comment

Kevin Leandro (Belmont) said the meeting was much more civil than last month's and made two requests. He suggested moving the meetings to the Belknap County Complex where they have the technical resources for remote meetings. These would include Zoom connection and recording capabilities. Vice-Chair Strang agreed to contact Deb Shackett to inquire about scheduling future GAC meetings there. Mr. Leandro commented he would like to move past the ugliness of the lawsuits and noted that the BCD waived their privilege and released their detailed legal invoices. He said considering they did that, why wouldn't the GAC do the same and release unredacted legal invoices. Chair Ness said he had already made it clear the GAC is not waiving that privilege at this time, but they have authorized hiring legal counsel to address the question put forward by the Delegation and they will be examining the source of the dispute. He said the GAC will make public the advice provided by their counsel.

ACTION

- Motion:** Vice-Chair Strang made a motion to adjourn the public meeting of the Gunstock Area Commission at 10:23 PM.
Second: Commissioner Kiedaisch.
Vote: All in favor.

The meeting was adjourned at 10:23 PM

Respectfully Submitted,

Douglas Lambert
Secretary, Gunstock Area Commission