

GUNSTOCK AREA COMMISSION MEETING

September 21, 2022 at 6PM

Gunstock Mountain Stockade Lodge

APPROVED MINUTES

GAC: Doug Lambert (Chairman), Jade Wood (Vice-Chairman), Denise Conroy (Secretary)
remote call

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

Chairman Lambert called the meeting to order at 6:02 PM with the pledge of allegiance led by Robin Rowe. Chairman Lambert read the meeting notice and posting locations into the record and welcomed the Gunstock Commissioners, Gunstock Management and the members of the public.

Meeting Minutes

The Gunstock Area Commission public meeting minutes of the August 31st, 2022 were reviewed.

ACTION

Motion: Secretary Conroy made a motion to accept the minutes as presented.
Second: Vice-Chair Wood.
Vote: All in favor.

Review and Correct Meeting Minutes

Chairman Lambert stated that it was recommended to the Commission to make revisions to the GAC meeting minutes from 8/25/2021.

ACTION

Motion: Chairman Lambert made a motion to strike a section under old business, paragraph A, from the 8/25/21 meeting minutes of the GAC, as well as the attached document titled “Report on Gunstock Area Commissioner Peter Ness.”
Second: Vice-Chair Wood.
Discussion: Chairman Lambert stated that he was advised by legal counsel to remove the attachment and several paragraphs in the minutes.
Vote: All in favor.

Financial MD&A and Executive Summary

Cathy White, Chief Financial Officer, stated that the August financials were sent out on 9/16/22 for review. Total Revenue from Operations was \$692K, \$323K unfavorable to budget and \$153K unfavorable to last year. Operational EBITDA was \$195K, \$161K unfavorable to budget and \$165K unfavorable to LY. Total YTD revenue from Operations was \$1.9mm, \$388K unfavorable to budget and \$41K unfavorable to LY. Total Company EBITDA YTD was (\$966K), \$292K favorable to budget, and \$168K unfavorable to LY. Cathy reviewed the balance sheet with Cash and Cash Equivalents at \$7.0mm, \$1.5mm favorable to budget and \$2.9mm favorable to LY (related to EBITDA, CAPEX, and Deferred Revenue). Deferred Revenue was \$3.1mm, \$135K unfavorable to budget, \$507K favorable to LY. YTD Capital Expenditures were

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\$576K, \$1.6mm favorable to budget and \$520K unfavorable to LY due to the timing of projects. CIP was \$750K at month end. Cathy provided copies of the Recapture Plan for the management team and commissioners. Budget YTD EBITDA for FY23 is (\$1.2mm), \$292K favorable to budget and \$495K of expenses that were budgeted earlier in season and not executed yet. Revised EBITDA is (\$1.4mm), (\$171K) unfavorable variance to budget, with \$75K unbudgeted legal expenses, \$40K recognized revenue for Ford. Chairman Lambert asked if Cathy had calculated the cost of the July shutdown. Cathy responded that it was split between fiscal July and fiscal August, with the first week of August being Soulfest, a slight decline in sales had already been anticipated and were only 2% off from LY. Tom Day, President/GM added that it was an aggressive budget but the business has also experienced staffing issues. Robin Rowe, Director of Resort Services, stated that last year Zip tours could book about 20 guests per ½ hour. This year, booking was for 12-15 guests per hour. Cathy White stated that they have started forecasting for winter operations and working on managing expenses and CAPEX to help control cash flow. Secretary Conroy asked for more explanation for the F&B margins. Cathy responded that during the shut down food had to be discarded from inventory, and the margins should be back on track for winter.

Review Draft Audit Results

Chairman Lambert stated that Cathy White had received preliminary financial information from the audit firm. Cathy passed out a draft copy of the audit, not including management MD&A, which is a narrative or commentary. She stated that she has not usually seen any changes from the draft to final version and will present the final audit results next month. Cathy reviewed some of the results and stated that there were no findings of financial malfeasance or other significant issues. Cathy also noted that the payment to the county last year was \$247K and this year it will be \$320K which is paid out within 45 days of the final presentation of the audit and acceptance by the GAC. Brief discussion ensued regarding historical audits and RAN usage. Chairman Lambert stated that county residents should be proud of the capital improvements, profitability, and increasing safety and customer experience. Cathy White added that back on August 30, 2019, there was about \$16K in the bank. In April of 2021 there was \$5.1mm and in April 2022 there was \$7.9mm. Gunstock has come a long way and plans to continue that trend. Secretary Conroy thanked Cathy for those startling and impressive facts and noted the effects of good management and thanked the team.

Check Signing Authorization

ACTION

- Motion:** Vice-Chair Wood made a motion to authorize CFO, Cathy White, and President/GM, Tom Day, with check signing rights on Gunstock Area Commission accounts.
- Second:** Chairman Lambert
- Vote:** All in favor.

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GAC Check Register Review Policy

Chairman Lambert stated that during conversations with the auditor, the topic of Commission financial oversight was discussed. Chairman Lambert said he believed that in order to build trust with the public, the Commission needs to engage in oversight activities, similar to that of school boards and other local commissions and councils.

ACTION

Motion: Chairman Lambert made a motion to enact a policy for the members of the GAC to require a review of the check register prior to each regular monthly meeting and acknowledge that we have done so

Second: Vice-Chair Wood.

Discussion: Chairman Lambert stated that the check register review would not be for discussion at the public meetings. Commissioners will acknowledge that they have reviewed the register each month. This is not accusatory in any way but is meant to provide a tighter financial control on the business. Vice-Chair Wood asked Cathy White to speak to any difficulty this may cause. Cathy White responded that they would need to confirm a way to send it securely, maybe through an encrypted drop box. Vice-Chair Wood asked if doing this would be subject to 91A requests. Cathy White responded that yes it would be once it exists. Secretary Conroy added that this is an unusual business and though the statue says that the GAC operates the mountain, she said they do not want to conduct the mountain's day-to-day business. She would feel better about upholding her oath of office if Commissioners were to review the registers each month to see that everything is on-track and in order.

Vote: All in favor.

Old Business

- a. Stockade Lodge usage plan- Chairman Lambert asked Tom Day what the plan was for the Stockade Lodge for the winter due to the hold on the expansion. Tom Day replied that the lodge will still be open on weekends with a limited grab-and-go menu. Guests will be able to boot up in the lodge, but bags will be kept in cars and in cubbies outside.

- b. Retail Operation Update- Chairman Lambert asked Robin Rowe to speak about the Ski & Sport Shop. Robin Rowe presented information about the shop changing from a small mountainside retail store to a destination shop year-round. She highlighted the expansion of the store, product selection, training, demos, and the seasonal lease program. Vice-Chair Wood asked if there was an expected jump in profitability due to supply changes. Robin replied that about 1/3 of the soft goods ordered were never delivered last year and though products are still coming in she hopes that supply isn't affected as much this year.

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- c. Campground Update- Robin Rowe also provided an update on the campground. The campground was originally established in 1936 to house the WPA workers before the ski resort was established. The campground is about a million-dollar profit center, and recent infrastructure projects have been completed. Management is looking to continue improvements and upgrades to hook-up sites for water, electric, and sewer to accommodate strong occupancy rates (100% most weekends). Discussion ensued regarding types of sites and improvements needed to address water and electrical issues and generate more revenue.
- d. Capital Expenditure Projects- status updates
 - a. Cannonball- Tom Day stated that the project is on schedule and getting ready to put the hydrants on.
 - b. Tubing Hill building- Patrick McGonagle, Facilities Director, stated that the building has been installed and the exterior has been painted. The electrical is about 90% complete. The project should be complete next month, ahead of schedule
 - c. Magic Carpet Relocation - Patrick McGonagle state that the stone bed will be installed over the next two days. The contractor who will be moving the carpet is scheduled for mid-October.
 - d. Ski Patrol Equipment Storage- Patrick McGonagle state that the project has started, the foundation piers have been installed and the buildings department has completed the deck.
 - e. Summit Septic and Pan Pub- Patrick McGonagle said there are still ongoing conversations with DES.
 - f. Parking Lot- Patrick McGonagle said there are no changes since last meeting. The project is still in design phase and may get more information next month.

ACTION

Motion: Chairman Lambert made a motion to amend the agenda to add legal invoices under old business.

Second: Vice-Chair Wood.

Vote: All in favor.

- g. Legal Invoices- Chairman Lamber stated he received a legal bill from McLean and Middleton after the agenda had been published. The GAC had been using Mclean and Middleton for 91A questions. The current bill was for \$262.50. Chairman Lambert reminded the Commissioners that they had previously voted to discontinue the use of this law firm for 91A requests, but he suggests that they reconsider that vote.

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ACTION

Motion: Chairman Lambert made a motion to continue to use the services of Mclean and Middleton for matters involving Right to Know compliance.

Second: Vice-Chair Wood.

Discussion: Chairman Lambert stated that the GAC has been receiving a large number of Right to Know requests and some have become detailed and lengthy and he believes that it is best to get an opinion from an attorney. The most recent request is for former Commissioner David Strang's emails. Chairman Lambert would like to consult with the attorney before complying with this request. Vice-Chair Wood asked Chairman Lambert if he had already officially dismissed the attorney. Chairman Lambert replied that he had not.

Vote: All in favor.

ACTION

Motion: Chairman Lambert made a motion to instruct management to release former Commissioner Strang's emails per the 91A request from David Murphy.

Second: Vice-Chair Wood.

Discussion: Chairman Lambert stated that the GAC has had this request for about 2 weeks and he had responded to Mr. Murphy that he was not comfortable sending former Commissioner Strang's emails. Chairman Lambert also stated that although the public has a right to send these requests it has become costly and is disruptive to the day-to-day work. He also noted that the original request has been modified to include his emails as well. Tom Day responded that he and other members of the management team have sent over 3000 emails to Mr. Murphy in fulfilling his prior Right to Know requests. Vice-Chair Wood suggested that they may table the motion until they consult with the attorney. Secretary Conroy added that some of those emails may do damage to the management team because of incorrect statements included in them.

Motion: Chairman Lambert amended the motion- motion to obtain advice of legal counsel on whether the GAC should release the emails of former Commissioner Strang to David Murphy per his 91A request.

Second: Vice-Chair Wood.

Vote: All in favor.

Chairman Lambert reviewed a legal invoice from Preti Flaherty for August services in the amount of \$7, 189.50. A copy of the invoice was emailed to the other Commissioners and Cathy White.

New Business

- a. Gunstock Ski Club- Stephanie Howard, Vice President of the GSC, Jen Lyman, Secretary, of the GSC, Abby Lyman and McKenna Howard, GSC members read comments regarding the 5 year lease renewal between the Gunstock Ski Club and Gunstock. Vice-Chair Wood thanked them for their comments and wished the participants luck in the upcoming season. Chairman Lambert asked Tom Day for members numbers. Josh Bedard, President of the GSC, replied that they had 180 full-time and 20 part-time athletes last year and enrollment this year is on par if not a little higher. A brief discussion ensued regarding the partnership over the years.

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- b. By-Law updates- Nothing to report.
- c. Policy planning- Chairman Lambert stated that in the Commissioner meeting materials package there is a document that was presented to commissioners as part of the legal investigation with Preti Flaherty law firm. As previously stated, one of the ongoing problems is lack of policies for the GAC. The By-Laws state that each new commission needs to review and adopt the By-Laws and policies. Chairman Lambert passed out and read a list of suggested policies for the other commissioners to think about. The list includes: 1. Fiscal oversight with monthly payments review, expenditure approval levels, legal expenditures, contract review, staff bonus review and budget development. 2. GM/President Oversight with performance review, bonus approval, safety certificates, and operations manual. 3. CAPEX projects with monthly updates. 4. Bylaws with annual review. Chairman Lambert stated to the management team that the Commissioners do not want to announce something that has not been previously discussed. Vice-Chair Wood stated that they need to establish a framework to execute their responsibilities and include a spirit of cooperation. Secretary Conroy added that, especially as a business grows, rational controls are put in place. Chairman Lambert reiterated that polices are in place not to run the mountain but to run the Commission and provide proper oversight.

Public Comment

Chairman Lambert stated that public comment will be limited to 2 minutes per person and a microphone will be available.

Ned Crystal- (Alton)- Is an employee at Gunstock and stated that management has done a phenomenal job given what they have been through and thanked them for giving him a nice enjoyment to his retirement. Regarding the 91A requests, there is thing called a frivolous lawsuits, and he suggests that the GAC ask the attorney to determine a way to legal stop all the 91A requests because of the time and cost for the management team. Chairman Lambert replied that many others including the Gilford School Board are going through the same issues.

Gretchen Casey (Gilmanton)- Asked if a policy update workshop could include the public. Back in July when there were back-to-back GAC meetings many members of the public gave feedback and would like to be included. Chairman Lambert replied that it would be an open workshop meeting as the GAC is interested in hearing from the public and the management team.

Bob Durfee- (Laconia)- Stated that he has attended few meetings lately and what has come up several times was that there were no policies for the GAC. He is trying to understand what is meant by that. He was a commissioner for 15 years and there are policies in place that are on the website and he realized that it is polices on how commission operates and works with the staff that the current GAC is looking to adopt. Mr. Durfee continued to state that for years there were unwritten policies with the prior GM and it is a good idea to formalize those unofficial policies in writing. Chairman Lambert thanked Mr. Durfee for his comments.

ACTION

Motion: Vice-Chair Wood made a motion to adjourn the public meeting of the Gunstock Area Commission at 8:37pm.

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Second: Chairman Lambert.

Vote: All in favor.

Adjourn

Respectfully Submitted,

Denise Conroy, Secretary

Gunstock Area Commission