

GUNSTOCK AREA COMMISSION MEETING  
September 22, 2021  
Stockade Lodge, Gunstock Mountain Resort  
**APPROVED MINUTES**

**GAC:** Russell Dumais, Brian Gallagher, Gary Kiedaisch, Rusty McLearn

**Gunstock Personnel:** Tom Day, Cathy White, Kristen Lodge, Robin McGonagle, Patrick McGonagle, Becky LaPense

**BDC:** Rep. Sylvia

**Public:** Alex Deluca, Jade Wood

Chair Kiedaisch called the meeting to order at 6:00PM with the Pledge of Allegiance. Chair Kiedaisch invited the BCD subcommittee representatives to take a seat at the meeting table along with the Gunstock Area Commissioners and GMR management team. Rep. Sylvia declined and Chair Kiedaisch reminded him that he was welcome to engage in the discussion at any point during the meeting. As a member of the BCD, he does not need to wait until the Public Comment portion of the meeting to speak. Chair Kiedaisch asked that the minutes show that Commissioner Ness was not in attendance.

Minutes

The minutes of the August 25, 2021 Gunstock Area Commission public meeting were reviewed.

**ACTION**

**Motion:** Commissioner Dumais made a motion to approve the minutes as presented.  
**Second:** Commissioner Gallagher  
**Roll Call Vote:** Kiedaisch - Yes  
Gallagher - Yes  
McLearn - Yes  
Dumais - Yes  
Ness - Absent

The minutes of the September 7, 2021 Gunstock Area Commission public meeting were reviewed. Commissioner Gallagher noted a spelling correction.

**ACTION**

**Motion:** Commissioner Dumais made a motion to approve the minutes as amended.  
**Second:** Commissioner McLearn  
**Roll Call Vote:** Kiedaisch - Yes  
Gallagher - Yes  
McLearn - Yes  
Dumais - Yes  
Ness - Absent

Financial MD&A & Executive Summary- August

Cathy White reviewed the month end results for August. Total operational revenue for August was \$846K, \$289K favorable to budget and \$679K favorable to last year. YTD revenue was \$1.9mm, \$556K favorable to budget and \$1.5mm favorable to last year. Operational EBITDA

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was \$360K for the month of August, which was \$257K favorable to budget and \$372K favorable to last year. YTD Operational EBITDA was \$123K, \$638K favorable to budget and \$389K favorable to last year. Total Company EBITDA, which includes Marketing and G&A expenses, was \$101K, \$217K favorable to budget and \$238K favorable to last year. YTD Total Company EBITDA was (\$799K), \$580K favorable to budget and \$6K favorable to last year. She reported that cash was \$4.1mm, \$2.7mm favorable to budget and \$3.8mm favorable to last year.

Chair Kiedaisch asked Cathy if she could recall how many times the GAC pushed back on management's budget proposal for FY22. Cathy said it was at least four times and the revenue target that was finalized is higher than last year's actual revenues, which were the highest in resort history. She noted that it was an aggressive revenue target but with the improvements made last year and capital investments for this year, management believes it is achievable. Chair Kiedaisch said that with his other responsibilities he is careful not to push the targets beyond what is possible. He agreed that the FY22 budget is a "stretch" for management, but it is not unreasonable. He said it was important to point that out, especially when actual revenues exceed what was finalized in this year's budget.

Cathy reviewed the balance sheet, noting that two things are driving these revenue increases. The first is deferred revenue from season pass sales, which are currently at \$2.6mm compared with \$1.5mm at this same time last year. She reported that more season passes were purchased in the spring sale than had been sold historically. This change is likely due to the customers' fear of limited ticket sales this winter. The second driver is the timing of maintenance capex spending. It is currently under budget by \$1mm, but those funds will be spent quickly in the next few months for winter prep. Chair Kiedaisch asked Cathy to add the capex spending report to the monthly financial reports, to keep the GAC informed on the current position of capex spending. Discussion ensued around operational and tactical changes planned for this upcoming winter and the potential impacts of COVID.

Cathy reviewed the department P&L statements, noting that management has always reported the monthly financials by department to the GAC. Within the last three years, they have made improvements to the reporting component so they would be easier for managers to understand. The current P&L reporting format is cleaner, has more detail and is easier to follow. In the winter, she also provides a Daily Sales and Labor report (DSL), which informs managers of their labor costs (hours and dollars), as well as sales revenue from the prior day. These reports are distributed to all managers every day and reviewed bi-weekly during manager meetings. Commissioner Gallagher commented that there has been public misinformation that claims this level of detailed financial reporting has not been available and he wants to reaffirm that anyone who would like to access the financials reports can view them. Chair Kiedaisch asked Rep. Sylvia if he and Rep. Howard are aware of Gunstock's financial reporting by profit and cost center and that they are available to the public and the BCD. Rep. Sylvia affirmed that he was. Chair Kiedaisch said he asked because he was shocked at the "soap box speech" from Rep. Comtois during the September 7<sup>th</sup> BCD meeting. He said she went on for some time saying she had been asking for departmental financial statements for three years. When Chair Kiedaisch spoke with her by phone after that meeting and shared the reporting with her, she told him that she simply did not know that these reports exist. He asked Rep. Sylvia why neither he nor Rep. Howard spoke up during the public meeting to correct her misstatements or why the GAC was not permitted to comment in that session to correct the record after she made her

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comments. Rep. Sylvia said that people who do not attend the GAC meetings do not receive a copy of the financial reports and probably do not know that they exist. He agreed that she should have asked for them. Chair Kiedaisch responded that he is a resident of Belknap County, a constituent who is represented by Rep. Sylvia. He said he did not understand why Rep. Sylvia did not speak up when misinformation about the GAC was presented in a public forum. He added that Rep. Howard went on to lambast the financial reporting and budget, which he is still confused about. He said that the perception in front of the delegates that night was that the GAC doesn't know what they are doing and the two representatives who regularly attend the GAC meeting did not attempt to correct the record. He said he can only assume that no one on the Belknap County Delegation knows about the internal financial reporting that Gunstock provides, and he would like the opportunity to correct that. Rep. Sylvia said he did not think it was a controversial matter and could not recall the exact order of things during the September 7<sup>th</sup> meeting. But he said Rep. Howard said that he does not get numbers like he used to. Commissioner Dumais said the GAC has had concerns in the past about making the financial reports too accessible, noting that Gunstock's competitors would probably love to see them. Rep. Sylvia said that the BCD is interested in keeping Gunstock sustainable, but it is one of the problems with Gunstock being a county asset. He understands why the GAC might not like it, but it is a government-owned facility, and they are required to work within that framework, unlike a private business. Commissioner McLearn said he would like to know why the GAC was not given the opportunity to respond to the public questions at that meeting on September 7<sup>th</sup>. Rep. Sylvia said he believes the comments were made during the deliberation period before the vote is taken. That is generally a time when members voice their opinions on why they are voting the way they are going to vote, but it is just opinions and not a time for debate. Chair Kiedaisch said that in prior meetings before the BCD, there was always an opportunity to respond but the GAC was not given that chance this time. He said Rep. Comtois acknowledged that she did not know these reports existed and apologized to him during their phone call. He said he believes that they are dealing with a delegation that has been blindfolded and when the destiny of this ski resort is in their hands, that is not workable. Commissioner Gallagher commented that this is a passionate moment and there are other topics on the agenda that he would like to move to, which will speak to these concerns. Chair Kiedaisch said the GAC is committed to running the business responsibly and anyone who believes the misinformation being spread about Gunstock's financials do not know how to read a P&L statement.

Discussion returned to the financial results. Commissioner Gallagher asked Cathy if she accrues funding for large expenses, such as the annual payment to the county. She said the Belknap County payment is accrued monthly based on total revenue. She estimates they are currently \$10k ahead of what is budgeted to send to the county next year. Commissioner Gallagher said the money that Gunstock pays to the county grows proportionately with Gunstock's revenues. Chair Kiedaisch added that last year's fee was the highest ever and that was the result of a new law that was worked on collaboratively between members of the GAC and BCD and was sponsored by Rep. Sylvia and Rep. Howard. Cathy added that the formula is 1.75% of Gunstock's total revenue. It does not factor in overhead or other expenses; it is based entirely on the revenues collected from Gunstock sales. Commissioner Gallagher noted that there were 6 people from GAC and BCD who came together to fix that issue but now there seems to be a lack of open communication between the two groups, and it is not helpful to the organization.

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Chair Kiedaisch asked if there were any big operational changes expected this winter in response to COVID. Tom Day, President/GM, said it was too soon to say but he is working closely with other NH ski areas to determine the best approach. Chair Kiedaisch asked to have management include a monthly status report for annual operating plan going forward.

Old Business

a. *Ethics Policy / Ness Matter* - Chair Kiedaisch reported that the GAC voted on and approved the minutes and actions taken in the August meeting. This matter will now be turned over to the BCD for their action.

b. *American Rescue Plan Funding* - Commissioner Gallagher reported on their efforts to apply for ARPF funding for projects that are important for the operation. One project is the paving of the main parking lot which has been pursued through grant applications and other means but have not been successful. The GAC is also requesting funding to be used to install HVAC in Gunstock's historic main lodge, as well as recoup the expenses and losses of revenue related to COVID. It is his understanding that these proposals will be presented to the BCD, and he asked Rep. Sylvia if he is willing to support and advocate for the parking lot project. Rep. Sylvia said he is a little torn on the parking lot project. He knows it would be beneficial and that it is a one-time expense, but he will take a neutral stance until he is able to evaluate the complete list. He added that the County Commissioners do not plan to put anything forward before the next fiscal cycle but the delegation itself can request a supplemental appropriation. Commissioner Gallagher replied that Rep. Sylvia is aware that the GAC has been pursuing funding for this project for three years, it will have no impact on county taxpayers and meets the other requirements for the ARPF applications, including improving the guest experience and potentially increasing revenue. He asked Rep. Sylvia again if he would support the project when it comes before the BCD. Rep. Sylvia said he will remain neutral on the request for the time being and look at the other projects and see what way they are going to go. He said Gunstock has plenty of money right now so they could have started that project on their own and he will not commit to either position. Commissioner Gallagher said he did not hear an affirmation that he will support it. Rep. Sylvia said it is in consideration and the GAC will have another opportunity to present their request to the delegation members. Commissioner Gallagher said he is willing to present again, but if they continue to spend a lot of time doing things without getting anything accomplished then they need to look again at where they want to take the resort. He hopes that everyone can move into the mindset that this is an opportunity to go to the next level and achieving more. Chair Kiedaisch added there are a lot of good arguments for the parking lot project as it amplifies the impact of the stimulus money in the local economy. He asked how it would it impact the county if Gunstock went away, and it is clear to see what happens to ski resorts that are unable to keep up with the competition. He said the results of the last few years have been amazing so if the resort closed for lack of ability to be competitive, the impact to the local economy would be significant, from the loss of jobs to the loss of revenues for other businesses around the resort.

New Business

a. *Gunstock Open House for Belknap County Delegation* - Chair Kiedaisch reported that he and Tom would like to meet with the BCD to review the proposed mountain plan and get a sense of their support. He is confident that the members will be impressed with the potential and would like to invite the delegates to the resort in October for a

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presentation and open house. Discussion ensued around the format of the meeting in relation to NH RSA 91-A. Rep. Sylvia advised that they could have an open house to introduce the plan and, depending on how it is run, it may not need to be open to the public. Commissioner Gallagher said they have traditionally hosted an open house for this topic, but with the misunderstandings and confusion in the September meeting they would especially like to reach out to each member of the delegation and share the master plan proposal with them directly. It is his hope that all the delegates attend and learn what is really going on and prefers that the initial presentation take place as a business meeting to get the feedback and response from the delegates. Once the plan is finalized, it will be made available to the public. Rep. Sylvia said that if they are looking for an informal non-meeting, the GAC can invite delegates to attend on their own dime but if the full GAC is in attendance, then it would likely need to be a public meeting. He added that they need to be careful not to skirt RSA 91-A because when it becomes clear that issues have already been discussed and decisions have been made outside of a public meeting, its screams to the public that there is stuff going on behind the scenes and some will take that as something nefarious. Commissioner Gallagher summarized that the GAC can invite the delegates to a business open house with Tom Day and one or two GAC members in attendance to present the master plan and answer questions, and that would not be in violation of RSA 91-A. He commented that the audio-visual system that the BCD is using may be skirting RSA 91-A because the public cannot hear anyone speaking other than the delegates. He added that the public never appears on film and the voices of public presenters are not clear in the audio recordings. He would implore the BCD to correct that issue so that they can avoid any transparency issues with RSA 91-A. Rep. Sylvia said there is no requirement that people attending virtually be able to hear the proceedings, only the people in the room need to hear. Commissioner Gallagher agreed but noted that when the videos are loaded online it creates more confusion among members of the public. Chair Kiedaisch said they will follow up with the BCD with more details on the open house.

- b. *Commissioner Appointments* - Chair Kiedaisch reported that Tom, Cathy, Commissioner Gallagher, and he met with the new Gunstock Area Commissioner, Jade Wood, earlier in the week to introduce her to Gunstock's financial reporting. She will be sworn in at the December meeting at the end of Commissioner Dumais' term. He thanked Commissioner Dumais for his many years of service on the GAC.
- c. *GAC Meeting Location Change* - Due to the scheduled remodel of the Stockade Lodge beginning in October, the public GAC meetings will be moved to the Main Lodge for October and November.

Miscellaneous - Commissioner Gallagher said he has learned that Rep. Silber has filed an LSR with the NH House of Representatives regarding Gunstock's budgetary practices. He acknowledged that any representative could file an LSR for anything they want but the GAC has a history of working collaboratively with the BCD on shared legislations. So he is surprised that a representative who chooses not to communicate directly with the GAC would file it without contacting them. He said he found out about the LSR in passing and believes it would be harmful if it went forward. He asked Rep. Sylvia if he knew about the LSR and knew who was co-sponsoring it. Rep. Sylvia said he learned about it very recently and it was a short filing period, but he could not recall when Rep. Silber told him about it. Commissioner Gallagher asked him if he thought it would have made sense to let the GAC know about it since they

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are under the same county umbrella? Rep. Sylvia responded that he does not know if the LSR idea is going to be terribly workable as it requires an in-depth knowledge of budgeting and finance. He said there are maybe five members who are paying that much attention to it to know what's going on and he is not sure there is an appetite among delegation members to take on more. Commissioner Gallagher said he is communicating his frustrations with Rep. Silber and does not believe this is the best way to handle team communications. Rep. Sylvia said this is a government operation and checks and balances are required but this may be excessive. Chair Kiedaisch added that the GAC spends too much time discussing representative inquiries and concerns only to find out that the delegation is not being kept informed. Over the last month, he estimates that he and Tom are each spending about 15 hours a week on delegation issues and inquiries.

Public Comment - Jade Wood directed a question to Commissioner Dumais, asking if during the September 7<sup>th</sup> meeting when Rep. Comtois asked her question on reporting, did he respond with an answer that is consistent with the way Chair Kiedaisch had been talking about the budget in tonight's meeting. Commissioner Dumais said he was not sure what she was asking. She replied by asking that if this information was available for all to see, would she have beat him by six votes? Commissioner Dumais did not respond. She thanked him for his tenure and service.

Adjourn

**ACTION**

- Motion:** Commissioner McLear made a motion to adjourn the GAC meeting at 7:46pm.  
**Second:** Commissioner Dumais.  
**Vote:** 4 Yes - Commissioner Ness absent.

Respectfully Submitted,  
Rusty McLear, Secretary  
Gunstock Area Commission