

GUNSTOCK AREA COMMISSION MEETING
November 17, 2021
Gunstock Mountain Resort, Main Lodge at 6PM
APPROVED MINUTES

GAC: Brian Gallagher, Gary Kiedaisch, Peter Ness, Rusty McLear, Jade Wood

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

BCC (Belknap County Commissioners): Peter Spanos, Hunter Taylor

BDC: Reps Sylvia, O'Hara, Hough

Chair Gallagher called the meeting to order at 6:00PM with the pledge of allegiance. Chairman Gallagher invited Rep Silva to join everyone at the table and he respectfully declined. The Chair referenced the desire to be inclusive with communication with the BCD and acknowledged Chair Silva's decision not to join folks at the table.

Minutes

The minutes of the October 27, 2021 Gunstock Area Commission public meeting were reviewed.

ACTION

Motion: Commissioner Kiedaisch made a motion to approve the minutes as presented.
Second: Commissioner McLear.
Roll Call Vote: Wood - Yes
Ness - Yes
McLear - Yes
Kiedaisch - Yes
Gallagher - Yes

The minutes of the November 10, 2021 Gunstock Area Commission public meeting were reviewed.

ACTION

Motion: Commissioner Kiedaisch made a motion to approve the minutes as presented.
Second: Commissioner Wood.
Roll Call Vote: Wood - Yes
Ness - Abstained (has not reviewed them yet)
McLear - Yes
Kiedaisch - Yes
Gallagher - Yes

The minutes of the November 13, 2021 Gunstock Area Commission non-public meeting were reviewed.

ACTION

Motion: Commissioner Kiedaisch made a motion to approve the minutes as presented.
Second: Commissioner McLear.

GUNSTOCK AREA COMMISSION MEETING
November 17, 2021
Gunstock Mountain Resort, Main Lodge at 6PM
APPROVED MINUTES

Roll Call Vote: Wood - Yes
Ness - Abstained (was not in attendance)
McLear - Yes
Kiedaisch - Yes
Gallagher - Yes

Financial MD&A and Executive Summary

Cathy White, Chief Financial Officer, gave an overview of the monthly financial reports for October, noting they are half-way through their fiscal year. Operational revenue was \$364K, \$39K favorable to budget and \$177K favorable to last year. Operational Level EBITDA was (\$26K), \$121K favorable to budget and \$105K favorable to last year. Total Company EBITDA was (\$334K), \$84K favorable to budget and \$19K favorable to last year. Net Income was (\$446K), \$108K favorable to budget and \$21K favorable to last year. She reported that YTD Revenue was \$2.8mm, \$743K favorable to budget and \$1.9mm favorable to last year. She noted that the variation is largely due to the different summer operating plans. Last year, only camping and e-bike tours were offered because of COVID but this year's operating plan was back to normal. YTD Total Company EBITDA was (\$1.3mm), \$844K favorable to budget and \$198K favorable to last year. Chair Gallagher asked Cathy to give the public a brief explanation of EBITDA. She explained it is an accounting metric that stands for earnings before interest, taxes, depreciation and amortization. She noted it is a measure of the true cash position that businesses use to evaluate financial performance. YTD Net Loss was (\$2.2mm), \$956K favorable to budget and \$162K favorable to last year. Cathy reported on the cash flow and balance sheet, noting for month end that cash was \$4.1mm, \$3.0mm favorable to budget and \$3.7mm favorable to last year. She explained that many projects were in progress and much of the capex money has yet to be spent so she expects the cash position to change significantly in the next few weeks. Discussion ensued on the history of Gunstock's RAN authorizations and payments. Commissioner Kiedaisch said the resort's current cash balance will carry it into the winter's profit-making months which is why there is no need for a RAN this year. Commissioner McLear commented that he believes Gunstock should always have access to a line of credit from a bank for back up in the event of emergencies. Commissioner Kiedaisch responded that a line of credit is a good idea but in Gunstock's case, the county has to approve the request. Commissioner McLear repeated that good policy and good business is to have a back-up and the politicians should allow that to happen because its good business. Cathy reported that deferred revenue was \$3.2mm, \$629K favorable to budget, \$1.4mm favorable to last year YTD and long-term debt had a net decrease of \$32K. Chair Gallagher asked for a year-end debt projection and Cathy said it will be under \$2.5m, approximately \$1.2m less than last year. She added that 4 years ago, the long-term debt was over \$5.2m. Cathy reported on season pass sales, which are pacing 140% over budget. She summarized that they are pacing well ahead of last year on pre-committed sales and well behind on project expenses, this reporting is just a snapshot of this point in time, but all financial targets are on pace. She reviewed the Adventure Park and Camping revenue and EBITDA, as well as Mobile Maintenance's EBITDA as an example of the departmental finance reporting provided to managers and the GAC.

Commissioner McLear asked for updates on major functions being planned for next year. Tom Day, President & GM, said they are being explored. Commissioner Kiedaisch asked if any of Gunstock's revenue comes from the taxpayers. Cathy said no, it was all from sales at Gunstock.

GUNSTOCK AREA COMMISSION MEETING
November 17, 2021
Gunstock Mountain Resort, Main Lodge at 6PM
APPROVED MINUTES

He asked if Gunstock received any PPP money. Cathy said no, Gunstock did not qualify because of its government-owned status. He asked if there were any other endowments or sources of money coming into Gunstock and Cathy confirmed there were not. He said it would be reasonable to say that last year's positive performance is an indicator that people are choosing Gunstock at a higher rate than ever before and that the resort is on track for an even better year than last year. He thanked the management team and every associate that works at Gunstock for their efforts last year. He added that he does not believe their success was because of COVID, it was because of their hard work. Chair Gallagher commented that Gunstock reports out each month on revenue and expenses, with profit and loss and asked if it is a business or something else. Commissioner Kiedaisch said that by every definition, the resort operates as a business, with profits and earnings reinvested back into the business. He added that anyone who says it's not a business has not explained what it is. Chair Gallagher said GAC is interested in correcting misinformation and wants the public to know that GAC makes their best effort to inform their representatives of Gunstock's financial performance including sending the representatives advance agenda information. Commissioner Wood said she appreciates the gratitude toward the employees, including the Commissioners, and as a former employee who was on the other side of things and working alongside people last year who were not able to get the vaccine but who committed to teach others to ski, she understands the hard work that went into last year. She added the GAC needs to focus on the incongruities in the bonus structure and the optics and encourage employee holiday parties once again because they are important to the staff who stay and work at Gunstock because they feel like part of a family. Chair Gallagher thanked her for her comments and to keep them in mind as future planning takes place. Chair Gallagher asked Rep. Sylvia if he had any questions and the answer was no.

Facility Operations Director, Patrick McGonagle, provided an update on the capex project. Patrick reported that there are many project underway and all have been prioritized because of their impact to safety, enhanced revenue or reduction in annual costs. The Breezy Knoll parking lot adds 250 parking spaces with lighting, the project is on pace and going well. The new Rental Building is in place and getting its finishing touches. Both projects will improve the guest experience for parking/shuttling and ski rentals. The Campground Road has been repaved, allowing better access to the Breezy Knoll and Alpine Ridge parking areas for employees and guest. There are flooring and restroom improvements in Main Lodge, Tubing Park modifications that improve the deceleration area, a new reservationist room in the Children's Center for better communication with guests, improvements to several food and beverage venues, and new mountain mowing equipment for cleaner snow surfaces and fiber/cable installations for improved connectivity. Tom reported on several snowmaking improvements and that testing began last night. The improvements made to snowmaking system will enable them to open the mountain from top to bottom if the weather cooperates. They purchased 30 new guns and click hydrants to improve snowmaking efficiency. Their new SnowRight system is also new this year and provides GPS measurements of snow depth, further improving efficiency.

Old Business -

Legislation Update (HB 1078)- Commissioner Wood distributed a copy of HB 1078 that would require the Gunstock Area Commission to submit a budget proposal to the county convention

GUNSTOCK AREA COMMISSION MEETING
November 17, 2021
Gunstock Mountain Resort, Main Lodge at 6PM
APPROVED MINUTES

90 days prior to the start of the next fiscal year and restricts all expenditures to those approved by the county convention. Commissioner Wood said the GAC is charged to maintain, promote, and develop Gunstock Mountain Resort to their highest capability, and she sees nothing objectionable in the proposed legislation. She said it requires Gunstock to submit the annual budget to the BCD which could eliminate miscommunications and foster transparency between the BCD and GAC. Chair Gallagher asked if she knows why the four sponsors are sponsoring this legislation. Commissioner Wood said communication with the Representatives is available and their contact information is public. Chair Gallagher said the GAC discovered the LSR by chance but does not recall getting any heads up or information from the sponsors, in the past they would share that with the GAC ahead of time as a common courtesy. He asked the GAC to take an official position in supporting or not supporting this legislation because at some point there will be a hearing and it is important for the GAC to be represented. He asked the Commissioners for their comments on the matter. Commissioner Wood said she does not think it is right or proper to express support or not because it is not the role of the GAC because it does not impact the day-to-day operation of the resort. Commissioner Kiedaisch said he would not support the legislation because it will amend the 1959 enabling statute that was established to keep politics out of the operation of the resort. He said this action would take them back to presenting an annual budget to 18 Delegates who do not understand the complexity of running a business that is as complex as Gunstock's. He added the GAC now has three experienced business leaders who have proven the model works and he believes there is no reason to reverse the structure. He said starting pay for the county nursing home is \$11/hour and there is question about whether it will stay in business. He believes the amendment is counter to what has been working since 1959 and he believes it is very appropriate for the GAC to object with vigor. Commissioner McLear said he would like to see the resumes of the four sponsors to find out what their qualifications are in making these decisions. Commissioner Kiedaisch said he would like to know what their plan is because if you control the budget, you control the business. He said being subject to 18 elected officials who rotate every two years will be complicated, very difficult and he cannot imagine how it could work. Commissioner Ness said that there are provisions in 399 that speak of enabling legislation allowing the BCD to step in the shoes of any agency if there's some oversight capacity by the BCD. He said in this case, the Delegation has the power of the purse, so them having that capacity with respect to another county operation does not seem inappropriate. Chair Gallagher commented that the process for the county budget is complicated, and this proposed legislation would likely require that, if the GAC in good faith puts together a budget and something unforeseen happens and they need to move money from one budget item line to another, then under this scenario, the GAC would need to run to the executive committee and ask them to schedule a meeting. In the meantime, business is stopped until approval is received. He finds it nonsensical, more interruptive to an operation that is doing a good job, and he sees it as another overreach and attempt to politicize what the GAC is appointed to do which is run the business, not political activity.

ACTION

- Motion:** Commissioner Kiedaisch made a motion that the GAC oppose HB 1078 for the reasons discussed.
- Second:** Commissioner McLear.

GUNSTOCK AREA COMMISSION MEETING
November 17, 2021
Gunstock Mountain Resort, Main Lodge at 6PM
APPROVED MINUTES

Discussion: Commissioner Wood said Gunstock is owned by the county, the residents and taxpayers support it and the GAC has a duty to support them. She would like to stop fighting with the Delegation and believes this house bill will result in transparency. Commissioner McLear said transparency is not being shared with regard to what this bill is about and with meetings where no one can speak or comment.

Roll Call Vote: Wood - No
Ness - No
McLear - Yes
Kiedaisch - Yes
Gallagher - Yes

Chair Gallagher said the motion carries, it will be the official position of the Gunstock Area Commission that they are in opposition to HB 1078 and when the Commission makes a decision it is a decision of the entire body.

- a. *BCD November 16th Public Hearing Results* - Chair Gallagher read the opening statement by BCD Chair Sylvia during their November 16th meeting. He said there were several points in Chair Sylvia's statement that are not true and need to be addressed so the record can be corrected. Chair Gallagher said the meeting being planned for December 4th is an Open House for the public and the sole purpose is to present the master plan proposal to the public and ask for their input on it. He asked if each Commissioner could recall when they took the vote to approve the master plan. All said they did not recall. Chair Gallagher said that was because they have not taken any votes yet to approve the master plan. They have put together ideas and thoughts on what makes sense for a master plan and intend to go to the public to present these concepts and to listen. He said Chair Sylvia's statement regarding their approval of the master plan was not true. Regarding his comments about the sub-committee activity, Commissioner Kiedaisch said the only subcommittee he was aware of was the one that Reps Howard, Sylvia, Plumer, St. Clair, himself, Mike Roth and Steve Nix were on to study the future business model of the resort. He said that subcommittee agreed it should not be sold or leased but should be operated in a self-sustaining manner. That subcommittee drafted HB 1442 to pay 1.75% of Gunstock's gross revenue to the county among other changes. He said meetings held to discuss the current master plan were not done by a subcommittee. He acted as point for the GAC because of his prior experience as a resort developer. Tom Day was authorized to hire the SE Group for the development of the plan and discussions were held with other Commissioners one on one with himself, SE Group, and Tom. During those meetings, there was never a quorum present, no decisions were made, and no votes were taken. Chair Gallagher said it is common knowledge that a vote of no confidence was recently taken by the GAC. That was the result of report issued by an attorney that the GAC had hired because the Commissioners came across situations that they felt violated the ethics principles of how the GAC should operate. He said they reached out to Commissioner Ness on numerous occasions to discuss the matter to no avail. So they took the vote on no confidence and, based on chapter law, referred

GUNSTOCK AREA COMMISSION MEETING

November 17, 2021

Gunstock Mountain Resort, Main Lodge at 6PM

APPROVED MINUTES

it to the BCD as they have the authority to remove the Commissioner. On October 25th
a

public meeting was held at the BCC, where no comments were allowed. He said the decision to close public comments was their prerogative, but it cannot be considered transparent when the public is not allowed to speak at a public hearing. Chair Gallagher said last night the public heard that the GAC repeatedly claims credit for the resort's performance, and he does not see that as a bad thing or problem to share with the public. He said he believes it's important for the public to know that the GAC has continued to reach out to the Delegates to make sure they know the financial position of the resort. He added that being brought back to the year 2000 when the GAC defaulted on \$6m was in the past. He said it was 21 years ago, none of Commissioners or Delegates in place now were part of that. Gunstock had a problem 21 years ago, and it was dealt with. He said he spoke with Former Representative Chair Frank Tilton, who was involved in the matter, and said the BCD and GAC developed a shared plan and they worked together to resolve it. Commissioner Wood asked when the decision was made to have Quarles represent the GAC on this matter. Chair Gallagher said he was hired in July and their subsequent actions were tied to that original inquiry. Commissioner Wood said that in their November 10th meeting, Chair Gallagher said the decision as to who would represent the GAC in their lawsuit had not been made yet. She asked when that decision was made. Commissioner Kiedaisch said it all stems from the Ness investigation which got elevated after their attempts to remove Commissioner Ness from the GAC. Commissioner Wood made a motion to terminate Mr. Quarles' representation because if they back away from the issue, then the BCD would not have to spend taxpayer dollars on the suit. Chair Gallagher said that the GAC has been bombarded by unfounded Right to Know requests from Rep. Silber, who has been invited to come in and look at the reports he is requesting. He said that invitation has not and probably never will not be accepted and some of these attorney fees go to respond to his requests. He said Rep. Silber is doing the same thing with the Belknap County Commissioners and the tactics he is using are legal back and forth. Chair Gallagher said it is not correct to say the \$20k in legal fees have been spent on the Ness matter alone and he suspects the County Commissioner's legal fees have also increased because of Mr. Silber's activity. Chair Gallagher opened the floor up for public comments for ten minutes. Tom Day said he took issue with Rep. Silber's comment that it would be hard to find business that didn't do well in COVID. Tom said there were a lot of Gunstock staff at that meeting who heard those comments and all of these people worked very hard to make it a very successful and there was nothing easy about it. Buildings were modified, staff were on the lines constantly dealing with COVID and his comment was an insult to the staff. He said it was the toughest winter Gunstock ever had, and a long, hard winter for everyone who worked there. Chair Gallagher asked Rep Sylvia if he had any comments or questions, and the answer was no.

Alex Deluca commented that he has been attending every GAC meeting since May 2020 and when he heard from Rep. Sylvia that no one is paying attention while his emails to the BCD do not get a response, that was scary to him.

GUNSTOCK AREA COMMISSION MEETING

November 17, 2021

Gunstock Mountain Resort, Main Lodge at 6PM

APPROVED MINUTES

Dave Hershey commented that the Commissioners did a good job of clarifying and explaining a lot of the information and misinformation that has been circulating. He the GAC for their explanation.

Michelle Tyler commented that she does not think legislation to review the GAC's budget is that farfetched because any town department must have their budgets reviewed. As a taxpayer, she would like to see the GAC proceed with caution with the expansion because even though they had a stellar year, they are not completely out of the pandemic, and she

feels Gunstock's performance is still partially driven by that. She said she believes the GAC has a dream team to make it happen.

Chair Gallagher closed the public comment and returned to the agenda.

- b. *Master Plan Public Presentation & Open House, Dec 4th* - Chair Gallagher said the meeting is taking place in the main hall, they are still working on a time but has not been confirmed, however he believes it will be in the early afternoon. The purpose is to bring the public into the facility so they can share ideas and information on a vision for Gunstock and to take the public's input. They plan to show the public how the project can be laid out incrementally. Commissioner Kiedaisch said this process begins by practicing the art of possibilities and Gunstock is a spectacular facility with good stewardship. The plan being presented on December 4th is the full potential and it is only to show the taxpayers and stakeholders what is possible. Their goal is to expand the resort but maintain the character and personality of the mountain. He is shocked to see the commercialization of other resorts and it is important to him that development keep the integrity of the mountain intact. The plan will include phases that are sustainably financed. Chair Gallagher said it is not the GAC's plan, it will be the public's plan and the public will signal whether to go forward or not, and the GAC will listen to the public. He said two partnerships will be critical going forward; the BCC will be involved when an official plan is adopted by the GAC, and the BCD will have an important role in the project for it to go forward. He said the GAC will work cooperatively with both groups but if the political divisions continue, the master plan will be dead on arrival. He said that if the public wants it done, they should seriously consider who best represents them going forward in November 2022.

Miscellaneous

- a) *2022 Tentative Meeting Dates* - Discussion ensued around the meeting schedule for 2022. Cathy suggested moving the meeting dates up a week earlier so that the financial reporting is timelier, instead of 30 days after the month closed. Gunstock management will send an updated proposed schedule for the GAC to review. A new location will be needed for the January, February, and March meetings.

ACTION

- Motion:** Commissioner Kiedaisch made a motion not to hold the December 15th GAC meeting and schedule the next meeting for January 2022.
- Second:** Commissioner McLear.

GUNSTOCK AREA COMMISSION MEETING
November 17, 2021
Gunstock Mountain Resort, Main Lodge at 6PM
APPROVED MINUTES

Discussion: Commissioner Wood clarified that the December 4th meeting would still take place as a properly posted GAC meeting.

Roll Call Vote: Wood - Yes
Ness - Yes
McLear - Yes
Kiedaisch - Yes
Gallagher - Yes

Public Comment - Chair Gallagher opened the meeting for public comment.

Susan French commented that the semantics over whether Gunstock is business. She said it is a county owned, self-sustaining entity versus a business, it uses good business information and input and makes decisions like a good business to remain self-sustaining.

Rick Zach Gilford suggested maybe not refer to Gunstock as a business instead use “enterprise”. He added that these meetings are great and most of the cable systems in town have a public access channel and suggested having the meetings recorded as they would attract a lot of attention.

County Commissioner Peter Spanos commented that he has looked at the master plan and believes it is crucial to the future sustainability of Gunstock. He encouraged the public to get heavily involved because their input matter. 50 years from now he would like Gunstock to still be here as a resource and jewel for this county and for his children and grandchildren to enjoy. He said he believed the GAC has an excellent vision and encouraged the public to attend the December 4th Open House and see it through.

County Commissioner Hunter Taylor complimented the Commissioners and managers of the mountain on an excellent job. He said the enabling statute and the authority of the delegation is well-defined, it has authority for appointing, removal and to borrow. The proposed amendments would be a fundamental change in what the Gunstock operation was set up to be, and they are not operating with taxpayer money. He said Gunstock is ultimately offsetting taxpayer obligations, not by a huge amount but it is notable.

Chair Gallagher thanked the public for their comments and asked for a motion to adjourn.

Adjourn

ACTION

Motion: Commissioner McLear motion to adjourn the public meeting of the Gunstock Area Commission at 8:21PM.
Second: Commissioner Kiedaisch.
Vote: All in favor.

Respectfully Submitted,

GUNSTOCK AREA COMMISSION MEETING
November 17, 2021
Gunstock Mountain Resort, Main Lodge at 6PM
APPROVED MINUTES

Rusty McLear, Secretary
Gunstock Area Commission