

GUNSTOCK AREA COMMISSION MEETING
April 14, 2020 AT 5:00 PM
Gunstock Mountain Resort, Main Hall
Public Access via Zoom Audio Conference
APPROVED MINUTES

Notice of the meeting was posted at the County Commissioners Office, Gunstock Mountain Resort Administration Office, and online at GUNSTOCK.COM. Due to the COVID-19 crisis and in accordance with Governor Sununu's Emergency Order #12 pursuant to Executive Order 2020-04, this Board is authorized to provide public access to the meeting electronically and will be limited to no more than 10 people in accordance with Emergency Order #16. In-person attendance was restricted to Gunstock Area Commissioners and select members of the Belknap County Delegation and Gunstock Mountain Resort management team.

GAC: Russell Dumais, Brian Gallagher, Gary Kiedaisch, Peter Ness

Gunstock Personnel: Tom Day, Becky LaPense, Cathy White (by phone)

BDC: Rep. Sylvia (BCD Chair), Rep. Howard

Public: 15 members of the public joined the Zoom audio conference

Chairman Kiedaisch called the meeting to order at 5:00PM with the pledge of allegiance. He opened the meeting by explaining how members of the public can participate during the audio conference call and asked that all comments and questions be held until the Public Comment portion of the agenda. He also shared the phone number to call for technical support if they are having difficulty during the conference call. He introduced all members of GAC, BCD and GMR management team who were present for the meeting.

New Business

- a. *Financial Impact of COVID-19 Crisis* - Chairman Kiedaisch asked President and General Manager, Tom Day, to provide an update on end of season financials and summer operating forecasts. Tom explained that the resort was forced to cease winter operations on March 18 and he has been working non-stop with the GMR management team to quantify the impact and develop a path forward. He reported a loss of more than \$800k in March revenue and lagging season pass sales, which is a sharp turn from what was an otherwise successful winter season. Finance Director, Cathy White, reviewed the March results and April projections noting that by the end of the fiscal year, she estimates a cumulative loss of approximately \$340k as a direct result of the COVID-19 crisis. Tom said it is unclear how long the stay-at-home orders will remain in place but after careful analysis, including consultation with local business leaders and state officials, he believes the COVID-19 crisis will have a lingering adverse impact to the 2020 summer season at Gunstock. He explained that many of the activities in Gunstock's summer Adventure Park require high contact between the guests and staff, and that even if stay-at-home orders are lifted, management's assumption is that visits to the Adventure Park will remain soft for the majority of the summer. With these assumptions in place, management presented their recommendations for the 2020 summer operating plan.

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- b. *GMR/GAC Recommendations on Mitigating Adverse Impacts of COVID-19 Crisis* - To reduce expenses, Gunstock furloughed 33 year-round employees in March (58% reduction in year-round staff). To promote season pass sales, they have introduced an installment payment plan and are extending the spring pass rates through May 15. They are also recommending that summer operations be limited to camping and Segway tours, which guests can do while social distancing. Tom said they would also like to introduce e-bike rentals/tours this summer, which will be part of the operating plan. All other summer activities will be suspended for the 2020 season. Cathy said that with the reduced summer operating plan, there would be further staff reductions for both year-round and seasonal employees. For comparison, Cathy shared preliminary P&L projections for FY21 with one model showing the Adventure Park closed and the other model on a reduced operating schedule (closed May-June, 50% of historic visit levels for July-August). By closing the Adventure Park for the summer, management projects an increase to overall EBITDA of \$165k for FY21. Tom said they will continue to adjust these assumptions as time goes by, but this is their recommendation moving into their new fiscal year, which begins May 1.

Chairman Kiedaisch asked how the full-time employees are being impacted by the furloughs. Tom said the furloughs are temporary and that management intends to bring them all back to work when the resort is ready to reopen. He said Gunstock will maintain their health insurance coverage throughout the furlough period and they will be eligible for unemployment benefits through the state of NH and the federal CARES Act. Chairman Kiedaisch commented that the resort is dealing with a fiscal tsunami, lost income in March and slowed season pass sales hitting at time when cash flow is critical. He also noted that because of the ownership structure, Gunstock does not qualify for any of the financial stimulus options in the CARES Act. Tom Day said they have confirmed that Gunstock is not eligible to participate in the Paycheck Protection Program or SBA loans/grants associated with the CARES Act because it is county-owned. He reported that other ski areas have already received notice of their application approvals with figures in the \$600k-\$700k range for other resorts.

Rep. Howard asked if management has attempted to reschedule any of the upcoming bond payments that are due. Cathy reported it was one of the first things she looked at and they have been able to get one payment deferred. She explained it was a payment of \$150k scheduled for April 15 but they have been successful in getting it deferred until April 15, 2021. A second bond payment of \$250k is due on May 15 but they are unable to move it because it is the final payment, which must be paid in full at the maturity date.

Chairman Kiedaisch asked how the reduced summer operating plan would impact summer maintenance and winter planning. Tom said their FY21 budget proposal will include the normally scheduled R&M to ensure inspection schedules are met and winter prep work is complete. He said capital projects are being deferred and that all remaining staff members will be stepping up to assist with R&M as needed.

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Commissioner Gallagher asked if there was any opportunity to change the payment terms for existing lease agreements. Cathy said most lease payments are already scheduled for winter which is where they want to keep them. She said one note is due in September that she is working on rescheduling to December or January. Commissioner Gallagher asked for the company's current cash position, excluding reserve account funds. Cathy reported the current cash balance is \$1.3mm. Tom added that is all the operating cash the resort has to keep up with basic operations but additional cash is needed in order to remain solvent through the summer and fall. Commissioner Dumais commented that when making bond payment terms in the future, management should be cautious to avoid any kick out clauses for final payments at maturity.

Chairman Kiedaisch commended the management team on their efforts to find a path forward and noted that no decisions have been made but they are asking the GAC to vote on their recommendations. He asked for a motion and he would open it up for discussion and public comment.

ACTION

Motion: Commissioner Gallagher made a motion to close summer operations in order to slow the potential spread of COVID-19 virus at Gunstock Mountain Resort (GMR) and to promote and secure the safety and protection of all guests who would customarily visit GMR during the summer months. I hereby move that that the Gunstock Area Commission authorize the President and General Manager, Mr. Tom Day, to close all summer operations at GMR for 2020 effective as soon as reasonably possible with the exceptions of the camping operations including the camping store and further allowing for public access for the operation of Segway and E-bike rentals out of the camp store during the summer of 2020. This shall remain in effect until modified by the Gunstock Area Commission.

Second: Commissioner Ness.

Discussion: Rep. Sylvia commented that times are difficult, and that people won't be out the way that they want to be. He said it seemed like a prudent decision considering the current financial difficulties without compromising the prime earning season in winter. Commissioner Dumais said he did not like the idea one bit but given the circumstances, he reluctantly agrees it is the right thing to do. Rep. Howard said there is always the option to change course if things improve noting that it is always best to "prepare for the worst and hope for the best". Chairman Kiedaisch said that all the other organizations and boards he works with are grappling with these same questions. He said that Gunstock needs to focus their efforts on the next income-producing period this fall with all hope that the pandemic subsides. Chairman Kiedaisch asked if there

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were any comments or questions from the public and hearing none, he moved to take a roll call vote on the motion on the table.

Vote: **Roll Call** Commissioner Ness - Yes
 Commissioner Gallagher - Yes
 Commissioner Dumais - Yes
 Chairman Kiedaisch - Yes

Miscellaneous

Rep. Sylvia asked when the RAN request will be ready for the Belknap County Delegation vote and Cathy said management was ready and looking to get on the BCD agenda as soon as possible. Rep. Sylvia said their next meeting is May 18th which is also when the new Gunstock Area Commissioner selection is scheduled. Commissioner Gallagher said the RAN request requires a 30-day public notice prior to the BCD vote. He added that prior to BCD vote, the GAC needs to take a formal vote to authorize the RAN request with at least 4 Commissioners voting to approve the amount being requested. He suggested that the GAC vote on the RAN authorization request at their April 29 GAC meeting and schedule the RAN hearing with the BCD after that vote is taken. Discussion ensued on the timing for the vote and the hearing, all agreed that the GAC will vote on the RAN authorization request in the April 29 meeting and plan for a hearing with the BCD in the first week of June.

Public Comment

Gretchen Casey, Center Barnstead, asked if there was a way to post the GAC meeting dates and times after she had difficulty finding the information online. HR Director, Becky LaPense, replied that all meeting notices are posted online at Gunstock.com, the Belknap County Commissioner's Office and the Admin Office at Gunstock Mountain Resort.

Adjourn

ACTION

Motion: Commissioner Gallagher made a motion to adjourn the public meeting at 6:00PM.
Second: Commissioner Ness.
Vote: **Roll Call** Commissioner Ness - Yes
 Commissioner Gallagher - Yes
 Commissioner Dumais - Yes
 Chairman Kiedaisch - Yes

Respectfully Submitted,

Peter Ness, Secretary
Gunstock Area Commission