

GUNSTOCK AREA COMMISSION MEETING
July 29, 2020
Gunstock Mountain Resort, Main Hall at 6PM
APPROVED MINUTES

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

Gunstock Personnel: Tom Day, Cathy White, Robin Rowe, Patrick McGonagle, Becky LaPense

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

Chairman Kiedaisch called the meeting to order at 6:00PM with the pledge of allegiance. Cathy White, CFO, distributed RAN documentation for notarized Commissioners' signatures.

Minutes

The minutes of the June 24, 2020 Gunstock Area Commission public meeting were reviewed.

ACTION

- Motion:** Commissioner Dumais made a motion to approve the minutes as presented.
Second: Commissioner Ness.
Vote: All in favor.

The minutes of the July 6, 2020 Gunstock Area Commission non-public meeting were reviewed.

ACTION

- Motion:** Commissioner Gallagher made a motion to approve the minutes as presented.
Second: Commissioner Ness.
Vote: All in favor.

Public Presentations - Commissioner Gallagher introduced State Senator Harold French who was instrumental in the passage of HB 1442. Governor Sununu signed the bill last week and the Commission thanked him for his work behind the scenes and for his support of the bill. Senator French noted that the entire NH Senate voted in agreement to pass the bill, which resolves several longstanding issues between the GAC and Belknap County and eases the way for Gunstock to continue doing business going forward.

Management Executive Summary - President and General Manager, Tom Day, provided an update on summer maintenance projects. All scheduled R&M work is going well and several more are scheduled to begin in the fall. Tom reported that he has begun working on a SkiNH subcommittee to coordinate winter operating plans with Governor Sununu's office. Before any meaningful planning can take place, they need clear guidance on potential capacity constraints being considered for ski area operations. He noted that existing indoor limitations are to be expected and Gunstock will be fully compliant. However, they do not believe there should be significant constraints on lift ticket sales given that skiers/riders are generally already in face masks and gloves. There has been little discussion regarding specifics, but they are hoping to have higher capacity limits than what was imposed on amusement parks this summer. Commissioner Kiedaisch asked if any trail brushing/trimming is being planned. Tom said it was in the original budget plan but had to be eliminated. Commissioner Gallagher commented on the recent article in the paper about the Segway and E-bike Tours and the new entrance signage

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advertising summer activities. He asked if management had made any decisions about the Tubing Park expansion and Tom said they will be making that decision within in the next two weeks.

Financial MD&A

Cathy White, Chief Financial Officer, gave an overview of the monthly financial reports for June. Revenue for MTD and YTD is behind budget, mainly due to early season restrictions on out of state camping. However, July is pacing ahead of budget and they are optimistic about that trend continuing through August. There are some overages in labor, mainly due to a workers' comp allocation and health benefit expenses resulting from Gunstock's decision to cover the employee portion of health insurance premiums for furloughed employees in May and June. All other expenses are currently favorable to budget but will be spent. She added that company EBITDA is currently favorable because expenses have stayed in line with revenue but that will shift in the fall. Overall, bottom line is about \$100k off target but cash is running healthier than budget with almost no capex being spent at this point. All things considered, the balance sheet is in decent shape. She reported that they received two bids for the RAN funding, which was awarded to Bank of New Hampshire and is expected to close on Friday. She plans to begin drawing on RAN funds in October and cash reserves in September. They are forecasting revenue to be up by 12% for July but without Soulfest this summer, August revenue will take a hit. Discussion ensued around winter projections and best guesses.

Action Items - Commissioner Ness asked for discussion on the question of having an attorney/firm on retainer for Commission business. Tom reported that Gunstock currently has three attorneys of record, but none are on retainer. Commissioner Ness suggested that there may be efficiencies in retaining a firm. Cathy reported that Gunstock's annual legal expenses were immaterial, noting they do not even warrant a separate line item in the general ledger. Discussion ensued around current practices and all agreed that no changes are needed at this time. Chairman Kiedaisch said that may change as expansion plans get under way and they begin to discuss things like land leases.

New Business

- a. RAN Documentation - CFO, Cathy White, distributed additional RAN documents for GAC signatures.

Old Business

- a. Investment Committee - Commissioner Gallagher reported that the Investment Committee met earlier with Dirk Richardson from Bank of NH for the annual Investment Fund Review. Bank of NH has made one recommendation for a fund change in the investment portfolio for poor performance but there were no other issues or concerns. Commissioner Gallagher has invited Dirk to the August GAC meeting to give a high-level presentation to the full Commission on Gunstock's retirement plan profile. Chairman Kiedaisch asked Cathy to prepare a summary of the administrative costs of these plans to be reviewed in the August meeting.
- b. *Timber Revenue* - Commissioner Ness provided an update from the Belknap County Attorney on the legal interpretation of the enabling statute as it relates to timber

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revenue. He noted that HB 1442 has remedied the question about where the money should be allocated; it will remain with GMR. Commissioner Ness presented a letter of understanding that he drafted with Attorney Livernois which both the GAC and Belknap County Delegation will sign and keep on file so operations can move forward without any question. Chairman Kiedaisch thanked everyone involved for their work on this noting it will now clearly memorialize past precedent for future reference. GMR will proceed with the timber harvest as outlined in the timber management plan.

c. House Bills -

- i. *Statute Amendments* - President and General Manager, Tom Day, thanked everyone for their efforts in getting the amendments passed. Rep. Howard suggested one final meeting of the subcommittee to memorialize the actions taken.
- ii. *Parking Lot* - Chairman Kiedaisch reported that the NRBC grant application has been accepted and is waiting for approval. He reported that there appears to be strong consensus supporting approval and thanked Commissioner Gallagher for his tenacity in identifying funds for paving the main parking lot.
- iii. *Master Plan Committee* - Chairman Kiedaisch summarized the past actions of the sub-committee, who settled the matter of the annual fees to the county and gained consensus that the future business model for the resort must be profitable and self-sustaining. To move planning forward, Tom recommended that one or two Commissioners work with the GMR leadership team and SE Group on the full potential concept plan. The capital needs will require strategic business partnerships and they believe there will be strong interest from potential partners on the project. Chairman Kiedaisch suggested that he and Commissioner Gallagher work with Tom and the GMR team on the master planning, starting with mountain improvements, then summer development.

Other Business - Commissioner Ness explained that clients of his Snowsports management software company reportedly struggle with matching online sales to available ski instructors. He asked if Gunstock's point of sales system, Intouch, has this capability. Tom reported Snowsports enhancements are available and he expects the new director to work on implementing scheduling improvements across the board. Commissioner Ness revisited his concern and advocacy for changes in the Snowsports operations and a discussion ensued. Commissioner Gallagher said the Commission has done their due diligence in hiring a knowledgeable ski area manager and have entrusted him with addressing many of these issues. He suggested that it would be premature to intercede before giving Tom and the new Snowsports Director an opportunity to demonstrate what they can do to improve Ski School revenues. Discussion ensued and there was consensus of the majority that Tom should proceed with his plan(s) for the 2021 season and the Commission would review the results for next year.

Public Comment - Rep. St. Clair asked to make a comment, not as a State Representative but rather as the Executive Director of the Motorcycle League Association. He said he believes that Gunstock is missing an opportunity to grow summer business by limiting the Hill Climb to a one-day event. He said the Motorcycle Rights Association and others have expressed interest in hosting additional events, possibly later in the season for amateur racers. He believes there is

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a demand and more opportunity for Gunstock to generate some summer revenue by going beyond the Hill Climb. He and Tom agreed to connect and discuss future opportunities.

Rep. Howard asked for clarification on the sale of assets and loss/gain of disposal of assets being report on the cash flow statement. Cathy explained it was accounting for the trade-in value of equipment being sold/traded.

Adjourn

ACTION

- Motion:** Commissioner Dumais made a motion to adjourn the GAC meeting at 7:55 PM.
Second: Commissioner Gallagher.
Vote: All in favor.

Respectfully Submitted,

Peter Ness, Secretary
Gunstock Area Commission