

GUNSTOCK AREA COMMISSION MEETING
August 26, 2020
Gunstock Mountain Resort, Stockade Lodge at 6PM
APPROVED MINUTES

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

Gunstock Personnel: Tom Day, Cathy White (by phone), Robin Rowe, Patrick McGonagle, Becky LaPense

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

Chairman Kiedaisch called the meeting to order at 6:01PM with the pledge of allegiance. The Commissioners welcomed Kristen Lodge, Gunstock's new Director of Marketing.

Minutes

The minutes of the July 29, 2020 Gunstock Area Commission public meeting were reviewed. Commissioner Ness asked that the minutes reflect that he drafted the timber harvest letter along with Atty. Livernois.

ACTION

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

Public Presentations - Commissioner Gallagher introduced Dirk Richardson from Bank of NH to present an overview of Gunstock's retirement plan performance. Mr. Richardson explained the role of Bank of NH as investment adviser and consultant for Gunstock's 457(b) and Profit Sharing retirement plans. He also explained the fiduciary responsibilities of management and the Gunstock Area Commission. For the 2020 investment review, Bank of NH had one fund flagged for replacement due to poor performance. They recommended replacing the Franklin Mutual (TEDIX) fund with the Invesco Oppenheimer Global (OPPAX) fund, which is a better performing fund with lower expenses. Commissioner Gallagher noted that the aggregate balance of both accounts has increased by \$50k since the Investment Committee met last month. Dirk noted he is more interested in the long-term trends, not necessarily the short-term returns. He stressed the importance of not "reacting" to headlines and avoid making short-term decisions based on current events. Commissioner Gallagher asked if GMR's current model with investment reviews once or twice per year is best practice. Dirk said it is very common for an account of Gunstock's size and added they meet informally throughout the year for employee education and enrollment. Chairman Kiedaisch asked how GMR's portfolio compare to other companies of the same size. Dirk said there is likely quite a bit of overlap with other portfolios, however ERISA requires a broad selection of funds with varying levels of risk. Dirk also reviewed the investment fees and expenses, which total .25% of the plan assets.

Management Executive Summary - President and General Manager, Tom Day, provided an update on operations. He announced that the Lift Maintenance building, which has been in poor condition for many years, is being removed by Gilford Fire Department (GFD) sometime within the next few weeks. The Lift Maintenance and Lift Operations work areas will be relocated to other parts of the resort. With the building removed, new teaching terrain will now be available this winter. Discussion ensued about toxicity of burned materials and Patrick

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McGonagle, Facility Operations Director, explained the GFD is aware of the age and condition of the building and will be taking precautions to ensure the burn is done safely. Chairman Kiedaisch asked if the big air bag jump was going to be demolished and Tom said it is scheduled for removal during the Tubing Hill expansion. He also reported that the timber harvest has begun and thanked Commissioner Ness for his work on letter of understanding.

Financial MD&A

Cathy White, Chief Financial Officer, gave an overview of the monthly financial reports for June. The revenue for the month came in up \$35k over budget and labor is slightly behind budget. EBITDA is also trending favorably to budget but she cautioned that spending will increase over the next few months as winter planning goes into full gear. Chairman Kiedaisch noted that companies are often judged by how things go when times get tough and the current balance sheet is extraordinary considering everything the team has been through in the past five months. Cathy noted that management is also pleased with YTD performance and that they have not needed to dip into cash reserves. Discussion ensued around the settlement with Centerplate, noting that it is reflected on the current balance sheet. Commissioner Ness asked for details on deferred revenue and Cathy explained how that number reflects a blend of season pass and camping. Chairman Kiedaisch asked about the inventory numbers and where they hope to land after the Labor Day sale. Robin Rowe, Resort Services Director, said she is optimistic that she can recover the revenue that was lost from last winter's early closure. She plans to get aggressive in bringing the inventory down. Robin reported that e-bikes are doing well but there is room to grow and the cooler weather should help drive business. They have sold 15 of the 30 bikes so far and the guest experience has been extremely positive. They plan to push foliage tours in September and October. Commissioner Gallagher asked for an update on the audit. Cathy said it is going slower than normal because it is being conducted virtually due to COVID. She expects them to wrap up their field work around Labor Day and hopes to have the final report by the end of September. The auditors have identified no issues so far.

Action Items - None.

New Business - Chairman Kiedaisch reported that he, Tom, and Commissioner Ness have been researching new opportunities for grant funding. While there are restrictions on how the funds are used, they believe there is an opportunity to apply for the federal money for the right project. These funds can be used as the match to other funds, which may help the NRBC project. He was encouraged by their meeting and will ensure it is considered as the master planning progresses.

Old Business

- a. *NRBC Grant Application* - GMR received notification that the application was denied but has not been able to get details as to why. He will reach out again to get more information but they are better prepared to reapply the next round. Commissioner McLear suggested contacting George Bald who he knows has had good success in finding grant monies and agreed to reach out to him for advice. Commissioner Gallagher thanked Patrick McGonagle for his work in getting the NRBC application completed and now that its been done, it will be easier to apply next time.

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- b. *Master Plan Committee* - Tom Day reported that he has been in contact with the SE Group about revisiting the Master Plan. They may have past planning on file that was never published which could jump start the process with lesser fees.

Other Business - Commissioner Gallagher asked to revisit the investment fund change recommended by Bank of NH for the GMR retirement plans, noting that it requires GAC approval to move forward.

ACTION

- Motion:** Commissioner Gallagher made a motion to follow the recommendation of GAC's investment counsel and approve replacing the Franklin Mutual (TEDIX) fund with the Invesco Oppenheimer Global (OPPAX) fund as recommended by Bank of NH.
- Second:** Commissioner Kiedaisch.
- Discussion:** Commissioner McLear noted that he has used Bank of NH for his businesses and feels that Gunstock's retirements plans are in good hands.
- Vote:** All in favor.

Commissioner Gallagher asked if the GAC would reconsider the 2019/20 Profit Sharing employee contribution in the October meeting. Cathy White said the total annual contribution is approximately \$35k but she would be hesitant to support a contribution until they are further into the winter operations. Commissioner Gallagher said he believes it is worth taking action on, one way or another. Commissioner Ness asked if there is still time to make a contribution for the 2019/20 plan year. Becky LaPense, HR Director, agreed to look at the plan documents and confirm how late into the plan year the contribution can be made. Chairman Kiedaisch suggested having a broader discussion on the development of a compensation committee in the September meeting.

Public Comment - Rep. Howard asked if GMR still has the excavator that they leased three years ago. Patrick said yes, but it is not quite large enough for the Tubing Park project so they will need to rent one when the time comes. Rep. Sylvia asked about the maintenance requirements for the summer attractions that are not in use. Robin said each of the attractions are inspected annually, and will be inspected before reopening. According to the attraction manufacturers, there do not seem to be any unusual maintenance needs that would result from inactivity for a season. In fact, she noted that less hours generally extends the life of the attraction. Alex Deluca asked if the Lift Mechanics would be separated from the Lift Operators once the Lift Maintenance building is removed. Patrick said the Lift Ops office will be relocated to the old Race office in the LRDS building, which will take an adjustment but offers a few advantages, especially when staff are parking in Lot C. The Lift Mechanics and Vehicle Mechanics should be able to work comfortably in a newly cleared out bay in the maintenance garage.

Adjourn

ACTION

- Motion:** Chairman Kiedaisch made a motion to adjourn the GAC meeting at 7:53 PM.

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Second: Commissioner Dumais.
Vote: All in favor.

Respectfully Submitted,

Peter Ness, Secretary
Gunstock Area Commission