

GUNSTOCK AREA COMMISSION MEETING

October 23, 2019 AT 6:00 PM

Lakes Region Adaptive Sports Center, Gunstock Mountain Resort

APPROVED MINUTES

Notice of the meeting was posted at the Belknap County Courthouse, Gilford Town Hall, County Commissioners Office, Gunstock Area, and at GUNSTOCK.COM.

GAC: Bob Durfee, Gary Kiedaisch, Brian Gallagher, Russ Dumais, Steve Nix

Gunstock Personnel: Greg Goddard, Mike Roth, Robin Rowe, Patrick McGonagle, Cathy White, Becky LaPense, Iwan Fuchs, Patrick O'Brien

BCD: Rep. Howard

Public: Chris Roundy, Donna Hepp from Belknap County Conservation District (BCCD), Attorney Patrick Wood, Lorraine Sanborn

Chairman Durfee opened the public meeting at 6:00pm.

Minutes

The minutes of the September 25, 2019 meeting of the Gunstock Area Commission were reviewed. Commissioner Kiedaisch asked for time in future agendas to review management's action items. Chairman Durfee noted a typo on the first page identifying BCD attendees and added a line to the last paragraph of the GM report to read, "The Commissioners agreed to this reallocation of funds." Commissioner Kiedaisch noted that his comments on page 8 should be edited to read that he was "contacted by US Nordic Association who may be interested in helping Gunstock raise funds."

ACTION

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

The minutes of the September 25, 2019 Gunstock Area Commission non-public meeting were reviewed. Commissioner Gallagher said he would email the details of the votes to exit the non-public session and adjourn to Becky LaPense, HR Director, to be added to the final draft of the minutes.

ACTION

- Motion:** Commissioner Dumais made a motion to approve the minutes with those amendments.
Second: Commissioner Nix.
Vote: All in favor.

The minutes of the October 3, 2019 Gunstock Area Commission non-public meeting were reviewed.

ACTION

- Motion:** Commissioner Dumais made a motion to approve the minutes as presented.
Second: Commissioner Kiedaisch.

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Vote: All in favor.

Public Presentations

GAC/Belknap County Trust Funds - GM Goddard introduced Attorney Patrick Wood to discuss the feasibility of the formation of an endowment or trust fund for the resort. Mr. Wood explained that the Gunstock Area enabling statute makes no statement about the ability of the Commission to establish a trust but it does provide guidance on accepting gifts. The enabling statute for the county does allow for the creation of an endowment or trust and requires three Trustees from the county to oversee the donations. Mr. Wood advised that this would be the most efficient and his recommended approach to establish an endowment fund for the resort. He explained that the Commission would need to define the purpose for the trust to ensure the funds are protected for the purposes intended. Commissioner Gallagher said he believes Gunstock has benefactors in the community who would take advantage of the opportunity to donate. He said the long-term goal of the fund would be to build significant reserves for future operational or capital needs. This would allow for a new source of funding separate from the county notes and bonds. Commissioner Kiedaisch commented that some benefactors may specify the purpose of their donation and that the trust would need to allow for that. Chairman Durfee asked if the trust could be used in lieu of a RAN to allow the Commission to borrow against it. Mr. Wood said that would be more difficult and advised against it. He said there needs to be a clear understanding of what the potential uses will be for the funds. Commissioner Dumais suggested that the wording be as broad as possible given the variable nature of the ski business to allow for better flexibility. Commissioner Kiedaisch asked Mr. Wood how the trust could be structured so that it is dedicated solely to Gunstock expenses and not "raided" by the county for general purposes. Mr. Wood said it would be kept separate from the general fund and used only for the purposes established by the Commission. Commissioner Kiedaisch asked for clarification on the trustees and Mr. Wood explained that it is regulated in the enabling statute and must be three individuals including: the County Treasurer, one member of County Commission and one member of County Convention. He advised against creating a separate entity to administer the trust since it could be perceived as lacking in transparency. Commissioner Kiedaisch asked if he could foresee having a member of the GAC on the board of trustees and Mr. Wood said that would not be permitted under the current statute unless it were amended to allow for such an arrangement. Commissioner Kiedaisch said he would be vehemently opposed to using these funds to cover for poor management decisions and wants to ensure the funds are protected from normal business operating expenses. Commissioner Gallagher invited Rep. Ray Howard to comment on the concept. Rep. Howard said he has not had much experience with trusts but was under the impression that a donation isn't generally expendable, only the interest from the donation can be accessed. Mr. Wood said it depends on how the trust is set up and that in many cases Rep. Howard is correct. He added that the Commission could access the donation money if they make that clear in the donation proposals. Mr. Wood said the creation of a Gunstock endowment or trust is an achievable goal and he does not believe that the County Convention would have any objections. Commissioner Kiedaisch added that this was an exciting opportunity and thanked Commissioner Gallagher for bringing the issue forward. Discussion ensued around setting up a 501(c)(3) charitable trust but Mr. Wood advised against that since there is already a mechanism in place to receive donations through the county's enabling statute. However, if

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they choose to pursue that option, Mr. Wood recommended that it be established through a third party, such as the Friends of Gunstock. **Commissioner Kiedaisch asked Mr. Wood to prepare and deliver a recommendation to the GAC as to how to proceed. Mr. Wood agreed to work with GM Goddard on the next steps.** Commissioner Nix asked for more information about the WOW Trail trust and discussion ensued about their example.

BCCD Wildlife Habitat Improvement Project - Donna Hepp, BCCD Chair, gave a presentation of recent work done by BCCD volunteers at Gunstock and thanked the Commission for their support of conservation efforts at the mountain. The current Forest Management Plan provides for rehabilitation of habitat for the American Woodcock, which are present and nesting on Gunstock property. The BCCD asked for authorization to move forward with this project before they lose the grant funding associated with it. To complete the work, the BCCD is proposing a service contract to permanently remove timber from two locations adjacent to the Nordic terrain. Ms. Hepp shared a map showing the proposed locations and discussion ensued around the impact to skier terrain. Their contractor has advised that the timber in that area is of poor quality and has no revenue potential if removed. Ms. Hepp said the BCCD has two grants totaling approximately \$22k that they may lose if they don't begin the work soon and requested GAC approval to move forward.

ACTION

Motion: Commissioner Dumais made a motion to approve the request from the BCCD to move ahead with wildlife habitat improvement project as presented.

Second: Commissioner Gallagher

Discussion: Commissioner Kiedaisch asked how the proposed work area intersects with the future land use in the Master Plan. GM Goddard said it is located in an area not marked for development and Commissioner Nix added that the location is well beyond the limits of any usable land. Ms. Hepp added that there would be interpretive signs installed in the location to help educate the public on rehabilitation project.

Vote: All in favor.

Financial Summary

A written summary was included with the meeting materials. Discussion centered on the negative variances in the current operating budget and the importance of achieving budgeted revenue for the remainder of the fiscal cycle.

Management Reports

Resort Services Report - A written report was provided. Commissioner Kiedaisch asked for further analysis from management about the YOY declines in Adventure Park visits and revenue. Resort Services Director, Robin Rowe, responded that she does not have much data to explain the shortfall but acknowledged that weather was a factor in June and July. Although visits for August, September, and October were healthy, it wasn't enough to make up the shortfalls from June and July. Discussion ensued around long-term trends in amusement park visitation and the need to find solutions that mitigate the decline.

Mountain Sports Report - A written report was provided. Commissioner Kiedaisch acknowledged the challenge in working through the GSC's need for hill space but believes

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there are viable solutions and he would like them to consider a compromise. Discussion shifted to hiking and how to attract hikers from Mt. Major to Gunstock's hiking trails. Mountain Sports Director, Iwan Fuchs, reported that Outreach enrollment is growing with 3 new groups and revenue is tracking 40% ahead of last year.

Marketing and Sales Report - A written report was provided. Commissioner Dumais asked for an analysis of the \$60k negative variance in Events. Marketing and Sales Director, Mike Roth, reviewed the reasons behind several event cancellations and the shortfall of revenue from other events. He pointed out that the Tough Mudder event did not come back in FY20 which explains some of the variance from last year. Commissioner Kiedaisch said he spent some time recently with a hospitality leader who hosts 82 weddings per year and reported profits of \$10k or higher per wedding. Mike Roth explained the reasoning behind management's shift from weddings came about because Gunstock's facilities limit the ability to deliver high-scale wedding functions. Although it was a popular venue, the wedding business was not profitable when all expenses were tallied. Facility upgrades and expansion will support a more robust wedding business model but until those capital investments can be realized, management believed it was best to focus sales efforts on Adventure Park-centered groups, which provide for both F&B and Adventure Park revenue. Commissioner Kiedaisch noted that with the recent change in F&B, this is an even bigger opportunity for the resort. Commissioner Gallagher asked for updates on sponsorships and Mike reported that negotiations are still ongoing with several potential sponsors but nothing that he can confirm. Commissioner Gallagher thanked Mike and GM Goddard for the installation of the international flags in the octagon.

Human Resources Report - A written report was provided and there was no further discussion.

Facility Operations Report - A written report was provided. Commissioner Kiedaisch asked if the Granite State Glass partnership was a cash sponsorship. Facility Operations Director, Patrick McGonagle, responded that it will not be in cash but in purchasing discounts.

General Manager's Report - A written report was provided. Commissioner Gallagher said that he spoke to Rep. Huot about the paving project and that several other BCD reps have joined that process. **He asked GM Goddard for an update from his meeting with Senator Shaheen and GM Goddard reported he did not get an opportunity to speak with her directly. He said he has not gotten any further updates from other members of the committee and Commissioner Gallagher suggested that he send out a reminder, which GM Goddard agreed to do.** Commissioner Kiedaisch said he spoke with the owner of the property across from Gunstock's main entrance and they may be open to some possibilities for covering the sign. Commissioner Kiedaisch asked for an update on the mountain biking business plan and site visit to Killington that he recommended in the September meeting. Iwan reported that it has been assigned to the Mountain Sports Manager to research the best business model for Gunstock and there are many strong ideas on the table right now. **Commissioner Kiedaisch asked to see a business plan in the November meeting and Iwan said they would be prepared to present a proposal next month.**

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Action Items

- a. *Ratify Executive Search Firm Contract* - Chairman Durfee asked if there was a copy of the contract to review and vote on. Commissioner Kiedaisch said he understood that the contract was already voted on and approved in the GAC's October 3rd non-public session. Chairman Durfee said that was not how it was detailed in the non-public meeting minutes. There was heated discussion about the need to proceed with a review of the contract.

ACTION

Motion: Commissioner Gallagher made a motion to accept the terms of the Ward Howell executive search contract as presented.

Second: Commissioner Kiedaisch

Discussion: Chairman Durfee asked for discussion on the list of companies shared with the recruiting firm. Commissioner Kiedaisch said it was only discussion and there was no list to provide. Chairman Durfee asked that the contract be edited to reflect that. Chairman Durfee questioned having the candidate starting as soon as possible saying that he recalled a discussion with Commissioner Nix about having new GM onboard in time for the budget process in January or February. Commissioner Dumais said his understanding was that they had agreed to have the person to start as soon as possible and Commissioner Kiedaisch said that was his recollection and understanding as well. After further discussion, they agreed to keep the verbiage in the contract as presented. Chairman Durfee asked the sub-committee to get Ward Howell's advice on a budget for travel expenses. Commissioner Nix said he recalled a previous discussion about that topic and all agreed that it was best to decide on travel once they know what the candidate pool looks like. Chairman Durfee said he would like to see a budget appropriated for this. Commissioner Kiedaisch disagreed saying that would put a limit on what could be spent and it was too soon to make that kind of a decision. Commissioner Dumais called the motion to vote.

Vote: All in favor.

Chairman Durfee asked GM Goddard where he will find the budget money to fund the search as presented. GM Goddard said it was addressed in the recapture plan, slated for later in the agenda. Chairman Durfee asked how the Commissioners could ratify a contract without having seen the recapture plan or knowing how the service will be paid for. Commissioner Kiedaisch said the GAC held a non-public meeting to select the recruiter at which all of the Commissioners voted in favor of moving forward. Chairman Durfee expressed concern about voting to ratify a contract that the Commissioners had not seen and has no plan in place to pay for it. Commissioner Kiedaisch pointed to the EBITDA Recapture Plan that management created to outline the path forward.

New Business

- a. *EBITDA Recapture Plan* - Finance Director, Cathy White, presented the financial management plan that she built to address the negative budget variances resulting from below budget revenue and the unplanned expenses for the F&B transition and GM

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search. Commissioner Gallagher asked if F&B were to realize some extra revenues and enhanced sponsorship, would that alleviate the shortage. Cathy said she does not anticipate having a better financial situation in F&B for the remainder of the fiscal cycle and felt it was important to set the Commissioner's expectations accordingly. She explained that management is "fighting to open" as opposed to "fighting to grow" right now and does not expect see notable growth in the next four months. Commissioner Gallagher noted that the reserve funds were not included in the recapture plan. Cathy explained that the recapture plan assumes winter revenue is on budget, not "worst case" scenarios but the reserves will be tapped if revenue falls short of budget. She added that half of the expenses for the F&B transition may not hit in FY20 and will likely have ramifications for the FY21 fiscal cycle as well. Commissioner Kiedaisch noted his first reaction to the recapture plan was alarm but after meeting with Cathy and Greg he has a better understanding of where the challenges lie. He emphasized the need to strategize effective ways to get more revenue from the people who are already here in order to get through these next few months. Discussion shifted to the purchase of a new truck for the maintenance staff, which is in extremely poor condition.

ACTION

Motion: Commissioner Nix made a motion to approve the purchase of a truck not to exceed the \$17k allocated in the recapture plan.

Second: Commissioner Kiedaisch

Discussion: GM Goddard said he did not believe the Commissioners needed a separate vote to approve the purchase of the truck since it may be less than \$5k expended in FY20. He added that the Commission has given him standing authorization to approve capital purchases up to \$25k without advance approval of the Commission. He requested their vote to accept the recapture plan as presented.

Motion: Commission Nix amended the motion on the floor to vote to accept and support the recapture plan presented by management.

Second: Commissioner Kiedaish

Vote: All in favor.

- b. *Capital/Maintenance Plan* - GM Goddard reported on the Facility Needs Assessment included with his meeting materials. Commissioner Kiedaisch commented that he did not see where these recommendations address the need to drive revenue and stressed the need to redefine how Gunstock makes its money. GM Goddard said he was asked to present a list of deferred or neglected maintenance and capital plans. Commissioner Kiedaisch acknowledged the list seemed thorough in that respect but that, upon review, the lack of projects tied to revenue growth stood out to him.
- c. *Winter Room Seating Plan* - The LRDS Building is a shared space in the winter and is the only ADA-compliant space at Gunstock available for GAC meetings in the winter. Discussion ensued around adjusting the seating plan to ease up storage space or relocating the meeting off site for better accommodations. All agreed to search for a new space off-property for future meetings.

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- d. *Commissioner Selection Process* - GM Goddard reported that the public notices are in place and the meeting is scheduled for Nov. 6th.

Old Business

- a. *Executive Search* - Chairman Durfee made the official public announcement that Ward Howell has been retained to conduct the executive search for a new GM. They have asked that all referrals be passed along to Ward Howell for consideration. Chairman Durfee asked if the announcement should be posted on the GAC website and Commissioner Kiedaisch said they are already pretty far along in the process so that would not be necessary.
- b. *Study Committee: Gunstock Business Model* - Rep Howard reported a bill number has been assigned, HB 20-2355. He sent it back for a re-write which was corrected and is ready to be posted online for public comment. It should be up on the website in a week or so. Mike asked if the Commissioners wanted a press release to notify the public and Commissioner Nix said he wanted to take a look at the bill first. Rep. Howard said he would wait until it has been put on the legislative calendar before sending out a press release, which would be December or January. Chairman Durfee asked if there should be a local public hearing and Commissioner Nix said he thought it would be a good idea.
- c. *Doug Irving Memorial* - GM Goddard reported that the Live Like Doug Foundation is working on trail mapping and they will present their plans to GAC shortly. They will also need to present the proposal to the Gunstock Acres association and to the state for Ellacoya Park access. He expects to have the plan ready for GAC review in a couple of months.
- d. *Grants and Other Funding Options* - Commissioner Gallagher reported that Rep. Huot is the prime sponsor with several BCD reps co-sponsoring. **He asked GM Goddard to follow up with the NH congressional delegation to see if anything is happening, which GM Goddard agreed to do.**

Other Business

BCD Gunstock Subcommittee - Rep. Howard suggested relocating the GAC meetings to the meeting room at the county complex. After discussion, all agreed to relocate the meetings to the 2nd meeting room at the Belknap County Complex in Laconia. **Becky will coordinate the meeting accommodations with the county and report back on any scheduling conflicts.** Rep. Howard also asked for clarification on the scope of work approved for the wildlife habitat project presented by BCCD. GM Goddard explained it was the cutting and removal of trees in the identified area and that the work would be paid for with grant funds.

Affiliated Agency Reports - None

GNA Ski Jumps - Commissioner Kiedaisch reported on a meeting with US Nordic, Lisa Kling, and another member of the GNA to discuss what needs to be done with the jumps. The GNA does not have the resources or network to see this through and feels it is a task for management and the GAC to decide if they want to commit.

Correspondence - None

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Miscellaneous - Commissioner Gallagher noted that most public meetings open with the pledge of allegiance and asked that it be added to the GAC agendas. All agreed to begin each meeting with the pledge of allegiance.

Public Comment - None

Non-public Session

ACTION

- Motion:** Commissioner Dumais made a motion to enter a non-public session in accordance with RSA 91-A 3 II (l) at 9:27 pm.
Second: Commissioner Kiedaisch.
Roll Call Vote: Bob Durfee - Yes
Steve Nix - Yes
Russ Dumais - Yes
Brian Gallagher - Yes
Gary Kiedaisch - Yes

The GAC went into non-public session at 9:27 pm.

ACTION

- Motion:** Commissioner Dumais made a motion to end the Non-Public Session at 10:28PM.
Second: Commissioner Kiedaisch.
Roll Call Vote: Bob Durfee - Yes
Steve Nix - Yes
Russ Dumais - Yes
Brian Gallagher - Yes
Gary Kiedaisch - Yes

The GAC re-entered the public session at 10:28PM.

Adjourn

ACTION

- Motion:** Commissioner Dumais made a motion to adjourn the meeting at 10:29PM.
Second: Commissioner Kiedaisch
Vote: All in favor.

The GAC meeting adjourned at 10:29PM.

Adjourn

Respectfully Submitted,

Brian Gallagher, Secretary
Gunstock Area Commission