

GUNSTOCK AREA COMMISSION MEETING
November 20, 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, Steve Nix, Brian Gallagher, Gary Kiedaisch, Peter Ness

Gunstock Personnel: Greg Goddard, Mike Roth, Robin Rowe, Patrick McGonagle, Cathy White, Becky LaPense

BDC: Rep. Howard

Public: None

Chairman Durfee opened the public meeting at 6:01 PM with the pledge of allegiance.

Minutes

The minutes of the October 23, 2019 Gunstock Area Commission public meeting were reviewed. Commissioner Kiedaisch asked that the action items be reviewed throughout the meeting as management presents their reports. Chairman Durfee suggested making it a permanent agenda item under New Business - Action Item Follow Up.

ACTION

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

After the vote, Chairman Durfee suggested a change on page 3 to read “rehabilitation on” instead of “rehabilitation of” but agreed to leave them as originally presented.

The minutes of the October 23, 2019 Gunstock Area Commission non-public meeting were reviewed. Chairman Durfee made a comment on the first action item, he questioned if the vote was unanimous and discussion ensued around the vote. Commissioner Gallagher said he recalled that there was one abstention. All agreed to keep that portion of the minutes as presented. On the third action item, Chairman Durfee said the three people who abstained requested that their reason for abstaining be noted in the minutes. Commissioner Gallagher pointed out where those details were located in the draft non-public minutes.

ACTION

Motion: Commissioner Nix made a motion to approve the non-public minutes as presented.
Second: Commissioner Kiedaisch.
Vote: All in favor.

Swearing In of Newly Elected Commissioner

Chairman Durfee introduced Peter Ness as the newest member of the Gunstock Area Commission and explained that he will turn the meeting over to Vice Chairman Nix to conduct

GUNSTOCK AREA COMMISSION MEETING

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APPROVED MINUTES

the Election of Officers. General Manager and Justice of the Peace, Greg Goddard, swore in Peter Ness as the newest member of the Gunstock Area Commission.

Vice Chairman Nix thanked Mr. Durfee for his 15 years of service to the Gunstock Area Commission. He gave a brief explanation of election process for officers of the Gunstock Area Commission which called each nomination to be voted on separately. Instead, Vice Chairman Nix asked that the nominations for Chairman, Vice Chairman, and Secretary be presented as a slate and voted on all at once. All agreed to proceed with the slate of nominations.

Election of Officers

ACTION

- Motion:** Commissioner Gallagher made a motion to elect Commissioner Nix as the new Chairman of the Gunstock Area Commission.
- Second:** Commissioner Kiedaisch.
- Vote:** All in favor.

ACTION

- Motion:** Commissioner Gallagher made a motion to elect Commissioner Dumais as the new Vice Chair of the Gunstock Area Commission.
- Second:** Commissioner Kiedaisch.
- Discussion:** Chairman Nix said since Commissioner Dumais is absent if he declines the nomination they can take another vote for Vice Chair next month. He offered to speak to Commissioner Dumais about the nomination and vote.
- Vote:** All in favor.

ACTION

- Motion:** Commissioner Gallagher made a motion to elect Commissioner Kiedaisch as the new Secretary of the Gunstock Area Commission.
- Second:** Commissioner Nix.
- Vote:** All in favor.

Chairman Nix took over the November GAC meeting at 6:17pm.

Public Presentations

General Manager, Greg Goddard, reported that Attorney Patrick Wood had planned to attend the meeting to provide a progress report to the Commissioners on endowment planning but he is unable to be there. All agreed to postpone any further updates until Attorney Wood could be present.

Financial MD&A

GM Goddard reviewed the October financial summary noting that EBIDA is favorable to budget with RAN funding still available. Finance Director, Cathy White, said she is watching the cash flow and recapture plan closely. She reported that CapEx spending for F&B will come in around \$100k and they are moving quickly toward opening. The RAN spending is coming in lower than planned. Commissioner Kiedaisch asked how much of the R&M budget is

GUNSTOCK AREA COMMISSION MEETING

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APPROVED MINUTES

posted and GM Goddard reported that outside of the deferred projects, spending is on track. Commissioner Kiedaisch asked if inventory numbers were mostly from the ski shop and Cathy confirmed it was all inventory from the ski shop and leased equipment. Discussion ensued about the accounting of inventory. Cathy explained that management is in the process of moving it since current reporting makes it look less than promising. Resort Services Director, Robin Rowe, agreed that the inventory reporting is a limitation of the system that they are working through but they are closely watching the actual margins to make sure they maximize profitability. Commissioner Kiedaisch said it was important to show the ROI on that investment and the bigger challenge will be to bring in more revenue by maximizing every visit to make up the \$298k deficit. He is concerned about going into the next fiscal cycle in the hole and seeking a larger RAN. Commissioner Gallagher asked to confirm that no draws were made last month against the RAN and Cathy White confirmed the current borrowing is lower than projected.

Management Reports

Resort Services - A written report was provided. Discussion ensued about current financial reporting for Camping to ensure management is capturing true operating costs and finding ways to better account for the one-time, extraordinary costs that sometime blur the true financial picture. Commissioner Gallagher asked if camping volume was impacted by the pricing changes and Robin reported there were no complaints from guests and surveys of the competition show Gunstock Campground prices are in the middle of the pack.

Mountain Sports - A written report was provided. Commissioner Kiedaisch asked about the shortfalls in Outdoor Center revenue. Mountain Sports Manager, Alex Templar, reported that the first year was a learning year and the budget may have been overzealous in the revenue targets. As the revenue slowed throughout the summer, they shaved down expenses. Commissioner Kiedaisch commented that the labor was significantly higher than prior years with little growth in revenue which doesn't report well. Moving on to Snowmaking, GM Goddard reported there have 136 hours of snowmaking this season using 27 million gallons of water. The short/mid-term forecast is not favorable but he is confident to open with Pistol, Ramrod, Penny lifts and the Learning Center carpet with at least 6 trails.

Food and Beverage - A written report was not included in the meeting materials but will become part of the management reports beginning in December. Finance Director, Cathy White, gave an update on the POS programming and product development. She reported that they will be ready for opening but will need to continue working through the backend setups for several months after opening to complete the transition. Commissioner Kiedaisch asked for the sales and marketing plan for F&B. Marketing and Sales Director, Mike Roth, acknowledged it was a priority for his team to promote guest utilization and that there are positive changes that guests will be happy to see with expanded seating and bag storage. Cathy added that management is actively working to show a difference to the guest with Gunstock now managing the food service. Commissioner Gallagher said the Gunstock website is still showing that we are partners with Centerplate, and Mike said he would correct that. Discussion ensued about ways to improve the guest experience and financial results of the Food & Beverage operation.

GUNSTOCK AREA COMMISSION MEETING

November 20, 2019 AT 6:00 PM

Lakes Region Adaptive Sports Center, Gunstock Mountain Resort

APPROVED MINUTES

Sales and Marketing - A written report was provided. Commissioner Kiedaisch asked for an update on season pass revenue and Cathy White responded that it was reported as deferred income. Commissioner Kiedaisch said that made it difficult to know precisely how well season pass sales are performing relative to budget. GM Goddard agreed and suggested sharing other sales reports in the GAC materials that management uses to monitor pass sales performance. Discussion continued around future reporting for season pass sales. Commissioner Kiedaish stated it was “turbo charged EBIDA” and encouraged Marketing to look for ways to continue to drive the season pass sales. Commissioner Gallagher asked how large of a delegation came to the Boston Ski Show. Marketing and Sales Director, Mike Roth, reported nine staff members worked the show and that the Gunstock booth was the talk of the show, with extensive lines to “spin the wheel” and other vendors talking about what’s happening at GMR. He reported 2,600 people came through the booth to “spin to win” and 40% of those people joined the email list. Mike reported they also had the ability to sell passes there at the show and sold 450 passes of various types over the course of the three days. Commissioner Gallagher asked for an update about sponsorships and Mike reported no further updates. Commissioner Kiedaisch mentioned that weddings are being promoted heavily now at other resorts and Mike followed up to explain Gunstock is already booking weddings for 2020 and moving ahead rapidly on that sales and marketing plan.

Facilities - A written report was provided. Commissioner Gallagher asked about negotiations with the window installer. Facility Operations Director, Patrick McGonagle, reported they are hesitant to get involved because the resort size is smaller than desired for sponsored partnership. He has been working solely with Granite State Glass but if they decline he will seek other vendors/sponsorships. Commissioner Kiedaisch passed around a photo of some stairs in the Main Lodge with safety tape that is worn off and torn. He asked to have it removed or repaired. Patrick noted the replacement of the stair treads was one of the deferred projects but before deferring it, he spoke to the manufacturer who said it was not a safety issue so had not planned to reface the safety tape. Commissioner Kiedaisch suggested removing it since it was unsightly so Patrick agreed to replace it for just the winter.

Human Resources - A written report was provided. Chairman Nix noted it was good to see the positive trend on hiring and asked how other resorts were fairing. HR Director, Becky LaPense, reported that Gunstock was an outlier in this trend and continues to enjoy a strong pipeline, in general.

General Manager - A written report was provided. There was extensive discussion about the LWCF Audit. Commissioner Gallagher asked how much money had been realized from the grants and GM Goddard reported none since the late 80’s but the historic total is in the range of \$500k. Commissioner Gallagher asked why he was recommending they contact LWCF prior to any future development and GM Goddard said it was to ensure there was no inadvertent conversion to non-compliant status. GM Goddard added that he was able to make contact with Senator Shaheen’s office and they had similar suggestions to the other three contacts he made but also suggested contacting the EPA through US DOT Build Grants. Chairman Nix noted the need for dedicated resources to grant writing to take full advantage of potential funds. He asked about the LWCF restrictions and if they are similar to conservation restrictions. GM Goddard said yes but the landowner has more flexibility so long as they get

GUNSTOCK AREA COMMISSION MEETING

November 20, 2019 AT 6:00 PM

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APPROVED MINUTES

consent from the holder of the easements. He noted the Alpine Ridge parcel is not subject to the LWCF restrictions because it wasn't part of the Gunstock property at the time of the grant approvals. However, if the Commission took advantage of new grant funds, this parcel will now be subject to those same restrictions.

Action Items

None

New Business

- a. *F&B Liquor Licensing* - Finance Director, Cathy White, distributed the affidavits for the liquor licensing requirements from the state of NH. All were signed by the Commissioners and notarized by GM Goddard.
- b. *2020 Proposed GAC Meeting Schedule* - The Commissioners reviewed the proposed meeting schedule but found extensive scheduling conflicts. Chairmain Nix asked each of the Commissioners to send him their conflicts and he will schedule the dates.
- c. *Biking Business Planning Update* - GM Goddard introduced two Gunstock Department Managers, Alex Templar and Sara Caveney, who have been researching the market for a bike park operation and were invited to present their preliminary findings and recommendations to the GAC for consideration. After much discussion, it was concluded that this effort will require a significant commitment of resources to make it profitable over a period of time. Management is supportive of the initiative and asked for the support of the GAC to continue its research and planning with the understanding that it will likely be part of the larger master plan. Chairman Nix noted the Master Plan is scheduled for review in 2020 so the timing is good. All Commissioners expressed support for continued research and planning.

Old Business

- a. *Executive Search* - Chairman Nix moved this discussion to the non-public session.
- b. *Study Committee: Gunstock Business Model* - Chairman Nix had noted that the legislative text has not been posted to the website yet. He asked Rep. Howard for a copy.
- c. *Weeks Proposal Update* - Nothing to report.
- d. *Doug Irving Memorial* - GM Goddard reported that a 501(c)(3) has been formed for the Live Like Doug Education Center and the group continues to work on the trail concepts. They are getting organized with a board and meetings have begun with the Town of Gilford and Gunstock Acres. Their next meeting is December 5th.
- e. *Grants and Other Funding Options* - GM Goddard said he plans to synthesize everything into one document to better understand the grants available and what the Commission would need to meet the application requirements, covenants and restrictions.
- f. *GM Titling: Legal Opinion* - Commissioner Gallagher noted that the statute gives the GAC the authority to hire these positions and was confused about why legal advice was requested. Chairman Nix noted that the correspondence was subject to attorney-client privilege and Commissioner Ness noted it should not be considered a legal opinion. Chairman Nix asked for a motion to waive the attorney-client privilege for discussion in the public meeting.

ACTION

GUNSTOCK AREA COMMISSION MEETING

November 20, 2019 AT 6:00 PM

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APPROVED MINUTES

- Motion:** Commissioner Gallagher made a motion to waive attorney-client privilege for discussion of the legal correspondence presented to the GAC.
- Second:** Commissioner Ness.
- Vote:** All in favor.

Chairman Nix opened discussion by stating the title of “president” is a defined term in the corporate statute but that if the title is the only thing changing, he doesn’t see any conflicts with the GAC By-Laws. Commissioner Gallagher asked to have the By-Laws added to the next meeting’s agenda suggesting several sections for discussion: GM/President title; Commissioner Oath of Office as he believe there may be a conflict with the existing statute and would like to tie the two pieces together; recording of minutes as he believes there may be a conflict with the current By-Laws with what is being posted on website. He offered to provide some draft language to start the revisions in December. Commissioner Kiedaisch asked again to format the agenda to allow for management to leave after the management reports. Chairman Nix noted that the order of the agenda allows for that but managers are welcome to stay until the meeting adjourns or moves into a non-public session.

Other Business

BCD Gunstock Subcommittee - Rep Howard noted he did not hear any discussion about Gunstock being a public recreation area and asked what was stopping people from coming to the mountain and riding the trails for free. GM Goddard acknowledged that was a major issue that would need to be addressed in any business plan for mountain biking.

Affiliated Agency Reports - Nothing to report.

GNA Ski Jumps - Nothing to report.

Correspondence

None.

Miscellaneous

None.

Public Comment

Bob Durfee said there was discussion about booking weddings and he would like to inform the Commission of some background. He recalled that the lack of air conditioning in the Main Lodge was one of the things that turned people away from booking their weddings at Gunstock. At the time, the estimate for installing air conditioning was over \$100k but that was several years ago. He suggested getting updated quotes to see how much that figure has changed or if any other lower-cost options are available.

GUNSTOCK AREA COMMISSION MEETING
November 20, 2019 AT 6:00 PM
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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:** Steve Nix - Yes
Russ Dumais - Yes
Brian Gallagher - Yes
Gary Kiedaisch - Yes
Peter Ness - Yes

The GAC went into non-public session at.

Adjourn

ACTION

- Motion:** Commissioner _____ made a motion to adjourn the GAC meeting at ____ PM.
- Second:** Commissioner _____.
- Vote:** All in favor.

Respectfully Submitted,

Gary Kiedaisch, Secretary
Gunstock Area Commission