

GUNSTOCK AREA COMMISSION MEETING

April 22, 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: Brian Gallagher, Russ Dumais, Bob Durfee, Gary Kiedaisch (by phone), Steve Nix

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

BDC: Rep. Howard, Rep. Sylvia

Public: Lorraine Sanborn (Gilford)

Chairman Durfee opened the public meeting at 6:01pm and asked General Manager, Greg Goddard, to explain the meeting protocol for members attending by phone. Commissioner Kiedaisch confirmed he was able to hear the meeting and that he was alone on his end of the phone.

Minutes

The minutes of the March 28, 2019 Gunstock Area Commission public meeting were reviewed. Chairman Durfee noted that Rep. Plummer was in attendance in the last meeting and should be added to the attendance.

ACTION

- Motion:** Commissioner Nix made a motion to approve the minutes as amended.
Second: Commissioner Dumais.
Vote: All in favor. Commissioner Gallagher abstained due to absence.

Minutes

The minutes of the March 28, 2019 Gunstock Area Commission non-public meeting were reviewed.

ACTION

- Motion:** Commissioner Nix made a motion to approve the minutes as presented.
Second: Commissioner Dumais.
Vote: All in favor. Commissioner Gallagher abstained due to absence.

ACTION

- Motion:** Commissioner Dumais made motion to seal the minutes of the non-public meeting due to the nature of the topic discussed.
Second: Commissioner Nix.
Vote: All in favor. Commissioner Gallagher abstained due to absence.

Correspondence - General Manager, Greg Goddard, shared an email from Fred Wernig of Gilford noting that it was incomplete but the intent of the email was to request that the

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Gunstock commissioners consider offering a more favorable ticket price for Belknap County residents compared with the general public. Commissioner Kiedaisch asked for some background to the issue and GM Goodard explained that GMR changed the season pass pricing structure about 12 years ago by lowering the rate for the general public, which was more in line with county pricing. He added that GMR continues to offer exclusive discounts to residents during Belknap County Days. He did not recommend revisiting the subject as it has been discussed many times over the years but agreed to provide a written response to Mr. Wernig. GM Goodard also announced that GMR has won the 2019 Business NH Magazine Reader's Poll for Best Ski Resort as well as Best Summer Attraction (second year in a row). Chairman Durfee suggested contacting local media to help spread the word and Commissioner Kiedaisch suggested highlighting these honors in new marketing materials.

Public Presentations - None.

Action Items

FY20 Operating Budget - GM Goodard opened the discussion with an overview of management's process for developing the annual operating budget. All materials were distributed in advance and reviewed in detail. The FY20 revenue targets are based on 165,000 skier visits, which is an average over the last eight years. There are targeted increases in the last two tiers of season pass pricing, as well as Buckaroo and Senior passes. This year's budget provides for annual wage increases which were suspended in FY19 because of the funding issues with the county. Management budgeted for an average of 2.5% for year-round and returning seasonal employees, which will be merit-based. All other wage increases are position-specific and driven by the competitive labor market or internal equity based on job responsibilities. The FY20 budget also addresses much of the repair and maintenance needs that were deferred because of last year's RAN funding issues. He reviewed the summary of the capital expenses and related projects. The operating budget also calls for a Revenue Anticipation Note of \$750k in the form of a line of credit to be paid in full by February 2020. After presenting the budget proposal, GM Goodard opened it up for discussion. Commissioner Gallagher asked management to explain how the FY20 operating budgets moves the resort toward financial independence from Belknap County. GM Goodard noted that there is an emphasis on driving top-line growth and improving efficiency, which is necessary for growing reserves. Commissioner Gallagher suggested reaching out to the NH Charitable Foundation, which funds non-profit grants for special projects, to find out if they would consider Gunstock as a recipient. Chairman Durfee asked how it would play into this year's budget and Commissioner Gallagher suggested the Children's Center may be able to receive funding from the program, which would free up funds in the operating budget for other projects or for reserves. GM Goodard agreed to follow up on the suggestion to find out if Gunstock is an eligible recipient. Commissioner Gallagher suggested making a concerted effort to research the feasibility of creating a Gunstock endowment fund. Discussion ensued around past efforts to secure grant funding and a path to move forward. "Grant and Funding Options" will be added to the May agenda of the GAC for further consideration. Commissioner Gallagher asked about the proposed wage increases and how the budget model was built without knowing how much would be expended for merit increases. GM Goodard said for salaried positions, merit increases occur during the individual's anniversary month and are

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based on a three-point evaluation scale ranging from 2%-3%. Because they are tied to performance reviews it is difficult to project exact numbers but the budget estimates total payroll increases to total just under \$200,000. Chairman Durfee noted that the proposed wage increase is very modest in relation to cost of living index. GM Goddard added that management will be watching summer revenues and cash flow very closely and will proactively adjust expense spending as needed. Commissioner Kiedaisch suggested having a “plan B” budget in case revenues are not in line with budget projections. He repeated his concern for the need for extensive brush cutting on the hill. Commissioner Nix said he was pleased with the work that went into the FY20 budget and applauded the management team for their efforts. Commissioner Kiedaisch said he believes guests will be excited when they hear about the improvements in store for next year. GM Goddard said that if management is able to execute the FY20 plan as presented, the projects for the following year will make a tremendous impact on the guest experience. Commissioner Gallagher asked for details about the volume of “complimentary” tickets that counted as skier visits. GM Goddard did not have that information readily available but agreed to provide those details in the May meeting. Commissioner Gallagher asked about the resort’s existing debt load and management’s thought on accelerated payments if cash flows are higher than planned. GM Goddard said it is possible but that interest rates are so low that he would prefer to have the money in the bank instead of covering debt. He noted Gunstock has not missed a payment on their debt since the 1980’s and sum totals continue to drop favorably. Commissioner Gallagher noted that last year’s RAN was not spent in its entirety and asked if management expects to use the full \$750k being requested for FY20. GM Goddard said yes and that the full amount was built into the cash flow plan. However, he has delayed submitting this year’s request for GAC approval until the FY19 fiscal year ends. Commissioner Gallagher said he would like to see the resort eventually move away from the need for a RAN in the future. Chairman Durfee said the nature of the business may always require a seasonal line of credit but the goal for the future would be to utilize reserve funds to cover it. Discussion ensued about P&L reporting and the need to see an increase in F&B revenues. Commissioner Nix requested that the Centerplate GM attend the next GAC meeting to discuss F&B initiatives.

ACTION

- Motion:** Commissioner Kiedaisch made motion to approve the FY20 Operating Budget as presented.
- Second:** Commissioner Nix.
- Vote:** All in favor.

GM Goddard noted that at the May meeting, they will have the finalized financial summaries for FY20, at which time management will submit the FY20 RAN request.

Written Reports

Financial Report - A written report was provided, no further discussion.

Marketing and Sales Report - A written report was provided. Commissioner Kiedaisch asked for an update on the pace of this year’s season pass sales. GM Goddard reported that the daily trend is positive and that roughly 60% of the total sales come in during the last few days of the month. Management is optimistic that the revenue goal will be achieved.

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Resort Services Report - A written report was provided, no further discussion.

Snowsports Report- A written report was provided. GM Goddard reported that he will ask Iwan Fuchs, Mountain Sports Director, present some of his ideas for next year at the May meeting.

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

Operations Report - A written report was provided. Commissioner Kiedaisch emphasized that the planned work for drainage on the mountain is very much appreciated.

General Manager's Report - A written report was provided. GM Goddard said he just received notice that the outstanding facility fee owed to Gunstock by Tough Mudder will be sent this week. It is 85% of what is completely owed but GM Goddard feels that it is in Gunstock's best interest to accept the offer of payment in light of current litigation and collections. Commissioner Gallagher added that he has also made an attempt to contact Rep. Huot but has not gotten a response either. He asked if one of the two state representatives present could speak with Rep. Huot at the BCD meeting on 4/23/19 to ask if he has received the request for comment.

New Business

Chairman Durfee asked Commissioner Nix to share his thoughts about how the GAC should approach a discussion with Centerplate. Commissioner Nix said he would like to get an understanding of how their operational plans will address the revenue needs as a matter for consideration during the contract renewals. GM Goddard suggested tabling the discussion for June or July after the GAC has had an opportunity to talk further about it. GM Goddard will make a recommendation for a timeline and meeting agenda and notify Centerplate of the GAC's intent. The contract with Centerplate is up for renewal October 31st and the options are either to renew or terminate; renegotiation of the contract is not an option at this stage.

Old Business

- a. *Historic Single Chair Project* - No further action has been taken.
- b. *GAC Website* -GM Goddard expects to present the final product at the May meeting. He suggested a sub-committee meeting in advance of the presentation to the GAC.
- c. *Study Committee-Gunstock Business Model* - No further action has been taken.
- d. *Doug Irving Memorial* - GM Goddard reported that he is meeting with Doug Irving's significant other, Debbie Irwin, and Dick Tapply to vet ideas. He will provide an update of their discussion in the May meeting of the GAC.

Other Business

BCD Gunstock Subcommittee - Rep. Howard reported the state budget is still in process and he is not optimistic that there will be much funding available for the parking lot project. However, he agreed to follow up with Rep. Huot as requested by Commissioner Gallagher.

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Affiliated Agency Reports - Facility Operations Director, Patrick McGonagle, attended the last BRATS meeting to reconfirm Gunstock's commitment to maintaining and improving the public hiking terrain.

GNA Ski Jumps - Commissioner Kiedaisch sent GNA follow up information about the steps needed in order to proceed on restoration efforts. He will re-connect with Lisa Kling when her work at Mount Washington is done in the late spring.

Miscellaneous - Chairman Durfee asked Commissioner Nix if he was still interested in scheduling a workshop to review the Master Plan concepts. Commissioner Nix agreed to coordinate the work and schedule of meetings.

Public Comment

Lorraine Sanborn of Gilford commented that the team who completed the brush cutting work last fall worked at an impressive pace. Patrick McGonagle, Facility Operations Director, said they cover 30 acres in one day. Ms. Sanborn said she was happy to hear about the new chair pads and said the attendants should be more careful when removing the ice/snow and avoid using objects that damage the pads.

Adjourn

ACTION

Motion: Commissioner Dumais made a motion to adjourn the public meeting of the GAC at 8:29pm.

Second: Commissioner Nix.

Vote: All in favor.

Respectfully Submitted,
Brian Gallagher, Secretary
Gunstock Area Commission