

## **GOFERR Stakeholder Advisory Board**

### **Presentations**

Tuesday May 19, 2020

1:00 pm

- a. **NH Lodging and Restaurants Association**, Mike Somers, President/CEO  
(Page 2)
- b. **Path Resorts**, Justin Cutillo, Vice President (Page 8)
- c. **Tuscan Brands**, Joseph P. Faro, Principle, (Page 15)
- d. **NH Attractions and Ski Areas**, Jessyca Keeler, President Ski NH  
(Page 20)
- e. **Labelle Winery and Event Center**, Amy Labelle, Owner (Page 33)

## **Guidelines for Written Comments to the GOFERR Stakeholder Advisory Board**

Thank you for agreeing to provide information to assist the GOFERR Stakeholder Advisory Board ("SAB"). Your contribution is critically important to allow the SAB perform its purpose of developing recommendations to the GOFERR for the allocation and expenditure of federal Covid-19 emergency funds to address fundamental needs of the State of New Hampshire.

Because the Covid-19 crisis has impacted almost everyone and every institution across New Hampshire, SAB expects to gather a substantial amount of information from many sources. In order to accomplish this task effectively and efficiently, SAB requests that all persons who submit information (including those persons who are scheduled to provide oral comments before a SAB meeting) please follow these guidelines.

The SAB is hopeful that many interested persons will submit information and ideas on how the State can best allocate federal emergency relief funds. We plan to read all comments, and for those who make oral presentations to the SAB, we intend to ask questions based on the written submissions.

There is no particular format for the comments, and but we request that you focus your comments as efficiently as possible, and try to limit the number of pages to less than 10.

In order to help the SAB members to the greatest extent possible, we request that you try to address each of the information items listed below. The SAB members have identified these information items as highly relevant to their overall task. While some commenters are likely to provide additional information, and others may not be able to address each item, we request that you try to address the following items in your submission:

- (1) Please identify your position and your organization.

Mike Somers – President & CEO, New Hampshire Lodging & Restaurant Association

- (2) Please identify what economic sector your enterprise operates within.

Hospitality and tourism industry.

- (3) Please describe how your enterprise and economic sector has been impacted by Covid-19.

The hospitality industry will lose an estimated \$800 M in sales between March, April and May - which will result in a loss in Meals & Rentals tax of more than \$70M. These numbers are supported by preliminary tax data from DRA that M&R tax for March was down \$11.8M or 43%. If you recall, we were closed for half of March - and March is the slowest month of the three. April and May will likely be down 90%.

We usually employ about 70,000 people in our industry and due to the mandated closures we have been forced to lay off more than half our workforce.

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- (4) Please provide an assessment of how you project your organization and economic sector will be impacted over the next 12 months by Covid-19.

We anticipate that our industry will be opened in phases on a timeline that is unclear to us at this time. As deadlines continue to be pushed back, this will restrict our ability to generate enough sales to sustain businesses. Even after the restrictions are eased the continued limitations will make it impossible for businesses to survive over any extended period – our industry profit margins are historically in the 3-5% range and operating with even minimal restrictions will mean that businesses continue losing less money. We anticipate that consumer confidence will be slow to return and we will need to reassure them that our operational mitigation efforts are effective. Restaurants will likely come back more quickly than lodging with the possibility that business could return to a somewhat normal level in the fourth quarter – lodging will likely be further out. Business travel will likely be restricted for the near future and leisure travelers may not come back in normal numbers until next Spring or Summer. Most businesses will run out of reserves and access to capital in the next 30-60 days and a significant allocation of support will be required.

- (5) Please explain whether your enterprise or economic sector has or is receiving, or may possibly receive in the future, any other governmental support (federal, state or local) or charitable funds specifically intended to help address Covid-19 impacts; and explain whether the identified need might be covered by other governmental or charitable sources of funding or support programs.

The PPP program has been accessed by 8.9% of our industry – most funds went to the largest groups and larger industries as I am sure you have heard in the news. There are also structural challenges within the PPP – 75% of the funds must be spent on payroll and benefits within an 8 week window that starts as soon as funds are received and all funds must be expended by June 30. With our businesses closed we are essentially being asked to pay unemployment as a pass-through and, for the privilege of doing so, we are charged 1% interest on the borrowed monies. The remaining 25% can only be spent on rent, mortgage interest and utilities which leaves an awful lot of expenses unpaid or deferred – but all those expenses will come due soon. The inflexibility in PPP does not really help businesses – if greater flexibility was allowed such as eliminating the arbitrary percentages, extending the 8 weeks to 12 weeks and eliminating the June 30 deadline the program would be significantly more helpful.

EIDL Loans are supposedly available as well but to date I have not heard of one business receiving funds. This program ran out of funds almost immediately and the additional funds that have been added will run out quickly. Most businesses I have spoken to have filed for this program so there will be a serious shortfall in funding. It is also worth noting that if a company is lucky enough to receive both funding streams, the EIDL amount is taken off the gross amount of the PPP so the funding is essentially limited to 2 ½ months worth of payroll. Other expenses that are not covered

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are insurances, property taxes, CAMS to landlords etc. And these businesses will need access to capital to open their doors – most food and beverages have been returned or disposed of due to spoilage – and this will be a sizeable amount for each business.

- (6) Please provide comments on one or more ideas on how some portion of public relief funds could be provided to your enterprise and economic sector (including, if possible, an estimate of the amount of funds), and please comment on how these ideas would achieve the following important public goals:

- (a) The funds will serve a public use and provide a public benefit.

The state relies heavily on the Meals & Rentals tax and if the majority of hospitality businesses don't survive this catastrophe, then tax receipts will drop significantly. Local municipalities rely on real estate taxes and even a small percentage of defaults will cause havoc. And if they fail, the business taxes that these businesses will no longer pay will compound the problem for the state and for local municipalities.

- (b) The funds will preserve or increase the social welfare or economic prosperity of the state, and will promote the general welfare of the state's citizens.

Again, the state relies heavily on the Meals & Rentals tax and without that revenue there will be significant constraints on state spending in many critical areas. As importantly, it is worth recognizing the important role that restaurants and hotels play in our communities – they are places that we celebrate special occasions, enjoy family vacations and spend time with family and friends. These businesses also give back a substantial amount of money, food and more to charitable causes in their communities and the damage that has been done will be felt for quite some time. An important point to consider is that if we do not save these businesses there will be an increase in real estate tax defaults which will impact local municipalities – and for some towns, it will do incredible damage.

- (c) The funds will promote the orderly development of economic and social activities, create or preserve employment opportunities, or protect the physical environment.

Without healthy, functioning businesses in our sector the state stands to lose some portion of the \$360M in meals and rentals tax that we contribute – for March, April and May it will be roughly \$70M or almost 20% for calendar 2020. Business closure will lead to a significant number of jobs lost permanently that will continue to stress our Employment Security fund and put additional pressure on support services and programs that will be unsustainable.

- (e) The funds will contribute significantly to the continued operation, competitiveness and future success of the organization and the economic sector, and will enhance the resiliency of the organization to survive future economic or health challenges.

Without a significant and sustained injection of aid for the hospitality and tourism industry (we have asked for roughly \$700M) there will be significant losses. And the longer the shut down

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continues the more businesses we will lose. Beyond just financial support the industry will need a large and focused marketing campaign from the state to reassure consumers that dining out, staying in hotels and enjoying tourist attractions is safe. Individual businesses will not have the wherewithal after this crisis to mount any sort of significant marketing campaign.

- (f) The use of funds is not in conflict with local or regional development plans and policies, or any other provision of state or federal law.

Not to my knowledge – if fact just the opposite, without this assistance, there will need to be a lot of economic development to try to make up the losses that communities will see.

- (g) The funds are structured in a way that will help the community and the State at large, and not just the particular private business or organization.

This will be about saving an industry! It has been suggested by industry representatives to the GOFERR Committee that funds should be in the form of zero interest Business Finance Authority loans with some portion of the loans forgiven. The ripple effect of not bailing out this industry in a sizeable way will have a huge and negative effect on New Hampshire.

- (h) The use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.

While this is true, please understand that the support will need to be sizeable and provide relief through the fall in order for businesses to get through a phased reopening and the resulting constraint on business and the slow return of business that we are expecting.

- (6) Please describe how the receipt and use of the public relief funds described in question 6 could be accounted for in your organization's financial statements.

Speaking for the industry it is hard to make a blanket statement, but would anticipate that this is best decided and managed by the authority dispersing the funds.

- (7) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.

Again – this should be decided and managed by the authority that disperses funds.

- (8) Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.

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The Division of Travel and Tourism will be of great importance as they craft and promote a message supporting the industry. Historically their mandate has been to entice visitors to visit NH, but as we work our way out of the shut down we will need a great deal of their help to reassure consumers that it is safe to eat out and stay in lodging properties. Businesses will have little to no resources left for marketing and the state will need to fill that void.

- (9) What would your business, agency, organization, sector do with the funds that cannot be done currently?

Survive this crisis – many have received no financial relief and are depleting reserves and equity trying to survive. The smallest businesses are hardest hit as they have limited access to capital in order to bridge the shutdown.

- (10) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?

There are a lot of people are saying that our industry has been 'hard hit' but that doesn't begin to describe the devastation that the shut down has caused. Our industry is a cash flow business and when the industry shuts down like this the results will be horrible and widespread if not propped up to get to the other side. And with so little of the Federal bailout money getting to the smallest businesses, and so little of it getting to this industry, owners are running out of options. I can't tell you how many people have called me in tears or almost in tears because they don't see a way to keep their business alive to get to the other side. The work of this committee truly has lives in the balance and I implore you to act quickly and decisively to save small businesses in New Hampshire.

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- (1) Please identify your position and your organization.
  - a. Co-president and Owner, Path Resorts (Steele Hill Resorts, Summit Resort, Center Harbor Inn)
- (2) Please identify what economic sector your enterprise operates within.
  - a. Hotels and Resorts – Provider of Rental Accommodations
  - b. Restaurant and Functions (weddings)
- (3) Please describe how your enterprise and economic sector has been impacted by Covid-19.
  - a. As you know, the required restrictions on non-essential travel to combat the spread of the coronavirus had an immediate and dire impact on the hospitality industry. The hotel and restaurant industries have been the hardest hit sectors during the pandemic.
- (4) Please provide an assessment of how you project your organization and economic sector will be impacted over the next 12 months by Covid-19.
  - a. Based on current advanced deposits compared to budgets, we see hard evidence of a 60% down turn in rental business. This does not take into consideration future cancellations, extended mandated restrictions or the potential effect of a second

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wave of Covid-19 in the fall/winter season. Current advisories recommending a 14 day quarantine of Massachusetts residents visiting New Hampshire and restrictions on gathering size are likely to gut revenues for our properties. Likewise, our amenity rich properties will not be able to leverage the advantages of their offerings while forced to carry the significant costs.

- (5) Please explain whether your enterprise or economic sector has or is receiving, or may possibly receive in the future, any other governmental support (federal, state or local) or charitable funds specifically intended to help address Covid-19 impacts; and explain whether the identified need might be covered by other governmental or charitable sources of funding or support programs.
- a. Our Hotels and destination resorts require a large number of employees to service operations. Despite carrying the full staff for 2 additional weeks after mandated closure, we were forced to furlough the majority of our employees to stay solvent. In turn, furloughed employees applied for unemployment in large numbers. Our organization applied for the Payroll Protection Program to attempt to fill this gap, but under the terms of the loans we were required to bring back staff and incur payrolls immediately after originating the loans and continue to carry the appropriate headcount for several weeks beyond the forgiveness period to then apply for forgiveness. With hotels mandated to restrict non-essential stays and potential revenues at historical lows even under a relaxation of these mandates, the additional expense would likely outweigh the forgiveness of funds. The Governor addressed this issue in a letter to congress on behalf of the restaurant industry and the same logic applies to hotel operations. Furthermore, the federally boosted payouts on unemployment from the CARES Act coupled with extended and relaxed eligibility requirements make the prospect of reactivating employees exceedingly difficult. New Hampshire will need to formally clarify that bringing back an employee removes them from further unemployment benefits eligibility and enforce this policy to ensure the hospitality industry and all other industries can re-staff. Of our three companies, our current plan is to have two of them fully return the funds from the PPP loans unless the SBA alters the terms of the forgiveness policy. We have also applied for EIDL Loans and have yet to receive additional information or term sheets. Currently the advances from these loans will count as a reduction in forgiveness for the PPP loans.

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- (a) The funds will serve a public use and provide a public benefit.
  - (b) The funds will preserve or increase the social welfare or economic prosperity of the state, and will promote the general welfare of the state's citizens.
  - (c) The funds will promote the orderly development of economic and social activities, create or preserve employment opportunities, or protect the physical environment.
  - (e) The funds will contribute significantly to the continued operation, competitiveness and future success of the organization and the economic sector, and will enhance the resiliency of the organization to survive future economic or health challenges.
  - (f) The use of funds is not in conflict with local or regional development plans and policies, or any other provision of state or federal law.
  - (g) The funds are structured in a way that will help the community and the State at large, and not just the particular private business or organization.
  - (h) The use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.
1. Stimulus will need to provide a lifeline to even the state's best managed hospitality organizations. Targeted, proportionate and measurable relief efforts are critical to sustaining the hospitality industry in New Hampshire. These organization provide a tremendous amount of jobs for the local economy, incur large utility expenses and generate significant tax contributions to their towns. Furthermore, we understand that stimulus funds provided to the state by recent federal action is prohibited from directly supplementing budget shortfalls for municipalities. Hotels and resorts are an attractive target to provide pass through benefits to their abundant employee base, utility providers and host towns. As an organization, we urge the state to consider the following suggestions:
- **Grants for Property Taxes and Utilities:** Other than payroll, property taxes and utility expenses are the primary threats to the solvency of Hotels and Lodging providers. Grants to cover or offset these costs would help ensure the survival of the hospitality industry during the pandemic.

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- **Rooms and Meals Grant:** Provide a stimulus grant equivalent to the Rooms and Meals tax payments for the corresponding quarter of 2019 for any Hotels and Lodging providers whose operations have been partially suspended as a result of government order limiting stays or who have experienced more than a 50% reduction in quarterly receipts measured on a year-over-year basis relative to the corresponding 2019 quarter, with eligible quarters continuing until after there is a quarter in which receipts are greater than 80% of receipts for the corresponding 2019 quarter. This suggestion is directly modeled on the employee retention credit provided in the CARES Act. At 9% the money is roughly equivalent to average utility payments as a percentage of gross revenue for hotels in the northeast.
- **Emphasis on Income approach for Property Assessment:** With revenues significantly reduced due to travel restriction and safety concerns, property assessments derived from cost approach models or comparable property sales from prior to the pandemic will overvalue hotels. Government guidance on using the income approach for property tax assessments will provide significant and proportionate relief on hospitality properties suffering due to the pandemic.
- **PPE Subsidization:** As the state begins to provide guidance on operating procedures for different industries, it is likely this guidance will include use of some PPE for frontline workers including housekeepers, maintenance technicians and desk staff. Subsidies to offset the additional cost of this equipment would offer tangible relief from one of the new expenses created by pandemic safety concerns.
- **Indemnification of Covid-19 Related Liability:** Liability insurance policies for lodging providers are adding specific exclusions for any Covid-19 related liability. This opens companies up to significant lawsuits for highly uncontrollable circumstances. Providing indemnity for Covid-19 related lawsuits would help prevent

### **Use and Distribution of Funds**

We recommend partnering with the New Hampshire Business Finance Authority to manage the underwriting, distribution and forgiveness criteria for the funds. This organization has a track record acting as an unbiased third party in fostering economic development and job creation. They currently manage programs that incorporate both direct lending similar to the EIDL loans as well as lending facilitated through banking partnerships akin to the Payroll Protection Program with the SBA. The BFA would likely need to work closely with the state for any forgiveness criteria related to comparable rooms and meals tax receipts.

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  - a. These funds should be set aside in a separate account and used specifically for the one for one expenses they offset. These targeted suggestions would offer a very clean and reliable way to ensure an efficient use of public funds. On the financial tracking side, we recommend the funds are treated similarly to the loan forgiveness as outlined in the in the Payroll Protection Program (ie loan forgiveness without the tax obligation to recognize the funds as income).
- (7) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.
  - a. A public record of which organization received these funds would be fitting for fiduciary tracking. Please see comments in previous answer for additional details and suggestions.
- (8) Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.
  - a. Utility companies and local municipalities are the two major sectors that tie in with hospitality operations. Beyond these direct relationships offering funds to support providers of attractions such as ski areas, amusement parks and tour providers will go a long way towards sustaining the hospitality industry at large.
- (9) What would your business, agency, organization, sector do with the funds that cannot be done currently?
  - a. Pay utility expenses which are currently being deferred and offset property taxes under conditions where we are generating a fraction of our previous revenues. These targeted actions will help ensure hotels get back on their feet and bring back employees to help reboot their operations.
- (10) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?
  - a. Advocating to adjust the forgiveness terms on the PPP loans for hotels as suggested by the Governor for the restaurant industry would be extremely beneficial. The forgiveness period should be initiated 3 months after hotels are allowed to open and operate at full capacity. Setting clear dates on when certain restriction will be lifted would allow for appropriate planning. For example, group size limitations for

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weddings require rescheduling with appropriate notice. Although we know this is difficult, erring on conservative predetermined dates that could be rolled back under improving conditions is likely better than fluid scheduling.

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Joseph P. Faro / Principle Tuscan Brands
- (2) Please identify what economic sector your enterprise operates within.  
Hospitality/ Food and Beverage
- (3) Please describe how your enterprise and economic sector has been impacted by Covid-19.  
Our restaurants are closed for dine in business and are limited to take out only, which is approximately a 90% reduction in revenue
- (4) Please provide an assessment of how you project your organization and economic sector will be impacted over the next 12 months by Covid-19.  
We believe that our revenues will be impacted approximately 35-50%. First, social distancing regulations will dramatically reduce dining room capacities in our restaurants and Bar seating is not going to be allowed. In addition, approximately 25% of our business is Private dining or event driven business, which we anticipate will be drastically reduced as large gatherings are not considered acceptable social distancing.

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Based on these severe revenue reductions and our overhead being a constant, my Company will struggle to be profitable.

- (5) Please explain whether your enterprise or economic sector has or is receiving, or may possibly receive in the future, any other governmental support (federal, state or local) or charitable funds specifically intended to help address Covid-19 impacts; and explain whether the identified need might be covered by other governmental or charitable sources of funding or support programs.

We have qualified for a PPP Loan to cover 8 weeks of Payroll and associated overhead costs, but this is no where near enough to cover the long term effects of the Covid 19 "new normal"

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  - (f) The use of funds is not in conflict with local or regional development plans and policies, or any other provision of state or federal law.
  - (g) The funds are structured in a way that will help the community and the State at large, and not just the particular private business or organization.
  - (h) The use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.  
I think the funds will be necessary to supplement the operating results of the next 12-18 months Max. That is my estimate of the economic impact of this Pandemic event to my company.
- (7) Please describe how the receipt and use of the public relief funds described in question 6 could be accounted for in your organization's financial statements.  
We could create a separate line item for a period of time and classify said funds as COVID 19 relief funds"
- (8) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.  
We could state our revenues vs last year same period and the associated relief funds correlating to the same period

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(9) Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.

(10) What would your business, agency, organization, sector do with the funds that cannot be done currently?

**Fund ongoing operations**

(11) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?

**NH Small business is at risk. Not just the Hospitality sector. Choices were made in the attempt to slow the spread of this pandemic that were completely out of our control and have affected small business owners in a tremendously negative way.**

**We are all going to need to band together to protect NHs great economic future.**

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**Guidelines for Written Comments to the Governor's Office for  
Emergency Relief and Recovery Stakeholder Advisory Board  
- New Hampshire Attractions and Ski Areas -**

- (1) Please identify your position and your organization.

New Hampshire's Attraction industry is not represented by one organization but supported by the work of regional marketing and advocacy associations like Ski New Hampshire, White Mountains Attractions Association and the Lakes Region Tourism Association. These associations work to promote the State of New Hampshire and our attractions as New England's most desirable vacation destination by differentiating it from the competition through advertising, literature, public relations and advocacy.

This testimony was written by Jessyca Keeler, President of Ski New Hampshire, Charyl Reardon, the President of the White Mountains Attractions Association, and Amy Landers, the Executive Director of the Lakes Region Tourism Association. Our testimony is based on a survey of our members as well as input from industry leaders all who reported disruptions from COVID-19. *See Appendix A for list of Attractions.*

- (2) Please identify what economic sector your enterprise operates within.

Travel and tourism to New Hampshire is vital to the state's economy. According to the State of New Hampshire's Travel Impact report for 2019, visitors to NH spent \$5.6 billion and created 35,700 travel-related jobs. The viability of our local economies is due to sustainable tourism businesses like our Attractions, which support the lodging and restaurant industry. Many of these businesses are family-owned, small businesses which offer good jobs for local residents and support the economy of our communities and the State of New Hampshire.

Additionally, New Hampshire's Attractions have been entertaining families for many decades. The Attractions industry, including but not limited to ski areas, theme parks, amusement parks, water parks, family entertainment centers, zoos, aquariums, museums, science centers, and other entertainment and cultural activities, is comprised of public and private entertainment businesses that contribute to the attraction of visitors to the state of New Hampshire and support the long-term sustainability of many New Hampshire communities.

- (3) Please describe how your enterprise and economic sector has been impacted by Covid-19.

As a result of Covid-19, our Ski Areas were compelled to end their season in early March resulting in a dramatic drop in revenues, not only due to a lack of ticket or other on-site sales, but also in large part due to the effective shut-down of the important season pass selling period (for next season's passes) that takes place typically between March and May. This prolonged closure into the spring and early summer months has had a devastating effect: a rough estimate of the loss of sales for March, April, and May is in the neighborhood of \$60 million.

Furthermore, given the need for businesses to follow New Hampshire state guidelines and restrictions related to reopening that are expected to be released soon, and being mindful that many consumers will be hesitant to visit attractions over the coming summer season through October 31, the attractions industry estimates that it stands to lose an additional \$50 million. If similar modifications are necessary into the winter season, the industry would face additional losses of over \$50 million.

(4) Please provide an assessment of how you project your organization and economic sector will be impacted over the next 12 months by Covid-19.

Background: Many Attractions are seasonal businesses. New Hampshire's summer Attractions typically open at the end of May and begin their season in earnest at the end of June. Their season continues through Labor Day - basically just 2 months of 7-days-a-week operations (weather permitting). From the first weekend of September, attractions are generally open for weekends only through Columbus Day. Ski Areas typically open at the end of November or in early-to-mid-December and continue daily through late March or early-to-mid-April.

As you know, the unprecedented public health crisis we're facing right now has suspended travel and put the attractions, tourism businesses, and workers who rely on visitor spending in dire straits. These tourism businesses and communities are losing and expect to lose substantial revenues that cannot be recaptured as a result of these closures and modified summer operations. As indicated in question 3, the Attractions industry could lose over \$100 million from March-October. And in addition to the loss of admission sales, many Attractions who host events, conferences and weddings have made the conscious decision to postpone or cancel these types of social gatherings.

(5) Please explain whether your enterprise or economic sector has or is receiving, or may possibly receive in the future, any other governmental support (federal, state or local) or charitable funds specifically intended to help address Covid-19 impacts; and

explain whether the identified need might be covered by other governmental or charitable sources of funding or support programs.

Some of the Attractions have applied and a few have received Payroll Protection Program loans but due to the current Stay at Home orders and restrictions outlined in that program the monies have not supported the attractions as needed. Some have also applied for Emergency Injury Disaster Loans to help cover losses. A few of our Attractions operate as nonprofits and may be eligible for certain charitable funds or those specifically earmarked by the government for nonprofit organizations.

We are seeking \$5 million in GOFFER relief funds not to recover any loss of revenues or to cover common operational costs but to aid the Attractions in retrofitting their business with the necessary PPE, plexiglass guards for point of sale and point of contact areas, to increase sanitation stations throughout the premise and additional Covid-19 modifications required; all which are needed to properly safeguard their employees and visitors. Note: this request is to support the attractions/ski areas seeking to get open now for the summer season, additional money could be requested and needed to address winter operations for these same attractions/ski areas in the future.

(6) Please provide comments on one or more ideas on how some portion of public relief funds could be provided to your enterprise and economic sector (including, if possible, an estimate of the amount of funds), and please comment on how these ideas would achieve the following important public goals:

(a) The funds will serve a public use and provide a public benefit.

Attractions throughout the state are a primary economic driver in many of the towns and regions in which they operate. They employ thousands of people in these regions including adults, college students, and high school workers. They are often the businesses that give rise to the growth of secondary businesses such as hotels and restaurants in those areas, along with a myriad of other businesses and services that enjoy the indirect and induced effects of visitation to those attractions. By helping these businesses cover the unanticipated costs of retrofitting their operations as required for public safety under new anticipated guidance, this will help them open and stay open in a safe manner that protects employees and guests, and also ensures that other businesses in the community will reap the benefits of their being safely open.

Getting Attractions safely opened also has an impact on the Rooms & Meals tax. Many attractions pay this tax, but as they draw in people who are in turn looking

for places to eat and stay as part of their travel experience, those lodging and restaurant properties will be paying those taxes back to the state.

(b) The funds will preserve or increase the social welfare or economic prosperity of the state, and will promote the general welfare of the state's citizens.

Tourism is the second largest industry in the State of New Hampshire, and the state's attractions are a major source of visitation to the state. Attractions also employ thousands of people, particularly in rural areas that are economically vulnerable. By providing a fund to cover the health, safety and sanitation-related operational changes that these attractions will need to implement in order to open, we are accomplishing several goals:

1. The attractions can open safely and responsibly for guests and employees alike, following the guidance set forth by the Governor's Economic Reopening Task Force, and can provide controlled environments in which people can recreate, thereby reducing traffic and strain on places like state parks and other public places;
2. The funding will help businesses that have been hard hit already by the pandemic or expect to operate at significantly lower levels this summer than budgeted (50% is considered optimistic by many at this point) by keeping that money in their pockets to use towards operational costs and keeping people employed;
3. By being open safely and responsibly, the attractions will begin to welcome more people who will also spend money at other hard-hit businesses in their regions such as restaurants, lodging properties, retail shops, etc.;
4. The more open the attractions and local businesses are to guests, the more tax revenue will be generated for the State of New Hampshire.

(c) The funds will promote the orderly development of economic and social activities, create or preserve employment opportunities, or protect the physical environment.

By their nature, attractions have infrastructure which can be set up in such a way as to promote a controlled environment in which traffic flow is directed, thereby reducing the risks of contamination amongst guests. The funding we propose would include expenses that help deal with the management of guest traffic. We anticipate, for example, that all attractions will need to heavily invest in new

signage related to sanitization and physical distancing of guests; the signage need in itself will have the direct effect of providing business to sign shops throughout the state. Additionally, given the need to ensure a regularly cleaned and sanitized environment at the attractions, we anticipate that additional cleaning staff would be hired at many locations, and the needs for cleaning equipment and other types of protective and cleaning equipment would also help businesses that supply those items.

(e) The funds will contribute significantly to the continued operation, competitiveness and future success of the organization and the economic sector, and will enhance the resiliency of the organization to survive future economic or health challenges.

Without implementing the enhanced protective and sanitization measures recommended in the guidance for the reopening of attractions, not only is it likely that many employees will refuse to return to work for fear of contamination, but guests are also not likely to patronize these locations if they don't have confidence in the efforts of the attraction to take every possible measure to keep the place as clean and germ-free as possible. Without guests and employees, these businesses fail, and if they fail, those local businesses that rely on their success will also suffer. By providing a fund to help attractions cover the unbudgeted expenses related to preventing the spread of disease, attractions will be set up to weather potential future disease outbreaks.

(f) The use of funds is not in conflict with local or regional development plans and policies, or any other provision of state or federal law.

Our organizations (Ski New Hampshire, White Mountains Area Attractions, and Lakes Region Tourism Association) would not be the direct recipients of the funds. Rather, we are currently having dialog with both the Business Finance Authority ("BFA") and the NH Alliance of Regional Development Corporations (the "RDCs") about structuring an Attractions fund to which our members could apply for monies to help cover the unanticipated costs of retrofitting their properties for additional safety and sanitation due to the pandemic.

We are not aware of any conflict with local or regional development plans and policies or of other provisions of state or federal law that would preclude the establishment of such an Attractions fund.

(g) The funds are structured in a way that will help the community and the State at large, and not just the particular private business or organization.

The three organizations working together on this proposal seek to support a particular segment within the travel and tourism industry, that of Attractions as outlined in Question 2, many of which are located north of Concord, but some of which are also located along the seacoast and other points south of the capitol. By helping the state's Attractions in their efforts to reopen under very different-than-expected circumstances, this fund will in turn not only help those businesses with access to the fund, but also they will indirectly affect other local businesses and the communities at large where they operate.

(h) The use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.

The relief funds will be limited to aiding Attractions with those one-time costs related to implementing the safety measures necessary to ensure the welfare of employees and visitors. These are costs that businesses had not previously expected or budgeted for to begin operations. Recurring costs related to these new procedures should either be included in the fund application as upfront costs for this budget year by the business or added to next year's budget as a planned expense.

(7) Please describe how the receipt and use of the public relief funds described in question 6 could be accounted for in your organization's financial statements.

Each Attraction that receives funds would be required to establish a system for tracking the use of these funds that is approved by the granting or lending organization and be prepared to report upon request how the funds were spent.

(8) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.

As noted in Question 7, Attractions will be required to establish a tracking system for expenses covered by the relief funds by the granting or lending institution, which we propose to be either the BFA or the RDCs, who have the experience to develop such disbursement programs. Attractions will be required to keep receipts for submission upon request by the lending or granting institution as well.

All applications, receipts and reimbursements will be documented and available for review by the State as well.

(9) Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.

As mentioned earlier, New Hampshire's attractions are a key contributor to the success of the Travel and Tourism industry for the State of New Hampshire. The prosperity of the tourism industry is also impacted by several other sectors including lodging, restaurants, campgrounds, retail, marinas, and many more.

Other Tourism related organizations who have sought support through the GOFFER Advisory Boards include:

- ☐ The New Hampshire Lodging and Restaurant Association
- ☐ Leaders in the Arts and Culture sector
- ☐ The New Hampshire Retail Association

The Travel and Tourism industry is a close knit group and through the hardest or easiest of times, we have all continued to work together to protect this important asset for the State of New Hampshire.

(10) What would your business, agency, organization, sector do with the funds that cannot be done currently?

Our intention is to create a fund that will help Attractions cover the unanticipated costs to retrofit their businesses with the safety, sanitization and other items needed to comply with anticipated reopening guidance designed to protect the health and safety of employees and guests. The PPP loans that many attractions applied for are meant to assist with costs related to payroll and certain overhead expenses only, and many are worried about the potential for loan forgiveness at this time.

(11) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?

\* \* \* \* \*

SAB anticipates that its members will be reaching out to diverse interests and persons to request submission of comments, and we thank you in advance for considering these requests. We are all in this together, New Hampshire!

Please check the GOFERR website for current information on how to submit comments. All recommendations and information submitted in response to this request will be available for public inspection and copying in their entirety. For further information, please contact Joe Doiron at the GOFERR offices.

**Appendix A - List of Attractions and Ski Areas Represented by Ski New Hampshire, White Mountains  
Attractions Association and the Lakes Region Tourism Association**

<b>Business Name</b>	<b>Type of Business</b>
Abenaki Ski Area	Ski area
Alpine Adventures	Attraction
Altitude Trampoline Park	Attraction
American Classic Arcade Museum	Attraction
Atlas PyroVision Entertainment Group, Inc.	Attraction
Attitash Mountain Resort	Attraction
Bear Notch Ski Touring Center	Ski Area (XC)
Belknap Mill	Attraction
Black Mountain	Ski Area
Bretton Woods & Bretton Woods Nordic Center	Attraction
Candia Springs Adventure Park	Attraction
Cannon Mountain (+Tramway, Flume Gorge) (note: state owned park)	Ski Area/Attraction
Canterbury Shaker Village	Attraction
Castle in the Clouds	Attraction
Clark House Museum	Attraction
Clark's Trading Post	Attraction
Cranmore Mountain Resort	Ski Area/Attraction
Conway Scenic Railroad	Attraction
Dartmouth Skiway & XC Center (note: owned by university)	Ski Area
Dexter's Inn Trails by Norsk	Ski Area (XC)
Eastman Cross-Country	Ski Area (XC)
Escape Room Concord New Hampshire	Attraction

Escape Room Experience, The	Attraction
Flying Monkey Movie House + Performance Center	Attraction
Funspot	Attraction
Great Waters	Attraction
Gunstock Mountain Resort	Ski Area/Attraction
Haunting Whisper Vineyards	Attraction
Heritage Farm Pancake House	Attraction
Highland Mountain Bike Park	Attraction
Hobo Railroad	Attraction
Interlakes Summer Theatre	Attraction
Jackson Ski Touring Center	Ski Area (XC)
Joyce Endee Arts & Crafts Shows & Festivals	Attraction
Jump N Joy LLC	Attraction
Kellerhaus	Attraction
Laconia Historical + Museum Society	attraction
Lake Sunapee Cruises	Cruises & Boat Tours
Lake Winnepesaukee Boat Tours	Cruises & Boat Tours
Lake Winnepesaukee Sailing Association	Water Sports
Loon Preservation Committee	Attraction
Loon Mountain Resort	Ski Area/Attraction
Lost River Gorge & Boulder Caves	Attraction
M/S Mount Washington	Attraction
McIntyre Ski Area	Ski Area
Monkey Trunks Zipline Parks	Attraction

Mount Kearsarge Indian Museum	Attraction
Mount Sunapee Resort	Ski Area/Attraction
Mount Washington Auto Road/Great Glen Trails	Ski Area/Attraction
Mount Washington Cog Railway	Attraction
Mt Washington Ski Touring & Snowshoe Foundation	Ski Area (XC)
New England Pond Hockey Classic	Attraction
New Hampshire Boat Museum	Attraction
New Hampshire Climbing & Fitness	Attraction
New Hampshire Fisher Cats	Attraction
New Hampshire Highland Games & Festival	Attraction
New Hampshire Motor Speedway	Attraction
New Hampshire Music Festival	Attraction
New Hampshire State Parks	Attraction
Nordic Skier Wolfeboro XC	Ski Area (XC)
North East Motor Sports Museum	Attraction
OSG Paintball	Attraction
Pats Peak	Ski Area
Pemi Valley Excursions	Attraction
Pepi Hermann Crystal, Inc.	Attraction
Pine Hill Ski Club New London	Ski Area (XC)
Polar Caves Park	Attraction
Prescott Farm Environmental Education Center	Attraction
Purity Spring Resort/King Pine Ski Area	Ski Area
Ragged Mountain Resort	Ski Area
Remick Country Doctor Museum & Farm	Attraction

Santa's Village	Attraction
Scenic Railriders	Attraction
Skydive New England	Attraction
Soulfest	Attraction
Squam Lakes Association	Attraction
Squam Lakes Natural Science Center	Attraction
Story Land	Attraction
Waterville Valley Resort	Ski area
Weirs Beach Drive-In	Attraction
Whale's Tale Waterpark	Attraction
Whaleback Mountain	Ski Area
White Lake Speedway Inc.	Attraction
White Mountain Helicopter	Attraction
Wildcat Mountain	Attraction
Winnepesaukee Belle	Attraction
Winnepesaukee Pier	Attraction
Winnepesaukee Scenic Hobo Railroad	Attraction
Wolfeboro Trolley Company	Attraction
Wright Museum	Attraction



## Draft Questions

- (1) Please identify your position and your organization.

**My name is Amy LaBelle, Founder and Owner of LaBelle Winery, Restaurant, and Event Center in Amherst, NH and Portsmouth, NH. My husband, Cesar Arboleda, is my partner. We have been in business for 15 years, 7 of it in our current location. Prior to this pandemic, we had a very successful, profitable business that employed 102 people (rising to 135 seasonally) with excellent pay and benefits. We have supported over 1500 charities in the last seven years and are very proud of our service to the community. We were set to begin an expansion project in June, adding a distillery, market, tavern and more event space; that project is now on hold. Every week we are closed, we lost \$120,000 in revenue. The long-term impact of that will be hard to absorb.**

- (2) Please identify what economic sector your enterprise operates within.

**LaBelle Winery is a manufacturer, retailer, wholesaler, restaurant, event center, and farm. We cut across a broad landscape of economic development sectors.**

- (3) Please describe how your enterprise and economic sector has been impacted by Covid-19.

**LaBelle Winery has been impacted in varied ways across the major industries that we represent.**

**Restaurant:** With restaurants mandated shut, we have lost revenue for now 2.5 months through the end of April. With continued restrictions even after a projected opening of May 4th, we expect to see a 40% revenue decline through July 1 at least. Without replacement of that income, LaBelle Winery's restaurant risks becoming insolvent and unable to pay its obligations.

**Event Center:** With mandated closure, LaBelle Winery Events has lost over 80 events, with a total projected revenue decline of 45% for 2020. In addition, sales of future events for 2021 and beyond have come to a virtual halt, with projected sales for future years now being off by over 50%. Without replacement of revenue, LaBelle Winery Events risks becoming insolvent by the end of 2020.

**Winery (Manufacturing) and Tasting Room:** One unique aspect of a winery is that our product — wine — takes a long time to make and has a definite cycle and rhythm that cannot be interrupted. For example, wine is made in the fall and placed in tank or barrels for aging. It ages for various amounts of time from 6 months to 20 months in tank or barrel before bottling and sale to the consumer or wholesale outlets. In the Spring, revenue from then current sales support purchase of bottles for the bottling process that takes place from Spring through Summer, emptying tanks and making room for the new crop of grapes, fruit and juice to enter the tanks and begin the cycle again. Without revenue and cash flow caused by the mandated closures, we are unable to complete this cycle, which will have grave impacts upon our ability to make wine in the fall. Even if we can bottle and empty our tanks to make room for more wine, without cash flow due to mandated closures, we will be unable to fund purchase of the fall crops of grapes and fruit to turn into our wine, which will cause revenue shortages for years to come. This cycle will be unstoppable without assistance and we anticipate at least a 40% drop in revenue for 2020. These revenue shortages are due to loss of sales while mandated closed, loss of wholesale sales to our retailers, loss of direct to consumer sales in the Tasting Room and loss of sales through the State of NH Liquor Commission stores.

- (4) Please provide an assessment of how you project your organization and economic sector will be impacted over the next 12 months by Covid-19.

**LaBelle Winery will be impacted by lower sales across our entire business through 2020 and beyond. Wine production impacts from 2020 will impact our sales volumes through 2021. Event booking will be down by at least 40%, and restaurant revenues will be down in 2020 by 40% projected.**

- (5) Please explain whether your enterprise or economic sector has or is receiving, or may possibly receive in the future, any other governmental support specifically intended to help address Covid-19 impacts.

**The Winery, Restaurant and Event Center sectors could benefit from the so-called PPP program offered by the Federal Government as well as low interest loans offered by the SBA through the EIDL program.**

- (6) Please provide comments on one or more ideas on how some portion of public relief funds could be provided to your enterprise and economic sector, and please comment on how these ideas would achieve the following important public goals:

**The winery, restaurant and event industry could survive with a grant of 35 - 40% of 2019 revenue would be easy to calculate and equitable to administer.**

- (a) The proposed use of funds will serve a public use and provide a public benefit.

**Keeping our small businesses solvent maintains job, business taxes directly to the state, and gives our NH residents a rich, cultural experience. It should also be noted that small business is the backbone of charitable giving in NH and without successful small business, charities will suffer.**

- (b) The proposed use of funds will preserve or increase the social welfare or economic prosperity of the state, and will promote the general welfare of the state's citizens.

**Residents and employees alike need small businesses to thrive and pay taxes, provide cultural opportunities, social opportunities, and charitable donations.**

- (c) The proposed use of funds will promote the orderly development of economic and social activities, create or preserve employment opportunities, or protect the physical environment.

**Wineries in particular, and as I mentioned in the question above, have a cycle of production that when disrupted will have long term effects upon the industry as a whole. Suppliers to both wineries and restaurants will also suffer if these businesses are not allowed to thrive; LaBelle Winery purchases food for the restaurant and crops from local farmers for winemaking. Last year we purchased over 20 tons of fruit and other crops for LaBelle Winery needs. What happens to the small farms we support if we are not solvent?**

- (e) The proposed use of funds will contribute significantly to the continued operation, competitiveness and future success of the organization and the economic sector.

**These funds are critical to pump life into this dying business sector. Take out food programs have only provided a 10th of typical revenue and are barely keeping restaurants functioning. These funds will be used for payroll, mortgage and rent, continued operation and to**

**maintain a normal business cycle so important to the winery industry. If we were to miss the fall winemaking season due to lack of funds to purchase or harvest grapes, for example, we'd be impacted for years to come with no product to sell — because of the cycle of winemaking is years. Unlike, say, a bakery, we can't have product on the shelf tomorrow, and this disruption in our production cycle will have long-lasting ramifications and impact our solvency.**

- (f) The proposed use of funds is not in conflict with local or regional development plans and policies.

**No conflict known.**

- (g) The proposed use of funds is structured in a way that will help the community and the State at large, and not just the particular private business or organization.

**LaBelle Winery and is an employer of more than 100 people year round. Wineries pay meals and rooms tax, business tax, and wine tax to the State of NH. Over the last seven years, LaBelle Winery has donated to over 1500 charities. A grant will help us continue these activities.**

- (h) The proposed use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.

**So long as mandated closures are lifted and business can return to normal, long-term funding will not be required to maintain success. Grants would be used to replace revenue from wineries disrupted by mandated closures.**

- (7) Please describe how the receipt and use of the public relief funds described in question 6 would be accounted for in your organization's financial statements.

**Grants could be reported as income on our profit and loss statements.**

- (8) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.

**Grants funds could be recorded in an audit friendly account and ledger so that reporting may be done as to the fund disbursement.**

- (9) Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.

**LaBelle Winery purchases significant crops from NH Farms. If LaBelle is given grant money, those purchases can continue. In addition, taxes paid to the State of NH will continue.**

- 10) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?

**Lack of commerce is causing our economy to fail, which will have long term impacts on levels of depression, poverty and lack in the State of NH. Small businesses are the backbone of a state's cultural and business functions.**

- 11.) What would your business, agency, organization, sector do with the funds that cannot be done currently?

**With a grant, my business would be able to purchase supplies to continue making wine and also be able to support payroll required to make wine and manage our vineyard. In addition, we'd be able to use the funds for all other ongoing business operations in the restaurant, event center and winery/tasting room as even after re-opening, we expect a severe decline in sales over last year, yet we still have the same overhead costs. In particular to the restaurant, we'd still have to pay everyone to run the restaurant, even if we are only allowed 50% capacity, for example. So expenses would be higher than revenues. Restaurants are razor thin margins in the best of situations, so this would not be ideal. The grant would allow us to operate in a diminished capacity regardless of the losses in order to keep people employed and try to regain "normal" business operations eventually. We'll have to start somewhere.**