

The ASSOCIATION of ANGEL FIRE PROPERTY OWNERS

Board of Directors Meeting Minutes July 14, 2010

Michael Woolley called the meeting to order at 5:02 p.m. July 14, 2010 in the Resort Hotel Executive Conference Room.

Roll Call

Michael Woolley, President, present
Chuck Verry, Vice-President, present
Bonnie Bowles, Treasurer, present
Kent Smith, Secretary, present
Lovellev Upton, Director, present
Jack Fuehr, Director, present
Ted Hardy, Director, present
Harvey Wright, Director, present
Jim Mulligan, Director, present by conference call
Nine members present, quorum established

Introduction of Guests and Audience Comments

John Duggan, AAFPO member

Mike Clemmons, AAFPO member, knows that the Board has no real authority to address the roads in Angel Fire, but asked that the Board approach the Village to express the members concerns regarding our roads, particularly Camino Real. Mike added he had gone out on the AAFPO web site, and noticed that the minutes were not current. Mike Woolley commented that the Board was aware and were in the process of getting that rectified.

Joe Warren, Sangre de Christo Chronicle

Frank Young, AAFPO member

Bob LeGasse, AAFPO member

Katrina Nicholas, Legal Department, Angel Fire Resort

B. U. Terry, Chair of the E/ACC Committee

Dan Rakes, Attorney for Angel Fire Resort

Maren Smith, Member Services Director, Angel Fire Resort

Russ Coyle, Board Administrative Assistant

Approval of Agenda

One change was made to the Agenda. Joe Turner was not able to be at this meeting and asked Chuck Verry to open the discussion regarding member access to the National Forest. The topic was moved to old business. With noted change, Lovelle Upton moved to accept the 7/14/10 agenda. Kent Smith seconded, motion carried.

Approval of Minutes

Several of the Board members were unable to open the files in order to proof read the minutes. All documents had been saved and sent in a newer Word version. Because not everyone could open the minutes prior to the meeting, it was decided to postpone approval until next month's meeting.

New Business

Lot combinations - Jack Fuehr noted that lot combinations were one of four items that were considered as big issues by Terry Kamm, per a conversation that Jack and Lovelle Upton had with the Board attorney. Mike

Woolley commented that he is primarily hearing from Charter members that would lose their Charter membership status if they combine lots. Dan Rakes, councilor representing Angel Fire Resort, volunteered some history regarding lot combinations. Dan said that membership is down from 5,200 members to approximately 4,600 members. He said that was a significant drop in collections for the Resort in order to fund all the amenities. Jack asked if the 4,600 were members in good standing. Dan replied that he was not sure and he would have to defer back to Maren Smith. Maren told Jack that the majority were in good standing. To that Jack questioned why AAFPO only received 4,300 names for sending out voting ballots. Jack asked what name the Shuter Library was under. Maren said it was under Shuter Library. Jack said AAFPO did not have the Shuter Library on its list. Jack then asked how many lots are platted in Angel Fire Resort. He said the number he heard was approximately 7,200. Jack went on to say the 5,200 could go to 7,200 without re-platting anything. Dan said that much of that difference was unimproved property behind the ski area. Dan went on to say that in the old days the Resort did allow Lot Combinations and the Charter Membership Handbook from about 2000 allowed for Lot Combinations under the old rules. The bankruptcy documents allowed for revisions. The only prohibition in place today is what the Resort owns and has developed, example Valley of the Utes and the Aspens. The owners are committed to Angel Fire and are putting everything back into this Resort; they have not taken a dime out of this place in fifteen years. Chuck Verry asked Dan if this was a legal deed restriction. Dan replied that he felt it was. Lovelle asked Dan the status of the NRPI lots. Additionally, the NRPI lots are part of the same deed restriction. To clarify, Jack asked if a Charter member buys the lot next door from another Charter member, does the owner pay only one membership. Dan Rakes said yes, that is correct. Maren Smith went on to clarify that this membership would no longer be a Charter membership but would revert to a Base membership, the only exclusion would be if the two owners of the adjacent lot were related, there is a one-time pass to an immediate family member. Dan Rakes goes on to say that is in the bankruptcy law. Lovelle asked Dan if the Resort was willing to take this to court if necessary to defend its position regarding lot combinations. Dan said yes, that this had been researched extensively. Lovelle went on to say that in his opinion that takes the AAFPO Board out of the equation and is more of an issue with the individual wanting to combine properties and the Resort. That becomes a legal issue between the property owner and his right to lot combinations and the Resort. Dan said he agreed. It is after all the Resort's property. Mike Woolley stated that there is no action warranted by the AAFPO Board to take at this time. He went on to say it was good for us to better understand the rules and thanked Dan Rakes for explaining it to us.

Membership Agreements – Jack stated that a Membership Agreement was presented to the Board back in June or July 2009. The Board rejected the proposed changes and sent it back to the Resort. The Resort never sent it back to the Board. He added that it was never on any Board agenda or ever discussed again by the Board. However, the Resort unilaterally approved and implemented the new Membership Agreement which Jack felt was a violation of the Amended Joint Plan of Reorganization. Lovelle said that was a combination of me, Joan Ronchetti and Maren Smith dropping the ball. We worked with Maren and went through making several changes to the proposed agreement. Maren took care of those changes but Joan and I failed to pursue it to the point of getting that back for approval before it was published. Chuck Verry then read from the July 21, 2009 minutes, saying this will address the issue. The following is the section of the July 21, 2009 minutes read by Chuck Verry:

Membership Rights & Responsibilities Revision. Directors really appreciate the Executive Summary provided. However, it appears that different versions of this and the Membership Agreement were distributed by the Resort to the AAFPO Board. There was general consensus that prior to further Board action, both documents be reviewed by the AAFPO attorney, and only after final approval and release under Resort signature. Noted discrepancies and comments:

1. Remove lot combination language
2. Consistently reference Rights & Obligations vs. Rights & Responsibilities
3. Provide a list of, or footnotes for, or attach referenced documents
4. The phrase "as they may be amended from time to time" allows existing benefits to be removed without reasonable notice to or negotiation with the member or AAFPO.
5. Premier and Base agreements combined into a single contract creates confusion for the member and complex recordkeeping for Member Services. Premier membership contract terms are renewed every year, while Base membership contract terms remain unchanged and in effect as long as the property is owned by that member.
6. Financial information is not adequately separated for protection and handling.

7. The Rights & Obligations document is not useful for Real Estate Agents. The member benefit letter recently sent by the Resort to members may be a better client handout.

8. Clarify Resort authority vs. AAFPO

9. The Premier membership pamphlet often given to renewing members as explanation of current year benefits is arbitrarily and inconsistently updated and applied.

Membership Agreement Revision. Without an Executive Summary it is difficult to identify which, if any, AAFPO committee recommendations and changes have been incorporated. Maren received this revision from the Resort legal department and can't explain their rationale for certain portions of the document. She stated that Member Services needs a document that members will sign! Delay for AAFPO attorney review will not be a major impact. See the noted comments in Item 4b above. Due to concerns with content and version control there was general consensus that the existing documents should be returned to the Resort for modification and final draft release. This revised draft, along with Base and Premier Membership Plan documents, could then be submitted for review by the Board at the September Meeting, after which they could be forwarded to the AAFPO Attorney for comment.

Lovelle said this was after Joan and he worked with Maren Smith. Lovelle suggested that the Resort was to revise the draft based on the changes discussed by the Membership Agreement Committee and Maren Smith. Maren was then to submit it to Dan Rakes for his approval. Once Dan approved it was to be passed back to the Board for review but that never happened. Dan Rakes said that Maren had presented it to him but it still had some reference to Lot Combinations and Dan wanted that reference taken out. Maren said that the Board wanted their attorney to look at it and Dan never heard anything else about it. Harvey asked if the document ever made it to the attorney and Lovelle said no. Maren said that a copy was sent to all of the Board members last week and asked if the Board could submit it to its attorney for review and get back to her as soon as possible. Mike Woolley said we would send this to our attorney and, as soon as counsel responds, the Board would make a decision on it at that time. Jack Fuehr said that the Resort sent out a Premier Membership Benefits document distributed to Base and Premier Members as of 4/1/10. The document states that the Charter and Base Memberships get a 10% discount. Maren said that was a mistake of the printing company. Dan Rakes said that the Resort is trying to work with the Board in good faith; perhaps, the Board should let their attorney review it and I'm sure we can reach some kind of agreement.

Requirement that Gross Receipt Taxes be collected on dues assessments – Dan Rakes stated that the Resort paid for extensive research for an opinion submitted by the tax attorneys at the Rodey Law Firm that AAFPO had initially requested. Dan said that the Resort is not exempt from paying Gross Receipts Tax on all membership dues. Maren added that when she sends the “Dues History and Projections” report to each Board member, they will be able to see the GRT broken out separately. Lovelle Upton said that the AAFPO attorney was aware of the legal opinion offered by the Rodey Law Firm regarding GRT and did not have a problem with it.

Reduction in the number of votes required for a quorum of the memberships – Jack Fuehr said that this was one of the items that Terry Kamm said was a big issue but after the 2007 elections this became a moot point since the existing quorum requirements were being exceeded and that no action needs to be taken at this time.

Member access to all recreational facilities – Mike Woolley said that he would like our attorney's opinion as to whether or not the use of the summing pool and fitness center by Platinum Members at designated times may be a problem. Jack Fuehr, after reviewing minutes of a meeting with the AAFPO attorney, expressed concern regarding the Tubing Hill with the fact that AAFPO is charged for electricity, labor, snowmaking, etc. as part of the 95% charged to AAFPO but members must pay an additional fee to use the facility. Maren Smith responded that the Resort used its own money to build this facility; however, the Resort recognizes the problem and will work to net out the overhead charged to AAFPO.

Chuck Verry stated that a member came to him objecting to the fact that Platinum member's children could not have access to the swimming pool. Maren Smith said that only the morning hours were for adult Platinum members but that the Platinum member's children were allowed in the evening Platinum hours between 4:00 P.M. to 7:00 P.M. Mike Woolley asked the Board again if they wanted him to approach the AAFPO attorney regarding the swimming pool regulations. Kent Smith felt as if there was reasonable access for other members; he did not have a problem with it. Jack Fuehr said one segment of our memberships are limited to the hours set by the Resort are

working people that will have no access. Mike Woolley responded by saying we would have our attorney look at the agreement and the Board will then review.

Committee Appointments – Mike Woolley stated the only thing the Board would consider for this meeting was the election of the Committee Chairs. A discussion ensued regarding the specific responsibilities of all the various Committees. Mike asked for volunteers for the Amenities Committee. Both Jack Fuehr and Ted Hardy volunteered for Amenities Chair. With no other names submitted Mike asked for a vote by ballot. The results of the votes were 6 for Ted Hardy and 2 for Jack Fuehr. Mike announced Ted Hardy as the Amenities Chair. Lovelle asked if this person needed the approval of the Board or was this vote to determine, between Ted and Jack, which one would be the nominee for the Chair. Mike Woolley said all names for all Committees would be submitted and voted at one time. E/ACC – B.U. Terry was nominated. Chuck Verry submitted his name for Board Liaison to the E/ACC. Jack Fuehr nominated Edd Geoffroy for the E/ACC. Mike called for a vote by ballot. The results were 1 abstention, 5 for B.U. Terry, and 2 for Edd Geoffroy. Mike announced B.U. Terry as E/ACC Chair nominee. Mike stated that our Finance Committee Chair was typically held by the Treasurer and asked Bonnie Bowles if she would consider the nomination. She responded yes. Mike said that Election Committee Chair cannot be a Board member. Jack then commented that the Board did not need to appoint anyone until later in the year. Mike asked for volunteers for the Appeals Committee. Harvey Wright, Bonnie Bowles and Lovelle Upton volunteered to serve. Mike then asked Jack Fuehr to volunteer for the By-Laws Committee and Jack agreed. Mike suggested we hold on Membership Agreements until after we hear back from our attorney. Mike asked if we could wait on the Election Steering Committee. Jack said we don't have to do it now but it should be done by December or January at the latest. Jack Fuehr suggested that we have a Legal Liaison and suggested it be the President. Mike said that he would accept that responsibility but feels as if no one should meet with our attorney by themselves. Mike asked for a volunteer for the Communications Committee. Jim Mulligan accepted the nomination of Chair.

Resort Report

Mike Woolley asked Maren Smith for an update on the member ID card audit. Maren stated that it was a work in progress. She said she ran a report of approximately 3,500 active member ID cards. They are being audited against the account numbers to confirm we don't have any unauthorized users. Bonnie Bowles asked if Maren would need marriage licenses. Maren replied yes. The Resort is pulling copies of the deeds and if the deed does not specify husband and wife then they may require marriage licenses, birth certificates, adoption paperwork or things of that nature. Lovelle pointed out that New Mexico is not a common law state. The Resort will have to go by state law, so if a couple from a state allowing common law owns property in the Resort, then the spouse may not be able to share in the privileges unless that couple can provide an affidavit from the state. Chuck Verry also pointed out that there is no domestic partner statute in the state of New Mexico. Maren said that this was ongoing and she would keep the Board updated.

Old Business

Member access to the National Forest through the Aspens – Chuck Verry was approached by a member currently living in the Aspens with an interior lot, asking Chuck about access to the National Forest. In order for this member to get to the National Forest, they would have to access through a National Forest border lot, greenbelts, or through easements. His point is that the real estate person that sold him his property told him that he had access to the National Forest. Lovelle mentioned what was once called greenbelts were later changed to dedications. Chuck said that when the area was re-platted, greenbelts/dedications went away. Guest Bob LeGasse commented that on the re-plat there is a 100 foot common use greenbelt easement that runs along the border of the forest. Chuck said that does not achieve what he wants because it goes around the edge of the forest. AAFPO got involved with this issue a number of years ago and at the advice of our attorney particularly with regard to the use of utility easements that are there. AAFPO cannot grant the authority to any member to use that easement because that is an easement for utility access only. Chuck stated it would also preclude the Village or anyone else purchasing one of those outside lots and opening it up to the public because the covenants describe the lots as a single family dwelling only. Chuck said that he will notify the member and to let them know that AAFPO cannot help them.

PID – Harvey Wright asked if work was being done on the east side of Highway 434 by the RV Park. Chuck said that it was part of the PID. The PID/AUI's intent is to finish the bulk of the work this year depending on weather. Chuck went on to say they were partnering up with H Excavation and H is currently doing a lot of the sub-grade work. They will also be doing the final road work. That also means that if anything is left over to next year, to prevent AUI getting back up here with their entire crew and equipment, it would probably be easier for the AUI to sub it out to H Excavation. Chuck went on to say that the water is done in CC1B and most of the underground utilities are done in Village West. They are trenching now in Village North. Unit 2G is going to be sub contracted to H Excavation. Jack stated that there was some talk of putting a crusher up there. Chuck said that there was a lot of rock up on the mountain in 2G and they would like to get rid of it. He said the good news is that the trenchers that they are using, grinds up a lot of that rock. Regarding the area down toward the RV Park, we have to provide access through that area. A bridge will be built next to the beaver pond. This is the least expensive way to access this area and it will not disrupt the beavers. Chuck said that the litigation/appeals are an ongoing process. Harvey Wright asked about the lots that PID was going to group to auction. He said that PID is allowed to foreclose on property for non-payment and that this process can take up to 6 months. PID is unfortunately having to pursuing this avenue.

Reports

President – Mike Woolley had no report. Mike Woolley told Mike Clemons that he would approach the Village regarding the condition of the roads.

Treasurer – Bonnie Bowles said she met with Lovelle to go over procedures but did not have a report at this time. She said that she purchased a new version of QuickBooks but was not sure if we were going to put it on the old or new computer once we have our new office at the Country Club. Maren said that the new office was not a private office but that it was a secure office and that it will also be used by Resort personnel. She went on to say that it would only be available Monday through Friday, 8:00 to 5:00. Lovelle asked if this reached to level of the AFR/AAFPO Country Club agreement between the Resort and AAFPO and Maren said that they feel that it does. Harvey Wright asked if there would be Internet access. Maren replied there would be wireless access at some point. However, it is not available at this time and is not sure when it will be available. Russ Coyle asked Bonnie Bowles if the Resort's hours of access would be a problem for her. She said yes, that usually she would be doing AAFPO work afternoon and evenings. Bonnie added that we might be able use something like "Go to My PC." This allows access through the Internet to work from home. Lovelle felt as if the Resort may be living up to the letter of the law but did not feel as if they were living up to the spirit of the law. Mike said that Pat Brunstad told him that they would have a room that AAFPO could both office out of and hold its meetings in. Maren suggested that the Board go over to look at the office and come back to the Resort if this is a problem.

E/ACC – B.U. Terry reported that we have 6 new starts with only 5 this time last year. He did say that we have had a lot of re-models this year. B.U. asked the Board to address the Miesner addition. Lovelle Upton suggested that the Board approach our attorney for an opinion regarding the covenants and the Miesner's. Mike asked the Board to review all correspondence and he would take everything to our attorney for an opinion.

Finance – Bonnie Bowles had no report.

Jack updated the Board with the overall election results from the 2010 Election Committee. The following action items were recommended by the Committee. Ralph Haynes was the winner of the drawing rewarding participation in this year's election. Mike will send a letter and certificate to Mr. Haynes. The Election Committee voted 3 to 1 recommending that the Board discontinue the use of proxies in next year's election. Jim Mulligan asked for this item to be tabled for later discussion. Jim feels as if this could be something for the Communication Committee to survey from the membership. Another action item was that a commitment should be made by Board members and candidates residing in Angel Fire and their

spouses to participate in the mailing operation. The Board all agreed that for next year they would have to do more for the volunteers in order to get more help. The last action item was to approve the award of gift certificates to the members of the election team that contributed above and beyond the call of duty. Lovelle motioned to approve the purchase of a gift card in the amount of \$200 to Susan Bradshaw and \$100 to Gayle McCutcheon for the above and beyond contribution of their time and efforts. Ted Hardy seconded, the motion carried. It was decided to table the items to be discussed regarding the 2012 budget until the AAFPO Weekend Committee is in place. The Committee could then review and submit a proposed budget to the Board.

Executive Session

Executive Session was closed with no with action taken.

Lovelle Upton moved to adjourn the Board of Director’s meeting, Kent Smith seconded, and motion was approved.

The meeting was adjourned at 8:04 p.m.

Respectfully submitted,

Russ Coyle

Mike Woolley – President

Date