

The ASSOCIATION of ANGEL FIRE PROPERTY OWNERS

Board of Directors Meeting Minutes February 9, 2011

Mike Woolley called the meeting to order at 5:00 p.m. February 9, 2011 in the Resort Hotel Executive Conference Room.

Roll Call

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

Introduction of Guests and Audience Comments

John Kitts, CEO & CFO Angel Fire Resort
Gene Byrd, AAFPO Member and E/ACC Committee Member
Robyn May, Angel Fire Resort
B.U. Terry, E/ACC Committee Chair
Maren Smith, Member Services Director, Angel Fire Resort
Russ Coyle, AAFPO Board Administrative Assistant (BAA)

Guest Speaker John Kitts

John Kitts began by saying "I know that I have no credibility with anyone in this room. That is because I am just the next guy sitting in this seat, just the next man passing through town". Mr. Kitts went on to say that he hoped that he was not just the next guy passing through town and that he could be here for the next five to seven years in order to have some consistency in his position. That way he could earn respect and gain some credibility for his position and for what he is trying to do here.

Mr. Kitts said in terms of an update, first of all the Resort is not for sale. There has been interest in the Resort but the ownership is not interested in selling. He feels this is important because as home owners or land owners the ownership is committed to the Resort. Mr. Kitts went on to say the Resort does not have any major short term projects currently planned. That is not to say the Base area over the long term isn't something that needs to be addressed and the rooms in the hotel aren't things that need to be addressed. Those are things that are on the radar but they are big projects that will be addressed over a period of time. Mr. Kitts said his focus was on doing a better job of what we already have. He wants to look at every element of all the businesses the Resort currently has. An example would be to move membership services from the hotel to the new country club. The

country club currently operates upstairs from 4 o'clock in the afternoon every Tuesday through Saturday five days a week. There is a lobby area in the country club that from 10 or 11 o'clock at night until 4 o'clock the next day, 365 days a year that nobody uses the space. We have a nice space with plenty of parking and that for the most part from 8 o'clock in the morning until 4 o'clock in the afternoon nobody is using that space. Mr. Kitts said, "that would be a much better presentation of where the eye and the hand meet in terms of putting our best foot forward for membership". He personally does not feel that having member services in the hotel does that. What he would like to do is to take membership into the future so he could have membership over at the country club and automate the data base, automate the renewals, and picture taking. Mr. Kitts would like to put those kind of things on line so people don't have to show up every year to pay their bill and have their pictures taken like we do now. He goes on to say that he would like to find more efficiency in the way we do business in member services.

Additional examples of things Mr. Kitts would like to do is to address some of the ski trails that currently have small trees growing in the middle of the trail. He says it takes a lot of snow to cover those trees. So what he would like to do this summer is to go in and cut down all those trees in the existing trails in order to provide a safer skiing experience. He would also like to clean up the top of the mountain. The Resort has purchased a wood chipper, he adds and wants to thin out some of the trees at the top of the mountain and use the chips from the wood chipper to place around the Chile Express to clean it up for a better presentation.

He went on to say that signage is a concern for him. It is outdated and needs to be replaced. He also worked with the state of New Mexico and the state has agreed to install four new highway signs giving better directions to the Resort.

Mr. Kitts reported that the Platinum lockers would be complete by the end of the week. He also stated that he wants to raise the bar on food and beverage. He mentioned that the barbeques had been in need of repair in the RV Park and those repairs had been made. Mr. Kitts says that since he came on board in 2008, the Resort is not as dirty as it was. He says that he is laser focused on all the amenities. Some examples John mentioned was doing a better job with the driving range, such as cleaning up the tees, water in the ball washers, water in the club cleaners. He would like to have a starter and a guest services ranger in order to better manage the time of play.

He says he believes in strategic partnerships. He has been going to the airport advisory committee meetings in order to listen and help with anything he can. He met with the manager of the Lowe's Valley Market and has offered his help with anything he can. Mr. Kitts wants to raise the bar and stop the revolving employee door. He wants to bring in quality people and stop recycling from the same group of people they have been hiring from in the past.

Mr. Kitts said that he wanted to finish by telling everyone that he has been in the ski resort development industry since 1985 and if you think that I am just an accountant you are grossly under estimating me. John added that he is excited about the opportunity here and wants to earn the respect and credibility of the Board. But that will take time and time will tell.

Lovelle Upton asked John Kitts how he would prefer an issue be brought to his attention either by the Board or individual members that want to give feedback when the issue obviously goes beyond the scope of a particular department head. Mr. Kitts told the Board that he would rather have some consensus and to cycle it though the Board Chairman. He does not have any interest in following any one individual's personal agenda. The Board needs to have a methodology where they have a consensus. Jim Mulligan tells John Kitts that one of the major responsibilities of the Board is the allocation of money for amenities. Jim feels we need better communications from the Resort in order to know what direction they want to go with amenities. He would like to see a one day think tank where we all sit down to discuss the issues. It would help the Board to better allocate money to jointly agreed upon amenities. Jim went on to say this Board is continuously gathering critical

information from the members and we need to know the best avenue to channel this valuable data to him. Mr. Kitts stated that regarding those concerns, he would like to have the consensus of the Board channel the information through the Board Chairman to him. As Mr. Kitts was leaving he wanted to reiterate that he was laser focused and he is all about the details. He wants to improve on what we have and clean it up.

Approval of Agenda

Mike Woolley asked to have Annual Meeting Discussion added to section 5 as part C, under new business. With no other corrections or changes Lovelle Upton motioned to approve the 2/9/11 agenda. Ted Hardy seconded, the motion carried with the one addition.

Approval of Minutes

July 14, 2010 – Kent Smith motioned to approve the minutes of the 7/14/2010 Board meeting which had been approved by email vote be formally approved. Lovelle Upton seconded, the motion carried.

September 8, 2010 – Kent Smith motioned to approve the minutes of the 9/8/2010 Board meeting which had been approved by email vote be formally approved. Lovelle Upton seconded, the motion carried.

Old Business

Formation of a standing Membership Agreement Committee – Mike Woolley stated the committee had been formed. The committee consists of the following members: Mike Smith from Texas, Lynn Heafey, Charles Earhart, Bonnie Bowles, Lovelle Upton and Mike Woolley as Chairman. The first meeting should take place next week. Mike reiterated that this was an adhoc committee at this time. Lovelle Upton motioned to accept this committee (members as stated above) as the standing Membership Agreement Committee. Kent Smith seconded, motion carried. Jim Mulligan asked to have all current correspondence be sent to all new members in order to get them up to speed with current discussions.

Library Membership Update – Bonnie Bowles reported that she would write the check for the \$1,500. Mike reminded everyone that the library helps to maintain the AAFPO website.

Amenities Update – Ted Hardy submitted the budgeted items to the Resort. The Resort has approved all of the items submitted. Ted stated all that was left to do is for the Board to vote on them and sign the forms. Lovelle Upton suggested based on the conversation the Board just had with John Kitts, in order to get all these projects done within the proper time line the process should be the Board review and come to a consensus and then for Mike Woolley to present these items to the Resort. Lovelle Upton suggested Mike Woolley emphasize our concerns and to stress to the Resort that we are tired of going through the motions and the Resort not completing the projects only to carry the money into the following year. Maren Smith confirmed she had reviewed the project templates with John Kitts. Mike Woolley confirmed he would call John Kitts to set up meeting and review all templates and press for time line for completion. Lovelle Upton motioned to accept and approve the budgeted templates as presented by the Amenities Committee. Kent Smith seconded, motion carried.

Mountain View Newsletter Update – Jim Mulligan asked Maren Smith if the hard copies of the newsletter had gone out. Maren Smith said the newsletter had not gone out at this time because she had not heard back from the Board as to the approval of the expense for producing and mailing. Mike Woolley wanted to have a discussion regarding the cost of mailing the Mountain View Newsletter. The newsletter in its current format would cost AAFPO approximately \$2000 and also cost the Resort \$2000 for a total of about \$4000. Maren Smith feels as if the newsletter is incredibly important to get out to the members. Mike Woolley proposed doing a letter from the President with attachments of the most important items. This would be in a black and white print format as opposed to a color magazine style. After discussion the Board agreed that a letter from President Mike Woolley would be drafted to include topics such as the date for the annual meeting, communications procedures, necessary permits from the E/ACC and a survey about what is important to you as the member.

New Business

Implementation of Audit Report recommendations – Bonnie Bowles reported receiving an emailing from the auditors suggested the implementation of certain policies to improve the internal controls and operating efficiencies of AAFPO. Bonnie Bowles asked the Board to approve the audit report in order for her to move forward. After Board review Lovelle Upton motioned to accept the audit report as presented. Bonnie Bowles seconded, motion carried. Bonnie Bowles said there are several recommendations by our auditors. Bonnie went on to say that two of them apply to AAFPO and the Board and the others apply more to the E/ACC. For the Board there is a budgeting recommendation that once next year's budget has been approved they would like to see that budget placed into QuickBooks in order to better monitor. The second applies to the Board's maintaining the minutes. She went on to say that we have met their recommendations and brought everything up to date. Bonnie mentioned that last year Lovelle Upton was Treasurer and due to travel would on occasion have Kimberly, the E/ACC assistant; write checks with Lovelle's permission/authority. The auditors strongly suggested everyone using QuickBooks have their own sign-in passwords. Regarding the E/ACC, the auditors stated pertaining to performance deposit accounting there are two different files being kept or two different accounts in terms of receipts of performance deposits. The auditors want to say that those should be kept in the same account because it would be easier to balance. Lovelle Upton suggested that Bonnie Bowles meet with the E/ACC to discuss recommendations based on the auditors suggestions and then report back to the Board with the E/ACC's thoughts and recommendations. Bonnie Bowles agreed to meet with the E/ACC and report back. The final recommendation pertains to permit application authority. The auditors noted that in some cases builders applied for and received permits/extensions from E/ACC on the owners behalf without any formal documentation filed in the owners file. Kent Smith verified with Bonnie Bowles that she has approval to continue to work all parties to satisfy the recommendations from our auditors. Bonnie Bowles replied yes and that she would report back.

Annual Meeting – Mike Woolley said that it was time to form our committee and begin preparations for our Annual Meeting. Lovelle Upton asked if we were doing an Annual Meeting or AAFPO Weekend. A discussion regarding the pros and cons of each followed. It was determined that it was better to do another AAFPO Weekend event. The date was set as June 11th weekend. Jim Mulligan asked what positions were open. Mike Woolley replied he would confirm and reply.

Resort Report

Maren Smith reported current status has been updated by John Kitts.

Reports

President Report – Mike Woolley had nothing additional to report.

Treasurers Report – Bonnie Bowles reported that the CD's are a work in process. Paperwork should be complete soon. Lovelle mentioned to Bonnie that next year's budget should be ready for review by May 2011.

E/ACC Report - B.U. Terry reported having two new permits. B.U. also reported having an issue with someone wanting to extend their deck into the setback. People were told they could not.

Finance Report – Bonnie Bowles stated that the Finance Committee would meet February 10, 2011 and that she will have more to report after that meeting.

The next scheduled meeting will be March 16, 2011 at 5:00.

Lovelle Upton motioned to adjourn the meeting, Kent Smith seconded, the motion carried.

The meeting was adjourned at 7:28 p.m.

Respectfully submitted, April 30, 2011

Russ Coyle

Mike Woolley – President

Date