

The ASSOCIATION of ANGEL FIRE PROPERTY OWNERS

Board of Directors Meeting Minutes July 13, 2011

Mike Woolley called the meeting to order at 5:03 p.m. July 13, 2011 in the Resort Hotel Executive Conference Room.

Roll Call

Michael Woolley, President, present
Chuck Verry, Vice-President, present
Bonnie Bowles, Treasurer, present
Drew Maxwell, Secretary, present
Lovellette Upton, Director, present
Jack Fuehr, Director, present by conference call
Sara Culbreth, Director, present by conference call
Linda Wier, Director, present
Daniel Martin, Director, present
Nine members present, quorum established

Introduction of Guests and Audience Comments

Greg Battershell, AAFPO member
B.U. Terry, E/ACC Committee Chair
Maren Smith, Member Services Director, Angel Fire Resort
Lynn Heafey, Administrative Director of Membership and Country Club, Angel Fire Resort
Russ Coyle, AAFPO Board Administrative Assistant (BAA)

Approval of Agenda

Sara Culbreth motioned to approve the 7/13/11 agenda. Drew Maxwell seconded, the motion carried.

Guest Speaker John Kitts

John Kitts said going forward he would like to have an open relationship of give-and-take with discussion from both sides and would like for everyone to be open, honest and candid. John went on to say that the Resort does not have a policy in place regarding closures at the Country Club. To put it in perspective, the Country Club has been closed this summer only one night in both Stonewood and Elements restaurant and bar. There is not another night that is booked that would cause the restaurant and bar to close at this time. However, the Resort has booked four more nights between now and October whereas Stonewood will be closed due to special events but Elements will be open. He added, a challenge for the Resort is that ownership spent \$16

million on the Country Club between cash and debt. John said that in the sixteen years that ownership has been here they have never taken one penny out during the entire time. There have never been any distributions to any owner. John said that every penny that has been made by the Resort has been put back into the Resort. The owners have put millions of their own money into the Resort. During FY2011, we (the ownership) have a loss of approximately \$334,000 just in operating the Country Club alone. In addition, operating both Stonewood and Elements have incurred additional losses of approximately \$186,000. In the past 12 months, ownership has taken an approximate \$520,000 loss on the Country Club as a whole. These losses are not included in the report given to the Finance Committee that detail the expenses that offset the 95% of the assessments that cover the Resort's spending on the amenities. There is the 10 or 12 year agreement that AAFPO will contribute 40% of the Discretionary Fund (4% of total assessments collected), so from July 1st through April 30th that calculates to be approximately \$73,600. The Resort can reduce the Country Clubs loss by that \$73,600. That brings the loss to approximately \$447,000. Mr. Kitts stated that one of the ways to help reduce the overall loss is to allow some special events such as weddings and unfortunately that means occasionally the Country Club could be closed to the members. He added that ownership does not want to close during the slow times of the year, but it is expensive to stay open at those times. So on occasion, to help mitigate the costs of operations, it may be necessary to supplement them with special events. Lovelle Upton suggested that the Resort formulate a policy to be in effect that would define specific times of the year the restaurant would be closed and also felt that Elements should not be closed in order for members to be able to have a drink with friends and to have the opportunity to eat from the bars menu. Chuck Verry stated he felt the policy should have a minimal amount of time to notify the members of any such closings for special events. Lynn Heafey mentioned that the restaurants are not an amenity no more than the Roasted Clove is an amenity. Lovelle asked if the Country Club was considered an amenity and Lynn responded that the Country Club was considered an amenity but the restaurants were not. Mr. Kitts said that irrelevant of that fact, he does not want to see the restaurants close every Friday and Saturday night during the summer. Drew Maxwell asked if the restaurant and bar are specifically excluded from being part of the club house, what is the amenity. John replied by suggesting golf and the access to the pro shop were the amenities. Chuck Verry asked if the amenities were to be everything that was in place at the time of the bankruptcy. John said that the bankruptcy documents do not say club house any more than it says there is a pool. Jack Fuehr said he did not believe that to be accurate. John then asked Jack to print out and submit a copy to everyone for review. Jack responded by reading from the Amended Joint Plan 1.4 definitions referring to the specific amenities. He stated the amenities are defined as some or all of the following real properties in or around Angel Fire, NM property described as (1) the Angel Fire ski mountain, (2) the Angel Fire golf course, (3) the Angel Fire country club house, (4) Monte Verde Lake, (5) Angel Fire Olympic Park, playground, tennis courts and lake, (6) Angel Fire stable areas and greenbelt areas, (7) RV park and (8) all tennis courts. It was suggested that we need a more specific definition of the contents of the club house. Lovelle went on to say he feels as if no one in this meeting can further define what is and what is not part of the above mentioned club house. He suggested that would be something only a bankruptcy judge could determine. Mike Woolley suggested that some kind of statement from the Resort may alleviate some of the concerns. Both the Board and the Resort feel as if they must work together in the best interests of the membership in order to insure the maximum benefit to all.

Addressing a question from Mike Woolley, John Kitts wanted to clarify that as long as he remained in his position as CEO/CFO the golf cart trail fee discounts for Platinum members would remain at 50%.

Lastly, John commented on some of the things the Resort is doing in the way of improvements. He said they will improve signage at the top of the mountain as you get off of the chair lift. They will be adding new walking trails, they want to clean up the maintenance area at the top and at some point move the maintenance area down from the mountain. The Resort has spent \$75,000 on cleaning up the lake area on the mountain. They are committed to cleaning the area on top of the mountain and making it a great place to hike during the summer months. He added that they have 29 miles of mountain bike trails and they will be adding two more miles this year. The goal is to get to about 60 miles of biking trails. The ownership has committed to a zip line and it will have 5 zips to it. The Resort is adding Frisbee golf on the mountain and the goal is to make it the best course within the Four Corners.

Approval of Minutes

June 15, 2011 – Mike Woolley tabled the vote to approve the June 15, 2011 Minutes for further review by the Board. Mike asked all Board members to read them and send an email with an approval or corrections if necessary.

Old Business

Committees/Board Approval – Mike Woolley ask if any committee was ready to submit their list of committee members to the Board for approval. Lovelle Upton asked Jack Fuehr if he felt as if they would need any additional members other than the two of them co-chairing the By-Laws Committee. Jack felt as if he and Lovelle would be sufficient. B.U. Terry, current chair of the E/ACC Committee, gave his recommendation of committee members to the Board. They are Gene Byrd, Edd Geoffroy, Eric Hoffman and himself. Chuck Verry would act as liaison to the Board. Lovelle Upton motioned to accept the above stated names for acceptance to the E/ACC Committee, Sara Culbreth seconded, hearing no objections the motion carried. Linda Wier as chair of the Finance Committee submitted the names of Bonnie Bowles, Jack Fuehr and herself for the Finance Committee. Daniel Martin motioned to accept the above stated names for the Finance Committee, Drew Maxwell seconded, hearing no objections the motion carried.

Goals/Action Items – Mike Woolley ask the Board if they came to the meeting prepared to discuss this year's goals/action items. Chuck Verry suggested that regarding the E/ACC, the Board needs to put some teeth into the enforcement of the covenants. Chuck said that for the benefit of the new members of the Board we have not only a responsibility but a legal obligation to enforce the covenants as they are written. B.U. Terry passed copies to the Board of his proposed procedures for the E/ACC to follow. The Board reviewed and discussed the proposed procedures. Chuck Verry told the Board that he would email this procedure to everyone and asked the Board to consider this as one of this year's goal/action items. Bonnie Bowles stated that regarding the matrix for the goals/action items she would take the first shot at putting it together. Mike called for any action items from the Board. No action items were stated.

Social Events – Daniel Martin stated that a meeting between himself, Sara Culbreth and the Resort took place last month to discuss upcoming social events. It was decided that the next social event, our summer social, is currently being planned as a luncheon on the Saturday of the

Labor Day weekend. They will serve fajitas and play miniature golf. They are looking for the meal to be in the 12 to 15 dollar range. It is still in the planning stages and he welcomes any input from fellow Board members. Lovelle Upton asked Daniel how many events they are planning per year. Daniel suggested two hosted by AAFPO, one in the spring and one in the summer. Additionally, the Resort hosts two events annually as well.

New Business

Country Club closing to members – This topic was discussed in detail with guest speaker John Kitts.

Resorts written policy regarding closure to members – This topic was discussed in detail with guest speaker John Kitts.

Greenbelt trail between Baptist Church and Olympic Park – Lovelle Upton stated he brought this matter to the attention of the Board at the last meeting. He went on to suggest that he was wrong in his previous statement. Originally Lovelle was of the opinion that the governing documents did not prohibit the use of motorized vehicles on the greenbelts. Therefore, the village (taking the federal grant and improving the trail between the Baptist Church and Olympic Park and posting a no motorized vehicle sign) while not illegal, was not in the best interest of the members. Lovelle did not want to see the village open the trail up and then have to take the signage down because they would then be liable and have to repay the state grant. Lovelle stated that over the last couple of weeks there has been some confrontation between people in carts and the hikers. Lovelle discussed this with Dan Rakes. Dan felt the easiest solution would be if the Resort would widen the trail and designate a portion of it for golf carts with proper signage. Lovelle then realized his error was in looking at the governing documents and not the Rights and Obligations. Within our Rights and Obligations motorized vehicles are prohibited on the greenbelts. In order for the Resort to widen the trail, they would have to have an easement from the AAFPO Board for that additional six (6) feet. Since the Rights and Obligations were written by the Resort and approved by the AAFPO Board, Lovelle then questioned that if the Resort decided to widen the trail, there would have to be a proposed waiver for that specific part of the greenbelt revoking the no motorized vehicles provision. The Resort authored and AAFPO approved the Rights and Obligations. If the Resort wanted to write a waiver into the Rights and Obligations for that specific part of the greenbelt and widened that particular part of the greenbelt, that is a proposal that the Board would need to approve. The proposal has not been made at this time. Mike Woolley suggested Lovelle pursue the matter and bring it back to the Board when he is ready.

Library payments for services rendered – Lovelle Upton stated that due to recent circumstances the library had to cancel its big fundraiser for the year. He is concerned that the library is going to have some potential financial problems. The library provides a service to AAFPO by putting/storing all of our data on this website. Lovelle proposed that our current invoice from the library is at \$1,500. Perhaps for this year we should allow them to invoice for a maximum of \$2,000. Lovelle Upton motioned to approve a \$500 increase to the original budget

of \$1,500 to a maximum of \$2,000 for the use of the library's data storage and services rendered in this fiscal year. Jack Fuehr seconded, hearing no objections the motion carried.

Carol Neelley to address complaint filed by Jeff Thomason – Chuck Verry told the Board that AAFPO's registered agent was Terry Kamm. Terry Kamm is no longer involved with AAFPO. Carol Neelley is AAFPO's attorney. Chuck asked the Board to approve Carol Neelley as AAFPO's registered agent. This has to do with a local attorney by the name of Jeff Thomason that represents a local landowner that has an issue and papers that are currently being served. Lovelle Upton motioned to elect Carol Neelley as our registered AAFPO attorney. Jack Fuehr seconded, hearing no objections the motion carried.

Resort Report

Neither Lynn Heafey nor Maren Smith had anything to add to John Kitts report.

Reports

President Report – Mike Woolley had nothing to report.

Secretary Report – Drew Maxwell had nothing to report.

Treasurers Report – Bonnie Bowles sent the Treasures Report out earlier in the week to all Board members. As of this time the auditors still have our books, so we have not been able to reconcile with our bank.

E/ACC Report - B.U. Terry reported getting two (2) new permits. One is a 5800 sq. ft. house and the other is a log home.

Finance Report – Nothing to report.

Lovelle Upton motioned to adjourn the meeting, Chuck Verry seconded, the motion carried.

The meeting was adjourned at 7:04 p.m.

Respectfully submitted, September 11, 2011

Russ Coyle

Mike Woolley – President

Date