

The ASSOCIATION of ANGEL FIRE PROPERTY OWNERS

October 8, 2007

TO: Jim Brown
Jim LeBus
Anne Lott
Karen Nichols
Barry Rogers
Joan Ronchetti
Lovelie Upton
Chuck Verry

CC: Maren Bryan
Jeannie Edwards
Kendell Hanson

FROM: Jack Fuehr

SUBJECT: October 2007 Finance Committee Report

The Finance Committee (Jack Fuehr, Chuck Verry and Joan Ronchetti) met with the Resort financial staff (Jeannie and Maren) on Friday, October 5, 2007. Kendy is taking some well-earned vacation time during October and will not be in the office on Fridays.

Her absence was unfortunate since many of the action items required her participation. Had we known that Kendy was unavailable on Friday, we could have scheduled an alternate date.

The following agenda items were tabled until January:

- Discussion of possible allocation rules for the new country club building
- Resolution of the method to be used to calculate Resort expenses versus Membership Dues collections
- Interpretation of the Bankruptcy Documents with regard to the Administrative and Discretionary accounts
- Progress report on the replacement for the Concord service bureau. Kendy has been requested to provide this update at the Board meeting.

The Resort presented a check for the Administrative Account in the sum of \$9,113. This brings the total distributions to \$25,525 year-to-date.

Angel Fire Resort Amenities Spending

No progress has been made with the depreciation schedule by amenity provided at last month's meeting. An effort will be made over the next three months to integrate the data into the Resort budget document.

The developer of Village South presented Phase I of his development to the Village council and showed the RV Park in place. It is likely that the RV Park will stay in its present location. Maren advised she will be working on a possible expansion during the winter as well as upgrades, including better grills, signage, trash cans, additional spaces, etc. Joan raised the question that the septic system may be overtaxed when/if the RV Park is expanded. Part of the planning will address Joan's concerns. If an upgrade is required, the possible extension of the sewer line past the property will need to be evaluated as an alternative. Construction drawings for the bathhouse are underway.

If the septic system requires an upgrade, Maren suggested that one possible solution would be to connect to the holding tank next to the stables that is to be used for Valley of the Utes sewage. This may require a pump but might be cheaper than upgrading the septic system. All of this will come into play when the Resort applies for a building permit to upgrade the bathhouse.

Maren advised that Owen and Judy Smith had applied to be "winter hosts" at the RV Park. They were the former managers of the Rustic Retreat cabins. Maren will bring this up at the Board meeting on Wednesday.

The AAFPO Web Site

Chuck reported that Alex dos Santos is getting married in Brazil and will not be back in Angel Fire until October 24th. Maren printed all information shown on the AAFPO web site hosted by the Resort. Chuck will review, make a determination of what stays and what goes, and Maren will get the site updated. Significant progress with the site will not begin until Alex returns.

"The Mountain View" Newsletter

We appear to be having difficulty distributing the electronic version of this publication. Distribution of "The Mountain View" in July brought the Resort's server to its knees. While we have E-mail addresses for approximately 36% of our members, there is no guarantee that they will receive an AAFPO "blast" because of SPAM filters and screens.

Distributing a paper copy involves a great deal of labor and cost. After a lengthy discussion, a decision was reached to send a paper copy to all members in October. Included would be a notice that paper distribution would cease after this issue unless the member contacted the Membership Office and requested a paper copy. E-mail distribution of "The Mountain View" would also be discontinued due to the "hit or miss" success of this option.

Removing the plan line was a huge step backward. I couldn't help but think about all of the hours spent putting this spreadsheet together and the ease with which it was destroyed in a nanosecond. When I arrived in Angel Fire in early June, the spreadsheet mirroring last year's effort had not been done due to delays in allocations from the Amenities Committee. When I discovered that no work was being done on this, I volunteered to do it and delivered the formatted report to Maren in early July.

The plan numbers were not available until September when the first presentation was made to the Amenities Committee. Four months of the construction season had been missed for many of the projects. Then, confusion ensued and everyone threw up their hands and walked away. There are moments like this that I question my commitment to make things better.

Now that failure on the part of the Resort has been admitted, we have the opportunity to move forward and correct the problems beginning this winter. Although only the "template" was discussed during the meeting, there are a number of steps that should be taken to improve the entire process:

- Integrate the Resort amenities spending with the AAFPO spending. Kendy has moved up the schedule for the Resort completing their amenities capital plan by the end of December. The Amenities Committee can begin work on the AAFPO portion of the amenities spending earlier than in prior years. This then becomes the Amenities budget and should be presented to and approved by the Board at the March meeting.
- Create the "template" that ensures that the projects are clearly defined and agreed upon by all parties. This will resolve the design disagreements (the golf course shelters that have not been built in two summers) because of a lack of a shared vision. Hopefully, it will designate the person responsible for completing the project, the timeline, the costs, etc.
- Select the contractors and finalize the construction plans during the winter/early spring. That is when the contractors are looking for work. Then, construction can begin early in the summer before activities get in full swing. Identify potential contractors to do the work now instead of waiting until next spring.
- Someone in operations should do the legwork and report the results to Maren for presentation to the Amenities Committee.
- Use Microsoft Project to manage the construction. This is a major upgrade over my former spreadsheet and will be much more effective.

- Use outside contractors for much of the work. Waiting around for the Resort maintenance staff to do something is futile. Chuck suggested this during the meeting and the idea was well received.
- Form a three-year horizon committee composed of AAFPO members (Lovellette and Jack currently) and members of the Resort to create a "vision" of where the Resort should be going with the amenities. This should eliminate conflicts over design parameters.

The immediate need is to recruit candidates to repopulate the Amenities Committee. There are vacancies for golf, tennis and trails due to the resignations of Leigh Sprouls, Doug Adamski and Frank Young. Either Dick or Marcia Frith or both could step in immediately on the Tennis Subcommittee. We need interested people for the golf and trails subcommittees. Electing someone active in the Moreno Valley Trekkers is almost a prerequisite for that committee. Likewise, a member of the AFMGA would be a natural for the other position. However, we might want to reach out and also consider someone from the women's group.

The actual work of the committee won't begin in earnest until January. By then, the Resort's amenities priorities will be established and a budgetary estimate for the funds available for FY2008 will be available.

Administrative Account

Jack, Joan, Kim, and Jeannie are working to make the journal entries required as a result of the audit. All of the E/ACC Performance Deposits for the past five years are being adjusted to reflect the existence of a liability. Cash continues to accumulate in the Administrative Account while overall E/ACC balances are dropping as performance deposits are being remitted to property owners who have completed construction of their homes.

Since the audit also identified problems with disbursements from the Discretionary Account, Jeannie has gone back and made all of the appropriate changes to the FY2007 Discretionary Report. Copies will be provided to the Finance Committee to make sure that the revised balances are carried forward to FY2008.

Concord Replacement

Maren and Jeannie advised that an agreement between the Resort and AAFPO defining the right of AAFPO to access the database might already be in existence. This was the result of negotiations between Dan and Terry Kamm several years ago in conjunction with the selection of Concord as the dues billing service bureau for the Resort.

At this time, I have not received the document. If the document is not available, I will repeat my request to Dan in the hope that this issue can be resolved.

Long-range Amenities Capital Planning

Lovelle Upton and Jack Fuehr agreed to serve on this committee representing AAFPO. No meetings have been held as of this date.

Free For All

Maren was asked if the Resort employees had any problem with moving the AAFPO Board meeting to an earlier time. Her response was that she and Kendy would prefer the earlier time.

There was an extended discussion dealing with the article "AFR Beefs Up Management Team" scheduled to appear in this issue of "The Mountain View." The article was pulled from the July issue at the request of Tim Allen as transmitted by Kendy. I asked Kendy to approach Tim and ask him to send me E-mail detailing his thoughts. I never received anything from Tim.

Maren advised that the Resort does not have the right to censor the AAFPO newsletter but the Resort "strongly encourages" AAFPO not to run the article because the AFR Board would prefer to "keep and low profile" and "fly under the radar." Joan suggested that the article could be rewritten leaving out the names but presenting the bios of the Board members. The article was rewritten using these guidelines and sent to the Resort.

Although the September Finance Committee minutes recorded a commitment to present a top-level organization chart at the September 12th Board meeting, the plan was scrapped because Kendy did not clear the plan with the AFR Board prior to the meeting. The chart may not be presented at this meeting as well because the assignments are still being "tweaked."

There was a brief discussion of the resolution of two complaints from our membership. Letters have been sent to both Dale Ailles, a Silver Ski premier member who had been denied access to the lift this past summer and David Harwell who pointed out some problems with some inaccuracies in the AAFPO/AFR database caused by members not notifying the Membership Office of the change from unimproved to improved status as homes were built on the lots. Either the Rules & Regulations or Appeals will explain resolution of both complaints at the upcoming meeting.

Maren also announced that the Rules & Regulations being distributed to the members as they renew their badges have been signed and dated by both AAFPO and the Resort.

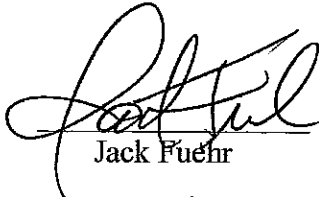
Maren announced that the lower lot that had been closed would be open for skiers this coming ski season. Thank you to the Resort for resolving this issue satisfactorily.

Maren announced that the Second Annual Realtor meeting was being planned. The Rules & Regulations would again be the focal point but the Resort will also present an update on the Resort's plans. Although not mentioned in the meeting, it would also be good to go over the "How to build a house in Angel Fire" since I know than some realtors are not familiar with the E/ACC and Village regulations.

The prime topic of the October "social" on Thursday will be the PID. This is designed to encourage all those who own PID lots to vote in the upcoming election. The deadline to mail the ballots on October 5th was not met. The November "social" will be replaced by the 2nd Annual Snow Calling event on Saturday, November 10th.

The next meeting of the Finance Committee will not occur until Friday, December 7, 2007 at 10 AM in the Resort Hotel's Executive Conference Room.

Respectfully submitted,



Jack Fuehr

10/8/07
Date