

FEASIBILITY STUDY

PUBLIC IMPROVEMENT DISTRICT NO. 2007-1
LOCATED IN ANGEL FIRE, NEW MEXICO

SUBMITTED BY
ANGEL FIRE RESORT OPERATIONS LLC
ANGEL FIRE, NEW MEXICO

OCTOBER 12, 2007

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Exhibit F	Rate and Method of Apportionment of Special Levy

INTRODUCTION

Pursuant to the provisions of the "Public Improvement District Act," being Sections 5-11-1 through 5-11-27 NMSA 1978 (2001 Repl. Pamph. & 2003 Supp.) (the "Act"), and in connection with the proceedings for PUBLIC IMPROVEMENT DISTRICT NO. 2007-1 LOCATED IN ANGEL FIRE, NEW MEXICO (hereinafter referred to as the "PID No. 2007-1" or "District"), this Feasibility Study of the District (the "Feasibility Study") is submitted.

This Feasibility Study is organized into the following sections:

Introduction

- I. Project Description
- II. Description and Location of Public Improvements
- III. Public Improvement Benefit Area
- IV. Estimated Public Improvement Costs and Construction Schedule
- V. Operating and Maintenance Plan
- VI. Plan of Finance
- VII. Description of Special Levy
- VIII. Property Tax Burden

.IProject Description

.ADistrict Boundaries

The District encompasses 847 parcels of land located in the Village of Angel Fire (the "Village") and with certain exceptions corresponds to the 854 lots subject to the Amended Joint Plan of Reorganization of Angel Fire Corporation et al. (Case No. 11-93-12176 RA) (the "Bankruptcy Plan"). The District excludes 12 of the 854 lots (827 taking into consideration the merger of several lots as described in Exhibit F) and includes 32 other lots in Angel Fire Village North (the "Additional Lots"). The 12 lots that are excluded are those which, since 1995, have obtained the infrastructure service that was specified in the Bankruptcy Plan. The Additional Lots are included in the District because the District will unavoidably provide the Additional Lots with benefits that they do not now have, and it would be inequitable not to require them to share the cost. Table 1 on the following page lists the lots within the District.

TABLE 1			
PUBLIC IMPROVEMENT DISTRICT NO. 2007-1			
SUBDIVISION	GROUP/ SUBGROUP	TRACT AND/OR LOT NUMBERS	NUMBER OF TRACTS AND/OR LOTS
COUNTRY CLUB 1A AMENDED	1	Lots 86, 87, 1462RA (Country Club Unit 1)	3
	2	Lots 14 – 35, 51 – 83	55
COUNTRY CLUB 1B AMENDED	1A	Lots 24A, 25A, 25B, 41, 42, 161A, 162 – 165	10
	1B/2 ¹	Lots 1 – 23, 26 – 33, 34A, 36 – 38, 43, 44, and 147 – 159	50
	1C/3 ²	Lot 39	1
ANGEL FIRE WEST VILLAGE	1	Lots 12 – 15, 17 – 19	7
	2	Lots 20, 33 – 53	22
	3	Lots 21 – 32	12
	4	Lots 54 – 63	10
	5	Lots 64 – 94, 99 – 138, 140 - 147, 148A, 150 – 156, 1343RA (Country Club 1&2 Amended/Reamended)	88
	6	Lots 157 – 165	9
	7	Lots 166 – 171, 181	7
	8	Lots 172 – 180	9
	9	Tract AH, Lot 16	2
COUNTRY CLUB 1&2 AMENDED/ REAMENDED	1A	Lots 108, 1029 – 1033, 1072 – 1081, 1082RA	17
	1B/2A ³	Lots 1007 – 1014, 1015A, 1018, 1019, 1021 – 1028, 1085	20
	2B	Lots 1001 – 1003, 1004A	4
	3A	Lot 485RA	1
	3A2/3B	Lots 327, 328, 370, 456 – 460, 1175 – 1279, 1284 – 1290	120
	4A/5A ⁴	Lots 1298A, 1300	2
	4B/5B/6A ^{4,5}	Lots 1297A, 1301, 1302A, 1303, 1304, 1305	6
CHALETS UNIT 4	1	Lots 106 – 139	34
	1	Lots 1A, 2A, 5	3
ANGEL FIRE VILLAGE UNIT 2, BLOCK G	1	Lots 5 – 14	10
ANGEL FIRE VILLAGE NORTH	2/4A1 ⁶	Lots 42, 43	2
	3/4A2 ⁶	Lots 38 – 41, 72 – 88, 93 – 95, 102 – 117, 120 – 132, 133A, 135 – 140, 158 – 164, 170 – 181, 182A, 184 – 223, 225 – 239, 242 – 249, 254 – 257, 262 – 264	150
	4A3 ⁶	36A, 44 – 48, 89 – 92, 100, 101, 118, 119, 157, 165 – 167, 168A, 169, 224, 240, 241, 250 – 252, 258, 259A	28
	4B ⁶	Lots 65RA (Angel Fire Chalets Unit 4), 96 – 99, 141 – 156, 267 – 275, 281, 282	32
CHALETS UNIT 1A AMENDED	1A ⁷	Tracts A-1, A-2, B-1, B-2, B-3, B-4, D-1, E	8
	2A ⁷	Tracts C, F	2
	1B ⁷ /2B ⁷	Tract D-2	1
CHALETS 2G AMENDED	1	Lots 21 – 58	38
	2	Lots 1 – 20, 59 – 87	49
TOTAL			847

A map of the property included within the District is attached as Exhibit A. A legal description is attached as Exhibit B.

¹Subgroup 1B and Group 2 are comprised of the same lots.

²Subgroup 1C and Group 3 are comprised of the same lot.

³Subgroup 1B and Subgroup 2A are comprised of the same lots.

⁴Country Club 1 & 2 Amended/Reamended Group 4 is comprised of three subgroups. Subgroup 4A and Subgroup 4B includes the lots scheduled to receive sewer improvements under the Bankruptcy Plan; Subgroup 4C includes the balance. Group 5 is divided into Subgroups 5A, 5B, and 5c based on their overlap with Subgroup 4A, 4B, and 4C. Taken together, Group 4 (Subgroups 4A, 4B, and 4C) and Group 5 (Subgroup 5A, 5B, and 5C) overlap. Group 4 is used to account for sewer improvements and Group 5 is used to account for road improvements.

⁵County Club 1 & 2 Amended/Reamended Group 6 includes all but two of the lots comprising Groups 4 and 5. Group 6 is divided into Subgroups 6A and 6B based on their overlap with Subgroups 4B, 4C, 5B, and 5C. Group 6 lots will receive water, electric, and telephone improvements.

⁶Angel Fire Village North Group 4 is split into four subgroups. Each subgroup receives the same improvements, but Group 4B is comprised of the Additional Lots which will not receive a share of the Bankruptcy Fund.

⁷As Tract D-2 is included in both Groups 1 and 2, both groups are divided into two subgroups, one of which includes only Tract D-2 and the other which is comprised of the remaining lots.

.II Description and Location of Public Improvements

.A Description of Public Improvements

The public improvements of the District will consist of various combinations of five types of infrastructure improvements: (i) road work (involving, generally, grading and preparation of the road bed and shaping of drainage features, plus installation of a gravel or crushed rock base course and culverts), (ii) installation of six-inch PVC water lines, including valves, fire hydrants, stubouts, pumps, and water tanks, as appropriate, (iii) installation of eight-inch PVC sanitary sewer lines, including pre-cast concrete manholes, stubouts, and lift stations, as appropriate, (iv) installation of underground electrical power lines, and (v) installation of underground telephone lines. The District will finance the planning, design, engineering, construction, testing, construction management and inspection of such improvements, plus applicable fees, gross receipts taxes, and contingencies.

As shown on Exhibit D, the estimated cost of the road work is based primarily on the area of sub-grade and base course that will be required for a given section of road, while the estimated cost of water and sewer improvements is based primarily on linear foot costs of installing water or sewer pipe plus unit costs of manholes, valves, fire hydrants, stubouts, pumps, lift stations, and tanks. The estimated cost of the electrical and telephone lines corresponds to the linear foot costs of installing the lines. These cost estimates are then totaled and increased by a 38.74% (approximate) construction contingency and a 15% engineering contingency, plus applicable gross receipts tax.

Descriptions of the infrastructure specific to each subdivision and lot groupings therein follows below.

1. County Club 1A Amended

County Club 1A Amended is divided into the following two geographically distinct group:

- Group 1 includes 3 lots which will receive road improvements; and
- Group 2 includes 55 lots which will receive road, water, electric and telephone improvements.

The improvements to be provided are as follows:

- Group 1: Road improvements along the 530-foot length of Peralta Terrace from its intersection with Peralta Drive to its end; and
- Group 2: Road improvements and installation of water, electric and telephone lines along the 3,222-foot length of Vermejo Circle from the northwest corner of Lot 35 to the northeast corner of Lot 83 and the 275-foot length of Vermejo Court from the intersection with Vermejo Circle to its end.

2. Country Club 1B Amended

Country Club 1B Amended is divided into the following two groups:

- Group 1 includes 61 lots which will receive road and water improvements. Group 1 is divided into Subgroups 1A, 1B, and 1C. Subgroup 1B and Group 2 comprise the same lots. Subgroup 1C and Group 3 consists of Lot 39;
- Group 2 includes lots which will also receive electric and telephone improvements. Lots 36 – 39, 147, and 148 already have electric improvements, but since the cost of trenching for installation of a telephone line is substantially the same as the cost of trenching for installation of both telephone and electric lines, these lots are included in Group 2; and
- Group 3 includes Lot 39 which will receive a credit equal to the estimated cost of an existing 393.7 feet of water line.

The improvements to be provided are as follows:

- Group 1: Road improvements and installation of water lines along (i) the 11,116-foot length of Brazos Drive from the south corner of Lot 147 to Sierra Blanca Trail, (ii) the 10,883-foot length of Sierra Blanca Trail from the northeast corner of Lot 44 to the south corner of Lot 164, and (iii) the 2,341-foot length of Alcalde Drive from Via de Maria to Sierra Blanca Trail, and installation of a 100,000-gallon water tank on Lot 138 (on Los Alamos Circle), adjacent to an existing Village water tank;
- Group 2: Installation of electric and telephone lines along (i) the 9,075-foot length of Sierra Blanca Trail from Brazos Drive to the northeast corner of Lot 44, and (ii) the 8,366-foot length of Brazos Drive from the east corner of Lot 159 to the south corner of Lot 147; and
- Group 3: Group three receives a credit equal to the estimated cost of installing 393.7 feet of water line.

3. Angel Fire West Village

The PID lots in Angel Fire West Village are divided into the following nine groups based on improvements, size, location, and inclusion in or exclusion from the Bankruptcy Plan:

- Group 1 includes 7 lots which will receive road, water, sewer, electric and telephone improvements;
- Group 2 includes 22 lots which will receive road, water, sewer, electric and telephone improvements;
- Group 3 includes 12 lots which will receive road, water, sewer, electric and telephone improvements;

- Group 4 includes 10 lots which will receive road, water, sewer, electric and telephone improvements;
- Group 5 includes 88 lots which will receive road, water, sewer, electric and telephone improvements;
- Group 6 includes 9 lots which will receive road, water, sewer, electric and telephone improvements;
- Group 7 includes 7 lots which will receive road, water, sewer, electric and telephone improvements;
- Group 8 includes 9 lots which will receive road, water, sewer, electric and telephone improvements; and
- Group 9 includes 2 lots which will receive road improvements only.

In addition to the onsite improvements described below, offsite sewer lines are necessary to convey sewage for the 198 lots in Groups 1 through 7 and Group 4 in Country Club Unit 1 & 2 Amended/Reamended to an existing sewer line located east of Highway 434, at a point near the east corner of Lot 166 (the "Highway Sewer Intersection"). These lines (collectively, the "Highway Sewer Connection") correspond to (i) approximately 600 linear feet of sewer line extending from a point on Valle Grande Trail South midway between Lots 46 and 165 to the Highway Sewer Intersection, and (ii) approximately 2,000 linear feet of sewer line extending from the northwest corner of Lot 34 to the Highway Sewer Intersection.

An additional offsite sewer line is needed to convey sewage from Group 5, and from Group 4 of Country Club Unit 1 & 2 Amended/Reamended, to the offsite sewer improvements comprising the Highway Sewer Connection (the "Connection to the Highway Sewer Connection"). This line will extend from a point near the west corner of Lot 62, at which sewer lines from Group 5 and Group 4 of Country Club Unit 1 & 2 Amended/Reamended will intersect (the "Lot 62 Sewer Intersection"), and run east to Valle Grande Trail South. The cost of the Connection to the Highway Sewer Connection is divided equally between Group 5 and Group 4 of Country Club Unit 1 & 2 Amended/Reamended.

Note that Groups 3, 4 and 5 were not scheduled to receive sewer improvements under the Bankruptcy Plan and therefore the cost of providing such service to these groups is shown separately in Section IV below. An additional improvement which was not required by the Bankruptcy Plan is a short (approximately 300-foot) extension of South Angel Fire Road which will connect Valle Grande Trail South with New Mexico 434. This "New Road", as it will be termed herein, will principally benefit the 148 lots in Groups 2 through 7, by providing more direct access to NM 434 and, via Valle Grande Trail South, to the ski area. The cost of the New Road is therefore divided equally between these 148 lots and is shown separately in Section IV below.

Also note that the road work on all portions of Valle Grande Trail South includes a 24-foot width of chip-seal paving.

The improvements to be provided are as follows:

- Group 1: One-half of the road improvements along the 331-foot length of Valle Grande Trail South from North Angel Fire Road to the southwest corner of Lot 16¹; installation of water, sewer electric and telephone lines along the 331-foot length of Valle Grande Trail South from North Angel Fire Road to the southwest corner of Lot 16 and road improvements; installation of water, sewer, electric and telephone lines along the 1,396-foot length of Valle Grande Trail South from the southwest corner of Lot 16 to the northwest corner of Lot 34; and a proportionate share (7/198) of the Highway Sewer Connection;
- Group 2: Road improvements and installation of water, sewer, electric and telephone lines along the 1,722-foot length of Valle Grande Trail South from the northwest corner of Lot 34 to a point midway between Lots 46 and 165; a proportionate share (22/198) of the Highway Sewer Connection; and a proportionate share (22/148) of the New Road;
- Group 3: Road improvements and installation of water, electric and telephone lines along the 956-foot length of San Andres Terrace from Valle Grande Trail South to the end of the cul-de-sac²; installation of a sewer line along the 956-foot length of San Andres Terrace from Valle Grande Trail south to the end of the cul-de-sac; installation of a small capacity sewer lift station, or suitable alternative, at the end of San Andres Terrace; 330 feet of pressurized sewer line from the end of San Andres Terrace east to the southwest corner of Lot 23; a proportionate share (12/198) of the Highway Sewer Connection; and a proportionate share (12/148) of the New Road;
- Group 4: Road improvements and installation of water, electric and telephone lines along the 2,139-foot length of San Andres Drive from Valle Grande Trail South to the southwest corner of Lot 58¹; installation of sewer lines along the 2,139-foot length of San Andres Drive from Valle Grande Trail South to the southwest corner of Lot 58; a proportionate share (10/198) of the Highway Sewer Connection; and a proportionate share (10/148) of the New Road;
- Group 5: Road improvements, installation of water, electric and telephone lines along the (i) 2,194-foot length of San Andres Drive from the southwest corner of Lot 58 to Via del Rey and (ii) 3,573-foot length of San Juan Drive from San Andres Drive to Via del Rey¹; installation of sewer lines along the (i) 2,194-foot length of San Andres Drive from the southwest corner of Lot 58 to Via del Rey, (ii) 3,573-foot length of San Juan Drive from San Andres Drive to Via del Rey, (iii) 900-foot length of Via del Rey from San Juan Drive to San Andres Drive; installation of (i) a lift station at the intersection of Via del Rey and San Andres Drive and (ii) 1,000 feet of pressurized sewer line from the intersection of Via del Rey and San Andres Drive along San Andres Drive to the southwest corner of Lot 145; installation of a sewer line along the (i) 300-foot length from the northeast corner of Lot 73 along the boundary of Lots 72

¹The cost of such improvements is shared with Group 9.

²These costs are eligible for Bankruptcy Fund participation.

and 73 to the southeast corner of Lot 73 and (ii) the 200-foot length from the southeast corner of Lot 73 to the Lot 62 Sewer Intersection; one-half of the Connection to the Highway Sewer Connection (installation of a sewer line along the 2,817-foot length from the Lot 62 Sewer Intersection easterly down the natural drainage along the southern mutual boundaries of Groups 5, 4 and 2 to Valle Grande Trail South); a proportionate share (88/198) of the Highway Sewer Connection; and a proportionate share (88/148) of the New Road;

- Group 6: One-half of the road improvements and installation of water, sewer, electric and telephone lines along the 1,246-foot length of Valle Grande Trail South from a point midway between Lots 46 and 165 to the southwest corner of Lot 157¹; a proportionate share (9/198) of the Highway Sewer Connection; and a proportionate share (9/148) of the New Road;
- Group 7: One-half of the road improvements and installation of water, sewer, electric and telephone lines along the 2,531-foot length of Valle Grande Trail South from a point midway between Lots 46 and 165 to the intersection with San Mateo Drive²; road improvements and installation of water, sewer, electric and telephone lines along the 150-foot length of San Mateo Drive from the southeast corner of Lot 181 to the southwest corner of Lot 181; a proportionate share (7/198) of the Highway Sewer Connection; and a proportionate share (7/148) of the New Road;
- Group 8: Road improvements and installation of water, sewer, electric and telephone lines along the 1,283-foot length of San Mateo Drive from Valle Grande Trail South to the southwest corner of Lot 181; and
- Group 9: One-half of the road improvements along the 331-foot length of Valle Grande Trail South from North Angel Fire Road to the southwest corner of Lot 16³.

4. Country Club 1& 2 Amended/Reamended

The PID lots in Country Club 1 & 2 Amended/Reamended are divided into the following seven groups based on improvements, size, location, and inclusion in or exclusion from the Bankruptcy Plan:

- Group 1A is comprised of 17 lots which will receive road improvements.
- Group 1B is comprised of 20 lots which will receive road, water, electric and telephone improvements. Group 1B includes the same lots as Subgroup 2A.
- Group 2 is comprised of 24 lots which will receive sewer improvements. Group 2 is divided into Subgroups 2A and 2B; Subgroup 2A includes the same lots as Group 1B.
- Group 3A includes 121 lots which will receive road, sewer, electric and telephone

1The cost of such improvements is shared with Angel Fire Village West Group 7.

2The cost of such improvements along Valle Grande Trail South north from the south corner of Lot 157 are shared with Angel Fire Village West Group 6; the cost of such improvements along Valle Grande Trail South south from the south corner of Lot 157 are shared with Country Club 1 & 2 Amended/Reamended Groups 4A, 4B, 5, and 6.

3The cost of such improvements is shared with Group 1.

improvements. Group 3A is divided into Subgroups 3A1 and 3A2. Subgroup 3A2 includes the same lots as Group 3B.

- Group 3B includes 120 lots which will receive water improvements.
- Group 4 is comprised of 43 lots all of which will receive sewer improvements. Group 4 is divided into 3 subgroups. Subgroups 4A and 4B includes the lots which were scheduled to receive sewer improvements under the Bankruptcy Plan and therefore receive a share of the Bankruptcy Fund while the Group 4C lots were not and do not. Subgroup 4A includes the two lots which also comprise Subgroup 5A. Subgroup 4B includes the six lots which also comprise Subgroup 5B and Subgroup 6A. Subgroup 4C includes 35 lots which also comprise Subgroup 5C and Subgroup 6B;
- Group 5 is comprised of 43 lots which will receive road improvements. Group 5 is divided into Subgroups 5A, 5B, and 5C. Subgroup 5A includes the two lots which also comprise Subgroup 4A. Subgroup 5B includes the six lots which also comprise Subgroup 4B and Subgroup 6A. Subgroup 5C includes the 35 lots which also comprise Subgroup 4C and Subgroup 6B; and
- Group 6 is comprised of 41 lots which will receive water and electric and telephone improvements. Group 6 is divided into Subgroups 6A and 6B. Subgroup 6A includes the six lots which also comprise Subgroup 4B and Subgroup 5B. Subgroup 6B includes the 35 lots which also comprise Subgroup 4C and Subgroup 5C.

As mentioned above, the Highway Sewer Connection is necessary to convey sewage for Group 4 and Groups 1 through 7 of Angel Fire West Village to the Highway Sewer Intersection. In addition, the Connection to the Highway Sewer Connection is needed to convey sewage for Group 4 and for Group 5 of Angel Fire West Village to the Highway Sewer Connection. The cost of the Connection to the Highway Sewer Connection is therefore divided equally between (i) Group 4 and (ii) Group 5 of Angel Fire West Village.

The improvements to be provided are as follows:

- Group 1A: Road improvements along the (i) 559-foot length of Woodlands Drive from the southeast corner of Lot 1072 to the east corner of Lot 1083 and (ii) 379-foot length of Silverado Road from Woodlands Drive to its end;
- Group 1B: Road improvements and installation of water, electric and telephone lines along the (i) 1,509-foot length of Woodlands Drive from the east corner of Lot 1083 to the southeast corner of Lot 1024 and (ii) 458-foot length of Sugar Creek Place from Via del Rey to its end;
- Group 2: Installation of sewer lines along the (i) 370-foot length from the west corner of Lot 1002 to the east end of Sugar Creek Place, via the south and west boundaries of Lot 1001 and the east boundary of Lot 1009, (ii) 458-foot length of Sugar Creek Place from Via del Rey to its end, (iii) the 480-foot length from the end of Sugar Creek Place to the southeast corner of Lot 1024, along the eastern boundaries of Lots 1012 and 1023, and (iv) the 1509-foot length of Woodlands Drive from the east corner of Lot 1083 to the southeast

corner of Lot 1024; a lift station at the north corner of Lot 1018; and installation of a pressurized sewer line along the 350-foot length of Woodlands Drive from the north corner of Lot 1018 to the east corner of Lot 1083;

- Group 3A: Road improvements and installation of sewer, electric and telephone lines along the (i) 3,708-foot length of Colonial Trail from San Mateo Drive to Via del Rey, (ii) 575-foot length of Candlewood from Colonial Trail to its end, (iii) 155-foot length of Snead Circle from Colonial Trail to its end, (iv) 355-foot length of Pleasant Valley Place from Colonial Trail to its end, (v) 108-foot length of Nelson Circle from Colonial Trail to its end, and (vi) 2,684-foot length of Torrey Pines Lane from Via del Rey to San Mateo Drive; and the installation of sewer lines along the (i) 275-foot length from Torrey Pines Lane to Colonial Trail, via the east boundaries of Lots 1265 and 1227, (ii) 325-foot length from Torrey Pines Lane to Colonial Trail, via the east boundaries of Lots 1275 and 1217, (iii) 175-foot length from Colonial Trail to the southeast corner of Lot 1201, via the east boundary of Lot 1201, (iv) 100-foot length from Colonial Trail to the southeast corner of Lot 1209, via the east boundary of Lot 1209, and (v) the 2,109-foot length from the southeast corner of Lot 1201 to San Mateo Drive, via the north boundary of the golf course;
- Group 3B: Installation of water lines along the (i) 3,708-foot length of Colonial Trail from San Mateo Drive to Via del Rey, (ii) 575-foot length of Candlewood from Colonial Trail to its end, (iii) 155-foot length of Snead Circle from Colonial Trail to its end, (iv) 355-foot length of Pleasant Valley Place from Colonial Trail to its end, (v) 108-foot length of Nelson Circle from Colonial Trail to its end, and (vi) 2,684-foot length of Torrey Pines Lane from Via del Rey to San Mateo Drive;
- Group 4: Installation of sewer lines along the (i) 1,578-foot length of San Mateo Drive from Torrey Pines Lane to the southwest corner of Lot 1336 and (ii) the 2,870-foot length of San Pedro Drive from San Mateo Drive to Valle Grande Trail South; one-half of the installation of sewer lines along the 1,165-foot length of Valle Grande Trail South from the south corner of Lot 157 (in Angel Fire West Village) to the intersection with San Mateo Drive¹; the installation of sewer lines along the 581-foot length of San Mateo Drive from Valle Grande Trail South to Torrey Pines Lane; the installation of sewer lines along the 900-foot length from San Pedro Drive along the east boundary of Lot 1324 to the northeast corner of 1324 and thence north to the Lot 62 Sewer Intersection; one-half of the Connection to the Highway Sewer Connection (installation of a sewer line along the 2,817-foot length from the Lot 62 Sewer Intersection easterly down the natural drainage along the southern mutual boundaries of Groups 5, 4 and 2 of Angel Fire West Village

¹The cost of such improvements along Valle Grande Trail South north from the south corner of Lot 157 are shared with Angel Fire Village West Group 6; the cost of such improvements along Valle Grande Trail South south from the south corner of Lot 157 are shared with Angel Fire West Village Group 7.

to Valle Grande Trail South); and a proportionate share (43/198) of the Highway Sewer Connection;

- Group 5: Road improvements along the (i) the 2,159-foot length of San Mateo Drive from Valle Grande Trail South to the southwest corner of Lot 1336, (ii) the 2,870-foot length of San Pedro Drive from San Mateo Drive to Valle Grande Trail South, and (iii) one-half of the road improvements along the 1,165-foot length of Valle Grande Trail South from the south corner of Lot 157 (in Angel Fire West Village) to the intersection with San Mateo Drive¹; and
- Group 6: Installation of water, electric and telephone lines along the (i) 1,819-foot length of San Mateo Drive from the northwest corner of Lot 370 to the southwest corner of Lot 1336, and (ii) the 2,870-foot length of San Pedro Drive from San Mateo Drive to Valle Grande Trail South; and one-half of the installation of water, electric and telephones lines along the 1,165-foot length of Valle Grande Trail South from the south corner of Lot 157 (in Angel Fire West Village) to the intersection with San Mateo Drive¹.

5. Chalets Unit 4

Chalets Unit 4 consists of one group of 34 lots receiving road, water, and electric and telephone trenching improvements as follows:

- Group 1: Road improvements and installation of water, electric and telephone lines along the (i) 1,631-foot length of Taos Drive from Back Basin Road to its end and (ii) 265-foot length of Happy Court from Taos Drive to its end.

6. Angel Fire Village Unit 2 Block G

Angel Fire Village Unit 2 Block G consists of one group of three lots receiving road improvements as follows:

- Group 1: Road improvements along the 670-foot length of Back Basin Road from the southeast corner of Lot 1A to the southwest corner of Lot 5.

7. Angel Fire Village North

The PID lots within this subdivision are divided into two geographically discrete areas: in the west, a small area around the Valley Circle cul-de-sac, which contains ten lots, and in the east, a larger area, more or less bisected by Back Basin Road, which contains the remaining 212 lots. This larger area is referred to herein as the "Back Basin Area" and is divided into Groups 2, 3, and 4. A total of four groups is established as follows:

¹ The cost of such improvements along Valle Grande Trail South north from the south corner of Lot 157 are shared with Angel Fire Village West Group 6; the cost of such improvements along Valle Grande Trail South south from the south corner of Lot 157 are shared with Angel Fire West Village Group 7.

- Group 1 consists of the ten lots along the Valley Circle cul-de-sac, which will receive road, water, sewer, electric and telephone improvements;
- Group 2 consists of two lots that will be provided sewer infrastructure. The Group 2 lots already have water, electric, and telephone service. Group 2 and Subgroup 4A1 are comprised of the same lots;
- Group 3 consists of 150 lots that will receive water, electric and telephone service, but no sewer service. Group 3 and Subgroup 4A2 are comprised of the same lots; and
- Group 4 consists of 212 lots which will receive road improvements. . Group 4 is divided into Subgroups 4A and 4B. The Subgroup 4A lots were scheduled to receive road improvements under the Bankruptcy Plan and will receive a share of the Bankruptcy Fund. The Subgroup 4B lots were not scheduled to receive road improvements under the Bankruptcy Plan and will not receive a share of the Bankruptcy Fund. Group 4A is further divided into Subgroup 4A1, 4A2, and 4A3. Subgroup 4A1 corresponds to the lots which also comprise Group 2. Subgroup 4A2 corresponds to the lots which also comprise Group 3. Subgroup 4A3 corresponds to the balance of the Group 4A lots.

The improvements to be provided are as follows:

- Group 1: Road improvements, installation of water, sewer, electric and telephone lines along the 611-foot length of Valley Circle from Valley Road to its end;
- Group 2: Installation of sewer lines along the (i) 319-foot length of Valley Road from Valley Court to the northwest corner of Lot 42;
- Group 3: Installation of water, electric and telephone lines along the (i) 4,139-foot length of Valley Road from the eastern boundary of Lot 37 to its end (at Lot 129), (ii) 1,106-foot length of Alta Road from Valley Road to the southwest corner of Lot 78, (iii) 934-foot length of Mammoth Mountain Road from Alta Road to the southwest corner of Lot 72, (iv) 437-foot length of Alta Court from Valley Road to its end, (v) 445-foot length of Back Basin Road from Five Springs Road to the northern corner of Lot 127, (vi) 302-foot length of Aspen Place from Back Basin Road to its end, (vii) 104-foot length of Vail Court from Back Basin Road to its end, (viii) 216-foot length of Vail Place from Back Basin Road to its end; (ix) 2,156-foot length of Snowbird Lane from Back Basin Road to the north corner of Lot 238, (x) 1,102-foot length of Taos Drive from Snowbird Lane to its end, (xi) the 1,447-foot length of Summit Place from Snowbird Lane to its end, (xii) 1,343-foot length of Steamboat Lane from Back Basin Road to Summit Place, and (xiii) 629-foot length of Peak Place from Steamboat Lane to its end; and
- Groups 4A and 4B: Road improvements along the (i) 4,893-foot length of Valley Road from Valley Court to its end (at Lot 129), (ii) 1,106-foot length of Alta Road from Valley Road to the southwest corner of Lot 78, (iii) 934-foot

length of Mammoth Mountain Road from Alta Road to the southeast corner of Lot 72, (iv) 437-foot length of Alta Court from Valley Road to its end, (v) 6,759-foot length of Back Basin Road from the northern corner of Lot 127 to Steamboat Lane, (vi) 302-foot length of Aspen Place from Back Basin Road to its end, (vii) 104 foot length of Vail Court from Back Basin Road to its end, (viii) 216-foot length of Vail Place from Back Basin Road to its end, (ix) 2,156-foot length of Snowbird Lane from its northern intersection with Back Basin Road to its southern intersection with Back Basin Road, (x) 1,102-foot length of Taos Drive from Snowbird Lane to its end, (xi) 1,447-foot length of Summit Place from Snowbird Lane to its end, (xii) 1,343-foot length of Steamboat Lane from Back Basin Road to Summit Place, (xiii) 629-foot length of Peak Place from Steamboat Lane to its end, and (xiv) 370-foot length of Five Springs Road from Back Basin Road to the southern corner of Lot 91.

8. Chalets Unit 1A Amended

There are eleven tracts and/or lots within this subdivision that will receive PID improvements: Tracts A-1, A-2, B-1 through B-4, C, D-1, D-2, E and F. These tracts and/or lots are placed into two groups corresponding to the road (Caballo Lane and El Vado Place) on which they border and within which infrastructure will be installed as follows:

- Group 1 consists of nine tracts which will receive road, water, and electric and telephone improvements. Group 1 is divided into two subgroups. Subgroup 1A includes Tracts A-1, A-2, B-1 through B-4, C, D-1, E and F. Subgroup 1B includes Tract D-2.
- Group 2 consists of three tracts which will receive road, water, and electric and telephone improvements. Group 2 is divided into two subgroups. Subgroup 2A includes Tracts C and F. Subgroup 2B includes Tract D-2.

Tract D-2 is deliberately included in both Subgroup 1B and Subgroup 2B because it benefits from both infrastructure improvements to the end of Caballo Lane and to the end of El Vado Place.

The improvements to be provided are as follows:

- Group 1: Road improvements and installation of water, electric and telephone lines along the 1,523-foot length of Caballo Lane from New Mexico Route 434 to its end and the installation of a water line along the east side of New Mexico Route 434 from the intersection of Caballo Lane and New Mexico Route 434 north to a connection point with the Village of Angel Fire water system; and
- Group 2: Road improvements and installation of water, electric and telephone lines along the 269-foot length of El Vado Place from Wood Way to its end.

9. Chalets Unit 2G Amended

Chalets Unit 2G Amended is divided into two groups as follows:

- Group 1 consists of 38 lots which will receive road, water, electric and telephone improvements; and
- Group 2 consists of 49 lots which will receive road, water, electric and telephone improvements.

The improvements to be provided are as follows:

- Group 1: Road improvements and installation of water, electric and telephone lines along the 2,380-foot length of Happy Way from the southern corner of Lot 21 to the eastern corner of Lot 41; the installation of a water line along the 370-foot length from Happy Way to the southeast corner of Lot 43, along the eastern boundary of Lot 43; and a proportionate share (38/87) of the installation of (i) a 100,000-gallon water tank in the vicinity of the eastern corner of Lot 74 and (ii) a pump station in the vicinity of the southwest corner of Lot 1; and
- Group 2: Road improvements and installation of water, electric and telephone lines along the (i) 3,597-foot length of Happy Way from Camino Real to the southern corner of Lot 21, (ii) 618-foot length of Happy Place from Happy Way to its end, (iii) 726-foot length of Happy Court from Happy Way to its end, (iv) 5,958-foot length of Camino Real from the eastern corner of Lot 74 to the southwest corner of Lot 1, and (v) 718-foot length of the spur of Camino Real running more or less from Lot 6 to Lot 80; the installation of water lines (i) along the 550-foot length from the northeast corner of Lot 70 to the end of Happy Court, via the southeast boundary of Lot 70, and (ii) along the 980-foot length from Happy Way to Starlight Overlook, via the southeast boundary of Lot 18 and the south boundary of Lot 1274 (in Angel Fire Chalets Unit 2); and a proportionate share (49/87) of the total estimated cost of installation of (i) a 100,000-gallon water tank in the vicinity of the eastern corner of Lot 74 and (ii) a pump station in the vicinity of the southwest corner of Lot 1.

.BLocation of Anticipated Public Improvements

The District financed public improvements will be located in or on lands, easements, or rights of ways owned by the Village of Angel Fire, and/or intended for conveyance to the Village upon completion of the improvements and acceptance by the Village. Maps showing the approximate location of the anticipated District financed improvements are attached as Exhibit C to this General Plan. The ownership of each property in the District is shown on Exhibit E.

.III Estimated Public Improvement Costs and Construction Schedule

.A Estimated Public Improvement Costs

The Engineer's estimate of costs for the anticipated public improvements to be funded by the District is attached as Exhibit D. These costs have been allocated per the Engineer as shown in Table 2 on the following page. These costs are estimates only, based upon the anticipated public improvements and are expressed in calendar year 2007 dollars. Actual costs may differ from those estimated in this Feasibility Study. In accordance with the Bankruptcy Plan and with a development agreement among the Village, Angel Fire Resort Operations, LLC and the Association of Angel Fire Property Owners, Incorporated, the \$2,000,000 current balance in the "Infrastructure Improvement Fund" created by such plan (the "Bankruptcy Fund") will be applied toward the total estimated cost of \$21,370,436. In addition, the special levy receipts estimated to be received prior to the sale of bonds, or \$2,400,636, will also be applied as a credit toward the total estimated improvement costs. Therefore, the District will finance \$16,969,800. However, the Bankruptcy Fund will be allocated only in proportion to the improvements which are required under the Bankruptcy Plan.

The improvements that are not eligible for participation in the Bankruptcy Fund are:

- The sewer improvements for Groups 3, 4, and 5 of Angel Fire West Village;
- The New Road allocable to Groups 2 through 7 of Angel Fire West Village;
- The sewer improvements for Subgroup 4C of Country Club 1 & 2 Amended/Reamended; and
- The road improvements for Group 4B of Angel Fire Village North.

A key concern with the financing of the public improvements is that the District not inadvertently assume obligations that it cannot pay. Pursuant to the Act, the exposure of the property owners within the District is limited, subject to certain adjustments, to the maximum special levy. This same limitation also restricts the District's financial resources. (The District is free to seek grants or similar contributions from federal or state sources, but such funding cannot be assumed.)

While the District's financial resources will be limited, there is a potential for its obligations not to be. The traditional method for procurement of public infrastructure, commonly termed "design/bid/build", puts the onus of a correct design on the public owner, and allows the construction contractor to rely on the owner's design. If the design is faulty, then the contractor has a right to demand a mandatory amendment – a change order – to the construction contract, with a corresponding increase in price to pay for corrective work. An adequate design depends on both the performance of the owner's engineer and a correct understanding of the pertinent facts. Even if the engineer performs competently, incorrect factual information can result in a poor design which, if discovered during the course of construction, will likely lead to an

increase in the construction price. If, for example, a design calls for a structure that is capable of bearing a certain maximum roof load, but after construction is well advanced it is discovered that the locality regularly receives snowfalls whose weight will exceed the design standards, then the design will have to be changed, and the contractor will be justified in demanding a change order for the modifications.

TABLE 2					
PID No. 2007-1					
PUBLIC IMPROVEMENT COST ESTIMATE – OVERVIEW					
SUBDIVISION/GROUP	GROSS COST			BANKRUPTCY FUND	NET COST
	TOTAL	BANKRUPTCY ELIGIBILITY			
		ELIGIBLE	NOT ELIGIBLE		
COUNTRY CLUB 1A AMENDED					
GROUP 1	\$28,802.23	\$28,802.23	\$0.00	(\$3,072.32)	\$25,729.91
GROUP 2	<u>\$595,105.64</u>	<u>\$595,105.64</u>	<u>\$0.00</u>	<u>(\$63,479.65)</u>	<u>\$531,625.99</u>
SUBTOTAL COUNTRY CLUB 1A AMENDED	\$623,907.87	\$623,907.87	\$0.00	(\$66,551.97)	\$557,355.90
COUNTRY CLUB 1B AMENDED					
GROUP 1A	\$545,662.12	\$545,662.12	\$0.00	(\$58,205.53)	\$487,456.59
GROUP 1B/2	\$3,354,004.83	\$3,354,004.83	\$0.00	(\$357,770.19)	\$2,996,234.64
GROUP 1C/3	<u>\$33,897.72</u>	<u>\$33,897.72</u>	<u>\$0.00</u>	<u>(\$3,615.85)</u>	<u>\$30,281.87</u>
SUBTOTAL COUNTRY CLUB 1B AMENDED	\$3,933,564.67	\$3,933,564.67	\$0.00	(\$419,591.58)	\$3,513,973.09
ANGEL FIRE WEST VILLAGE					
GROUP 1	\$480,122.51	\$480,122.51	\$0.00	(\$51,214.45)	\$428,908.06
GROUP 2	\$561,596.42	\$555,706.36	\$5,890.06	(\$59,276.95)	\$502,319.47
GROUP 3	\$434,456.76	\$157,905.84	\$276,550.92	(\$16,843.75)	\$417,613.01
GROUP 4	\$539,743.70	\$327,705.70	\$212,038.00	(\$34,956.22)	\$504,787.48
GROUP 5	\$2,302,273.12	\$980,219.48	\$1,322,053.64	(\$104,559.57)	\$2,197,713.55
GROUP 6	\$196,583.04	\$194,173.47	\$2,409.57	(\$20,712.40)	\$175,870.64
GROUP 7	\$409,944.01	\$408,069.97	\$1,874.04	(\$43,528.64)	\$366,415.37
GROUP 8	\$324,185.67	\$324,185.67	\$0.00	(\$34,580.74)	\$289,604.93
GROUP 9	<u>\$30,225.08</u>	<u>\$30,225.08</u>	<u>\$0.00</u>	<u>(\$3,224.10)</u>	<u>\$27,000.98</u>
SUBTOTAL ANGEL FIRE WEST VILLAGE	\$5,279,130.31	\$3,458,314.08	\$1,820,816.23	(\$368,896.81)	\$4,910,233.50
COUNTRY CLUB 1& 2 AMENDED/REAMENDED					
GROUP 1A	\$51,002.09	\$51,002.09	\$0.00	(\$5,440.37)	\$45,561.72
GROUP 1B/2A	\$800,725.56	\$800,725.56	\$0.00	(\$85,413.04)	\$715,312.52
GROUP 2B	\$94,610.42	\$94,610.42	\$0.00	(\$10,092.05)	\$84,518.37
GROUP 3A	\$14,228.91	\$14,228.91	\$0.00	(\$1,517.79)	\$12,711.12
GROUP 3A2/3B	\$2,302,150.80	\$2,302,150.80	\$0.00	(\$245,569.39)	\$2,056,581.40
GROUP 4A/5A	\$50,718.38	\$50,718.38	\$0.00	(\$5,410.11)	\$45,308.27
GROUP 4B/5B/6A	\$224,690.24	\$224,690.24	\$0.00	(\$23,967.61)	\$200,722.63
GROUP 4C/5C/6B	<u>\$1,310,693.06</u>	<u>\$692,444.31</u>	<u>\$618,248.75</u>	<u>(\$73,862.72)</u>	<u>\$1,236,830.34</u>
SUBTOTAL COUNTRY CLUB 1& 2 AMENDED/REAMENDED	\$4,848,819.46	\$4,230,570.71	\$618,248.75	(\$450,593.92)	\$4,397,546.38
CHALETS UNIT 4					
GROUP 1	<u>\$327,779.51</u>	<u>\$327,779.51</u>	<u>\$0.00</u>	<u>(\$34,964.09)</u>	<u>\$292,815.42</u>
SUBTOTAL CHALETS UNIT 4	\$327,779.51	\$327,779.51	\$0.00	(\$34,964.09)	\$292,815.42
ANGEL FIRE VILLAGE UNIT 2, BLOCK G					
GROUP 1	<u>\$36,922.56</u>	<u>\$36,922.56</u>	<u>\$0.00</u>	<u>(\$3,938.51)</u>	<u>\$32,984.05</u>
SUBTOTAL ANGEL FIRE VILLAGE UNIT 2, BLOCK G	\$36,922.56	\$36,922.56	\$0.00	(\$3,938.51)	\$32,984.05
ANGEL FIRE VILLAGE NORTH					
GROUP 1	\$172,239.50	\$172,239.50	\$0.00	(\$18,372.71)	\$153,866.79
GROUP 2/4A1	\$46,361.71	\$46,361.71	\$0.00	(\$4,945.38)	\$41,416.33
GROUP 3/4A2	\$2,506,709.01	\$2,506,709.01	\$0.00	(\$267,389.53)	\$2,239,319.48
GROUP 4A3	\$159,143.23	\$159,143.23	\$0.00	(\$16,975.74)	\$142,167.49
GROUP 4B	<u>\$181,877.08</u>	<u>\$0.00</u>	<u>\$181,878.08</u>	<u>\$0.00</u>	<u>\$181,877.08</u>
SUBTOTAL ANGEL FIRE VILLAGE NORTH	\$3,066,331.53	\$2,884,453.45	\$181,878.08	(\$307,683.36)	\$2,758,648.17
CHALETS UNIT 1A AMENDED					
GROUP 1A	\$200,633.24	\$200,633.24	\$0.00	(\$21,401.46)	\$179,231.78
GROUP 2A	\$26,443.50	\$26,443.49	\$0.00	(\$2,820.72)	\$23,622.77
GROUP 1B/2B	<u>\$91,693.91</u>	<u>\$91,693.91</u>	<u>\$0.00</u>	<u>(\$9,780.95)</u>	<u>\$81,912.96</u>
SUBTOTAL CHALETS UNIT 1A AMENDED	\$318,770.64	\$318,770.64	\$0.00	(\$34,003.12)	\$284,767.52
ANGEL FIRE CHALETS 2G AMENDED					
GROUP 1	\$619,465.28	\$619,465.28	\$0.00	(\$66,078.08)	\$553,387.20

GROUP 2	\$2,315,744.14	\$2,315,744.14	\$0.00	(\$247,019.39)	\$2,068,724.75
SUBTOTAL ANGEL FIRE CHALETS 2G AMENDED	\$2,935,209.42	\$2,935,209.42	\$0.00	(\$313,097.47)	\$2,622,111.95
TOTAL DISTRICT COSTS	\$21,370,435.97	\$18,749,492.91	\$2,620,943.06	(\$2,000,000.00)	\$19,370,435.97

It is rarely, if ever, possible for the architect or engineer to have full, or perfectly correct, factual information. Instead, the architect or engineer will do a certain amount of sampling and testing, and will derive assumptions from extrapolation of that information. In the case of the District, the most likely sources of erroneous assumptions are the rockiness of the soil and extent of subsurface moisture. Estimates of these factors can be made from walking the surface and from reviewing previous construction experience in the vicinity, and these estimates can be significantly improved by taking soil borings in suspect locations. Nevertheless, no amount of such investigation can disclose all subsurface factors, or eliminate the possibility that subsurface problems will be underestimated. Thus, a design/bid/build procurement will inevitably present some risk of change orders that will cause the total contract price to exceed the maximum funding that the District has available. This would cause either a payment default of the District under the construction contract, or a revision of that contract to eliminate some improvements, which would be a default of the District under its implied contract with the property owners of the District.

One means of avoiding a contract price that exceeds the available financing is to use a “design/build” procurement instead of a design/bid/build procurement. Under a design/build procurement, the contractor both designs and build the improvements, and thereby accepts the risk of its own design being faulty. Just as in a design/bid/build procurement, in a design/build procurement the owner typically hires an architect and/or engineer, but the function of the architect/engineer is restricted to drafting project standards and results that the design must satisfy, and then monitoring the performance of the design/builder to ensure that the product conforms to the proposed design. For its part, the design/builder is typically given considerable flexibility in both the design and construction methodology, but in return must agree to a fixed price, and take the risk of any factors, known or unknown, that may increase costs.

From the owner’s perspective, the main advantage to a design/build procurement is the assurance that the project will remain within the budget. Other benefits include avoiding squabbles over change orders, which on some projects can become a torment. In addition, the owner avoids some of the expense associated with design costs. The main disadvantage of a design/build procurement is that it is likely to cost more. Much of the risk is being shifted to the contractor, and the contractor will want to be compensated for that additional risk. In some circumstances, the contractor is able to devise a design or construction method that can save both it and the owner money, but where a job is quite conventional, the owner should not expect a design/build price to be less than a design/bid/build base price.

In the case of the District improvements, the Petitioner believes that the price certainty

of a design/build procurement is worth the possible disadvantages. Such a procurement should have certain fundamental features, including a guaranteed, fixed price, and 100% payment and performance bonds issued by sound sureties. Such features are specified in the proposed Development Agreement (at Tab 7 of this Application) to be entered into by the District, the Village, the Petitioner and the Association of Angel Fire Property Owners.

A design/build procurement may take many forms, and as to the details of the District design/build procurement, the Petitioner believes that it would not be wise to restrict the District with preconceived and possibly arbitrary requirements. Under the Development Agreement the District is required to hire an experienced consulting engineering firm to help it devise its procurement scheme, and as that firm applies itself to the concrete aspects of its task, it may produce ideas that would not occur to those who are restricted to thinking in the abstract. Nevertheless, the following scenario is offered to provide the reader some idea of how the District's procurement might be undertaken.

First, although the General Plan itself would provide candidate contractors ("Proposers") with a bare minimum of design specifications, these specifications will need to be considerably expanded and refined by the District's engineer to ensure that the improvements meet all applicable Village standards. Second, it would be advisable for the District to provide additional engineering information to the Proposers. Although a certain amount of engineering information, including aerial photography, is available at present, competition may be significantly restricted if each Proposer has to bear the full expense of obtaining all necessary information that will be required to prepare a full design and price proposal. Accordingly, the Petitioner recommends that the District have its engineer perform additional basic information collection, of the type that can be used by all Proposers. This could include a certain amount of soil borings in locations where soil conditions are most questionable. Third, the Petitioner suggests a two-step procurement, with a qualifications phase and a design phase. In the qualifications phase, Proposers will be requested to submit only their qualifications: their experience in similar projects, their financial strength, their history of satisfactory performance, the capability of their personnel, and so forth. Based on the qualifications submitted, the District will select a small number –three, perhaps– of Proposers whom the District invites to submit full design proposals. In order to further stimulate interest, and competition, the District may wish to furnish each successful qualifier a sum of money –\$50,000 or \$75,000, maybe–to defray their expenses in collecting additional engineering information and preparing their design proposals. Finally, the successful Proposer would be chosen based the highest overall value that its proposal provides to the District for a guaranteed, fixed price that is not greater than the financial resources available to the District.

The design/build contract could also include a variety of features designed to encourage

satisfactory contractor performance, such as a bonus for early completion and, conversely, liquidated damages for tardy work.

The successful Proposer would be chosen, and the design/build contract would be executed, prior to the issuance of the District's special levy bonds. The contract would be contingent upon the bond proceeds, and other available monies, being sufficient to pay the contract price. If, for any reason, the bonds could not be sold for an amount that was sufficient, together with other District funds, to pay the design/build contract price, then the District would exercise its option to terminate the contract.

.BEstimated Public Improvement Construction

Schedule

It is anticipated that procurement of the Design/Build Contract (as defined in the General Plan) will require 10 months' time. Construction of the improvements could be completed in as little as 10 months, weather and other conditions permitting. Assuming the establishment of PID No. 2007-1 in early winter 2008, the qualifications phase of the design/build procurement would occur in mid-summer 2008, with the design/build contract being executed before the end of the year. To avoid unnecessary interest expense, bonds would not be issued until March of 2009. Depending on the weather, construction would commence immediately thereafter and would extend through November, 2009, continue in April, 2010, and be completed by mid-summer, 2010.

.I Operating and Maintenance Plan

Upon completion, the public improvements will be dedicated to the Village for operation and maintenance; provided, however, that if the Village does not wish to assume ownership of the electrical and telephone improvements, such improvements shall be dedicated to appropriate local utilities.

.IV Plan of Finance

It is anticipated that the public improvements will be financed through the use of the Bankruptcy Fund and the issuance of one or more series of special levy bonds authorized pursuant to Sections 6 and 20 of the Act. In addition to the anticipated public improvement costs set forth in Section III above, the bonds may also fund District formation costs, bond issuance costs, the establishment of a reserve fund(s), and interest accruing on the bonds as set forth in Section 5-11-2N, NMSA 1978. Pursuant to Section 5-11-22, NMSA 1978, the term of each series of bonds will not exceed thirty years. Interest and principal due on the bonds will be paid from the collection of a special levy from the property in the District.

The District improvements will be financed through the issuance of one series of special levy bonds authorized pursuant to Sections 6 and 20 of the Act.

.A Special Levy Bonded Indebtedness

The aggregate principal amount of these bonds is estimated at \$24,978,000 and includes allowances for issuance costs, reserve funds, and capitalized interest. A summary of the estimated sources and uses of funds is shown in Table 3 below.

TABLE 3	
PID No. 2007-1	
SOURCES AND USES	
SOURCES	
Principal Amount of Bonds	\$24,978,000
Bankruptcy Fund	\$2,000,000
Estimated Tax Collections (prior to bond sale)	\$2,400,636
Earnings	\$ 0
Total Sources	\$29,378,636
USES	
PID Infrastructure Improvements	
Road, Sewer, and Water (Tax Exempt)	\$18,272,500
Electric and Phone (Taxable)	\$3,097,936
Debt Service Reserve Fund	\$1,984,590
Capitalized Interest	\$843,025
Costs of Issuance	\$1,024,120
Additional Project Contingency	\$4,156,465
Total Uses	\$29,378,636

Under federal law, the reasonably required reserve fund will be approximately equal to maximum annual debt service. Up to 18 months of capitalized interest is proposed to allow sufficient time to complete the public improvements prior to the start of the imposition of the special levy.

.B Special Levy Bond Structure, Security, and Marketability

1. Bond Structure

The bonds will be fixed rate and amortized over a thirty year term which is consistent with the useful life of the improvements. The number of serial and term bonds, call premiums, and other features of the bonds will be determined in connection with their issuance. A detailed PID bond capacity and special levy analysis is attached as Exhibit E.

2. Security

a. Special Levy

Under the Act, a public improvement district is a separate political subdivision of the State, whose bonds and obligations are entirely its own obligations, and are without recourse to the taxing authority, general funds, or other resources of the Village, county, or other local government jurisdiction in which the district is located, or the State of New Mexico. In this case, the District bonds will be secured by a lien on property within the District co-equal with the lien on annual property taxes, and by reserves established for the payment of debt service on the bonds. Owners of the bonds will not have recourse to the Village's taxing powers, general funds, other revenues or resources. The issuance of District bonds will not affect the Village's credit rating or its ability to issue debt.

Maximum special levy revenues have been calculated to exceed annual debt service by at least ten percent (i.e., 110% gross debt service coverage) after deducting for estimated District administrative expenses and exclusive of reserve fund earnings. The lien of the special levy is cross-collateralized so that in the event of delinquencies, the special levy can be increased to provide additional revenues for the payment of interest and principal, subject to the maximum authorized amounts.

b. Value-to-Lien Ratio

Brooks, Lomax & Fletcher, Inc. (the "Appraiser") has prepared an appraisal of the property within the PID. Based upon his opinion of prospective value, taking into consideration the PID improvements, the Appraiser has concluded that the value-to-lien ratio will be approximately 3.0 to 1 (i.e., \$74,935,578/\$24,978,000). See Exhibit 5 to the Petition.

3. Marketability

District bonded indebtedness will range from approximately \$3,456 to \$79,012 per lot. The range in indebtedness reflects the varying infrastructure requirements and lot sizes. The District parcels' development potential, and therefore marketability, is currently limited by the lack of adequate road improvements and basic sewer, water, and utility infrastructure. The District will enhance the marketability of the District parcels by installing the necessary infrastructure for development. The Appraiser indicates that the incremental value to the PID from the construction of the improvements will equal and/or exceed the cost of the public improvements thereby delivering substantial benefit to the properties subject to the special levy.

Furthermore, the parcels with the greatest allocation of public improvement costs tend to be the largest parcels and/or parcels with the highest intensity zoning and consequently have the greatest value. For example, the District lots with the greatest allocation of cost include lots in Groups 1A and 1B/2 of Country Club 1B Amended and lots in Groups 1, 4 and 7 of Angel Fire West Village. The allocated net cost to these lots is \$48,745.66, \$59,924.69, \$61,272.58, \$50,478.75, and \$52,345.05, respectively. The appraisal estimates the "As-Complete" prospective values (i.e., the values with infrastructure improvements, but not homes) of these lots as \$147,120, \$157,830, \$405,750, \$297,270 and \$560,710, respectively. (For "prospective value subject to the maximum bond levy, see the second to last column in the chart, immediately following the April 9, 2007 letter from Brooks, Lomax & Fletcher at Tab 5, titled "Proposed Angel Fire PID No. 1 [sic] --- Analysis and Summation of Current Lot/Tract Values and Prospective Lot/Tract Values.)

.V Description of Special Levy

All of the property located within the District unless exempted by law or as provided in the Rate and Method of Apportionment of Special Levy (the "Rate and Method"), attached as Exhibit F, shall be subject to a special levy for purposes of providing public infrastructure benefiting the District. The Rate and Method provides information sufficient to allow each property owner within the District to estimate the maximum annual special levy he or she will be required to pay. Sections A and B, below, provide additional information on the apportionment and amount of the special levy.

.A Apportionment of the Special Levy

Pursuant to the Act, special levies "may be apportioned according to direct or indirect benefits conferred upon affected real property, as well as acreage, front footage, the cost of providing public infrastructure for affected real property, or other reasonable method." The allocation method chosen for the District is the cost of providing infrastructure for the affected real property, as described in Sections II and III of this Feasibility Study. Except for Chalets Unit 1A Amended and Angel Fire Village Unit 2, Block G, in which an area cost allocation method is employed, the District cost allocation method is based on aggregating similar lots that are to receive the same type of infrastructure improvements into groups, and then determining the cost of the infrastructure that will serve each group, with the total cost for each group divided equally between the lots in the group.

Contiguous blocks of lots are grouped within each subdivision based on infrastructure requirements and lot size where applicable. Infrastructure requirements are the primary determinant of benefit. However, lot size is also a factor as larger lots tend to have more street frontage, on average, which correlates directly with the estimation of infrastructure costs.

.B Maximum Annual Special Levy

In order to reflect the relative difference in benefit from the public improvements proposed to be financed, equivalent unit ("EU") factors have been established. The EU factors reflect the allocation of the public improvement costs, and therefore benefit, to each of the groups. A maximum annual special levy amount has been calculated for each group as shown in Table 4 on the following page. Please refer to the District General Plan for a detailed explanation of the calculation of the EU factors.

TABLE 4
PID No. 2007-1
TOTAL ALLOCATED IMPROVEMENTS AND
MAXIMUM ANNUAL SPECIAL LEVIES (FISCAL YEARS 2008-09 AND 2009-10)

SUBDIVISION	ALLOCATED BONDED INDEBTEDNESS		ALLOCATED NET COST		EQUIVALENT UNIT FACTOR	MAXIMUM ANNUAL SPECIAL LEVY	
	PER TRACT/LOT	PER ACRE	PER TRACT/LOT	PER ACRE		PER TRACT/LOT	PER ACRE
COUNTRY CLUB 1A AMENDED							
GROUP 1	\$11,059.73	NA	\$8,576.64	NA	0.376	\$1,132	NA
GROUP 2	\$12,464.39	NA	\$9,665.93	NA	0.423	\$1,273	NA
COUNTRY CLUB 1B AMENDED							
GROUP 1A	\$62,858.40	NA	\$48,745.66	NA	2.135	\$6,426	NA
GROUP 1B/2	\$77,273.97	NA	\$59,924.69	NA	2.625	\$7,901	NA
GROUP 1C/3	\$39,049.01	NA	\$30,281.87	NA	1.326	\$3,991	NA
ANGEL FIRE WEST VILLAGE							
GROUP 1	\$79,012.09	NA	\$61,272.58	NA	2.684	\$8,079	NA
GROUP 2	\$29,443.18	NA	\$22,832.70	NA	1.000	\$3,010	NA
GROUP 3	\$44,876.62	NA	\$34,801.08	NA	1.524	\$4,587	NA
GROUP 4	\$65,093.25	NA	\$50,478.75	NA	2.211	\$6,655	NA
GROUP 5	\$32,204.44	NA	\$24,974.02	NA	1.094	\$3,293	NA
GROUP 6	\$25,198.71	NA	\$19,541.18	NA	0.856	\$2,577	NA
GROUP 7	\$67,499.89	NA	\$52,345.05	NA	2.293	\$6,902	NA
GROUP 8	\$41,494.53	NA	\$32,178.33	NA	1.409	\$4,241	NA
GROUP 9	\$17,409.13	NA	\$13,500.49	NA	0.591	\$1,779	NA
COUNTRY CLUB 1& 2 AMENDED/REAMENDED							
GROUP 1A	\$3,456.04	NA	\$2,680.10	NA	0.117	\$352	NA
GROUP 1B/2A	\$46,120.42	NA	\$35,765.63	NA	1.566	\$4,714	NA
GROUP 2B	\$27,246.99	NA	\$21,129.59	NA	0.925	\$2,784	NA
GROUP 3A	\$16,391.22	NA	\$12,711.12	NA	0.557	\$1,677	NA
GROUP 3A2/3B	\$22,099.99	NA	\$17,138.18	NA	0.751	\$2,261	NA
GROUP 4A/5A	\$29,212.91	NA	\$22,654.13	NA	0.992	\$2,986	NA
GROUP 4B/5B/6A	\$43,139.24	NA	\$33,453.77	NA	1.465	\$4,410	NA
GROUP 4C/5C/6B	\$45,569.00	NA	\$35,338.01	NA	1.548	\$4,659	NA
CHALETs UNIT 4							
GROUP 1	\$11,105.61	NA	\$8,612.22	NA	0.377	\$1,135	NA
ANGEL FIRE VILLAGE UNIT 2, BLOCK G							
GROUP 1	NA	\$26,418.34	NA	\$20,486.99	0.897	NA	\$2,700
ANGEL FIRE VILLAGE NORTH							
GROUP 1	\$19,841.40	NA	\$15,386.68	NA	0.674	\$2,029	NA
GROUP 2/4A1	\$26,703.55	NA	\$20,708.17	NA	0.907	\$2,730	NA
GROUP 3/4A2	\$19,250.95	NA	\$14,928.80	NA	0.654	\$1,969	NA
GROUP 4A3	\$6,547.41	NA	\$5,077.41	NA	0.222	\$668	NA
GROUP 4B	\$7,329.22	NA	\$5,683.69	NA	0.249	\$749	NA
CHALETs UNIT 1A AMENDED							
GROUP 1A	NA	\$2,302.25	NA	\$1,785.35	0.078	NA	\$235
GROUP 2A	NA	\$287.57	NA	\$223.00	0.010	NA	\$30
GROUP 1B/2B	NA	\$1,777.95	NA	\$1,378.77	0.060	NA	\$181
ANGEL FIRE CHALETs 2G AMENDED							
GROUP 1	\$18,779.02	NA	\$14,562.82	NA	0.638	\$1,920	NA
GROUP 2	\$54,441.99	NA	\$42,218.87	NA	1.849	\$5,565	NA

.C Escalation of Maximum Annual Special Levy

The maximum annual special levy escalates two percent annually, commencing with Fiscal Year 2010-2011, and has been computed using the following assumptions:

- 30 year bonds with an average coupon rate of 6.75%; and
- Administrative expenses of \$72,500, increased annually by two percent (2.00%).

The components of the administrative expense budget are as follows:

- District Administrator/Special Levy Consultant: \$20,000;
- Rebate Calculation: \$5,000
- Audited Financial Statements: \$20,000;
- Legal: \$20,000; and
- Trustee: \$7,500.

.VI Property Tax Burden

.A Property Tax Burden

The 2007 property tax rate for the Village of Angel Fire is \$19.769 per \$1,000 of assessed value. This equates to \$2,306 in property taxes for the typical R-1 zoned lot, assuming a market value of \$350,000 for a lot with road, sewer, water, and dry utility improvements and a completed home. The annual special levy for R-1 zoned lots ranges from a low of \$352 to a high of \$4,714 which yields a total effective tax rate of 0.76% to 2.00%. The total effective tax rate may be lower than this at or prior to build out as development of the property within the District will result in substantial additional assessed value.

EXHIBIT A

**PUBLIC IMPROVEMENT DISTRICT NO. 2007-1
LOCATED IN ANGEL FIRE, NEW MEXICO**

BOUNDARY MAP

(See Exhibit A to the General Plan)

EXHIBIT B

**PUBLIC IMPROVEMENT DISTRICT NO. 2007-1
LOCATED IN ANGEL FIRE, NEW MEXICO**

LEGAL DESCRIPTION

(See Exhibit B to the General Plan)

EXHIBIT C

**PUBLIC IMPROVEMENT DISTRICT NO. 2007-1
LOCATED IN ANGEL FIRE, NEW MEXICO**

LOCATION OF IMPROVEMENTS

(See Exhibit C to the General Plan)

EXHIBIT D

**PUBLIC IMPROVEMENT DISTRICT NO. 2007-1
LOCATED IN ANGEL FIRE, NEW MEXICO**

ENGINEER'S ESTIMATE OF CONSTRUCTION COSTS

(See Exhibit D to the General Plan)

EXHIBIT E

**PUBLIC IMPROVEMENT DISTRICT NO. 2007-1
LOCATED IN ANGEL FIRE, NEW MEXICO
PID SPECIAL LEVY AND BOND ANALYSIS**

EXHIBIT F

**PUBLIC IMPROVEMENT DISTRICT NO. 2007-1
LOCATED IN ANGEL FIRE, NEW MEXICO**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL LEVY

(See Exhibit 2 to Petition)