



AROUND THE RANCH

NOVEMBER 2006

PROPERTY OWNERS ASSOCIATION OF TERLINGUA RANCH, INC.

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MESSAGE FROM THE PRESIDENT

BY TOM DURHAM

As of the end of the third quarter of this year I am pleased to report that POATRI is financially healthy and we are achieving the goals that were set forth for this year.

Collections are on track and expenses are within budget.

Revenue is down for the resort but the net loss is less than last year due to careful expense control.

We continue to make excellent progress on road maintenance, in spite of a few setbacks due to some heavy rains in August.

The new Communications Policy has been implemented and the website revamped for better access and more information added.

Our Strategic Plan is provid-

ing the guidance and specific goals to continue our progress, and a condensed summary of our Strategic Plan will be included in the next newsletter so that every property owner will receive a copy.

I also need to inform you that a group of property owners have initiated a lawsuit against six of our Board members, our General Manager and others. Information on the impact of the lawsuit on POATRI is discussed in several other articles.

I and your Board are doing our best to deal with this unfortunate situation while we remain focused on continuing the progress that has been achieved at the ranch over the past two years.

You will find a special section

in this newsletter dedicated to providing information on topics related to this year's election.

I strongly encourage each and every property owner to use this information, which is also part of the ballot packet and is posted on the web site, to exercise your right and responsibility to vote for Directors you think will best help create a successful future for Terlingua Ranch.



NEXT MEETING OF POATRI'S BOARD OF DIRECTORS:

SATURDAY, JANUARY 27, 2007, 10 AM AT TERLINGUA RANCH HEADQUARTERS.

PROPERTY OWNER COMMUNICATIONS: IMPROVEMENTS TO THE WEB SITE, NEWSLETTER AND BALLOT PACKAGE

MEDIA COMMITTEE REPORT

The Media Committee has revamped the POATRI web site so that the home page has an organized list of all the information topics and reports available on the site.

Property owners can now easily and quickly see what is available and get to the information in most cases with one to three mouse clicks.

We received very positive feedback from several property owners who have used the new approach, and we encourage owners to use www.poatri.org as your source of information about the ranch.

We will continue to work on adding summary information to improve understanding, and more useful information on specific topics.

The ballot package with applications for all of the candidates will be in the mail soon. Candidates now provide their positions on what they will

do if elected and on POATRI's Strategic Plan. We encourage owners to read carefully the information from each candidate as they will be determining the future of our ranch.

The applications with additional candidate information are also posted to the web site. And members can ask for additional information from the candidates by addressing questions through the Ranch office at opsmgr@terlinguaranch.com.

One of the responsibilities outlined in our new Communications Policy is to respond to situations in which incorrect information and misinformation have been publicly provided to property owners.

In September, a POATRI web site page was created to correct misstatements and provide accurate information in response to these situations. In the first month accurate information was posted on hunt-

ing, hunt parks, use of private property, availability of Association records, lawsuits and exempt property.

Correct information on more topics will be added as needed.

As we carry out our responsibility to provide correct information to property owners we need to understand that providing accurate information will not stop those who continually use incorrect information to criticize the ranch. We need to not let this negative behavior discourage us or deter us from continuing our efforts to establish POATRI as the source for accurate information, and help our property owners get the information they need.

We encourage our property owners to contact the ranch staff and visit the web site to obtain information on any topics about the ranch.

REPORT FROM EXECUTIVE SESSION OF 10-27-06

The Risk Assessment Task Force Report was presented to the Board with a recommendation of "No Cause for Action."

The Board accepted the Task Force recommendation and voted to release the RATF Report to the membership.

A second round of written complaints regarding alleged violations of restricted acts by

members, as defined in Art. 3.10 of the Bylaws of POATRI, was received after September 1, 2006.

The Board, in Executive Session, decided there is cause under Art. 3.10 to hold a Board review of said allegations.

The affected individuals will be notified of the hearing, pursuant to the procedures shown in Art. 3.11 of the Bylaws.

In addition, as a completely separate issue, the Board also took other action. Rudy Cano has been retained as the POATRI attorney to advise the Board of Directors regarding pending litigation.

Furthermore, all requests to POATRI for public comments on pending litigation will be referred to Mr. Cano.

SUMMARY OF ACTIONS FROM BOARD MEETING

OCTOBER 28, 2006

BY LIZ DEMETRI, SECRETARY

Directors present: Virgil Evans, Don Backer, Jerry Brewster, Janet Sullivan, Tom Durham, Liz Demetri, T.J. Ramey and Kathleen O'Keefe. Absent: Jack Station.

The following resolutions were presented:

- Section I of the Terlingua Ranch Maintenance Association agreement, as amended July 23, 2005, currently provides for an annual cost of living adjustment to be added effective November 1 of each year. This resolution calls for the effective date to be the CPI that is most recently published prior to the October quarterly Board meeting. Motion by Don Backer, second by Jerry Brewster. 8-eyes 0-nays 1-absent.

- In accordance with POATRI Bylaws Article 4.10.f, the annual maintenance assessment for the calendar year 2007 is increased to \$145.00, which is slightly less than the currently available CPI of 2.7%. Motion by Don Backer, second by Jerry Brewster. 8-eyes 0-nays, 1-absent.

- The definition of "Official Voters' List" was corrected from "14 days" to "60 days". Motion by Kathleen O'Keefe, second by Don Backer. 8-eyes, 0-nays, 1-absent.

- Article 5.03.d.3 was corrected from "14 days" to read "At least

sixty (60) days" Motion by Kathleen O'Keefe, second by T.J. Ramey. 8-eyes, 0-nays, 1-absent.

- Article 4.03.a of the POATRI Bylaws was corrected to read "Any Member in Good Standing is eligible to seek election to a seat on the Board of Directors, except as stated in Section 6.02(e)." Motion by Kathleen O'Keefe, second by Don Backer. 8-eyes, 0-nays, 1-absent.

- Item #3 of the section entitled "Canvassing the Election: of the POATRI Policies and Procedures Manual was corrected to refer to Article 3, paragraph 3.04 of the Bylaws. Motion by Kathleen O'Keefe, second by T.J. Ramey. 8-eyes, 0-nays, 1-absent.

- Added to the Policies & Procedures Manual. The Terlingua Ranch logo, or any part of the logo, reserved for the personal use only of members of the Property Owners Association of Terlingua Ranch, Inc. No commercial use of the logo will be allowed except in the promotion of Terlingua Ranch Lodge/Resort or other sanctioned activities of POATRI. Motion by Janet Sullivan, second by Don Backer. 8-eyes, 0-nays, 1-absent.

- The POATRI Communications Policy accepted by the Board of Directors at the July, 2006, quarterly meeting was

made a part of the Board of Directors Procedural Manual, it should more properly be a part of the Board Policies and Procedures Manual. Resolution that the POATRI Communications Policy be made a part of Section I of the POATRI Policies and Procedures Manual. Motion by Janet Sullivan, second by Tom Durham. 8-eyes, 0-nays, 1-absent.

- The Board of Directors hereby authorizes the acceptance by POATRI of the assignment from Terramar Corporation of all of Terramar Corporation's easements, rights and interests in the Terramar Properties, as reserved unto Terramar Corporation the Terramar Deeds. Tom Durham as President is authorized to execute any and all documents necessary to complete this assignment. Motion by Don Backer, second by Janet Sullivan 8-eyes, 0-nays, 1-absent.

- A resolution regarding the Trail Riders of Houston that the General Manager send a letter advising a) all Terlingua Ranch Roads are private. b) POATRI will not accept a donation from the sponsors of events without them obtaining specific permission from individual property owners. Motion by Jerry Brewster, second by Kathleen O'Keefe. 2-eyes, Brewster & O'Keefe. 6-nays, 1-absent.

The ranch office once again has a form letter for owners who wish to alert law enforcement regarding "no hunting" on their property. Contact the office at 432-371-2416 or propertyinfo@terlinguaranch.com to receive a copy.

ISSUES REGARDING ROAD ACCESS OPERATIONS

MANAGEMENT REPORT TO THE BOARD

Gates & other barricades:

- Current policy allows gates and barricades under certain conditions. If those conditions are met the general membership loses access to the usage of those roads.

- Road maintenance ceases on the blocked roads, leading to serious deterioration which, should the situation change, puts more strain on resources to repair the damage done through years of neglect.

- Gates in some areas have been allowed to exist where technically the policy conditions have not been met.

- Some owners who have erected gates may be attempting to take this property through adverse possession.

General Usage:

- Current policy states that all owners have the right of ingress and egress over all Terlingua Ranch roads through their membership in the Association. This includes the right to have guests on these roads.

- "Commercial usage" has not been applied to owner business traffic, but to larger concerns such as mining opera-

tions. Commercial use has been interpreted to mean "usage for monetary gain."

- The ingress/egress easement is interpreted to mean the right to travel all Terlingua Ranch roads, by any means, without impediment. It has been interpreted that state trespass laws do not apply to the easement as regards through travel.

- Trespass laws apply to use of private property, loitering on the roads or use of the roads for other than ingress/egress.

General Access:

- There are a number of areas of Terlingua Ranch that are accessible only using roads that traverse non-Terlingua Ranch property.

- Although POATRI has maintained these sections of non-county roads for years, the Association holds no formal easement.

- The possibility exists that some Terlingua Ranch property could become "landlocked," although courts may uphold individual owners rights of access.

REPORT

FOR THE 3RD QUARTER 2006

BY ALIDA LORIO,
GENERAL MANAGER

The Association ended the third quarter of 2006 in a very stable position considering the immense changes we have undergone during the last two years.

Financially we are 9% ahead of budget overall, despite reduced resort revenues. Assessment collections are stabilizing, which bodes well for next year's cash flow.

Ten plus inches of rain in August ruined the summer's road work in the Solitario and Agua Fria, but we continue to repair as we go and those repairs are holding up well. We will return to the rain-damaged areas before the end of this year.

Tourism revenues in south Brewster County are reported to be down about ten percent overall, which naturally affected the resort operations.

We project ending 2006 approximately 20% below projected revenues for the resort. However, we continue to keep the expense side in line with actual income for an acceptable net affect on the overall budget.

Pending litigation and upcoming "political" issues aside, your Ranch management and staff will continue in their endeavors to provide owners with professional service within the guidelines of our governing documents and the Strategic Plan.

The 2007 Association Assessment will be billed at \$145 per Member account. The assessment will be charged to each account effective November 28, 2006 in accordance with POATRI Bylaws. Assessment statements will be mailed between December 10 and December 15, 2006. Assessments become delinquent effective March 31, 2007. Quarterly and Semi-annual payments will be available with details listed on the statement. Interest charges on unpaid 2006 assessments have been waived.

STATEMENT FROM POATRI'S ATTORNEY, RUDY CANO

Role of Attorney:

Most members of POATRI who attend the annual meeting or regularly scheduled Board of Director ("BOD") meetings incorrectly view the attorney as the "board's attorney" or "management's attorney." This is an incorrect understanding of my role. I am the attorney for the Property Owners Association of Terlingua Ranch, Inc. ("POATRI").

As a corporate entity, POATRI is recognized as a legal entity under Texas law that has rights afforded to it under the law. These rights include the ability to conduct business in the state, and sue and be sued as an entity in court. Accordingly, I represent the corporate entity.

Although it is true that as POATRI's attorney, I take direction from the board of directors as the elected body administering POATRI, I do not represent the board, as a whole or individually. I also do not represent management, any one individual member of POATRI and, with the exception of a very specific issue which was fully disclosed to the BOD in executive session and from which I advised I have recused myself, I have no vested interest in the outcome of any board election or board action.

Retention of me as POATRI's attorney:

I was retained on an interim ba-

sis as POATRI's attorney on September 15, 2006. The BOD voted to continue my representation of POATRI at the October 2006 BOD meeting. It is my understanding the vote was unanimous.

Actions Available Group of Risk Assessment Task Force:

I was contacted by Ms. Janet Sullivan on or about August 4, 2006 and asked to serve on the Actions Available Group ("AAG") of the Risk Assessment Task Force ("RATF"). At the time I was contacted, I was contacted solely to serve on the AAG.

The volunteer (IE; unpaid) work I did on the AAG was as a property owner who is also a Member in Good Standing. I was not acting as POATRI's at-

torney, nor was I acting in any professional capacity whatsoever. I volunteered to assist the BOD with this task force and arrive at a recommendation to the BOD along with the other members of the AAG.

Although it is true that I employed my training and analytical skills to the work I did on the AAG report and recommendation, I was not acting as POATRI's attorney. The AAG was disbanded on August 14, 2006, more than one (1) month before I was initially retained on an interim basis as POATRI's attorney.

Rudy Cano
Vahldiek Cano & Petroski
1600 Smith Suite 4050
Houston, Texas 77002

Did you move?

Did your mailing address change?

Did you sell any of your property on Terlingua Ranch? Please alert us of the name and address of the buyer.

Did you buy property? Please send us a copy of the certified deed filed with Brewster County.

Please notify POATRI of any of these occurrences so we can keep our records up to date and keep you informed.

Thanks!
propertyinfo@terlinguaranch.com

432 371 3146

AROUND THE RANCH is published quarterly by the Board of Directors of the Property Owners Association of Terlingua Ranch, Inc. and is provided free of charge to all members in good standing. Letters, comments, and suggestions are welcome. Letters may be edited for publication. Write to: Around the Ranch newsletter, PO Box 638, Terlingua, TX 79852. Or email: opsmgr@terlinguaranch.com.

TREASURER'S REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2006

BY DON BACKER, TREASURER

As of Sept. 30 we have collected 75% of the 2006 assessments billed. When we remove the known uncollectible accounts we are at 84% collection of the 2006 assessments. This year's 75% collection rate is almost identical to two years ago, prior to the SIA and rate increase. This indicates we have recovered from last year's turmoil and are on track with historical collection rates.

Combined expenses are \$425,000, which is 17% below the expense budget of \$510,000. The lower expenses are in the resort area and have been reduced because of lower resort revenues, which were \$139,000 as of Sept. 30, down \$31,000 from last year's \$170,000. The Big Bend Tourism Council report that revenues in general are down about 10% year to date.

The net loss or shortfall from the resort is \$52,000 which is \$26,000 less than last year's third quarter

shortfall of \$78,000. Because there are fixed expenses, including insurance, taxes and maintenance associated with the resort assets, any loss less than \$70,000 actually results in a positive net cash contribution to the overall operation.

Regarding our Line of Credit, we use the LOC to cover short term needs for cash until resort revenues pick up in the last two months of the year and collections begin from the December assessment billings. Essentially our cash flow year is different than our fiscal year by about 3 months. As of Sept. 30 we have borrowed \$30,000 of our renewed LOC. The need to borrow short term cash results from property owners who do not pay their assessments when due on March 31st.

Improvements to our TRIPOD system done this year enable us to do an aging analysis on our past due receivables and pursue them with the most appropriate collection

process.

We have recently identified 740 accounts, representing 17% of the 2006 assessments, that are deemed uncollectible. While this affects our bad debt expense, we are pursuing collection of these accounts along with all others, even when the probability of collection is low. We are working to develop a cash flow forecasting process to better predict our cash flow needs.

The currently pending lawsuit will create a liability in our books, which we are required to report on our financial statements. The amount of that liability will be determined by our auditor and attorneys.

All indications are that POATRI is financially sound at the end of the third quarter, 2006, and will continue to improve as the new assessment structure stabilizes over the next two years.

STRATEGIC PLAN INPUT AND QUARTERLY REPORT

BY JACK STATON, CHAIR

The new Strategic Plan Input Process was up and running as of early September as planned. During the first month the SPSC received input from two property owners.

Property Owner Input: The first property owner input we received complimented the Board and Management for the progress made, and concluded that the ranch is on the correct path for a better ranch and that we should work together and give it some time.

The second property owner input presented a potentially serious long term issue. How should POATRI deal with the increasing

need for new roads, road improvements, and road maintenance that can result from more property owners building homes, and from larger tracts being subdivided and sold to new property owners? The SPSC has agreed to gather preliminary information on this issue to help the Board determine if this will become a serious issue and how they might deal with it.

Also be aware that the full Strategic Plan is posted on the POATRI web site, along with four update reports. These reports are compiled twice a year and show we are making significant progress in our first full year operating with a Strategic

Plan. With our newly reorganized web site you can find and quickly access both the Strategic Plan and update reports from the home page.

The SPSC has also committed to publish a one page summary of our Strategic Plan so it can be included in the next newsletter and make sure all property owners receive a copy.

As a reminder to all property owners, you may contribute suggestions on the long term direction of the ranch by sending an email to spsc@poatri.org, or send a letter to the ranch office, SPSC, c/o POATRI, P.O. Box 638, Terlingua, TX 79852.

HUNT COMMITTEE REPORT OCTOBER 2006

BY JIM MILLER, HUNT CHAIR

Not much has changed since the July report. We had a good bit of rain, which improved conditions. I have had various deer reports and there has not been good quail hatch, although I have seen a few good coveys.

Quail season began October 28 and runs through February 25, 2007. (Our mule deer season for archery ran September 30 through October 29. Gen-

eral season begins November 25 and runs through December 10, and it is bucks only.

Our deer locker has been checked out and is ready, and the deer-skinning rack will be raised by two feet to better accommodate cleaning of deer.

This year we will be having Texas Parks and Wildlife officers patrolling as before.

Also we will have the Sheriff Department provide as-

sistance. We will once again provide lodging and some meals for the law enforcement officers who travel here to assist us.

We are asking for volunteers to cover the registering of hunters and to also check deer in and out of the deer locker. These are interesting adventures as you get to talk to a lot of good people. Please volunteer.

POATRI FINANCIAL INFORMATION SUMMARY

FOR THE PERIOD ENDING SEPTEMBER 30, 2006

POATRI

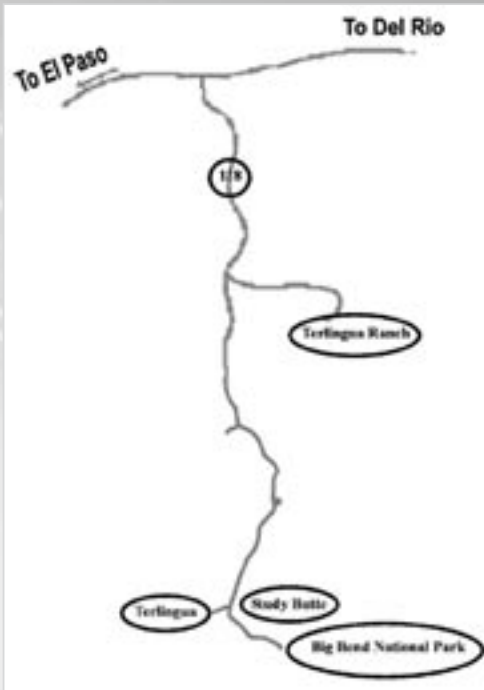
Cash Position Comments & Supporting Information

Cash Balance Jan. 1, 2006	44,905	
Cash Collected Jan 1 – Sept 30	562,131	393,515 Assessment plus 64,286 collected in Dec. 2005 = 75% of 2006 assessment
LESS:		
Expenses Paid	451,349	Expenses at 16.6% lower than budget
Assets Purchased	52,312	TRIPOD software, road maintenance vehicles
Debt Service	67,712	Repay Line of Credit, 2 Maintainers, Well property, Trucks
Cash Balance as of Sept. 30	36,663	

POATRI Financial

Information Comments & Supporting Information

Assessment Receivables Balance	571,316	242,753 from 2006 Assessments, \$100,000 identified as uncollectible = 2006 collectible receivables = 142,753
Provision for Doubtful Accounts	(172,936)	For Prior Year Assessments – does not include \$100,000 uncollectible estimate for 2006 Assessments



Terlingua Ranch Lodge is located at the base of the Christmas Mountains in the heart of the Big Bend of southwest Texas, 60 miles south of Alpine and 16 miles southeast off state highway 118.

We have 32 well-appointed motel rooms, an excellent restaurant, live music, fresh air, and a pool – in one of the most unique landscapes in Texas. Stay with us and enjoy the quiet and beauty of the Chihuahuan Desert.

Group rates are available. Children & pets are welcome. We accept MasterCard, Visa, and Discover. For more information, call us at (432) 371-2416. Or write PO Box 638, Terlingua, TX 79852. Or visit our website: www.terlinguaranch.com.

Contact members of the Board of Directors via visiting our website:

www.patri.org.

Contact the Terlingua Ranch office by calling:
(432) 371-2416.



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