

**ANACONDA CONDOMINIUM ASSOCIATION
BOARD OF DIRECTOR'S MEETING
SEPTEMBER 4, 2015**

Call to order:

The meeting was called to order by President, Dick McKay, 9:00 AM in the condo of Joy Reinke, Anaconda 205.

Board Members Participating:

Dick McKay
Joy Reinke
Robert Kay
Stan Sprinkle
Joe Wilson

Others:

Bobbi Kay

Minutes of prior meeting:

No formal approval of minutes was conducted. However all members were provided with a copy of the minutes and they are posted on the Anaconda HOA website, and no objections have been voiced.

Management contract bid update:

A discussion began about the Management contract bid process that was approved by the Board on July 15, 2015 (with Stan Sprinkle absent) was begun by Joe Wilson.

A discussion of whether an RFP (Request for Proposal) should have been pursued in the process. Joe suggested it was not necessary and was an impediment and no one else did it. Continued discussion about what could have been addressed with an RFP. Stan suggested that we need to see actual numbers regarding what these companies provide and what the costs are. Joe said that Avalanche and Wildernest were invited to the HOA meeting at noon on Sept 4 to discuss what they provide and would bring contracts to see. This was the first the Board had heard that the bidders were invited. Joe had provided Avalanche and Wildernest Carbonate's contract as a de facto RFP. Joe further argued that an RFP was not required. Joe said that the Avalanche did not include an additional \$350 for book keeping with Michael Kerth in Frisco. He further suggested that it would be better to separate accounting from Management. Dick mentioned that Julie, the accountant working for Carbonate was an outside contractor, much like Michael Kerth. Joe continued that Wildernest included the accounting fee in their Management price.

Joe went further to say that Avalanche's Proposal, a one page document indicated their price was "all inclusive", nothing extra was needed. Stan suggested that "all inclusive" could not be properly defined without having all duties delineated in a contract.

Continued discussion of the Avalanche proposal continued with Joy noting it included 30 hours of labor per week. Dick suggested that an RFP is a good idea so that everything that is required from a Management Company is spelled out. Joe indicated that we "would" be doing a bid process every year, that this year was not a one time thing. Joe moved that as a Board we get new bids every year for a management contract for the HOA, Rob seconded the motion. A discussion ensued ... Joe said he felt a yearly bid was fiduciarily responsible

and should be done since it was Anaconda's biggest expense. Rob suggested that longer than a 1 year contract be obtained. It was brought up that the "opt out" clause with Carbonate was 30 days notice from either party. Stan asked if we would see a full contract from Avalanche and Wildernest for evaluation ... Dick asked if Nate was a one-man show, and Joe said he was not, but did not recall the names of the other principles. Dick said he had heard a variety of opinions about both companies that want to bid, and Joe interrupted that all of this is hearsay. Dick suggested that all comments good or bad should be evaluated and debunked or validated.

Stan asked if there was any need to make a decision today on a management company. Joe replied that this is bigger than the Board and should be brought before the owners. Stan agreed, but said all proposals have to be fully evaluated first, and we need a dollar amount to compare.

Joe indicated he had hoped to discuss it and vote on a management decision at this Board meeting, but perhaps we could wait a week or two for further evaluation before committing. Joe said all that he wanted to do was to get bids and see if Carbonate was giving us our money's worth, and has felt "attacked" ever since from many sources and has had no support.

Joe than asked if we know the exact cost involved with Carbonate every year ... Stan said we do ... it is in the budget we approve every year, after commenting that both Carbonate's contract price and dues would increase by 3%. Joe said he was never aware of this and it had been "slipped in". Stan said, and Dick agreed that every year we talked about the budget and debated the 3% Dues increase and every year had voted to continue that for Capital reserve purposes Dick and Stan further said each year that Carbonate's contract will be the same but with a 3% CPI increase as well.

Joe reiterated that he initially took this on to see if he could save the Association money, and especially if Carbonate or others would pay the Association some money for the use of the employee unit. Joe found that other management companies would not need the employee unit and we could rent it out. Stan questioned that Anaconda would save between \$15,000-\$25,000 per year. Joe agreed that Stan could help evaluate the numbers, but Stan said he could not do it in a few weeks, because he has an approaching Oct 15 final tax deadline. Joe suggested that we would not see numbers for Avalanche because they are "all inclusive".

Joy suggested that Carbonate does not get things done and things are continuously put off, specifically action plan items. Bobbi Kay agreed. Joe suggested that a yearly review will hold Carbonate's feet to the fire, and an annual review should have been done under Dick's watch. Dick agreed that a review would be a good thing, but annual bids are probably not indicated. Review is continuous and ongoing and includes services as well as a comparison of other HOA's dues as compared to Anaconda's. Any and all sources not involved or connected to Carbonate continually suggest that there are simply no other management companies in Copper, Frisco or Silverthorne that will get done what Carbonate does, and in fact they would charge more for doing less. The evaluation includes budgets from other Associations that many times involve huge labor charges for "additional" work which Carbonate includes, and comments from Realtors, and those that live in some of the buildings that have other management companies, and many others. All of these comments have been evaluated on an ongoing basis.

Joe suggested that we should “try” a new management company because if we don’t like them we can get rid of them. Joe suggests that this should be a business decision, not one of personality, as Tom (Carbonate) appears to be. Joe suggested there are three options with any decision of this type: 1. It will be worse, 2. it will be the same. Or 3. It will be better ... two out of those three are livable. Stan said that the Board should do a full evaluation, and present their recommendation to the owners. Bobbi suggested that Stan was saying if the Board had been involved we might be at a point where we could proceed, but the Board members have jobs, and Joe has done the work. Bobbi suggested that we accept Joe’s recommendation and honor his opinion. Bobbi further suggested that Joe has as much invested in Anaconda as the rest of us and would not make a rash decision.

Stan commented that Joe’s decision was based on the opinion that we would save \$15-20,000 ... how are these numbers validated. Bobbi interrupted that we just decided that we would validate these numbers over the next few weeks. Stan said this should not have waited until July 15th to get started to have a decision ready by October 1st the beginning of Anaconda’s fiscal year. Joe said he would have had it done, but he had a problem with an RFP and a problem with proxies. Rob suggested that we should now take this on as a Board and fill in the rest of the gaps, and now we can help. Stan again questioned the savings, and Rob replied that they (Rob and Joe) were looking at the savings in snow plowing and receiving no rent from the manager’s unit. Dick and Stan said that the resident manager’s receiving the Anaconda employee unit free of charge is a large part of his compensation for doing all the work expected of him that probably would be in the form of an extra charge from other management companies. Bobbi Kay continued by saying that a management company would be doing these things anyway and we are losing income by providing the employee unit to Carbonate’s employee, to the tune of \$8-900 per month. Bobbi asked how often we hire a handyman for Anaconda repairs, and Stan said we do not ... our resident manager does virtually all of that. It is only more major capital expenditures we must hire outside contractors for.

Bobbi asked why Dick had not provided more guidance on what Joe was doing, or how he was doing it. Joe said he did not provide information to the President of the Board because he did not trust Dick. He said that everything the Joe said about Dick was “misrepresented, twisted or used against him or Dick took credit for it”. Joe took that as a reason to put it in everyone’s hands, and leave the Board out.

Stan said the Board must make the decision, Joe said that as of this moment all the Board has all the information he has, and he knows if had he put anything out there Dick would “cut it to shreds”. Bobbi asked about the things that Carbonate does, and can we not ask the others about those things. Rob suggested that we could do this at today’s HOA meeting. Stan said that would be crazy to ask that at an HOA meeting ... Joy and Dick agreed. Joy agreed that Board should be asking the questions. Joe said that he gave Wilderrest and Avalanche each 5 minutes for their presentation. Joy suggested that they take no questions and the Board will have their own, and solicit questions from the owners and then take the questions to the bidding management companies.

Joy stated she was happy that progress in an evaluation of management companies was progressing, and things that may not have happened are now in progress which was a good thing. Bobbi suggested that owners be requested to send questions to the Board to be given to the management companies for their responses and our evaluation. Joe agreed that was a good idea. He further stated that he, as an owner, would not be happy with the Board

making a decision of this magnitude. Joy and Dick stated that while they have no problem taking this to owners, the Board is elected to represent the owners and one of the specific charges is determining who shall manage the complex. Joe then said he may have misspoken, and what he meant is that the owners should be fully informed on what the Board recommended and given time to comment before the decision is implemented. Rob suggested that questions should be taken from Nate of Avalanche and Jason of Wilderrest at the meeting, the rest of the Board agreed that should not be done in the interest of not having a 5 hour meeting.

Bobbi, said that she suspected that all of the things that Tom says he does are done by any management company. Stan said that you don't really know what they provide if not in writing. Stan suggested that companies like CMI charge lots of extras, and Joe said that is why HOAs are leaving Copper and he did not solicit their bid.

Dick asked if the Board wanted to hear some of the red flags about other management companies he had heard from Cindy, again emphasizing the red flags needed to be looked at and debunked or validated. Dick mentioned he heard that Nate did not always get the plowing done, and outside help was needed, and who is there to help him He already has Togwatee and Snowbridge, would Anaconda over extend him. Stan suggested that the type of plow Nate uses may not be as effective as needed, and there is no backup. Rob suggested that Cindy is Tom's employee and he questioned any input from her. Dick again suggested that all of this must be validated or repudiated.

Joe suggested that going forward every year that an RFP could be implemented and pursued. Stan suggested that it is a Board action, not that of any one Board member. Rob stated that Tom had a "sweetheart" deal.

Dick asked if the Board would accept some comments about the situation He first thanked Joe for his work and said that there were several things that might not have happened without his initiative. Discussing the resident manager, one Board member, and one additional owner suggested that Dallas was doing a poor job specifically with regard to the hot tub, keeping garage doors closed in winter and the bathrooms. Two other board members said he was doing a good job. Dick said he was trying to recruit Nick to be back on board with Anaconda. Dick made several proposals, but Tom came up with the one that might work. Nick is Tom's full time maintenance man for Carbonate ... He proposes putting Nick in between himself as Property manager and our resident manager Dallas to insure Dallas improves, and truly does all that is required of him.

Joe said that communications should go through Tom since Dallas is Tom's employee. Further discussion ensued regarding re-hiring Nick as the Anaconda resident manager Dick said that would not happen because he is now a full time Carbonate employee. Bobbi stated that if Nick helps Tom, isn't this just another layer of management. Bobbi stated that while we have not been 100% happy with Carbonate, they are moving to fix the problem. Another segway discussed there were dogs and smoking in the manager's unit without resolution.

Dick mentioned that he had made progress on several fronts He had a commitment from Carbonate the their management fee would not increase this year, He had spoken with Stan, and our Capitol reserve fund is at a point that we can take a vacation from dues increases, at

least for now and we will now have Nick as a back stop for Dallas if we continue with Carbonate.

Joy asked about closet rentals ... Dick Commented that the closets are rented for \$720 a year. The Board wanted to know who had rented what closets. Joy said we should walk the building and determine where these closets are and what is rented.

A discussion ensued about renting the meeting room for office space for someone with little traffic (due to parking and access problems). This would give the Association rental income.

Dick then wanted to bring up red flag items regarding the two perspective management companies. He had heard that 7 HOAs left Wildernest last year ... and he suggested that the Board should know why Dick suggested that we need to evaluate negative input in addition to their stated obviously positive references. Dick stated that Wildernest is staged in Silverthorne, and there are many extra charges that are made for coming to Copper to do many of the things that Carbonate handles as a matter of course and included in the management fee.

Joe brought up the issue of poorly installed stand pipes in Building 3. Dick said the company that did the job did a horrible job of installation in that they were installed in a very obtrusive and unacceptable manner. The installation company paid for the movement of the pipes to the outside of the building. The HOA assumed a cost of about \$600 for repair of the inside walls and ceiling as well as painting and replacing the carpet by Walter. Joe questioned that payment and whether the board should vote on these cost issues. Bobbi suggested that we have a good Board but we should have to shuffle the offices of the members of the Board. She suggested that perhaps the president and secretary offices should be shuffled to have a new set of eyes on the job. Rob agreed that reorganization of people is a good idea. Stan commented that the Board can have no more than 5 no less than 3 members. The positions are selected after each HOA meeting. Rob suggested that Stan remain Treasurer. Rob suggested that Joe might make a good change for President. Rob related a story that reflected the good in "change" in terms of an employee at the school he works at.

Bobbi suggested that in the interest of time that we jump to a reshuffle of the Board members. Stan suggested that the people in the room may not be on the Board, so shuffling the Board is premature. Dick said that he knows of two owners that would make a good addition to the Board, a new owner that is an attorney and James Dickerson who has expressed interest in the Board and actually lives at Anaconda. Joe agreed that the Board positions will be decided by the newly elected Board. Rob said that the owners respect the work Dick has done. Bobbi agreed with Rob. Rob made positive comments about Nate. Joy suggested that she will be happy to vet the references provided by Nate and Wildernest. Dick suggested that Joy find out who had left Wildernest and try and get comments from them for the other side of the story.

Joe said that Wildernest was not their first choice, so the group turned their attention to Nate and Avalanche. It was agreed Nate is a good man with a good work ethic, but Dick observed that Avalanche handles Togwatee and Snowbridge, so would adding another Association be too much in terms of the services from a limited staff? The question was asked if Nate also did roof snow removal, and Joe replied that their proposal says "all inclusive" which means "all inclusive".

Joe said that he had done the work, and if in the future we wanted RFPs or any other technique, no problem. Bobbi suggested that Tom could sharpen his pencil. Dick said that the actual management fees were about the same, but the devil is in the details or fine print.

The Board then got into the issue of the Joe's 3 "A" and "B" proposal from Wildernest, and the rental income of \$1420 a month for proposal 3a and \$700 a month for proposal 3b. It was brought forward that the \$1420 was in error and the rental for 212 would be closer to \$1000 a month because the \$1420 represented was for a two bedroom unit, and 212 is a one bedroom unit. The larger number represents Wildernest not supplying a resident manager, and the smaller number indicates Wildernest supplying a resident manager and he or she pays about \$700 a month, which is given to our HOA.

Joe made the analogy with regard to changing management companies that he has bought pants that didn't fit, so he went out and bought another pair. Joy thanked Joe for his work and hoped he was not done and that he would get copies of the contracts and look at them closely. Stan suggested that we need the actual contracts from Wildernest and Avalanche as to what is totally included.

Dick made the point that Carbonate does many things that are not included in his contract and for no additional charge. Dick provided a list of those things that include but not limited to letting workers or delivery men into condos by getting someone from Carbonate to let them in whenever required. Carbonate also holds UPS, Fedex and deliveries for owners, also at no charge.

Joe and Rob suggested that the "all inclusive" in the Avalanche contract includes all of that type of stuff. Rob suggested that Nate can look at the list of what Carbonate does and get back to us on his ability to include those things. Bobbi read the list of things that Carbonate does in addition to what is stated in the contract ... and she said that just sounds like things that a management company does. Dick suggested that Avalanche may or may not do all of that in their "all inclusive bid". Until we hire them and see, we simply do not know if it is not in the contract. Bobbi commented that couldn't all these things be added to Tom's contract as well, and we agreed it could. Dick commented that we know Carbonate does do all of these things but the other companies remain an unknown at this point.

Dick said he was definitely not in favor of just "trying" something. Joe said why not? The Board would not agree with a "try it" approach, so it was agreed that more due diligence was necessary.

The discussion turned to the proxies. Joe and Rob suggested that Dick got the proxies, Stan clarified that the proxies are returned to Carbonate. Joe asked if Dick got the proxies, Stan answered no, the proxy indicates appointing "Dick McKay or _____" and the executed proxy is returned to Carbonate. Joe further questioned the proxy legality and ethical nature having it written that way. Dick suggested that this is the exact way POLA, Village at Copper, and the Resort Association does it, and Anaconda and many other Associations have done this for many years. Further, if anything the President or Board had been doing was held in question the owner would go out of their way to name virtually anyone else as the proxy holder. Joe stated that just because other organizations do a proxy one way does not mean it is right. Joe said that he has Jim Culichia's written opinion that the proxy is illegal, and Dick said that Anaconda had gotten a written opinion from Mark

Richmond who is the Association attorney that the proxy was proper and legal before receiving the Culichia opinion in writing.

Dick said we should move to the meat of the issue. He said we need more information and should we do it or would Joe like to continue. Joe indicated that he would be happy to continue, but needed specifics as to the information needed. Bobbi suggested that we take Tom's contract and add the additional items Tom provides at no charge and ask the other companies how they would handle these things Would they be included? The Board suggested that these issues be included in all contracts Including Tom's.

Dick asked where the \$3,000 per month snow removal number in Joe's notes came from with regard to Anaconda. Joe said he took the \$14,000 in the budget and divided by the 4 months of snow removal. Dick said we actually pay about \$1100 a month for snow removal but there will be additional charges for a CMI front loader to remove the large piles of snow to another area, as well as charges for snow removal occasionally from the roofs and roof deck common areas. Basic snow removal is \$1100 per snow month contracted to CMI for snow removal when there is an accumulation of 2 inches of snow by 5:30 am. Joe suggested that we would save money using Nate for snow removal. Dick brought up the question of how well his pickup truck rig would work in the Anaconda parking lot. Joe said that Nate said he would plow as many times a day as was required to get the job done. The question was did Nate have the resources to do three Associations?

Dick asked if Joe was OK with taking time to make a good decision. Joe asked how long we need to come up with a well vetted decision, six months a year? Dick stated that in fact Carbonate's contract can be terminated in 30 days by either party so we can take the time required to make a proper and well vetted decision. Joe and Rob suggested that we should be able to make the decision in a few weeks. Joe said he felt we would like Wildernest better because everything is spelled out, while Nate of Avalanche would be more raw boned and simple and better on hands on stuff, and Tom will be the most expensive.

Joy asked if there had been any input from owners. Dick said the vast majority of the responses he had gotten wanted an on site resident manager. Joe asked if we get a company that provides the same service and can rent out our employee unit, was the Board OK with that? Joe feels that you could have Nate or a Wildernest rep come by late to make sure the hot tub cover was on, and we could change our lock codes regularly.

Joe mentioned that we have a resident manager and have problems with open garages, hot tub cover on at 10PM and things like that. Dick suggested that Nick could spot check and oversee Dallas until he comes up to the required level of performance. Dick indicated his concern for Wildernest doing things of that nature being staged in Silverthorne. Joe said Wildernest were pursuing a Copper Mountain office. Dick said Wildernest was taking over Management of Mountain Plaza, but Jason told him that they need to manage another Association or two at Copper before they can establish that Copper office.

Joy commented on Dallas' work and that she felt the monthly report was not as accurate as she would like. Joy suggested that she would be willing to give up her spot for a new Board member if we thought that best Dick said that was not necessary, and the group expressed a desire to keep her on the Board.

Joy asked if Joe was happy with the direction the Board has taken today? Joe replied "I think so". He sees the wisdom of looking at the contracts Joy suggested that we keep the emails on the management subject between Board members only. Joe reiterated that he was only doing this bid process to help the owners.

Stan suggested that we change the order of business such that election of officers after old and new business so the present Board can address the management issue that they had dealt with for all this months. Joe suggested that the order of the meeting not be changed from the "recommended" meeting order as suggested in the by laws. Joe said we should keep it as is. Stan moved that the election of the Executive Board take place after new business in the meeting agenda. Joy made the second. And the vote was 3 to 2 in favor of amending the order of business of the meeting.

Stan wanted to bring up the proxy issue. Joe asked if we had read Jim Culichia's mail regarding the validity of our proxy. Dick suggested that while we have received that opinion, our HOA attorney, Mark Richmond wrote an opinion that it was legal and proper. Stan asked Joe if we were going to have a legal challenge with regard to the proxies when we started voting. Joe said he guessed that depended on how the proxies are laid out. Joe stated "I guess we will see what happens, I guess we will see what happens at the meeting". Stan said an email sent by Joe that morning said "Dick, just because everyone else is doing something incorrectly or illegally, this is not justification for you to cite it as a reason why you can continue to do something wrong. You were informed that there was a legal challenge to the proxies and you knowingly authorized them to be sent out. At the very least, you should have removed your name to alleviate any semblance of impropriety or preference. By doing so and continuing to do so, you have placed the voting process into question." Stan said, so now what is the question? Are you going to challenge proxies in favor of Dick since his name is listed on the proxy? Joe replied, "I don't know"? Joy stated "we should know". Joe stated " I have to meet my wife and get some dinner so we will just have it at the meeting, figure it out at the meeting ... OK?" Joy suggested that calls the entire vote into question. Stan said Joe is suggesting that there should be a blank on the proxy no name at all. He says that Jim Culichia and Lee Rosenbaum said our proxy was improper. Dick commented he had seen no legal opinion from Lee Rosenbaum. Stan reiterated that he knows of three other Associations as well as the Copper Mountain POLA, Village Company and the Resort Association that does it the way we do. Dick suggested that the format of our proxy had been the same as the other Copper Mountain Associations for many many years, and many attorneys who are owners (including Jim Culichia and Lee Rosenbaum) have been looking at these proxy forms for those same many many years and no problem had ever been suggested. Dick said perhaps it was personal. Joe stated that "If you (Dick) wanted to not look like you were bullying us, you would take your name off the proxy" . Joe indicated if we cannot decide this as a Board a judge will have to decide it.. Joe stated "I have to go Times up." So Stan said so I guess there is no challenge. Joe replied "That is not what I said"

The meeting was adjourned at 11:42AM

The minutes were transcribed from a recording of the board meeting.

Respectfully submitted, Accepted,

Dick McKay, President

Addendum after HOA meeting:

At the HOA meeting the following were elected as members of the Executive Board:
Stan Sprinkle, Steve Sumner, Dick McKay, James Dickinson, and Joy Reinke.

At a very short Board meeting after the HOA meeting the following new Board members were elected to the following positions:

President: Dick McKay
Vice President: Steve Sumner
Vice President: Joy Reinke
Secretary: James Dickinson
Treasurer: Stan Sprinkle

It was agreed that Dick would get a letter out to all owners requesting they submit all questions regarding a Management company to all the Board members, whose email addresses will be included with the request.

The next Board meeting was scheduled for 4PM Mountain time September 30th by conference call.

There being no further business to come before the board the meeting was adjourned
2:42PM

Respectfully submitted, Accepted,

Thomas J. Malmgren, Managing Agent; Dick McKay, President

ANACONDA ACTION PLAN

Prepared by Dick McKay

Date: September 4, 2015

STEPS TO BE TAKEN

ASSIGNED

TARGET

DATE

TO

ON OR
BEFORE

- | | | | |
|----|---|----------|------------|
| 1 | Door inspection reveals that the exterior doors are operating very well. Weather stripping will be repaired on door at North end of building one, and all other weather stripping will be inspected and repaired as necessary. Tom continues to look for someone to replace weather stripping. | TM | 10/15/2015 |
| 2 | Board will continue investigating the possibility of a planter box outside building 1 to match that of building 3, to prevent damage to building siding from snow removal and/or cars. Estimates have been received and Board will walk project when they are able to meet to look at parking and other issues. | TM | 10/15/2015 |
| 3 | Tom will contact Dede Tusso of Broadstroke Design and see if she will submit a proposal for possible refurbishment of Anaconda common areas. | TM/ | 10/15/2015 |
| 4. | Finish Analysis and comparison of Avalanche, Wildernest and Carbonate Management companies and report to full Board with recommendations. | Board/RW | 11/1/2015 |

LEGEND: TM=Tom Malmgren, DJ=Dallas Joss, DM=Dick McKay,
JR=Joy Reinke, SSu=Steve Sumner, SSp=Stan Sprinkle, JD= James
Dickinson

**Next Board Meeting will be held Wednesday, September 30th by
conference call at 4:00PM Mountain time.** Call in number: 866 423-
8755 Pass code: 919216 #