

**ANACONDA CONDOMINIUM ASSOCIATION  
ANNUAL MEETING  
MINUTES  
SEPTEMBER 4, 2015**

Prior to the start of the meeting representatives from Wildernest and Avalanche Property Management Companies were introduced by Joe Wilson, board member, who researched management options for the HOA. Both companies provided a brief overview of their companies, services and desire to manage the complex. After their presentations, Tom Malmgren, president of Carbonate Real Estate and the current managing agent of the association, was given the opportunity to provide a brief update of Carbonate's involvement with the HOA and the desire to remain the company of choice for the HOA.

The members present at the meeting asked numerous questions regarding the comparison of management company offerings as well as the reasoning for initiating the study and comparison. The board indicated that once owner questions have been compiled and a full analysis conducted that they would communicate the board's recommendations back to the membership seeking the owner's opinions regarding how to proceed. It was noted that the 500 pound gorilla in the room is whether or not to have an on-site manager. Ben Broughton was asked to estimate the rental value of unit 212, the manager's unit. He responded that based upon what he rents his 2 bedroom employee unit (#107) for, he believed around a \$1,000 per month to be the fair market value of this property (a one bedroom, deed restricted unit). Stan Sprinkle stated the board is trying to compare apples to apples and that is a very difficult thing to do. Joe Wilson, who initiated the company comparison, stated he was presenting options for the owners to consider. Steve Sumner and his wife initially purchased unit 103. He formerly owned properties in Wildernest and did not have a positive experience with their management. When unit 101 became available for sale, they considered options throughout the resort. They purchased the second unit at Anaconda because they were impressed with the owner's association and management of the complex and these were critical factors in their decision. It was noted that the current on-site manager is an employee of Carbonate, not the Association. Ben Broughton stated that, as an owner, he urged the board to compile owner questions and then make a decision. While a board responsibility, the board will seek opinions from owners prior to making a final selection. In an effort to move the meeting along, Ben urged the board to do their job. Tom circulated a Management Functions List (attached) to the members to outline all things that Carbonate does, both included in the contractual obligations and things that Carbonate does over and above the contract responsibilities. Joe Wilson was very critical of the fact that all of these items were not in the contract and this was the first time he had seen this. Tom expressed that the list he circulated was only to fully outline what they do, nothing more. Recognizing these items are important for consideration and without an RFP (request for proposal) it is unknown what the association is asking for. Duncan Roberts stated, "if it isn't broken there is nothing to be fixed!" The board explained comparing services and costs is important.

Call to order:

Dick McKay, president of the association, called the meeting to order at 12:20 PM, per the required notice distributed to all owners. The meeting was held in the Anaconda meeting room, Anaconda Condominiums, Copper Mountain, CO.

Roll Call and Certification of Proxies:

Those present at the meeting introduced themselves.

Present:

Steve and Nancy Sumner

Units 101 & 103

|                                 |                 |                             |
|---------------------------------|-----------------|-----------------------------|
| Ted Scott                       | Unit 102        |                             |
| Donna Wolford                   | Unit 104        |                             |
| Dick & Barbara McKay            | Unit 105        |                             |
| James and Kristen Dickinson     | Unit 106        |                             |
| Ben Broughton                   | Unit 107        |                             |
| Chris Wold                      | Units 202 & 208 |                             |
| Jim Culichia                    | Unit 203        |                             |
| Stacy Warneke/Travis Young      | Unit 204        |                             |
| Joy Reinke                      | Unit 205        |                             |
| Stan and Sandi Sprinkle         | Unit 207        |                             |
| Joe & Liz Wilson                | Unit 209        |                             |
| Rob & Bobbi Kay                 | Unit 210        |                             |
| Bobby Woodward                  | Unit 211        | (proxy from Kathy Hornaday) |
| Anaconda Owned Manager's unit   | Unit 212        |                             |
| Eileen Maland                   | Unit 301        |                             |
| Chad & Jeanette Grube           | Unit 303        |                             |
| Sarah Wheatley & Duncan Roberts | Unit 304        |                             |

Represented by Proxy:

|                      |          |                     |
|----------------------|----------|---------------------|
| Alejandro Santa Cruz | Unit 201 | Proxy to Dick McKay |
| Michael Faherty      | Unit 206 | Proxy to Dick McKay |
| Theresa Allen        | Unit 301 | Proxy to Dick McKay |

Charles Murdock - Unit 304 - Only unit not represented

Others Present:

Jason Deitz - Wildercrest Property Management  
 Nate Smith - Avalanche Property Management  
 Nick Zhervchuk - Carbonate Property Management  
 Tom Malmgren - Carbonate Property Management  
 Cindy Lundquist - Carbonate Property Management  
 Carmen Yonn - Carbonate Real Estate

Joe Wilson stated that he questioned the legality of the proxy form and disagreed with the fact that the proxy listed Dick McKay's name, as casting un-do influence toward the named individual. The association has utilized this proxy form for 42 years. Former board members (attorneys) certainly did not question this in the past and why it is now a problem seems strange. Our Association attorney wrote a legal opinion stating that this was both legal and accepted practice. Despite many organizations utilizing this same form Joe felt strongly that listing Dick McKay or \_\_\_\_\_, was not proper. Jim Culicia moved that all board members names be listed on the proxy with instructions that a selection must be made. This motion was seconded by Chris Wold. Tom Malmgren commented that the primary need for proxies in the past, was to achieve a quorum and that while today's attendance was a strong showing of owner it also is quite unusual. Discussion continued and finally there was a call of the question. Upon voting, the membership approved the motion made by Jim Culicia to list all board members on future proxies. Thus, the motion passed.

Proof of Notice:

It was noted that by virtue of those present that they received notice.

Reading and Approval of Minutes of Preceding Meeting:

Ben Broughton moved that the reading of the prior year's annual meeting minutes be dispensed with and that the minutes be approved as written. This motion was seconded by Sarah Wheatley and \_\_\_\_\_ passed unanimously.

### Reports of Officers:

Dick McKay reported that the past year has been a relatively quiet one without any large projects. The recent effort to study management options has been the most time consuming topic.

Stan Sprinkle outlined the HOA tax implications explaining that the HOA dues are billed with two separate funds, the Operating Fund and the Capital Reserve Fund. He explained that if the HOA collects more in operating revenue than expenses that the excess must either be credited to the owners for the future year or those excess funds need to be transferred to the Capital Reserve Fund. The HOA has, in past years, transferred any excess funds to the Reserve Fund. That certainly is his recommendation for the future. Stan Sprinkle distributed both a Capital Reserve Schedule (attached) and a recap of what the dues increases have been over the past several years (attached), going back to 1994. He outlined that going years without dues increases and then be faced with double digit increases was crazy. Past boards recommended and the members voted to try to stick with a 3% annual increase to avoid large increases in the future. The Capital Reserve Analysis shows the ending capital reserve fund balances and this clearly outlines the need for planning ahead for future expenditures. The Capital Reserve Analysis is only a 'guestimate' of what it will cost to carry out projects and when they may be required. While a valuable document it is important to note that this is only a road map to the future and nothing is cast in stone. If the board does not believe a suggested project is required when shown, the money is not expended for the proposed project at that time. The Analysis is a moving target and the board has structured this for the next ten years. It is a guideline. If owners think that something is not being considered that they think should, please voice your opinions. Stan outlined that the estimated Capital Reserve Balance will be approximately \$217,000 at the end of our fiscal year (September 30, 2015). This is a planning tool that must be utilized by the board. Dick outlined that the cast iron drain pipes that exist on flat roof decks have recently been discovered to be deteriorating and this is a new item that has previously not appeared on the Capital Reserve component list. It is things like this that crop up that the HOA will have to address in the future.

Ben Broughton moved that the IRS resolutions required to transfer excess Operating Funds to the Capital Reserve Fund be adopted by the HOA and that separate accounts be maintained. This was seconded by Sarah Wheatley and passed unanimously.

Other officer reports: As secretary, Joe Wilson stated he had nothing further to report. Rob Kay and Joy Reinke both stated they had nothing more to report. Joe Wilson commented that Rob was extremely helpful in making calls and assisting him with the research he conducted to gather management company comparisons.

### Report of Managing Agent:

Tom Malmgren reported that Dallas and Shannon were not present, as his family is spreading his mother's ashes this weekend. Dallas did submit a report that Tom passed on stating that they appreciated being able to work for the owners at Anaconda and as they learn more about the complex they appreciate its attributes and they have some ideas about improving the buildings. Discussion regarding the board's authorization to allow dogs to be present in the manager's unit was raised. It was expressly outlined that this was approved by the board and all past managers that have had pets were approved by the board prior to their moving in. The By Laws do not prohibit this as was stated.

Tom reported that the complex is an older one and continues to have challenges as it ages. The Cor-Ten Steel is showing signs of wearing out at certain locations. Planning ahead for the future is imperative and will continue to be very important.

Discussion regarding the hot tub and possible usage by people who do not belong in the Anaconda facilities was raised. Tom responded that while he has not personally experienced this problem, he did ask that incidents be reported to him and Dallas. If owners encounter someone in the hot tub that should not be, please help us by communicating to

them that the facilities at Anaconda are ONLY for Anaconda owners and guests. The membership asked that the code on the entry door at the east end of building 2 be changed so that if others have the code who should not, it will counteract this unauthorized knowledge of the code. Management will modify the code and let the owners know in advance the new code.

Tom expressed that Anaconda is a tough complex to manage. The design of the buildings demands more intense care. The overall resort needs to continue to upgrade facilities and common areas.

Tom took the opportunity to explain that the Copper Mountain Consolidated Metropolitan District board voted last Friday to increase water and sewer charges by 10%. This will go into effect October 1, 2015 with the first billing (quarterly) being in early January. Additionally, the board is planning a ballot initiative for the May election to increase the mill levy to allow purchasing new fire trucks. Tom explained that a Quint (combination pumper/small ladder truck) is being looked at vs. a separate pumper and separate ladder truck. The District encourages all owners to inquire about the details of both these measures. Ben Broughton, a board member with Tom on the Metropolitan District Board, expanded on this discussion.

Tom asked Nick, as a former manager at Anaconda if he had comments or additional updates. Nick expressed that the building is aging and that in his opinion having someone on-site was critical to the best interests of the owners. Nick stated that his job description at Peregrine states that the building manager is the key person to represent the interests of the owners. He feels this tracks exactly the same at Anaconda and having someone to stay on top of things is mandatory. Nick explained that he is working with Dallas and he will continue to be a conduit between Tom, the board, Dallas and Shannon. Experience takes a bit of time and it is important to give Dallas and Shannon time to learn all of the things necessary. Dick explained that Nick will be the interface between Tom and the resident managers.

Dick explained that the HOA will not increase dues this year and Carbonate will also not increase fees for this next year. Additionally, closets are being rented to owners for storage, which will collect additional funds for the Association. Dick outlined that the meeting room has been considered for rental in the past and will be again. Tom reported that for owners who are not familiar, that storage closets are available on a limited basis. He also reported that Carbonate uses a closet on the first level of building one for linen storage. When asked by Rob Kay what Carbonate pays for use of the closet it uses, the response was it is part of the management fee for management of the HOA and was negotiated with the board of the Association about 20 years ago. This was the end of the manager's report.

#### Election of Directors:

All terms for the Anaconda board of directors are for one year, per the By Laws. Thus, all 5 directors are up for re-election. Dick McKay outlined that the current board has all agreed to serve as candidates for the next year's election. Stan Sprinkle stated that he would continue on if elected. Dick stated he would agree to continue on if elected. Dick McKay nominated Steve Sumner, an attorney, stating that having an attorney on the board would be a positive thing and Steve agreed to serve if elected as he only wants to help if he can. When asked if he had interest in serving approximately a month ago Steve stated that to Dick's credit nothing was discussed about consideration of management company comparisons and with ownership of two properties he feels strongly about being vested and wants to contribute where he can. Steve's nomination was seconded by Ted Scott. Joe Wilson expressed his interest in being a board member and his recent efforts of trying to gather information to consider management company options. Ben Broughton nominated James Dickinson, who is a full time resident and owner of Copper Vacations here at Copper. As a former board member Ben feels James would be an excellent candidate. This was seconded by Chris Wold. Both Rob Kay and Joy Reinke briefly stated that as current board members they would serve again if elected. Nominations were closed with the 7 candidates running for 5 positions. Tom distributed pieces of paper for members to

vote stressing that ONLY one vote per unit was permissible and that since the percentage shares of ownership vary for 2 bedrooms, to 3 bedrooms, to 4 bedrooms those voting needed to list their size of unit vs. their unit number. Tom explained that per Colorado Common Interest Ownership Act (CCIOA) the votes should be counted by a third party/non-related individual. He suggested Nick fit that definition better than anyone in the room. All agreed. Those running for the board had their names written on the poster board at the front of the room. Votes were made and ballots were delivered to Nick, who was joined by Jeanette Grabe (new owner of unit 303) who knew no one in the room and volunteered to assist with the count.

Results of the election:

Stan Sprinkle, James Dickinson, Joy Reinke, Dick McKay and Steve Sumner

Tom asked Nick to make certain that the ballots be returned to the Carbonate office and that they will be held the CCIOA dictated time period.

The newly elected board was congratulated and will have a meeting to elect officers immediately following this meeting.

Unfinished / Old Business:

Ben Broughton thanked Joe Wilson and Rob Kay for their service over the past several years. A round of applause from the room followed.

New and General Business:

New board member information will be circulated to all owners. Stan asked that the roster of owners be circulated to all owners for their use.

The board committed to the ownership that they would continue to research management company comparisons and urged owners to send their questions in.

Adjournment:

Ben Broughton moved that the meeting be adjourned. This was seconded by Jim Culicia and passed unanimously.

Respectfully submitted,

Accepted:

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Thomas J. Malmgren, Managing Agent

Dick McKay, President