

# Directors Meeting Minutes

## August 20, 2009

### Promenade Towers

Directors present: Leonard Ney, John Rastl, Margie Thomsen, and Cynthia Widdows

Directors absent: Bruce Hopkins and Jim Zafirson

1. The meeting was called to order in the Community Room at approximately 7:00 PM.
2. The meeting minutes from July 16, 2009 were approved with the addition of the paragraph 5.e. that discussed possible change of the normal monthly meeting dates. No change to the meeting date was made.
3. Treasurer's Report. John Rastl reviewed the January-July Operating Account compared to our budget. He noted that we are \$3,891 under our projected budget after the first seven months of the year. Mr. Rastl also reported that we have two owners more than 60 days behind in their monthly fees.
4. Unfinished Business:
  - a. Munjoy Hill Neighborhood Organization (MHNO) Wind Study Group – Mr. Rastl discussed his participation in this group. The East End Community School is watching as Peaks Island applies to the Zoning Board for approval for a tower/anemometer. They will then follow the same process for the East End Community School. Many people on Munjoy Hill and in this group were under the impression that a wind turbine at the East End School would provide electricity for all while the truth is that the school is planning on using it all (or getting credits). The group is meeting monthly with Mr. Rastl presenting a briefing next month on health and safety concerns with a large wind turbine so close to residences.
  - b. Mail Room/Office/Library remodel is complete with all new flooring and paint. We added two new bookcases in the library (\$76 each). We still are planning to put a PC with internet connection on the small desk by the windows. If anyone is buying a new PC please consider donating your old one for this location.
  - c. Stairwell Painting is complete thanks to all the volunteer help. This summer Fred Hill and Einar Juhlin did most of the painting.
  - d. Thanks to all the Volunteers. Thanks to Gunnel Hansen and Nan Dewing for watering the plants by the front door and all the interior plants. Thanks to Judy Hill for weeding all our flowerbeds this summer. Barry Glew has been helping Rick Lank keep the pool clean all summer. And, Tom Leonhardt has volunteered to be the new Social Committee Chairman and his committee is planning a fall party on September 22.
  - e. Mid-month decisions confirmed:
    - Bid for new gutters of \$5,088 to Downeast Seamless Gutters was approved
    - Bid for seal coating and striping our driveways for \$6,650 to Zebra Striping was approved
    - New Pool Rules were approved and a sign ordered to be installed on the pool fence.
    - A \$100,000 CD was taken out with Bank of America versus Bath Savings Institution. These were Reserve Funds taken from UBS Bank.

5. New Business:

a. Our Annual Association Meeting is September 9, 2009. Several items were discussed that need to be on the Notice that will be mailed tomorrow, August 21.

(1) **Right of First Refusal.** Our Declaration contains a section described as the “Right of First Refusal.” This gives the Association the right to purchase or lease any unit for the same terms as any valid offer received by an owner. The Association has up to 20 days to make this election or it can waive this right. Section 8.5 was added to our Declaration as an Amendment in 1997. We have never exercised this right.

A mortgage loan that is backed by FHA can not be made to an association that contains the “Right of First Refusal” in their condominium documents. This is due to HUD rules that consider that the “Right of First Refusal” could be used to unfairly discriminate.

In the last year, one owner lost a potential sale due to this provision. At least three local realtors have urged us to delete this provision to avoid limiting future sales potential. FHA loans are becoming a bigger portion of all mortgage loans and some believe that other types of loans may begin to use the same rules.

*A motion was made, seconded and passed to put this Amendment on the Agenda for our Annual Meeting on September 9, 2009. The Board recommends that members vote (YES) to approve deleting the “Right of First Refusal” provision. All of the existing Section 8.5 would be deleted except for three paragraphs that still apply and are not related to “Right of First Refusal.” A vote of at least 67% of all owners is needed to pass.*

Specifically, Section 8.5 would be amended and restated as follows:

“Section 8.5 Sales, Leases and Mortgages of Units.

A. No unit owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his unit without including therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or describe therein. No part of the Appurtenant Interests of any unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all units.

B. Notwithstanding any other provision of this Declaration or the By-Laws, a unit owner may, without the consent of the Board of Directors, license to another unit owner or resident the use of any parking space with respect to which said unit owner has the exclusive right, such license to be upon such terms and conditions as the unit owner shall desire, provided that it expires automatically upon the sale of their unit and provided further that notice of such license is promptly given to the Board of Directors.

C. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease said unit owner’s unit unless and until said unit owner shall have paid in full to the Board of Directors all unpaid common charges theretofore assessed by the Board of Directors against said unit owner’s unit and until said unit owner shall have satisfied all unpaid liens against such unit, except the lien of a mortgage.”

(2) **IRS 70-604 Election.** We file our annual taxes on a Form 1120 which has the most beneficial rates for our income (from antennas and interest). If we have an excess at the end of the year of owner dues over operating expenses we could be liable for taxes on that excess as income. This can be avoided if the membership votes that any excess of membership income over membership expenses, for the tax year shall be applied against the subsequent tax year member assessments, as provided by IRS Revenue Ruling 70-604.

Our CPA recommends we make this an annual election at our annual meeting. *A motion was made, seconded and passed to put this election on the Agenda for our Annual Meeting on September 9, 2009.*

(3) **Notice and Proxy.** The draft Notice of Meeting and Proxy were approved as written and will be mailed on Friday, August 21, 2009. Nominees for Board of Directors positions are Michael Lincourt, Karen Winslow, and Jim Zafirson.

b. Office Manager Issues. Pauli Daniels discussed the work this week on the elevators. They appear to finally be in good working order after several service calls trying to find the problem(s). She also noted that a routine water shut-off this past week couldn't be accomplished due to a faulty valve. This will necessitate turning off water to both buildings for a time next week to replace the bad valve. Signs will be posted but it will most likely be a two hour window on Wednesday or Thursday afternoon.

6. The meeting was adjourned at approximately 7:45 PM.

A handwritten signature in cursive script that reads "John M. Rastl". The signature is written in black ink and is positioned above the printed name and title.

John M. Rastl  
Secretary Pro Tem