

# Annual Meeting Minutes

## Promenade Towers

### September 14, 2011

Directors Present: Bruce Hopkins, Leonard Ney, John Rastl, Karen Winslow, and Jim Zafirson

Directors Absent: Michael Lincourt and Gunnel Hansen

1. The meeting was called to order at approximately 7:00 PM in the Promenade Towers Community Room.
2. Roll call was taken with the following results: there were a total of 52 (out of 80) owners either in person (24) or represented by proxy (28). These 52 represented 66 percent of ownership interest.
3. Proof of Notice. John Rastl displayed a written notification that was mailed to all owners and postmarked August 30, 2011.
4. Minutes of the September 8, 2010 Annual Meeting were approved as written.
5. Jim Zafirson gave the president's report. He noted the newly completed Fitness Room and said we are all proud of this addition to our building. He thanked Len Ney and John Rastl for their volunteer efforts on this project. Mr. Zafirson also pointed out that we just completed replacement of the roof top vent caps for dryer exhaust. The old caps were 35 years old and in bad shape plus we learned from replacing the first one that they were allowing cold air down into the building and this has been corrected as the new ones were installed. This should help further tighten up our building's envelope. He concluded saying that, day-by-day, our home is a better place.
6. John Rastl gave the treasurer's report. He said our income through the end of August is approximately \$1,000 more than we expected (good) and that our expenses are almost \$4,000 less than expected (also good). An owner noted that the expenses by category were significantly different than the budget and Mr. Rastl explained that our payroll expenses were based on our budget [approved last October] with a full-time maintenance man but we started off in January with only a part-time maintenance position. We have saved money in that category but in turn pay out more to contractors to do some work. For example, clearing snow off the sidewalks, stairs and behind cars used to be done by our maintenance man but is now done by a contractor at an annual cost of \$5,800. Our end of August Operating account balance was \$33,822 and our Reserve accounts totaled \$529,137 compared to \$470,629 on the same date in 2010. There are only two owners past due on their fees with a total of \$10,620. The 2012 budget is being worked using expenses to date. Mr. Rastl said he will be working drafts with the Board in early October with a plan to have the budget finalized for Board adoption at the regular October meeting. A copy would then be sent to all owners. The budget includes new exhaust fans on the roof, remodel of the Community Room and remodel of the bathrooms/locker room.

## 7. Unfinished business.

a. Unit inspections. Mr. Rastl said unit inspections were last completed in 2005 and they had been put off last year due to change in personnel. He plans to start next week. The inspections primarily target toilets, washing machine hoses, and water heaters – all items where problems can cause significant damage to multiple units. The inspection team will also replace the 9-volt battery in the unit's front door and the water alarm by the water heater.

b. Sprinklers in units. Mr. Zafirson discussed the long range plan to put sprinklers in each unit. The City of Portland has made it a retroactive requirement for high-rise buildings like ours. Our units were built to contain fire and we have one example of how well it worked. That unit was gutted but there was no damage to any surrounding units. The joining walls to other units and common areas have a firewall of double sheetrock and the wall studs are metal built on a basic structure of concrete and steel. He said many other buildings such as Portland House had no sprinklers even in common areas such as halls and stairwells – we do. Portland House has started the process of installing sprinklers in their common areas and the unit owners have to do their own units within a given period of time after their hallway is complete. We expect to do all our units as a whole. Mr. Zafirson said we believe that the City will eventually pressure us to install so we started saving in our Reserve fund a few years back so we can eventually do it without any special assessment. We have one estimate of \$700K but we think it may be even less and the work/cost would probably be spread over two or more years.

## 8. New business:

a. Mail box replacements. Mr. Rastl discussed issues with our current mail boxes. They are small for the large volume of mail many residents get resulting in boxes crammed full with some mail rolled and/or curled. The postal carriers complain about having to use the wooden cubbies because that makes them sort mail twice. Lastly, the current boxes show the age of the building while almost everything else has been updated. He proposed replacement with the new standard for the USPS, a standard-4C box. The individual boxes would be approximately 3”H x 13”W compared to 3”x4” now. Magazines and similar items would lay flat. The new boxes would have one parcel container per 10 units. Cost will be in a range of \$5-6K. No vote was taken but the audience expressed support for this upgrade. Mr. Rastl said we will begin planning in more detail.

b. Mandatory toilet replacement criteria. Mr. Zafirson began a discussion of old toilets. He said original toilets used much more water (5.5 gal) than new toilets (1.6 gal) so this is a water conservation issue; however, the main reason for discussion was a recent toilet leak that caused damage to seven different units. The damage was extensive (\$30,000) and will be weeks before repairs are complete. We think this is preventable with a \$200 new toilet. Bruce Hopkins has seen a couple toilets fail in our building's past; he has seen the toilet base even split. He added that there are 10 units in a stack. Mr. Rastl said we have bids from two plumbers, \$125 and \$130 to do the install only. Any required additional work would cost extra. After discussion, Mr. Rastl read a draft resolution and made a motion to adopt it. The motion (attached) was seconded and approved by the Members.

c. Smoking in common areas outside the building. Mr. Zafirson led a discussion of extending areas where smoking is prohibited. This is becoming more common across communities and in business. Problems are litter and secondhand smoke. Enforcement would be difficult with contractors, etc. After discussion there was consensus to take one step in that direction; we will make a “designated smoking area” and equip it with a bench and smoking materials receptacle. The area will be between the end of Building 2 and the garage that is closest to the school. This is a pleasant area, away from the main entrance, and has protection from rain. We will try to encourage guests of residents that go outside to smoke to use this area.

d. IRS 70-604 Election for 2011. Mr. Rastl explained that this is an annual election by the membership. He made a motion that any excess of membership income over membership expenses, for the tax year ending December 31, 2011 shall be applied against the subsequent tax year member assessments, as provided by IRS Revenue Ruling 70-604. The motion (attached) was seconded and approved by a show of hands vote.

e. Election of Board of Directors members. Two Board members with expiring terms were Len Ney and John Rastl. Both had volunteered to serve another three-year term. Mr. Zafirson asked if there were any additional nominations from the floor. Bruce Hopkins then made a motion that given there were two positions open and exactly two and only two nominees to fill them that we vote by a show of hands to unanimously elect the candidates. *The motion was seconded and passed to elect Len Ney and John Rastl to serve on the Board of Directors.* Current Board members are as follows (listed by term expiration).

	Term Expires
Michael Lincourt	2012
Karen Winslow	2012
Jim Zafirson, President	2012
Bruce Hopkins	2013
Gunnel Hansen	2013
Leonard Ney	2014
John Rastl, Treasurer	2014

9. The meeting was adjourned at 8:15 PM.



John Rastl  
Acting Secretary

#### Attachments

1. Resolution – Mandatory Toilet Replacement Criteria
2. Resolution – IRS Ruling 70-604

**MANDATORY TOILET REPLACEMENT CRITERIA**

WHEREAS the Promenade East Condominium Association, Inc. (dba Promenade Towers) is a Maine corporation duly organized and existing under the laws of the State of Maine; and,

WHEREAS, the members are aware of the potential damage caused by a water leak in a high-rise building and the potential for very old toilets or toilets with visible cracks to fail;

NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of the Promenade East Condominium Association, Inc.;

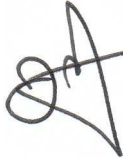
RESOLVED, that no toilet over 30 years of age or of indeterminate age shall be kept in service within the Promenade East Condominium Association, Inc. buildings and any such toilet must be replaced within six months of notification;

Any toilet found to have visible cracks in the tank or base shall be replaced as soon as practicable.

Anyone that can not comply may request to appeal to the Board of Directors for a date extension. Owners that do not comply will be assessed fines after an opportunity to be heard. Fines will be as defined in our By-Laws, i.e. 10 percent of the monthly fee, and can be assessed for each day the violation continues.

This resolution is adopted and made a part of the minutes of the membership meeting of September 14, 2011.

PROMENADE EAST CONDOMINIUM ASSOCIATION



BY: \_\_\_\_\_  
James Zafirson, its President



ATTESTED: \_\_\_\_\_  
John M. Rastl, its Acting Secretary

**ELECTION UNDER REVENUE RULING 70-604  
EXCESS INCOME APPLIED TO FOLLOWING YEAR ASSESSMENTS**

WHEREAS the Promenade East Condominium Association, Inc. is a Maine corporation duly organized and existing under the laws of the State of Maine; and,

WHEREAS, the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of the Promenade East Condominium Association, Inc.;

RESOLVED, that any excess of membership income over membership expenses, for the tax year ending December 31, 2011 shall be applied against the subsequent tax year member assessments, as provided by IRS Revenue Ruling 70-604.

This resolution is adopted and made a part of the minutes of the membership meeting of September 14, 2011.

PROMENADE EAST CONDOMINIUM  
ASSOCIATION



BY: \_\_\_\_\_  
James Zafirson, its President



ATTESTED: \_\_\_\_\_  
John M. Rastl, its Acting Secretary