Letter to Harborside Owners – August 5, 2008 Annual Owners Meeting

July 12, 2008

Dear Harborside Owners:

The purpose of this letter is to provide you information regarding the financial status of the Harborside Condominium Trust, specifically the 2008 budget projections based on our financial statements as of June 30, 2008 and the proposed budget for 2009. We also provide a status report on the Dock Accounts and Capital Reserve Projects. For reference, we invite your attention to the January 28, 2008 Trustee's letter to Harborside owners, which summarized our financial performance for 2007.

2008 Budget Status and Year-end Projection – Based on revenue and expenses as of June 30th, we are projecting a balanced budget for fiscal year 2008.

Our assessment of the **Operating Account** is as follows:

1. The January 1, 2008 beginning Operating Account balance was $112.30. This was the carry over from the 2007 fiscal year. Projected revenues are consistent with the 2008 Budget at $152,580.
2. Based on expenditures to date:
   a. We are projecting a $1,800 overrun in insurance premiums this year.
   b. We will also overrun in Snow Removal, as we are over our $5,000 budget by $271.50 and expect some additional expenses this coming December.
   c. All other expense lines are tracking to budget or projecting an underrun.

Our assessment of the **Reserve Account** is as follows:

1. The January 1, 2008 beginning Reserve Account balance was $5,575.
2. During the first six months of 2008, the Reserve Account was funded at $14,583 with earned interest of $45.
3. Out of a Reserve Account of $20,203, we paid the following:
   a. Painting Building A - $2,750.
   b. Sewage pump controls project - $8,935.
   c. Refurbishment of B1/B4 entry steps - $3,335.
   d. As of 30 June, the Reserve Account balance was $5,189. We expect to fully fund the Reserve for the final six months, adding $12,500.
4. We also executed one bank loan in 2008 to fund the D Building foundation and drainage project. The loan interest is tax deductible. The details follow:
   a. Total Loan: $160,000.
   b. Total Closing Costs: $1,270.
   c. Engineering: $13,145.
   d. Contractor: $95,256.
   e. Interest: $2,149.
   f. Project Underrun: $29,000 (paid to principal, reducing term of the loan).
   g. Anticipated Interest: $19,180.
   h. Projected Payout Date: February 1, 2010.

Proposed 2009 Budget (see attached) – We are proposing a 2009 Budget of $156,480, a $3,900 or 2.5% increase over this year in Common Element Fees (Condo Fees). In the Operating Account, Insurance will be increased by $3,000 and Management Fees increased by $900. All other expenses remain the same as this year, unless we encounter some unexpected issues. The Reserve Account will remain at $25,000. For comparison, we raised Condo Fees by 4% in 2008, 11% in 2007, and 17% in 2006.

Status of the Dock Accounts – As of June 30, 2008 the Dock Operating Account balance was $9,282 and the Dock Reserve Account Balance was $1086.

1. All dock fees are paid in full and nightly rental fees are current. Additionally, the Trust makes a one time, annual contribution of $5400 to reflect the use of the docks by all residents. This will be paid to the Harborside Dock Committee (HDC) in December, 2008, providing total operating funds of $14,682.
2. Against this $14,682 are the fall float service ($1899), paint and repairs to docks ($1716), gangway paint and repairs ($1700), mooring fee ($200) and winter storage ($2000), leaving a total of operating funds of $7167.
3. The HDC will request of the Board of Trustees to transfer a portion of this $7167 into the HDC Dock Reserve Account.

Status of Capital Reserve Projects:
In addition to the above financial information, we would like to update you on current and pending Capital Reserve Projects, which we first presented at the 2003 Annual Meeting and have updated at subsequent Annual Meetings. These major infrastructure projects resulted from follow-up inspections stemming from the Goddard Report on the state of the Harborside infrastructure and on-going engineering site reports from Bergman & Associates. These projects are summarized below:

1. The structural work under the D Building has been completed. Many thanks to Liz and Bert Michaud for their patience during this extreme inconvenience.
2. The project also resulted in a refurbished drainage system in Buildings B & D, including moisture control and improved ventilation under Building D.
3. We have again this year temporarily deferred the repair or replacement of the failing north retaining wall between Harborside and the Boston Yacht Club. We will continue to monitor the site conditions.

In conclusion, the Trustees' goal continues to be the establishment of a reasonable Annual Budget and to execute responsibly to that Budget. We also continue to close the gap between years of infrastructure neglect and the demand of owners to keep pace with increasing property values. We have a unique and beautiful place to live, and we believe these expenditures are prudent and will serve us well in the years to come.

Thank you,

The Trustees

Attachment: Proposed 2009 Budget

HARBORSIDE CONDOMINIUM TRUST

	2008 BUDGET	2009 PROPOSED
REVENUES		
A. Condominium Fees	$152,580	$156,480
B. Laundry	0	0
TOTAL INCOME	**$152,580**	**$156,480**
EXPENSES		
A. Administrative		
1. Insurance	$27,000	$30,000
2. Management Services	8,400	9,300
3. Tax & Tax Preparation	150	150
4. Office Expense	2,000	2,000
5. Legal	4,000	4,000
TOTAL	$41,550	$45,450
B. Utilities		
1. Electricity	$ 2,700	$ 2,700
2. Water & Sewer	4,900	4,900
3. Cable TV	4,800	4,800
4. Gas	1,000	1,000
TOTAL	$13,400	$13,400
C. Common Services		
1. Rubbish Removal	$ 5,100	$ 5,100
2. Snow Removal	5,000	5,000
3. Exterminating	1,500	1,500
4. Landscaping	7,630	7,630
5. Cleaning & Bulbs	4,500	4,500
6. Fire System	500	500
7. Dock Fee	5,400	5,400
8. Heating Systems	3,000	3,000
TOTAL	$32,630	$32,630
D. Maintenance/Repair		
1. Labor & Materials	$40,000	$40,000
TOTAL	$40,000	$40,000
E. Operational Reserves		
1. Reserve Contribution	$25,000	$25,000
TOTAL	$25,000	$25,000
TOTAL EXPENSES AND RESERVE CONTRIBUTIONS	**$152,580**	**$156,480**