# HARBORSIDE CONDOMINIUM TRUST

## 2011 ANNUAL MEETING MINUTES

The 2011 Annual Meeting of the Harborside Condominium Trust was held Tuesday, August 2, 2011 at the Boston Yacht Club. Fifteen units were represented at the meeting.

### 1. MOTIONS

A motion was made, seconded and approved unanimously, to accept the minutes of the 2010 Annual Meeting as written.

### 2. TRUSTEE ELECTION

Markwood Management announced that Don Nowland has been elected for a three-year Trustee term with approximately 87% of the ownership interest voting in this year's election.

Many thanks, Don, for your continuing service to the Harborside Condominium property!

Lesley Management, Inc. will have Don Nowland registered at the Essex South Registry of Deeds.

### 3. WELCOME

Trustee Don Nowland extended a welcome to new owner Joyce Raymond. Trustee Nowland gave a brief surmise of the work being done in and around her unit with an anticipated move in date for Joyce for the last week of August.

### 4. NEW PROPERTY MANAGEMENT

Effective August 1, 2011 Lesley Management, Inc. has been contracted to assume the managerial responsibilities for Harborside Condominium Trust. Kimberly Lord, President, was on hand for introduction to general ownership.

### 5. FINANCIAL PRESENTATION

Trustee Don Nowland presented an in-depth narrative of the current financial position of the Harborside Condominium Trust (please see attached homeowner correspondence and proposed 2012 budget). Don stated that another letter and update on the projects at hand along with the final 2012 budget, will be presented to general ownership in November as accustomed. A letter of performance for the entire 2011 year end will be sent to general ownership in January 2012.

The 2012 budget (please see attached) is projected to increase by approximately 4.3% resulting in a corresponding increase in Common Element Fees. The sum total of this increase ($7,350) will be contributed to the Reserve Account. The Board will inform Owners in the November financial update letter what the final 2012 budget will be.

## 6. MAINTENANCE PROJECTS

Trustee Nowland continued his presentation on the maintenance completed since the 2010 Annual and in process year to date.

- As Owner Joyce Raymond renovated unit, unavoidably some common expenses were incurred and likely will continue to incur until completion of renovation. A drainage problem behind building B must be corrected.
- The Sea Wall was inspected by Smith Marine. A recommendation of general maintenance was made. A review in the fall of 2011 is scheduled.

All emergency maintenance items are being addressed as quickly as possible and are prioritized accordingly. All other homeowner maintenance requests, not considered to be safety or emergency items, will be added to the "Deferred Maintenance List". This list currently includes, but is not limited to:

- C6/C7 Railing Painting (this item is being removed as Owner Walters has offered to pay for painting directly)
- B8 Balcony Repairs
- D Building Paint Touch Up
- A Building East Wall Paint Touch Up
- C8 Deck Fasteners
- Repair to low spot between buildings B & D
- Resealing and restriping of the Parking Lot

## 7. HARBORSIDE DOCK COMMITTEE UPDATE

Trustee Jim Walters updated all present. The HDC financials, as outlined in the July 22, 2011 Letter to Owners, are solid, and are in much better shape than compared to years past.

Although the North Dock is having some problems with flotation, the HDC is hoping to give it one more season. Trustee Walters expressed that he was pleased the dock was being well used.

*Question: How much will it cost to redo dock?*
Answer: The costs to do the south dock last time, was ~ $17,000

Question: *Can the HDC return (or not receive) the $5,400 as per budget line-item since they are in a solid financial state.*

Answer: The HDC has a cap on their reserve account not to exceed $25,000. Thus, it may be an option, but the Board of Trustees will get back to unit owners if they decide to act on this.

8. PLEASE.......

- Parking: Pass the word, encourage fellow residents to follow parking restrictions. Use placards, stickers, etc. The Association is still having people who are not authorized to park, parking in the lot. If you need placards or stickers, please contact management.
- Trash Area: Appliances and large furniture items are being left in storage and trash areas. Please respect neighbors and make proper arrangements to properly remove unwanted items from property.
- Website: USE IT! The website is updated often by Owner Bart Jones. Please refer to the website for questions about the Association. Owner Michaud stated she could not "Google" Harborside and find the website (she was not in a position to look up past minutes of meetings etc.) Management to research and offer suggestions to be able to "Google" and locate website for Association.

9. HOMEOWNER SUGGESTIONS

Unit Owner Liz Michaud is organizing pot luck event, similar to last year, to be held August 16, 2011 @ 6:00 PM. Owner Michaud will email owners and residents a sign – up sheet. A thank you was given to Liz for organizing this event.

Unit Owner Sally Plauche stated the overall mood of the Harborside community is "that is is a happy place to live". Many owners confirmed sentiments.

10. THANK YOU

Trustee Don Nowland presented a verbal thank you and plaque to Mark Livermore, Markwood Management, for his many years of service to Harborside Condominium Trust. Please see photo posting on the Harborside Condominium Trust website.

11. ADJOURNMENT

There being no further business of the Harborside Condominium Trust, the 2011 Annual Meeting adjourned at 6:30 PM.

Minutes prepared and submitted by Lesley Management, Inc.

**Attachments:**
Letter to Harborside Owners – July 22, 2011
Proposed 2012 Budget

**Letter to Harborside Owners - August 2, 2011 Annual Owners Meeting**

July 22, 2011

**Dear Harborside Owners,**

The purpose of this letter is to provide you information regarding the financial status of the Harborside Condominium Trust, specifically the 2011 budget projections based on our financial statements as of June 30, 2011 and the proposed budget for 2012. We also provide a status report on the Dock Accounts and Capital Reserve Projects. For reference, we invite your attention to the January 27, 2011 *Trustee's letter to Harborside owners,* which summarized our financial performance for 2010.

**2011 Budget Status and Year-end Projection:** Based on revenue and expenses as of June $30^{th}$, we are projecting a consolidated (Operating & Reserve) overrun of about \$30,000 (18%) for fiscal year 2011. To summarize the background of this overrun condition, after the difficult 2010 financial situation we carried over into 2011 \$5,525 in unpaid invoices even after the \$45,000 Bank Loan. The water leaks and rot repairs in 2010 came to about \$100,000. As indicated in the discussion to follow, we've had additional unanticipated water leaks and rot repair work this year.

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

1. The January 1, 2011 beginning Operating Account balance was \$513. This was the carryover from the 2010 fiscal year. Projected revenues are consistent with the 2011 budget at \$167,650.
2. Based on expenditures to date:
    a. We are projecting an overrun in Snow Removal (\$12,800), that includes \$5,640 for roof shoveling. We are projecting a Maintenance & Repair overrun (\$22,500). This includes drainage work at the rear of Building B (\$2,700); rear of Building B retaining/rip-rap work (\$800); Building B crawl space fire protection (\$5,000); and (\$12,000) in other safety/emergency repairs. These overruns will be partially offset by under runs in Fire System maintenance (\$200); Legal (\$2,000) and Gas (\$500).
    b. We also project reimbursements to Trustee Nowland (\$6,600) and the partial Snow Removal balance (\$1,000) to be paid from budgeted Maintenance & Repair and Snow Removal expense lines. Trustee

Nowland had advanced the Trust $6,600 to pay an Osgood invoice earlier this year.

c. All other expense lines are tracking to budget.

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

1. The January 1, 2011 beginning Reserve Account balance was $518, although we carried over $5,525 in unpaid invoices.
2. During the first six months of 2011, the Reserve Account was funded at $14,150. Out of Reserves, we paid the following:
   a. Painting/Repairs ($400); Maintenance & Repair 2010 overrun ($5,525); Maintenance & Repair 2011 partial overrun through June ($1,727); partial Snow Removal overruns ($7,000).
   b. We also anticipate the payment from Reserves of an additional $12,300 in currently unpaid Maintenance & Repair invoices and $2,200 for partial payment of balance due Snow Removal. This total of $14,500 will be paid with July – December Reserve contributions.
   c. All other homeowner maintenance requests not considered to be safety or emergency items will be added to the "Deferred Maintenance" list. This list currently includes:

      - C6/C7 Railing Painting
      - B8 Balcony Repairs
      - D Building Paint Touch-up
      - A Building East Wall Paint Touch-up
      - C8 Deck Fasteners

**Special Assessment/Marblehead Bank Loan:** The Board approved a $45,000 loan with the Marblehead Bank effective February 1, 2011 through January 1, 2012. The purpose of this loan was to partially satisfy 2010 Maintenance & Repair invoices for water leaks, rot and structural repairs.

The funds were dispersed as follows:

- Loan closing costs - $750
- Osgood Painting - $34,135
- HDC 2010 Contribution - $5,400
- Bartlett & Steadman and New England Sealcoating (parking lot repairs) - $2,300

**Proposed 2012 Budget (see attached):** We are proposing a 2012 Budget of $175,000. This represents a 4.3% increase over the 2011 Budget. The total increase of $7,350 will be contributed to Reserves yielding a Total Annual Reserve Contribution of $35,650. For comparison, we raised common element fees 2% in 2011; 3% in 2010; 4.5% in 2009 and 4% in 2008.

As we close out the year, we'll reassess our overrun condition and determine whether an additional Bank Loan and Special Assessment will be necessary. We'll notify all unit owners in our November update.

**Status of Dock Accounts:** As of June 30, 2011, the Operating Account balance is $12,689.30. The Reserve Account is $12,443.35. We anticipate additional funds from one seasonal kayak renter and temporary face renters. Also, we will be receiving the $5,400.00 annual contribution from the Harborside Condominium Trust in December. The Trust's contribution will be deposited into the Reserve Account.

Anticipated expenses for the balance of 2011 are as follows:

| | |
|---|---|
| 1. Float haul in the fall | $2,500 |
| 2. Float storage fee | $2,000 |
| 3. Harbor float fee | $ 122 |
| 4. Electrical work | $ 500 |
| Total | $5,122 |

After anticipated expenses, assuming no further repairs or maintenance issues this year, the Operating Account will have a balance of $7,567.30. Following the Harborside Condominium Trust contribution in December, assuming no unforeseen emergencies, the Reserve Account will have a balance of $17,843.35. The Harborside Dock Committee finances are sound and we are well on our way toward building a solid Reserve for future capital improvements.

**Status of Capital Reserve Projects:** We have again this year 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, 2011 has been challenging financially as we continue to pay 2010 maintenance (leaks/rot/structural) invoices and, at the same time, attempt to satisfy current homeowner maintenance requests. It seems that every time we undertake a maintenance or repair project, we find additional issues. The same is true when an owner does a major renovation; we find problems in common areas where the Trust is responsible. Thus, we 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

Attachments: 2010 Annual Meeting Minutes
2011 Budget/2012 Projected Budget

DRAFT I
HARBORSIDE CONDOMINIIUM TRUST

| | | 2011 BUDGET | 2012 PROJECTED |
|---|---|---|---|
| **REVENUES** | | | |
| A. | Condominium Fees | $167,650 | $175,000 |
| **TOTAL INCOME** | | $167,650 | $175,000 |
| | | | |
| **EXPENSES** | | | |
| A. | Administrative | | |
| | 1. Insurance | $32,000 | $32,000 |
| | 2. Management Services | 9,300 | 9,300 |
| | 3. Tax & Tax Preparation | 150 | 150 |
| | 4. Office Expense | 2,000 | 2,000 |
| | 5. Legal | 4,000 | 3,000 |
| | TOTAL | $47,450 | $46,450 |
| B. | Utilities | | |
| | 1. Electricity | $2,700 | $2,700 |
| | 2. Water & Sewer | 4,900 | 4,900 |
| | 3. Cable TV | 4,800 | 5,800 |
| | 4. Gas | 1,000 | 1,000 |
| | TOTAL | $13,400 | $14,400 |
| C. | Common Services | | |
| | 1. Rubbish Removal | $5,100 | $5,100 |
| | 2. Snow Removal | 5,000 | 7,000 |
| | 3. Exterminating | 1,500 | 1,500 |
| | 4. Landscaping | 8,500 | 8,500 |
| | 5. Cleaning & Bulbs | 6,000 | 5,000 |
| | 6. Fire System | 500 | 500 |
| | 7. Docks | | |
| | Fee | 5,400 | 5,400 |
| | Insurance | 2,500 | 2,500 |
| | 8. Heating Systems | 2,000 | 1,000 |
| | TOTAL | $36,500 | $36,500 |
| D. | Maintenance/Repair | | |
| | 1. Labor & Materials | $42,000 | $42,000 |
| | TOTAL | $42,000 | $42,000 |
| E. | Operational Reserves | | |
| | 1. Reserve Contribution | $28,300 | $35,650 |
| | TOTAL | $28,300 | $35,650 |
| **TOTAL EXPENSES AND RESERVE CONTRIBUTIONS** | | $167,650 | $175,000 |