HARBORSIDE CONDOMINIUM TRUST

TRUSTEE MEETING MINUTES

NOVEMBER 2012

The November meeting of the Harborside Condominium Trust Board of Trustees was held November 7, 2012. In attendance were Trustees Don Nowland, Joyce Raymond and Jim Walters. A quorum was present.

Also in attendance were homeowners Liz & Bert Michaud, Ron de Moraes (phone), and Bill Siddall

1. HOMEOWNER ITEMS

Emergency Egress, Building B Fire Escape Redesign:

A code compliance expert has done a review of the Emergency Egress. A draft report has been provided to Bob Ives, Building Inspector for Town of Marblehead. Bob Ives visited property on November 5, 2012 with code compliance expert. Bob Ives has taken this draft report into consideration and will provide feedback.

Water & Sewer Charges:

[from October BOT Minutes] Maintenance met with Trustee Nowland to price out the carpentry needed to expose the plumbing for the installation of a meter. The plumbing for Bldg D appears to be easily accessed and it doesn't appear that would present much of an access or placement issue.

Management will coordinate an inspection of Trustee Walters unit for feasibility in Building C. **Note: scheduled inspection of unit for Friday, November 9,2012 @ 1:00 PM.**

Recycling Program: Andrew Petty, Director of Public Health for Marblehead, has quoted a price of $55/month for recycling pick up services.

Management was instructed to obtain a consideration of price reduction on our current trash removal, pending participation in recycling. Management was also instructed to confirm that there is no restriction that would preclude our use of the recycling service.

Parking: Parking regulations as outlined in the Harborside Rules and Regulations are NOT being followed. These Rules and Regulations are available on the Harborside Website. Also, attached to these minutes are the 2012-2013 Winter Storm Parking Rules.

Reminder: All cars need to have HCT Stickers or HCT placards. There are many vehicles in the lot without stickers and / or placards. Owners who rent their units must ensure that their tenants understand the parking policy, especially in the winter, and that they have a sticker or a placard in/on their vehicles. If you are in need of a HCT sticker or HCT placard, please contact management.

Draft coming from C1 into C4: Management was instructed to contact Owner Jean McKeon and Tenant Markus Diersbock (with owner approval) and set up appointment with maintenance and BOT to resolve draft concern.

Drain Cleaning: Management will continue to monitor and confirm drain at the base of the stairs on the left hand side of Owner Michaud's unit is cleaned out monthly.

Landscaping:
Bob Storch will be taking care of the growth in the North Retaining wall. Management will confirm BYC has proper notice to move boats.

Communication:
Owners Liz & Bert Michaud requested that management send email to Owners with the names of new tenants and/or new owners living on property. Management must first obtain to release personal information such as email addresses.

Extermination: Owners Liz & Bert Michaud expressed concern that there are raccoons again on property. They have been seen on decks. Management was instructed to contact General Environmental to bait property properly.

2. INSURANCE

Trustee Raymond met with Mark Bettencourt, insurance agent for HCT to confirm adequate replacement costs coverage and to review Flood Coverage.

Replacement Costs: Mark Bettencourt visited the property and re-measured the square footage. The total square footage is ~ 31,000 sq. ft. Our current policy with Travelers valued replacement costs at $5.5M. This was determined to be too low an amount and it should be increased to $9M. During the inspection of the buildings, it was uncovered that Buildings B/C have post & beam construction which is slightly more expensive to replace than standard wood framed. The Association has obtained the additional $3.5M in coverage for Year 2012.

In Year 2013, the Master Policy premium is expected to increase from $32,000 to approximately $55,000. The plan is to have all units appraised during 2013.

Flood Insurance: The Federal Emergency Management Agency (FEMA) recently revised the Flood Area Maps in many coastal areas, including Marblehead. As a result, our flood classification has changed from a "low flood risk" to a "high flood risk". This will affect our flood insurance premiums. Because the Town of Marblehead is part of the Federal Insurance Flood Program, we are required to carry 100% replacement cost or $250K per Unit, whichever is less. Our current policy with Travelers included $5M in Flood Insurance. The Association needed to have $6.25 M in coverage. The Association has obtained the additional $1.25M in flood coverage for Year 2012.

Our insurance agent estimates that our 2013 flood insurance premium will be approximately $40,000.

Please see letter of explanation from Board of Trustee attached to these minutes.

Dock Insurance: Trustee Raymond will be working with HDC to ensure proper HDC Insurance Coverage.

3. PAINTING

Management has contacted Lead Inspector Mel Black for a proposal on lead paint inspection. The possibility of lead paint was brought to the BOT's attention during inspection of buildings by possible painting vendors as well as our insurance company. This will be forwarded to BOT for consideration.

Lead Inspector Mel Blackman visited property on October 25, 2012. Management expects reports by Friday, November 2, 2012 and will forward to board for review.

4. CHIMNEY INSPECTIONS:

Fireplaces using wood should be inspected bi-yearly. Management to contact Bartlett & Steadman plumbing to confirm how often gas fireplaces should be inspected. Fire places that are not used are exempt from inspection.

5. FINANCIAL REPORTING:

Units delinquent more than 60 days are in legal collections with Marcus Errico Emmer & Brooks.

Owner Michaud requested information when a unit is delinquent post 90 days. It has always been the Trustee's position to not comment on individual delinquent accounts, but confirmed that units that fall behind are being charged late fees according to the HCT By-Laws and legal collection efforts are made when necessary.

6. DEFERRED PROJECTS

The Board determined that because of current economic conditions it is appropriate to continue the deferment of the following projects: Repair of the North Retaining Wall between Harborside and the Boston Yacht Club; B Building roof replacement; D-1/D-2/D-3 total deck refurbishment; repair of low areas in the parking lot; seal coating and lining of parking lot; composite refurbishment of the north dock; the addition of blue stone at the C Building entry, and replacement of Building B rear foundation flashing.

In addition, the Board has decided to consider a new Infrastructure Review and Report, as follow up to the mid-90's Goddard Report. Trustee Nowland will make copies of the Goddard Report available to the Board.

Owner Michaud has requested a meeting with the BOT and Management to discuss the D-1/D-2/D-3 deck refurbishment that has been deferred for a number of years. Management was instructed to coordinate that meeting.

7. **LESLEY MANAGEMENT will attend to the following:**

- Have the leak repaired above unit B3 repaired.
- Contact General Environmental to bait property for raccoons.
- Update email distribution lists.
- Confirm with Owner David & Marianne Gold that they have received the By-Laws and Rules and Regulations package and provide us with their contact information, for internal use.
- Have ceramic planters emptied and stored in building B/D Storage Room.
- Replace the old keys with new keys provided to management in the Knox lock box. **Marblehead Fire Prevention opened box, all keys were tested. Units in need of updated keys were contacted. Keys are in transfer. Expect project completion by 11/21.**
- Forward proposals for illuminated exit signs (required by the insurance company) and forward to BOT for consideration. {note: Trustee Raymond will ask AKF for a code compliancy review of this requirement}
- Forward Aulson Company's painting proposal to BOT
- Continue to clean the drains in the walkway between the B and D buildings and under steps to unit D2-3 [on-going].
- Follow up with Ted Moore to repair rot to side of deck at 4 Gregory Street so that Comcast and Verizon Wires can be properly secured.
- Have timers adjusted [BOT did not approve upgrade at this time to motion/photo sensor].
- Ensure all chimney cleanings are complete.
- Continue to secure all outstanding tenant lease information.
- Management was instructed to follow up with Attorney Aronson on the recovery of expenses for services to Unit B9. [on – going]
- Work with Bart Jones to update the website.
- Ensure the budget decisions and options for repair and maintenance for the remaining year are presented at future BOT meetings.
- Draft updated financial projections letter for BOT review, including final 2013 Budget and Common Element Fees schedule.

8. **HARBORSIDE WEBSITE**

For your information, the website is: www.harborsidecondos.net
User Name: owner
Password: peace

9. **ADJOURNMENT**

There being no further business of the Harborside Condominium Trust Board of Trustees, the meeting adjourned at 5:00 p.m.

The next meeting of the Harborside Condominium Trust Board of Trustees will be held Thursday, December 13, 2012 at 3:00 PM at the residence of Don Nowland. All homeowners are welcomed to attend.

Please join us by conference call by calling 1-866-393-8073. You will be prompted to enter the meeting number *1169611*

If you are the first to arrive at the meeting site, you will be prompted to enter the "moderator code". The moderator code is *1631*

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November 8, 2012

Dear Owners:

Over the past few months, insurance issues affecting all owners at Harborside have come before the Board of Trustees, both with respect to casualty and physical damage insurance and flood insurance. While the work on these issues is not complete, we want to alert all owners of significant changes in our coverage and, consequently, in premiums, that we are facing, some immediately and some within the next year. For the near-term, we will be able to absorb increased premiums within our current budget. However, in 2013, it will be necessary to adjust our budget to absorb significant increases in both casualty and physical damage and flood insurance. While definitive figures are not available to us at this time, we want to give owners a "heads up" that these additional premium expenses will require us to increase monthly fees accordingly in the coming year.

Flood Insurance Policy -- In 2012, the flood maps of many North Shore communities, including Marblehead, were revised by the Federal Emergency Management Agency (FEMA). As a result of FEMA's revisions, Harborside's properties were reclassified from "C Zone-low risk" to "VE Zone-high risk". According to FEMA, "*Zone C*" is an area with a *low-risk of flooding*, usually depicted as above the 500-year flood level while a "*Zone VE*" includes *high-risk, coastal* areas with a 1% chance of flooding and an additional hazard associated with storm waves.

Because the Town of Marblehead participates in the National Flood Insurance Program, we are subject to FEMA's mandate that "VE Zone" properties must have flood insurance at 100% replacement value or $250,000 per Unit, whichever is less. The Trustees consulted with Travelers Insurance regarding the amount of flood insurance coverage under our Master Policy. Since the current $5 million of flood insurance coverage is below $250,000 per Unit, Harborside Condominium Trust (HTC) has applied for $1.25 million of additional coverage for a total of $6.25*million in flood insurance.

The cost of $6.25 million of coverage is approximately $13,000. Next year, as a result of being reclassified a "VE Zone" by FEMA, our annual flood insurance premium will increase to approximately $40,000.

Besides the Flood Insurance policy maintained by the HCT, Owners may at their expense carry their own flood insurance policy. Should your financial institution require proof of HTC's flood insurance coverage, please contact Mark Bettencourt, our insurance agent. (See Attachment A for his Contact Information).

Master Policy for Casualty and Physical Damage Insurance -- In addition to HTC's Flood Insurance Policy, we carry a $5.5 million Master Policy for casualty and damage insurance. As you are aware, our By-Laws require that we insure the property at 100%

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* The amount of coverage ($6.25 million) is calculated as follows: $250,000 x 25 Units (per the Property Appraiser's Records) = $6,250,000.

replacement value. Furthermore, Travellers Insurance applies a co-insurance penalty should our insurance coverage drop below 85% replacement value. Replacement value includes rebuilding: the buildings, common areas and facilities, and all of the Units including flooring, walls, cabinets, fixtures, countertops, appliances, service machinery, and equipment (but excluding the furniture, furnishings and other personal property).

Our insurance agent and a property appraiser recently conducted a field inspection and concluded that $5.5 million was well below replacement value. They measured the property and recommended we increase the amount of insurance coverage. Based on current construction costs, it was suggested we carry $9.0 million of coverage.† We have increased the Master Policy accordingly. In addition, we hope Travellers Insurance will, at their expense, appraise each Unit in order to determine actual replacement costs. This may reduce our premium slightly.

Our current Master Policy‡ with $5.5 million of coverage carries a $32,000 premium (excluding flood insurance). Increasing the coverage by $3.5 million will increase the premium by about $20,000. For the period October 6, 2012-October 5, 2013, our Master Policy will provide $9 million of coverage and a $57,000 premium payment.

Effects on Premium Costs-- As a result of being reclassified a "VE Zone" by FEMA, our annual flood insurance premium will increase from $13,000 to $40,000. The Master Plan premium for casualty insurance will increase from $37,000 to approximately $60,000 annually. This reflects the increased cost of insuring the buildings and all units at 100% replacement value. These increases will be reflected in Harborside's 2013 Budget and apportioned according to each Units Ownership Percentage.

It is unlikely that premiums will continue to escalate rapidly but events such as large casualty losses due to wind storms, fire or water damage can affect future premiums. Despite this significant increase in our insurance premiums, the recent storm, Sandy, reinforced the importance of being adequately insured.

Sincerely,

Harborside Condomium Trust
Board of Trustees

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† Calculation: Buildings B (~12,000 sq ft) & C (~8,020 sq ft) use 'post and beam' construction. Replacement cost was estimated at $300/sq ft. Buildings A (~3,200 sq ft) & D (~7,726 sq ft) use traditional construction. Replacement cost was estimated at $250/sq ft. All decking, patios, fire escapes, common storage was estimated at $262,500 for a total of $9 million.

‡ The 2012/2103 Master Policy premium of $37,092 included $5,000 for flood insurance. For comparative purposes, the flood insurance premium portion was subtracted from the total premium paid in 2012.

ATTCHMENT A

Dear Owners:

Recently, many of Harborside's Owners received letters from their financial institutions regarding their flood insurance coverage. Harborside Condominium Trust (HCT) maintains $5.0 million of flood insurance. Recently, we applied for an additional $1.25 million of coverage. This brings our coverage to $6.25 million or $250,000.00 of flood insurance coverage per Unit, which is the maximum amount of coverage available. If your financial institution has requested proof of flood insurance, please contact Harborside's insurance agent, Mark Bettencourt, who will provide your financial institution with proof of flood insurance.

Mark Bettencourt
John Walsh Insurance Inc.
86 Margin Street
Salem, MA 01970
Tel: (978) 745-3300
Email: markwb@walshinsurance.com

If you contact Mark Bettencourt, please be prepared by having the letter from your financial institution available. It contains information regarding your mortgage and financial institution that Mark will need to assist you.

Over and above the flood insurance coverage provided through Harborside's Master Policy, owners may chose to carry their own flood insurance. We advise that you speak with Mark Bettencourt or your own insurance agent should you want to carry your own flood insurance policy.

HARBORSIDE CONDOMINIUM TRUST

2012-2013 PREPARATION FOR SNOW REMOVAL

When snow is forecasted, please park your vehicle in the lower lot, up against the B or C Buildings or along the seawall starting from the north. The goal is to not have any vehicles in the upper lot or in the path of the plow to the south end of the seawall. The plow can clear the whole upper lot and move the snow down to the south end of the lower lot. Note: Please park cars as far north as possible in the lower lot, leaving a pathway for the plow to get to the far southeastern portion.

After the plowing and shoveling, cars may be parked in the upper lot, but pull your vehicles as far forward as possible against the C Building and pull in as close as possible along the south side of the upper driveway. Do not block the garages or carports.

A "no parking" cone may be placed in the "Compact Car Only spot next to the entry way to the C Building, as it's very difficult to get cars out of the carport if a snow bank prevents you from pulling far forward.

By contract, the snow plow will come periodically during and after a snow storm, and usually early in the morning. Snow shovelers are to come within one hour after the end of a snow storm or when we have 3 inches of snow, except when the storm ends between 10:30 PM and 4:30 AM. Snow shoveling will commence at 6:00 AM, and they are to shovel all sidewalks / walkways to their full width. They will not shovel out individual vehicles, unless requested of Lesley Management, Inc. (in the event of a large storm).

Thank you,

Harborside Board of Trustees