HARBORSIDE CONDOMINIUM TRUST

November 29, 2013

Letter to Harborside Owners – 2013 Financial Projections and 2014 Budget

Dear Harborside Homeowners:

This letter provides you with an update of the 2013 year-end Budget projections and the 2014 Budget (attached) and new Common Element Fee Schedule (attached). We also provide a preliminary update on the B Building fire and overall reconstruction project.

2013 Financial Projections – At the August 2013 Annual Meeting, we presented a year-end projection with an over-run of $35,000 in the Operating Account. Based on expenditures to date, we expect over-runs in Legal/Professional Services ($1,304); Electricity ($351); Cable TV ($894); Telephone Conference ($73); Rubbish Removal ($400); Snow Removal ($347); Landscaping ($360); Dock Insurance ($125); Maintenance & Repairs ($40,000); and repayment of personal loan ($12,779). We expect under-runs in Office Expenses ($1,762); Water & Sewer ($822); Gas ($503); exterminating ($413); Cleaning ($360); and Reserve Account Allocation ($29,650).

This leaves us with $ 23,123 in over-runs for the year, some $11,000 less than we projected at the Annual Meeting. The Maintenance & Repair line is by far the major over-run.

2013 Maintenance & Repair Projects – Major expenses contributing to the Maintenance & Repair over-run were B7/B8 deck repairs ($4,027), B Bldg foundation water drainage ($27,568), A/C Bldg walkway/roof /railings ($32,163), D1 entry stairs ($5,965), D2/D3 replacement of window trim and siding ($3,187), and illuminated exit signs ($7,137).

2014 Budget – At the August homeowners meeting, we proposed a 27% increase over the 2013 Budget. Based on current projections, we still are proposing a 27% 2014 Budget increase to $268,062. The corresponding increase in Common Element Fees is $ 56,488 (27%), schedule attached.

Following are the planned changes in 2014: Electricity increase of $700; Cable TV increase of $500; Telephone Conference increase of $100; Rubbish Removal/Recycling of $600; Maintenance & Repair increase of $10,000; and, Dock Insurance increase of $125. Gas will be decreased by $400. All other expenses will remain consistent with 2013 levels.

The 2014 Budget Reserve Account line item will increase from $35,650 in 2013 to $45,650 in 2014.

Budget Impact from the Painting Project – Due to variety of budget pressures and the B Bldg fire, we have had to postpone the Painting Project to 2014. We are currently estimating this project at $25,000, which will be paid for from the 2014 Reserve Account of $45,650.

Budget Impact from the B Bldg Fire – At this time, we are unable to project the total cost of the B Bldg restoration. As this letter is being written, Travelers Insurance and our adjuster, Panakio, are in active discussions regarding the extent of the loss to be covered. While our insurance will cover much of the restoration, the Trust will be responsible for items such as new fire egresses and a sprinkler system. Additionally, the Trust will likely be responsible for repairs to damages resulting from the prior fire event uncovered during demolition for the October fire. Again, we are in the midst of an assessment of this prior damage and its implications by a structural engineer. Once we have the results of these discussions and structural inspections, we can arrive at an estimate of the restoration costs and how much will be covered by insurance. At that point, we plan to secure a bank loan and request a Special Assessment. We will inform owners on the details of this plan later in December or early next year.

Current Special Assessment/Marblehead Bank Loan – As a reminder, we currently paying off the $116,200 (with interest) loan from Marblehead Bank (December 1, 2011 through January 1, 2014). Purpose of this loan was to satisfy 2011 Unpaid Invoices; Emergency Fireproofing to Unit B9, Building B Crawlspace, and Building B Mechanical Room; Building B Drainage; Sea Wall Repairs; Securing of Building B Footings; and, Building B Fire Escape Modification plans.

Future Capital Projects – In 2013, we made minimal, but necessary, repairs to the North Retaining Wall between Harborside and the Boston Yacht Club, but continue to defer large scale repair or replacement. We will continue to defer replacement of the parking lot surface, D1/D2/D-3 deck refurbishment, composite refurbishment of the north dock, addition of blue stone at the C Building entry, replacement of Building B rear foundation flashing, replacement of ceiling at entrance to Building C and Trash Room, and replacement of Car Port Ceiling.

In summary, 2013 was challenging financially, and 2014 and beyond will be heavily influenced by the B Bldg restoration. The Painting Project cannot be further deferred. The 2014 Flood Insurance premiums are also driving a significant budget increase. We will keep owners informed as the year ends and throughout 2014.

Thank you,

Board of Trustees

Don Nowland
Joyce Raymond
Jim Walters

Attachments: 2014 Budget
2014 Common Element Fee Schedule

Harborside Condominium Trust

		2013 Budget	2013 Projected Year-End	2013 variance	2014 Projected
REVENUES					
A.	Condominium Fees	$ 210,075	$ 207,715	$ 2,360	$ 266,563
B.	Special Assessment (Loan)	58,080	26,417		1,499
C.	Other	-	53,923	(53,923)	-
TOTAL INCOME		$ 268,155	$ 288,055	$ (51,563)	$ 268,062
EXPENSES					
A.	Administrative				
	1. Insurance Expense - Master Policy	$ 55,000	$ 55,000	$ -	$ 51,500
	Insurance Expense - Flood ($40,000 partially offset by $35,650 from 2012 Reserve				
	2. Savings - **For year 2013**)	4,350	45,030	(40,680)	45,712
	3. Management Services	9,300	9,300	-	9,300
	4. Tax & Tax Preparation	150	147	3	150
	5. Office Expense	2,000	238	1,762	500
	6. Legal / Professional Services	4,000	5,304	(1,304)	4,000
	TOTAL	$ 74,800	$ 115,019	$ (40,219)	$ 111,162
B.	Utilities				
	1. Electricity	$ 3,100	$ 3,451	$ (351)	$ 3,800
	2. Water & Sewer	7,500	6,678	822	7,500
	3. Cable TV	5,300	6,194	(894)	5,800
	4. Telephone Conference	1,100	1,173	(73)	1,200
	5. Gas	1,000	497	503	600
	TOTAL	$ 18,000	$ 17,993	$ 7	$ 18,900
C.	Common Services				
	1. Rubbish Removal	$ 5,100	$ 5,500	$ (400)	$ 5,700
	2. Snow Removal	7,000	7,347	(347)	7,000
	3. Exterminating	1,500	1,087	413	1,500
	4. Landscaping	8,500	8,860	(360)	8,500
	5. Cleaning & Bulbs	5,000	4,640	360	5,000
	6. Fire System	500	-	500	500
	7. Heating Systems	1,000	1,000	-	1,000
	TOTAL	$ 28,600	$ 28,435	$ 165	$ 29,200
D.	Docks				
	1. Fee	$ 5,400	5,400	$	$ 5,400
	2. Insurance	2,625	2,750	(125)	2,750
		$ 8,025	$ 8,150	$ (125)	$ 8,150
E.	LOAN				
	1. Loan Payments	$ 58,080	$ 58,232	$ (152)	$ -
	TOTAL	$ 58,080	$ 58,232	$ (152)	$ -
F.	Maintenance/Repair				
	1. Labor & Materials	$ 45,000	$ 85,000	$ (40,000)	$ 55,000
	TOTAL	$ 45,000	$ 85,000	$ (40,000)	$ 55,000
G.	Operational Reserves				
	1. Reserve Contribution	$ 35,650	$ 6,000	$ 29,650	$ 20,650
	Plan: Painting Project of $25K				
	2. (estimate) fm Reserve	$ -	$ -	$ -	$ 25,000
	TOTAL	$ 35,650	$ 6,000	$ 29,650	$ 45,650
		$ 268,155	$ 318,829	$ (50,674)	$ 268,062

HARBORSIDE CONDOMINIUM TRUST
Common Element Fee Schedule
2014

Last Name	Unit #	Condo % (fees)		Monthly Fee
Alves	C1	3.020%		$671
Arrigo	B9	2.850%		$633
Brunais	B7	2.850%		$633
Coolidge	D1	3.270%		$726
DeMoraes	C8	4.190%		$931
Curtis	B2	2.930%		$651
Garibotto	D5	4.020%		$893
Gold	C3	3.020%		$671
Jones	C5	4.440%		$986
Martin	B6	2.850%		$633
Reich	A1	3.270%		$726
Reich	A2	1.920%		$427
McKeon	C4	2.930%		$651
Michaels/Phenix	B8	2.750%		$611
Michaud	D2	4.770%		$1,060
Michaud	D3	4.100%		$911
Nowland	D4	5.610%		$1,246
Piens Realty Trust	D6	6.620%		$1,471
Plauche	B3	4.690%		$1,042
Raymond	B1	4.940%		$1,097
Raymond	B4	2.850%		$633
Segee	C2	5.860%		$1,302
Siddall	B10	3.770%		$837
Walters	C6	2.930%		$651
Walters	C7	2.850%		$633
Woodman	B5	2.930%		$651
Zoubek	A3	3.770%		$837

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