HARBORSIDE CONDOMINIUM TRUST

November 17, 2010

Letter to Harborside Owners – 2010 Financial Projections and 2011 Budget

Dear Harborside Homeowners:

This letter provides you with an update of the 2010 year-end Budget projections and presents the 2011 Budget and new Common Element Fee Schedule (please see attached). Note: We have also attached the Snow Removal Policy for the upcoming winter season, so if you have renters, please pass this to them.

2010 Financial Projections – At the 2010 Annual Meeting, we presented a year-end projection indicating a 3% under-run of the Operating Account for fiscal year 2010. We are now projecting a 2010 Operating Budget overrun of approximately $12,000 (7%). This projected overrun is driven by emergency expenditures to repair newly discovered leaks associated with Units C2 ($7,700); C6/C7 ($3,400) and D1 ($900). The overrun will be funded as follows:

- The annual Harborside Dock Committee (HDC) contribution from the Operating Account ($5,400) will be deferred until early 2011.
- Current payables to the RJL Company ($4,600) will be deferred until early 2011.
- Current payables to Bartlett & Steadman ($1,000) will be deferred until early 2011.
- Should further emergency expenditures arise, the Trustees will provide short-term, personal loans.

We do not expect a Reserve Account carry-over into 2011 as much of this year's leak repair and rot replacement was funded from our Reserve Account.

2011 Budget – At the August homeowners meeting, we proposed a 2011 Budget of $167,650 indicating a $3,300 (2%) increase over the current Common Element Fee. Even with the above Operational deferrals into 2011, we will maintain just the 2% increase in the overall budget. In the Operating Account, insurance will be increased by $2,000 and dock utilities ($2,000) will be removed from the budget. All other expenses will remain consistent with 2010 levels, unless unexpected issues are encountered.

The total 2011 budget increase of $3,300 will be contributed to Reserves yielding a total annual Reserve contribution of $28,300. This 2% Common Element Fee increase compares favorably with previous year increases of 3% in 2010, 4.5% in 2009 and 4% in 2008.

Cable Adjustment – In August 2006, we approved a Common Element Fee adjustment to combined units (A1/A2; B1/B4; C6/C7; D2/D3), as they were being charged two monthly cable fees but had only one cable service. The net effect of this adjustment was to decrease the monthly fee of A1, B1, C6 and D2 by $12.23 and to increase the monthly fee of the other units by $2.58. These adjustments were made in 2006, but not in subsequent years.

Your 2011 Common Element Fee reflects four years of cable fee adjustments. The fee for units A1, B1, C6 and D2 have been decreased by $49/month. All other fees have been increased by $10/month. For 2012, assuming a continuation of the current bulk arrangement with Comcast, the monthly adjustment will return to approximately $2.58 and $12.23 as explained above.

2011 Maintenance Projects – The March rains served as a reminder that we must remain vigilant in our maintenance program at Harborside. In our effort to remediate property-wide leaks and safety concerns, we expensed the following:

- Leak into the living room of D2/D3. ($10,080)
- Leak into the dining room of D2/D3, original leak repairs to D1, and leak repairs into the living room of B10. ($8,942)
- Building B, 3rd floor deck and railing system safety concerns. ($8,200)
- Building D, 1st floor deck and railing system safety concerns. ($12,100)
- General touch-up painting and rot replacement. ($10,200)

Future Capital Projects – We continue to defer repair or replacement of the north retaining wall (between Harborside and the Boston Yacht Club) and the replacement of the parking lot surface.

In summary, 2010 was a very challenging year financially with unexpected/unbudgeted maintenance projects; however, the goal of the Trustees remains to create reasonable Operating and Reserve budgets while, at the same time, being mindful of the long-term infrastructure needs of our uniquely beautiful and valuable place to live.

Thank you,

Board of Trustees

Warren Hendriks
Don Nowland
Jim Walters

Attachments: 2011 Budget
2011 Common Element Fee Schedule
Snow Removal Policy

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		2010 BUDGET	2011 PROJECTED
REVENUES			
A.	Condominium Fees	$164,350	$167,650
TOTAL INCOME		$164,350	$167,650
EXPENSES			
A.	Administrative		
	1. Insurance	$30,000	$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	4,000
	TOTAL	$45,450	47,450
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	8,500	8,500
	5. Cleaning & Bulbs	6,000	6,000
	6. Fire System	500	500
	7. Docks		
	Fee	5,400	5,400
	Insurance	2,500	2,500
	Utilities	2,000	0
	8. Heating Systems	2,000	2,000
	TOTAL	$38,500	$36,500
D.	Maintenance/Repair		
	1. Labor & Materials	$42,000	$42,000
	TOTAL	$42,000	$42,000
E.	Operational Reserves		
	1. Reserve Contribution	$25,000	$28,300
	TOTAL	$25,000	$28,300
TOTAL EXPENSES AND RESERVE CONTRIBUTIONS		$164,350	$167,650

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COMMON ELEMENT FEE SCHEDULE
2011

UNIT	MONTHLY FEE
A1	404
A2	270
A3	540
B1	631
B2	426
B3	665
B4	396
B5	426
B6	415
B7	415
B8	401
B9	415
B10	540
C1	438
C2	823
C3	438
C4	426
C5	631
C6	358
C7	396
C8	597
D1	472
D2	608
D3	566
D4	790
D5	574
D6	927

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2010 – 2011 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 Markwood Management (in the event of a large storm).

Thank you.

Harborside Board of Trustees