HARBORSIDE CONDOMINIUM TRUST

2014 ANNUAL MEETING MINUTES

The 2014 Annual Meeting of the Harborside Condominium Trust was held Tuesday, July 22, 2014 at the Residence of Bert & Liz Michaud, 24 Lee Street, Unit D2/D3. Twenty Two units were represented at the meeting. Also in attendance was Attorney Janet Aronson of Marcus, Errico, Emmer & Brooks.

The 2014 HCT Annual Meeting of Unit Owners was recorded via FreeConference.com for archival purposes and to assist in preparing the minutes for the meeting. All participants in person and via phone were notified of such recording prior to meeting and as owners joined via conference call, during the meeting.

1. MINUTES OF 2013 ANNUAL MEETING

A motion was made, seconded and approved unanimously, to accept the minutes of the 2013 Annual Meeting with the following change: Page, 2, section 5, Insurance, last line second bullet should read " As a result of their reports, the Master Policy's coverage was increased to **$8.5M**.", not $5.5M as written.

2. TRUSTEE ELECTION

Trustee Janet Aronson announced that the Trust mailed and received ballots for Trustee Election. Leslie de Moraes was the sole candidate for election. With over 80% affirmative vote, Leslie was elected to serve as Trustee. The chair asked that the owners affirm the vote. All present approved, no opposition. The vote carried.

3. RESOLUTION

Trustee Jim Walters read the attached Resolution with humbled thanks to Don Nowland for serving Harborside Condominium Trust as a Trustee for the past 16 years. All accepted the Resolution by acclamation.

4. FINANCIAL PRESENTATION

Trustee Jon Curtis presented the 2014 Financial Status Report Special Condominium Fee. The first half of Year 2014 has been an extraordinary time for HCT, even without the October 2013 fire. Capital Improvements projects included the Front Repair to Building A, Lee Street, the Painting Project, and the on-going upkeep of rot on buildings, decks and railings.

In additions to these, the North retaining wall needs to be addressed as there was a partial collapse of the rock wall during the early 2014 winter months. There are deteriorating sections of concrete in the block wall. The Trust had a few vendors come in to review the project, with estimates of $45,000. The BOT is looking at an alternative approach to repairing the walls. The BOT has agreed there is a need for an engineer to assess the wall, and determine what needs to be done. The engineer will assist the Trust in identifying and selecting the right contractor(s) to complete the repairs. The repair to the wall will be done in two phases; with possible financial assistance from both the BYC and 20/22 Lee Street.

Rotted siding continues to be addressed.
Rotted planks on the deck outside of Unit D2/D3 were replaced, but full replacement of the deck could not be done at this time. It will be addressed in future budgets.

Building B Fire Egress: The BOT has looked at the construction of the emergency egress with the goal of a longer life span and overall lower long-term maintenance costs. Similarly, routine maintenance on decks, railings etc will be done with materials that support longevity and lower maintenance upkeep.

The Trust has gone before the Old & Historic Commissions and they are in favor of the proposed decks and railing systems and will support the Trust in replacing these as quickly as possible.

The BOT has also agreed to a reserve study to assist HCT in the long term planning of the Reserve Accounts.

Joyce Raymond expressed thanks to Ron & Leslie de Moraes for their historical work on the property.

Trustee de Moraes stated the BOT has worked very hard to pare down the budget to get the Trust through the end of the year. She reviewed the July 15, 2014 letter to Unit Owner and the supporting revised budget, attached with the following highlights:

- Insurance: It is unclear as of the time of the meeting, whether or not Travelers will renew coverage, but assuming coverage continues, the budget reflects an expected increase to the premium.
- Flood Insurance: Building A&B are out of the special flood plain, the budget reflects an expected increase to the premium. Hayes Engineering has been retained to prepare the LOMA documentation to help ensure that Buildings A & B remain out of the flood zone, that Buildings A/C are recorded as separate buildings, that Buildings B/D are recorded as separate buildings, and that the Flood Wall is accurately reflected on the maps.
  - *Owner Reich asked on the Flood Insurance, if the BOT considered only insuring the common areas and each owner determines what flood insurance coverage they should have individually.* The BOT has taken the approach for now, consistent with the other insurance, that the Trust would obtain insurance for the entire complex. The Trust has the obligation to ensure the pieces that are owned by the Trust. Trustee Curtis confirmed that contents are not being covered by Flood Insurance, just the building.
  - *Owner Reich asked if the BOT is considering changing the coverage under the Master Insurance Policy.* Trustee Curtis stated the Insurance Committee will need to look into changing the Documents of the HCT to be able to insure only common areas. The Committee will also need to look into changes to documents regarding what is common and what is part of unit.
- Telephone Conference Line: Ron & Leslie de Moraes found FreeConference.com which is a much less expensive system than the Genesys Conference system previously used.
- Trash Removal was not paid in Year 2013 and will need to be paid in Year 2014.
- Landscaping/Snow Removal line items are high due to extraordinary winter season.
- Heating System inspection is a safety issue. Management was instructed to look at the Bartlett & Steadman invoices to confirm what areas/units are serviced. Owner Raymond suggested each owner be responsible for their own up keep with the Trust keeping track of units tested/cleaned.
- North Retaining Wall added to budget, $ 32,500.
- Painting will come in over budget, $5,000.
- Personal Loans from Year 2013 will be paid back in Year 2014, $22,266
- Installation of Fire Doors on any unit door that enters into a common area hallway, as required by the Insurance Company, will be done and paid for by the Trust, $ 15,200.
- To help reduce the overall over-runs, the BOT has taken some of the reserve allocation, leaving $10,000 in the Reserve Account by year end.

- There are two ways to pay the temporary condominium fee increase (1) in full due September 1, 2014 or (2) over 3 months: September 1, October 1, and November 1. The Monthly condominium fee will go back to original amount on December1, 2014.

The BOT will present the 2015 Budget in November. The BOT asks for patience as they look ahead. Owner Siddall stated he did not want to be surprised by a large increase and requested a timely budget. Trustee Curtis acknowledge this and stated the BOT would be prudent in preparing the 2015 Budget.

5. B BUILDING RECONSTRUCTION:

Trustee Curtis updated owners on the progress of Building B Reconstruction:

- Peter Pittman, new architect, has the finished reconstruction plans. Former Architect on project, Bob Zarelli, provided Peter digital CAD files so Peter did not have to recreate drawings on software. The construction plans are being reviewed by Paradise. After review, the permit will be pulled.
- Peter Pittman is working expeditiously on drawings. They have finished the interior design for like kind replacements.
- The BOT is finalizing contract with Paradise.
- The Sprinkler System design is complete. Previously estimated at $110,000, the new cost estimate, assuming no ledge removal in the road is needed, will be $70,462, a savings of $39,537. The Sprinklers will be in common areas and the 4 units being reconstructed. Stubs will be left for possible future sprinkler installments in other B Building Units.

Owner Coolidge asked what happened with Architect Zarelli and what was he paid? Trustee Curtis stated he would need to report back to owners what costs were covered. The Trust pays Paradise, who then pays their subs i.e., Zarelli.

Management was asked to research how many versions of plans are there and how much has been spent on Building B fire egress plans.

Owner Reich asked how much insurance money has the Trust received to date? Curtis stated that Travelers has agreed to $925,911 to date, less the $10,000 deductible, and has forwarded the Trust $748,924.

Owner Coolidge questioned Attorney Aronson on how many cases she has won against companies the size of Travelers and requested details of Marcus Errico Emmer & Brooks cases against these companies? Trustee Curtis and Attorney Aronson responded.

Owner Reich questioned whether or not Panakio Adjuster has a conflict of interest as they are Paradise's Adjusters? Owner Raymond clarified that Panakio is not Paradise's adjusters and they did not know Paradise until they began working at Harborside.

<u>Status of Insurance Claim and Recourse:</u>

Attorney Aronson stated that the negotiation with Travelers have not yet reached a point where recourse would be the appropriate next step. The BOT will decide what recourse is available and what recourse will be taken.

Owner Raymond asked for an update on the prior fire. Trustee Curtis stated the work on the prior fire is almost complete, with a year to date cost of $30,000. There is a little more work needed in Unit B2.

Owner Reich questioned how much money was paid for the demolition. Trustee Curtis stated he did not have the exact figures with him.

Attorney Aronson updated owners that an inspection on the stove took place with Attorney Jon Shaffer from MEEB being present, as well as multiple personal insurance company representatives. The outside of the oven was evaluated. They deemed the microwave manufacturer, which was a microwave/vent combination unit, needed to be invited as well as the contractor who installed the unit. The oven was still in the locked, self-cleaning mode and was not opened. The oven is preserved and the testing was stopped.

Owner Reich asked if the stove was new.
Answer: the stove is not new.

Owner Coolidge asked if there was evidence of an accelerant being used?
Answer: the stove is still in a locked position and has not been opened. It is the understanding that they will only test for an accelerant if there is an obvious product detected.

The BOT reiterated they will pursue an appropriate recovery where the BOT feels there would be an appropriate response, taking into consideration any legal costs needed to do such a recovery.

Owner Coolidge asked for an explanation of the delta between Travelers claim and the costs to repair the building.
Answer: ~$400,000 in code upgrades; $250,000 shortfall to rebuild in like kind. The by-laws state we need to have full replacement value. The issue is what Travelers is stating is the price to replace in like kind and what it actually is. Trustee Curtis is working on closing gap on the $250,000. Owner Coolidge stated we need to go back to Mark Bettencourt, Insurance Agent, for being grossly underinsured on Ordinance or Law Coverage.

Owner Zoubek asked if Owner Woodman has Umbrella Coverage on her policy?
Answer: Not Known.

To date the Association has paid Paradise Construction ~$303,000.

Owner Siddall asked if owners would receive a monthly report, including financials. Trustee Curtis stated he would send progress information. The Trust has hired an accountant to keep the records on the construction project, Insurance fund and loan. Owner Siddall reiterated he would like to see monthly reports of finances in/out of the account.

Owner Siddall stated owners went 5 months without an update in early 2014 and owners were told it was under the advice of counsel. Was this the case? If so, please explain reasoning behind this. Attorney Aronson was unaware of that specific situation, and did not recall giving that advice. Management was instructed to look back at minutes to clarify the BOT's position and/or statement at that time.

The remaining work to be completed: Review plans with the 4 owners of the affected units to review the scope of services; Review with Paradise Construction the Reconstruction of the Building and Units; Get the finalized plans from Peter Pittman; Finalized plans are expected to go before the Zoning Board of Appeals for approval sometime in September.

Owner Coolidge questioned the length of the boards being used to rebuilding the egress.
Trustee Curtis clarified the dimensions of the decks and the configuration of the planking

Loan:
The Loan Document has been signed and will be finalized in the next few days.

- The funds are available when there is a signed contract with Paradise Construction.
- The Trust has 9 months to draw the funds. The BOT expects the first draw to be in October 2014.
- Funds currently on hand will be used first.
- Owners who opt to pre-pay their portion of loan will be expected at the time of the first draw, estimated in October 2014. Owners who think they will pre-pay should have their financing ready.
- There are prepayment penalties on paying down the loan: 2% in first year, 1% each subsequent year.
- Owners who will participate in loan will receive a monthly invoice due immediately during the course of the 9-month draw, and then will be responsible for their monthly portion during the 5-year term loan.

6. HARBORSIDE DOCK COMMITTEE (HDC) UPDATE

The HDC financials, as outlined in the July 15, 2014 Letter to Owners are solid. The insurance on the Docks is paid out of the Association's Operating Account, not HDC, as the docks are used by all residents.

Trustee de Moraes stated the chains will need to be replaced at an estimated cost of $10K-$12K sometime in the near future, but the HDC is in good shape to cover these costs. The HDC will build the Reserve Account to replace the North Float in upcoming years.

7. OTHER BUSINESS

Ownership Interest:

Owner Reich questioned the two Exhibit B's of the Master Deed that show different undivided ownership percentages. Trustee de Moraes explained that the adoption of the 2nd Amendment to the Master Deed and its Exhibit B changed the percentage ownerships. Exhibit B to the 2nd Amendment of the Master Deed supersedes the original Exhibit B to the Master Deed, and it is what is currently used for assessment of the common charges. The discussion with Owner Reich also brought into question the garages and the car ports. Trustee de Moraes pointed out that on under Section 4 titled "Description of the Common Areas and Facilities", Page 5 of 1st Amendment to the Master Deed specifically discusses assignments of the Garages and Car Ports.

Owner Siddall questioned Attorney Aronson about the recent change to MA Condo Law that states undivided ownership percentages can be based on square footage alone. Attorney Aronson said there is no law that states percentage ownership is based solely on square footage. The law that Owner Siddall was referring to applies to affordable housing, not condominiums such as Harborside.

Attorney Aronson stated it would be very difficult to change/amend the Master Deed to adjust percentage ownership. It would require approval from 100% of affected owners and the approval of first mortgage holders. Attorney Aronson stated that often it is difficult to determine how or why ownership percentages are determined. She also stated that it in her experience it is not uncommon for owners to express that they feel such percentages are unfair. However, she reiterated that it would be virtually impossible to change the ownership percentages now.

Owner Siddall restated that he would like to work on a committee to look into the fairness of the current percentages. The Trustees agreed to consider the possibility of such a committee but did not commit to one.

Refund of Marblehead Property Taxes:

Owner Deanne Siddall told the affected owners that they may be able to ask for a refund from the Town of Marblehead on their real estate taxes for non-occupancy of unit. There is an Abatement process which can be done following Year 2014. She explained that there are application deadlines to watch out for.

Owner Coolidge stated the HCT documents require the Board of Trustees to review and change management periodically. Owner Nowland stated that the contract with management is a yearly contract and is in compliance with the HCT documents.

Lesley Management was instructed to:

- Management was instructed to look at the Bartlett & Steadman invoices to confirm what areas/units are serviced.
- Management was asked to research how many versions of plans were prepared and how much has been spent on Building B fire egress plans.

8. ADJOURNMENT

There being no further business of the Harborside Condominium Trust, the 2014 Annual Meeting adjourned at 8:30 PM.

Minutes prepared and submitted by Lesley Management, Inc.

Attachments:
Resolution
Letter to Harborside Owners – July 15, 2014
Revised 2014 Budget

RESOLUTION

WHEREAS, Donald M. Nowland (Don) has served the Harborside community as a Trustee selflessly for 16 years, and,

WHEREAS, Don has served as Chairman of the Trustees during those years, and,

WHEREAS, Don's leadership has guided our community with wisdom and integrity, and,

WHEREAS, Don's overall service and contribution to our community has been well above and beyond the call of duty at all times,

NOW, THEREFORE, BE IT HEREBY RESOLVED THAT, WE, the owners and residents of the Harborside Condominium wish to express our sincere and deep appreciation for Don's service as Chairman and Trustee of our community and that such appreciation be permanently recorded in the minutes of this meeting held on July 22, 2014.

HARBORSIDE CONDOMINIUM TRUST

July 15, 2014

Dear Harborside Owners,

The purpose of this letter is to provide you information regarding the financial status of the Harborside Condominium Trust, specifically the 2014 year-end budget estimates based on our financial statements as of June 30, 2014. Also included are status reports on the B Building Re-construction, Bank Loan and Special Assessment plans, Dock Accounts and Capital Reserve Projects. For reference, we invite your attention the March 2, 2014 Trustee's Letter to Harborside Owners, which summarized our financial performance for 2013. Also attached are the Minutes from the 2013 Annual Harborside Meeting.

2014 Budget Status and Year-end Projection:

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

1. The January 1, 2014 beginning Operating Account balance was $4,789.61 (carryover from the 2013 fiscal year). Projected 2014 revenues of $272,325, before the Temporary Sup-plemental Condominium Fee, will exceed budget by $4,263.
2. Based on expenditures to date:
   a. We are projecting over-runs in the following areas:
      - i. Insurance – Master ($5,000). If Travelers opts to renew our master insur-ance policy, we anticipate an increase in premiums. Our master insurance policy is set to renew in October of this year.
      - ii. Insurance – Flood ($8,000). We are projecting an 18% increase in our flood insurance premiums.
      - iii. Management Service ($775). Lesley Management was paid in January for December 2013 services, so it shows as an over-run in this year.
      - iv. Electricity ($714).
      - v. Web Site Expense ($2,801). This was a one-time expense for the old web site. The current web site does not have any expenses related to its opera-tion.
      - vi. Telephone Conference ($1,045). Because of the unforeseen and difficult issues and financial consequences facing owners at Harborside, there has been a substantial increase in the number of owners who are calling into the Trustee meetings. The conferencing service we currently use has a fee for the service and then a per person/per minute cost. The Trustees are looking to utilize a fee free teleconferencing service. Hopefully, it will be opera-tional for this year's Annual Owner Meeting.
      - vii. Trash Removal ($5,100). We had an under-run of $5,100 in 2013 for trash removal because we were not invoiced for services. We still owe for trash removal which occurred in 2013 and this increase reflects that.
      - viii. Snow Removal ($ 2,403). This past winter's snowfall was above normal.

ix. Landscaping ($500). Due to the extraordinary snow fall this past winter, and the amount of sand used, the sweeping of the parking lot and common areas was much greater this year.

x. Heating Systems ($1,000). This line item is for Bartlett & Steadman's annual inspection and cleaning of furnaces. The initial budgeted amount is approximately $1,000 less than the invoiced amount.

xi. Maintenance & Repair (Labor & Materials) ($506)

b. We are projecting additional unbudgeted expenses:

i. Insurance Expense - LOMA ($2,500). This is a very complicated area of flood insurance. We have retained Hayes Engineering to assist us in addressing this correctly.

ii. North Retaining Wall Maintenance ($32,500).

1. $2,500: Survey of the property line between Harborside and the Boston Yacht Club and 20-22 Lee St. Condominium.
2. $5,000: Payment to a professional engineer to assess the stone wall and concrete block wall and the A Building foundations determine the repairs that need to be done and triage them (from most critical to least critical), and assist in selecting and hiring a contractor to do the repairs.
3. $25,000: For the most critical repairs.

c. We are expecting under-runs in the following areas:

i. Office Expense ($177),
ii. Cleaning ($440),
iii. Gas ($151), and
iv. Water & Sewer ($2,150).

d. All other Operating Account lines are tracking to budget.

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

1. The January 1, 2014 beginning Reserve Account balance was $0.
2. The 2014 Operational Reserves were budgeted for a total of $45,650.
   a. $20,650 - Budgeted reserve Contribution
   b. $25,000 - Budgeted painting project
3. We are projecting an over-run in the painting project budget of $5,000.
4. We are also projecting additional unbudgeted expenses of:
   a. Payment on Personal Loan ($22,266). Trustees Joyce Raymond and Don Nowland made personal loans to the trust under emergency conditions. East Boston Savings Bank has made repayment of these loans this year a condition of our reconstruction loan with them.

b. Fire Door Replacements ($15,200). Travelers Insurance has required that the Trust replace all doors opening into a common hallway with fire-rated and self-closing doors as a condition of our Master policy.

5. We are projecting an under-run in the Reserve Account Contribution ($10,650). The Trustees have opted to use part of the Reserve Account to offset fund some of the unbudgeted expenses. This will result in a lower Temporary Supplemental Condominium Fee increase.

In conclusion, we have an overall projected budgetary overrun of $87,475.

Notice of Temporary Supplemental Condominium Fee Increase: In order to meet the operational needs of the Trust, it is imperative that an increase be made to the 2014 budget. Attached is a revised 2014 Budget, which includes a Temporary Supplemental Condominium Fee increase, effective September 1, 2014 through November 1, 2014.

Owners may pay for this Temporary Supplemental Condominium Fee Increase in one of two ways:

1. Owners may pay in full on or before September 1, 2014. Those who chose this option will have their current monthly condominium fees amount remain the same.
2. Owners may wish to pay in three monthly installments: September 1, October 1, and November 1, 2014. Those who chose this option will see their December condominium fee return to their current condominium fee rate.

The schedule of payments is attached.

B Building Reconstruction:

Design and Approvals: In June, the Trust engaged Peter Pitman and the firm Pitman & Wardley, Architects to assume responsibility for the architectural aspects of the Building B Reconstruction project. After receipt of progress drawings from RZA, verification in the field and final changes, the Trust will receive drawings ready to proceed with construction during the week of July 14. We also anticipate receiving approval of the sprinkler system this week.

Immediately following completion of the interior drawings, they will complete the plans and specifications for the egress design. They will revise some dimensional inconsistencies and address code related concerns, particularly with regard to the egress stairs at the northeast end of the building.

2. Construction Progress: Paradise Construction has completed the replacement of the B Building roof July 11. They should be able to obtain a building permit from the Town of Marblehead next week for the interior work and replacement of doors and windows.

3. Insurance Settlement: We received another incremental settlement check from Travelers in July, and the current Replacement Cost Value is $900,911.51, plus $25,000 for Law and Ordinance. The Trustees continue to pursue additional recovery from Travelers.

Bank Loan for Building B Reconstruction:

All approvals and documentation for the Construction Loan with East Boston Savings Bank have been completed, and the closing of the loan is imminent. The process for drawing funds against the loan and for making interest only payments during construction and principal and interest after construction is completed is explained in the attached explanation regarding the Special Assessment for the B Building Reconstruction.

An informational sheet regarding the Special Assessment for the B Building Reconstruction is attached.

Status of Harborside Dock Committee (HDC) Accounts: Currently, the HDC Operating Account has a balance of $10,791.73 and the HDC Reserve Account balance has a balance of $ 15,969.45.

The HDC is anticipating a little over $5,000 in regular operating expenses for the remainder of the season ($2000-storage, $3,000 – haul, and $122 float fee). There will still be enough funds in Operating Account to cover any unanticipated expenses for the remainder of the year.

The Reserve Account is in good shape. The HDC is anticipating the need to replace all chains in the next few years. The anticipated cost of replacement is between $10,000 and $12,000. The HDC is also planning for and saving toward the replacement or re-decking of the North Float which will be necessary in a few years.

The Trustees anticipate the 2013 HCT contribution to the HDC Reserve Account ($5400), which was deferred from last year, will be paid in December of this year.

Overall, the HDC is financially sound.

Status of Capital Reserve Projects: This year, we have again deferred several projects: D2/D-3 total deck refurbishment; seal coating and lining of the parking lot; addition of blue stone at the C Building entry; replacement of ceiling at entrance to Building C and by Trash Room with bead board or exposed beams; and, replacement of the Car Port Ceiling, which is asbestos.

We are currently addressing the issues concerning the North Retaining Wall between Harborside and the Boston Yacht Club and adjacent to the 20-22 Lee St. Condominium. Our first step is to have a survey done to determine where the property line is located relative to the wall. We have retained Hayes Engineering to do that. Our second step is to hire an engineer who will outline the issues we face, determine the most critical repairs needed and assist us in finding the best contractor to address and repair those issues. The third step, which we hope to accomplish this year, is to repair at least the most critical sections of the wall and to prevent it from deteriorating further. We will be deferring until next year the issues that can wait and don't pose a threat this year

We are also starting the process of creating a long-term capital projects list. To that end, we will be hiring a firm to inspect all of Harborside, identify repair and maintenance issues, and to list issues from most critical to least critical, that we will need to address over the course of several years.

We are also beginning the necessary process of replacing consistently high maintenance items (decks and railings) with low maintenance materials. Our maintenance and repair costs have skyrocketed over the years, and there is no end in sight if we continue to use wood for our decks and railings. We have consistently underestimated the costs in this area. Though the replacement materials, composite decking and stainless steel railings, have a higher initial cost than wood, in the long run they will be much more cost efficient.

In conclusion, 2014 has been very challenging for all of us…emotionally and financially.

We, as a community, are facing some serious challenges…most of which have been unforeseen.

Flood insurance is a major cost facing Harborside, and one that is unpredictable year to year. The new rules and regulations and Flood Maps from FEMA are making it very difficult to budget and anticipate the actual expense we face. Unfortunately, it is one of the only downsides to living on Marblehead Harbor. We are working very hard, with the help of the Insurance Committee to minimize costs within FEMA's regulatory framework.

The B Building fire has been particularly challenging and frustrating for all of us, but most especially for those who are displaced from their homes. However, we are moving forward and starting the rebuilding process. We hope to be well on our way to completion by the end of the year. In fact, interior work should begin within the next few weeks. We've retained a new architect, Peter Pitman. Peter has been working diligently to finalize the drawings so that we can begin the process of getting the emergency egress approved and built. One source of immense frustration has been the negotiations with Travelers Insurance. We are continuing to forcefully put forward our position, and we continue to leave all options open.

Lastly, though not entirely unforeseen, the list of maintenance projects that demand attention is growing and the costs associated with those projects keeps rising. It is the one area of the budget that seems to consistently over-run year-to-year, and it is overwhelming Harborside. Many projects that have been deferred over the years can no longer be overlooked. And rot replacement projects are becoming an unacceptable norm. The increase in spending in this area is unsustainable. Therefore, we are beginning the long-term project of replacing rotting wood decks and railings with minimum maintenance materials. If a repair is minor, we will repair with like materials (i.e.: wood). But if the repair actually requires replacement, we will do so with composite decking and stainless steel railings. As stated above, though more expensive in the short term, it will save us a lot of money over the long term. We also continue to maintain the upkeep of our infrastructure and look to improve it sensibly, economically and for the long-term benefit of all of Harborside.

Harborside is a unique and beautiful place to call home. I think we can all agree that it is worth preserving and improving upon. We believe the steps we are taking and the expenditures we are making are prudent and necessary to maintain our property values, and they will serve us well in the years to come. And though the challenges have been many this year, we are moving forward in a positive way.

Thank you,
The Trustees

Attachments: *Trustee's Letter to Harborside Owners, March 2, 2014*
2013 Annual Meeting Minutes
2014 Revised Budget
2014 Revised Schedule of Payments
2014 Special Assessment Information for the B Building Reconstruction

Harborside Condominium Trust

		2014 Budget	2014 Projected Year-End	2014 variance
REVENUES				
A.	Condominium Fees	$ 266,563	$ 267,711	$ (1,148)
B.	Special Assessment (Loan)	1,499	2,589	(1,090)
C.	Supplemental Condominium Fee		*87,475*	(87,475)
D.	Other	-	2,025	(2,025)
TOTAL INCOME		$ 268,062	$ 359,800	$ (91,738)
EXPENSES				
A.	Administrative			
	1. Insurance Expense - Master Policy	$ 51,500	$ 56,500	$ (5,000)
	2. Insurance Expense - Flood	45,712	53,712	(8,000)
	3. Insurance Expense - LOMA	-	2,500	(2,500)
	4. Management Services	9,300	10,075	(775)
	5. Tax & Tax Preparation	150	146	4
	6. Office Expense	500	323	177
	7. Legal / Professional Services	4,000	4,000	-
	TOTAL	$ 111,162	$ 127,256	$ (16,094)
B.	Utilities			
	1. Electricity	$ 3,800	$ 4,514	$ (714)
	2. Water & Sewer	7,500	5,350	2,150
	3. Cable TV	5,800	5,800	-
	4. Web Site Expense	-	2,801	(2,801)
	5. Telephone Conference	1,200	2,245	(1,045)
	6. Gas	600	449	151
	TOTAL	$ 18,900	$ 21,159	$ (2,259)
C	Common Services			
	1. Rubbish Removal	$ 5,700	$ 10,800	$ (5,100)
	2. Snow Removal	7,000	9,403	(2,403)
	3. Exterminating	1,500	1,500	-
	4. Landscaping	8,500	9,000	(500)
	5. Cleaning & Bulbs	5,000	4,560	440
	6. Alarm System	500	500	-
	7. Heating Systems	1,000	2,000	(1,000)
	TOTAL	$ 29,200	$ 37,763	$ (8,563)
D.	Docks			
	1. Fee	$ 5,400	5,400	$
	2. Insurance	2,750	2,750	-
		$ 8,150	$ 8,150	$ -
E.	Maintenance/Repair			
	1. Labor & Materials	$ 55,000	$ 55,506	$ (506)
	2. C-Foundation (survey, engineer, etc.)	-	32,500	(32,500)
	TOTAL	$ 55,000	$ 88,006	$ (33,006)
F	Operational Reserves			
	1 Reserve Contribution	$ 20,650	$ 10,000	$ 10,650
	Plan: Painting Project of $25K			
	2 (estimate) fm Reserve	25,000	30,000	(5,000)
	3 Payment on Personal Loan		22,266	(22,266)
	4 Fire Door Replacement Project	-	$ 15,200	$ (15,200)
	TOTAL	$ 45,650	$ 77,466	$ (31,816)
TOTAL EXPENSES		$ 268,062	$ 359,800	$ (91,738)

HARBORSIDE CONDOMINIUM TRUST
Revised Common Element Fee Schedule
July 15, 2014

Last Name	Unit #	Condo % (fees)		Condominium Fee Jan 1 - Aug.1		Temporary Adjustment in fee paid in full		-or-		Monthly Condominium Fee Sept. 1, Oct.1, Nov. 1
Alves	C1	3.020%		$671		$2,641.75				$1,551.43
Arrigo	B9	2.850%		$633		$2,493.04				$1,464.10
Brunais	B7	2.850%		$633		$2,493.04				$1,464.10
Coolidge	D1	3.270%		$726		$2,860.43				$1,679.86
DeMoraes	C8	4.190%		$931		$3,665.20				$2,152.48
Curtis	B2	2.930%		$651		$2,563.02				$1,505.20
Garibotto	D5	4.020%		$893		$3,516.50				$2,065.15
Gold	C3	3.020%		$671		$2,641.75				$1,551.43
Jones	C5	4.440%		$986		$3,883.89				$2,280.91
Martin	B6	2.850%		$633		$2,493.04				$1,464.10
Reich	A1	3.270%		$726		$2,860.43				$1,679.86
Reich	A2	1.920%		$427		$1,679.52				$986.34
McKeon	C4	2.930%		$651		$2,563.02				$1,505.20
Curtis	B8	2.750%		$611		$2,405.56				$1,412.73
Michaud	D2	4.770%		$1,060		$4,172.56				$2,450.44
Michaud	D3	4.100%		$911		$3,586.48				$2,106.25
Nowland	D4	5.610%		$1,246		$4,907.35				$2,881.96
Piens Realty Trust	D6	6.620%		$1,471		$5,790.85				$3,400.82
Plauche	B3	4.690%		$1,042		$4,102.58				$2,409.34
Raymond	B1	4.940%		$1,097		$4,321.27				$2,537.77
Raymond	B4	2.850%		$633		$2,493.04				$1,464.10
Segee	C2	5.860%		$1,302		$5,126.04				$3,010.39
Siddall	B10	3.770%		$837		$3,297.81				$1,936.72
Walters	C6	2.930%		$651		$2,563.02				$1,505.20
Walters	C7	2.850%		$633		$2,493.04				$1,464.10
Woodman	B5	2.930%		$651		$2,563.02				$1,505.20
Zoubek	A3	3.770%		$837		$3,297.81				$1,936.72

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