

HARBORSIDE CONDOMINIUM TRUST

TRUSTEE MEETING MINUTES

MAY 2014

The May meeting of the Harborside Condominium Trust Board of Trustees (BOT) was held May 7, 2014. In attendance were Trustees Don Nowland, Jon Curtis and Jim Walters. A quorum was present.

Also in attendance, were homeowners Joyce Raymond and Ron & Leslie deMoraes and via phone, Dottie Martin, Bart Jones, Bob Alves, Bill & Deanne Siddall, Roger & Sally Plauche, Bert & Liz Michaud. and Dianne Reich.

1. HOMEOWNER ITEMS

Emergency Egress, Building B Fire Escape Redesign: As a part of the reconstruction of Building B, code compliant fire egresses are required by the Marblehead Building Department. Architect, Bob Zarelli, has been designing the egresses.

Part of the reconstruction of Building B from the October 2013 fire requires the Association to bring the emergency egress up to code. Design drawings have been completed by Bob Zarelli, which have been approved by the Old & Historic Commission. Paradise Construction has prepared a rough cost estimate of \$270,000 for the egress.

Deck replacement D-2/D-3: Owners Bert & Liz Michaud asked Management to have the rotted wood in their deck identified and repaired. In addition to the rotted wood repair, the window trim and door trim will be caulked. Services are rescheduled for the Spring and will be addressed by Paul Haggett.

Trustees reviewed the scope of services with Paul Haggett. Haggett has found a product, Lumberock, that he feels will be a good solution to the repairs needed. In order for Paul to properly replace the rotted deck boards, the granite bar and counter space needs to be removed. Trustee Nowland will speak with Bert Michaud regarding this removal.

Storm Windows: Unit A1/A2: Owner Reich is installing new storm windows, as well as the correct awnings. Painting services will be done in Spring 2014, and the windows will be taken down or worked around. Management will schedule a meeting with Trustee Nowland, Dianne Reich and Neptune Painting services for Friday, May 9, 2014.

From David & Marianne Gold:

- Concerned the BYC is storing flammable liquids in the building directly adjacent to Building C and asked that the BYC install some protection to the buildings by working with the Marblehead Fire Department. Trustee Nowland has spoken to the BYC and raised this issue to the Commodore. The general manager resigned at the BYC, but Don is meeting with them on May 14 and will bring issue up again. Trustee Nowland is waiting on BYC to respond to letter given to them.
- Owner Gold supports the installation of a sprinkler system in all buildings. Once the sprinkler system is approved for B Building, the Trustees will review costs for installing such a system in other buildings.
- Requested that the roof above their sliding glass door be inspected and repaired. Leak appeared during recent storm and appears to be from the deck of Unit C-6/7. Paul Haggett installed a

temporary repair over the slider. Haggett suggested re-pitching the decking away from the building, when the weather warms. Management will obtain a proposal for these services.

- The light fixture was re-secured to the side of building.

North Retaining Wall: Over the winter months, probably in March, the north retaining wall, adjacent to Building A, had a small rock slide. Peter Ogren, Hayes Engineering, visited site and provided recommendations. Portions of the wall need to be re-pointed. The Trustees also spoke to owner Ted Moore, who provided a referral for this work.

2. INSURANCE

Flood Insurance: It appears the national flood insurance program will be put on hold for now. It is unclear what this means for 2014 flood insurance rates. FEMA reclassified Harborside's property in 2013 from Zone C to Zone VE. We have hired Hayes Engineering to determine whether part of our property can be reclassified out of the VE category. Our current flood insurance premium is \$45,030. The BOT will continue to monitor the political process with respect to the flood insurance law.

Jon Curtis met with Peter Ogren to confirm whether or not a letter of map amendment for Building B is necessary. The map amendment would not benefit buildings A or D, but the sea wall is not listed as high as it on the map and will need to be corrected. FEMA has delayed the financial impact on certain policies.

The next step is for Peter Ogren to obtain the proper history which would support a LOMAR application. The new map shows 2 buildings (A/C and B/D) and not 4. This also needs to be corrected even though the policies are written as 4 separate policies. Trustee Curtis will follow up with Peter Ogren.

3. PAINTING

Neptune Painting services has begun the painting project and will follow the order of service of Building A, Building D, then Building C. Trustee Raymond in follow up to her May 2, 2014 request, asked that no painting items be left in the Building A storage area, near the furnace. Management will speak with Neptune Services.

The painting project is expected to come in on budget, but the carpentry services needed on the property is expected to run over budget.

4. BUILDING B FIRE UPDATE:

The BOT is updating owners/residents regularly. Please forward any questions to the BOT.

Travelers insurance company and our public adjuster, Panakio, continue their settlement talks.

Trustee Curtis presented an update on the Building B Fire Renovation. Attached is a copy of the power point presentation, slightly updated for the May 10th special meeting of unit owners. Following are highlights of the presentation:

- Minutes and weekly updates should be for Harborside ownership internal use only and not shared with parties not directly involved with this project.
- Owners are reminded to not speak with contractors directly, but forward questions and concerns to the Trustees.
- There still has not been a settlement decision with Travelers, but negotiations to date have insurance claim proceeds at \$874,000.
- The variance between the Travelers settlement and the Proposal from Paradise Construction contains shortfalls on roof replacement, interior finishes and on the demolition.

- The reconstruction done in the 1980's from the prior fire was done properly and the building permit was closed. A newly commissioned engineering report makes recommendations to shore up all areas and bring the work up to current code. The work inside the Plauche unit and immediate hallway has been completed with the exception of one heat detector which will need to be tied in.
- The BOT is still working with the figures of \$270,000 for the emergency egress and \$110,000 for the sprinkler system. The BOT met with Zarelli and Paradise on these two projects. The emergency egress plan has been approved by the Old & Historic Commission. It will now go to the Zoning board of Appeals. The BOT has agreed to hire Bob McAnn, a local attorney, to help expedite this process. The BOT has agreed to use a steel frame construction for the egress system which would allow for a longer span between columns. Columns are needed to support a code-compliant deck rather than the current bracket design.
- The sprinkler system will be installed in the 4 units that were gutted as well as the common area hallway and mechanical room. Water testing was done, and there is no need for a new water line or for an extra storage tank. The anticipated budget was reviewed. The total cost of the reconstruction, emergency egress and code upgrades is expected to be \$1,674,500.
- The anticipated financial requirement to owners, after insurance proceeds is estimated at \$891,700, rounded up to \$900,000.

Joyce Raymond asked if owners who opt to prepay their portion of the assessment would be billed as the contractor bills the association. Trustee Curtis will speak with East Boston Savings Bank (EBSB) with whom we are discussing loan terms and conditions.

Management and the BOT will take into consideration the coverage in each homeowner's policies and will individualize notices of assessments accordingly.

5. FINANCIAL REPORTING:

Units delinquent more than 60 days are in legal collections with Marcus Errico Emmer & Brooks. It has always been the BOT's position to not comment on individual delinquent accounts, but confirmed that owners that fall behind are being charged late fees according to the HCT Rules and Regulations and legal collection efforts are initiated when necessary.

6. PARKING

Attached are the preliminary Parking Rules during the Building B Reconstruction period. Once the parking rules are finalized, your cooperation in following the guidelines is appreciated.

7. HDC

The BOT is continuing to defer the annual Trust Contribution to the HDC from December 2013. The ability to pay the contribution will be reviewed at the June BOT meeting. The docks are expected to go in the 2nd/3rd week of May. The HDC will update owners accordingly.

8. DEFERRED PROJECTS

Due to current financial conditions, the following projects continue to be deferred: D-1/D-2/D-3 deck refurbishment; seal coating and lining of parking lot; composite refurbishment of the north dock; addition of blue stone at the C Building entry; and replacement of the ceiling at entrance to Building C and by Trash Room with bead board or exposed beams.

9. LESLEY MANAGEMENT will attend to the following:

- Obtain proposal on the C6/C7 permanent repair.
- Send financial projections, including loan repayment, and based on April month end figures to Trustee Nowland.
- Email out notice of Trustee Nominations with due dates.
- Have the winders on the window in the laundry room replaced.
- Have Attorney Aronson create a Non-Smoking Amendment and forward to BOT for consideration. **[on Hold]**
- Have minor deck repairs done outside Unit D2/D3, as well as caulking services. **Paul Haggett is working on product and pricing.**
- Have the rot on the front of Building A (Lee St side) patched. **[Spring 2014, as part of the Painting Project]**
- Contact Paul Haggett to inspect and report back on the condition of the door and threshold of unit B7. **[Ensure work is completed in the Spring]**
- Obtain a price to replace the common area glass window in Building C and forward to BOT for consideration.
- Continue to clean the drains in the walkway between the B and D buildings and under steps to unit D2-3. **[On-going]**
- Continue to secure all outstanding tenants lease information.
- Follow up with Attorney Aronson on the recovery of expenses for services to Unit B9. **[On-going]**
- Continue to work with Ron deMoraes to update the website.
- Have the vent in the exterior door to Building B Mechanical Room cleaned monthly.
- Determine what is causing the excessive water run-off behind the D Building **[On Hold]**.
- Schedule a semi-annual check of keys in the Knox Box. **[Scheduled for May 2014]**

10. HARBORSIDE WEBSITE

Ron deMoraes has updated the Harborside website to a new more user friendly site. Thank you to Bart Jones for many years of servicing the website.

For your information, the new website is: www.harborsidecondos.info

Password: MHD2401945

11. ADJOURNMENT

There being no further business of the Harborside Condominium Trust Board of Trustees, the meeting adjourned at 4:45 p.m.

The next meeting of the Harborside Condominium Trust Board of Trustees will be held Wednesday, June 4, 2014 at the C-6 residence of Jim Walters. All homeowners are welcomed to attend.

NEW CALL IN INFORMATION:

Please join us by conference call by calling 1-866-393-8073. You will be prompted to enter the meeting number ***8509647***.

If you are the first to arrive at the meeting site, you will be prompted to enter the "moderator code". The moderator code is ***8529***.

.....

Attachments:

Preliminary Parking Procedures
May 10th power point presentation

Harborside Condominiums
Temporary Parking Rules – During B Building Reconstruction

During reconstruction of the B Building, expected to take several months, Harborside driveways and parking lots will be stressed by construction vehicles, scaffolding, and stored materials.

Accordingly, the following parking rules will go into effect upon notification that the reconstruction period has begun and stay in effect until notification that reconstruction has reached a point where these rules are no longer required:

1. All Residents (Owners & Renters) are permitted to park only one vehicle in the lots (upper & lower) at a time. This applies regardless of the authorized number of parking spaces for their unit(s). The 2nd (or additional) vehicle must be parked elsewhere off the property.
2. If a Resident has a garage or carport, the one authorized vehicle will be parked in that carport or garage.
3. No guest parking will be permitted. No “loaning” of parking spaces will be permitted. However, in unusual circumstances, the resident may park a substitute vehicle as long as they are present at the property, have notified a member of the Board of Trustees, display a Harborside “Guest” pass, and verify that that this is the sole vehicle parked in the lot.
4. Vehicles belonging to service employees and companies (including taxi/limo drivers, cleaners, repairmen, and delivery persons) will be permitted for “drop offs” and “pickups” only.
5. If a Resident is going to away for an extended period of time (greater than 2 days), we ask that person to please park his/her vehicles elsewhere off the property until he/she returns. Residents with garages or carports will be permitted to park there when away.
6. Also, if a Resident will be staying here, but not needing their vehicle for long periods of time (greater than 2 days), we ask that he/she park their vehicles elsewhere off the property.
7. All Residents must “register” (i.e., notify and list) their vehicles with the Lesley Management Company and display a parking sticker on the left rear window or left rear bumper of their vehicle. Alternative display of vehicle stickers must be approved in writing by the Trustees. Parking stickers may be obtained from Lesley Management or Don Nowland.
8. All vehicles shall be parked in a manner so as to not impede access to or from the driveways, garages, carports, the designated parking areas of Harborside Residents, and construction access points. Additionally, all vehicles must be parked within the designated parking place “lines” (as best possible) and comply with the “compacts only” signs.
9. The Trustees may levy fines of \$25.00 for violations of parking rules, and may, if necessary, resort to having violators’ vehicles towed at the owner’s expense.
10. All other parking rules in the Harborside Rules & Regulations will remain in effect.

Thank you for your patience,

The Trustees

Harborside Condominium Trust Building B Reconstruction

Special Owners Meeting

May 10, 2014

Internal Communication Only

- This document is intended for the use of the Owners of Harborside Condominium Trust.
- While it is appropriate for you to share this with your insurance and legal professionals, we respectfully request that in all other regards it be kept internal to the Harborside Ownership.
- We request that you not communicate directly with Paradise Construction, Bob Zarelli, and other members of the project team.
- Any questions should be directed to the Trustees

Responsibility of Trustees

- Restore Harborside Condominium as a fully functioning residential complex for the benefit of all 27 Ownership units
- Continue to operate the Condominium property as equitably as possible in spite of the adverse conditions

Purpose of Owners Meeting

- Update Owners on status of Building B Reconstruction
- Answer any questions that we can
- Request Owners approve construction loan

Purpose of Project

- Restore five Condominium Units from damage sustained in October 26, 2013 fire
- Restore common areas
- Implement mandatory code upgrades to:
 - Meet current requirements
 - Obtain Certificates of Occupancy
- Repair damage from “prior fire” in unit B-3 and common hallway

Complexities of Implementation

- Insurance settlement with Travelers
- Construction contract with Paradise
- Construction loan with East Boston Savings Bank
- Architectural and Structural designs and Surveys
- Permitting and approvals from Town of Marblehead
- Logistics of the Harborside site

Progress to Date

- Building secured and demolition completed by Paradise Construction, LLC
- Interior plans of pre-existing conditions completed by Bob Zarelli, AIA
- Pricing proposal and draft contract submitted by Paradise, have negotiations underway
- Negotiations with Travelers underway; \$812,426.04 approved to date, \$45,000 pending, Permits +\$13,000. Target at least \$874,000

Progress to Date - 2

- Innovative egress design concept by Bob Zarelli approved by Old & Historic Districts Commission
- Conservation Commission and Zoning Board of Appeals approvals planned for June
- Reconstruction in unit B-1/4 completed
- Repairs for “prior fire” in unit B-3 and hallway completed
- Building Permit pending for roof and window replacement.

Anticipated Budget

• Paradise Reconstruction	\$1,205,800
• Paradise Egresses	\$ 270,000
• Paradise Sprinkler System	\$ 110,000
• Prior Fire	\$ 28,700
• Contingency	\$ 60,000
• Total Construction	\$1,674,500

Anticipated Budget - 2

- Construction (from prior page) \$1,674,500
- Panakio Adjusters \$ 61,200
- Legal & Other \$ 30,000
- Total Projected Cost \$1,765,700
- Insurance Reimbursement \$ 874,000
- Financing Required \$ 891,700
- Set Special Assessment and Loan Amount at \$900,000
- Construction Account Balance \$ 430,421

Egress Issues

- Two previous designs addressed stairs from B-2 and B-5 and B-6
- “Corridor” widths and railing heights were “grandfathered”
- Egresses now inadequate for current codes due to:
 - Narrow “corridors” – must have 44” clear
 - Casement windows block “corridors” when open
 - Steep ladders/stairs – must be 7” rise and 11” treads
 - Stair widths – must be 3’6”
 - Wood was rotten on steep stair – failed under weight of firefighter
 - Balcony cantilever and support brackets structurally deficient under weight of firefighters and equipment

Harborside By-Law Requirements

- In December, 97% of Ownership voted to proceed with repair and restoration following October 26, 2013 fire.
- One abstention has subsequently sold unit, effectively making it 100%
- Trustees “shall arrange for the prompt repair, replacement, or restoration of the Building(s) and/or the Unit or Units damaged.”

Actions before the Ownership

(from the By Laws)

- Cost in excess of insurance proceeds is a common expense.
- Financing must be in place before construction contractor can proceed.
- Trustees recommend the common expense be financed by a loan over five years and repaid from a Special Assessment paid over the five years with interest.
- Owners may pre-pay assessment without interest.
- If loan not approved, the Trustees only option would be to fund the construction with a Special Assessment due before major construction starts.

Ballot Explained

- By-Laws require vote on loan
 - Board of Trustees recommends affirmative vote
 - Requires 67% approval, so affirmative vote is requested even if the Owner plans to pre-pay
- Board seeks non-binding indication of Owners' intent to pre-pay for planning purposes
- Due Friday, May 23
- May submit today, or anytime within next two weeks.

Pre-Payment of Assessment

- Pre-payment will be due in one installment at the respective unit share without interest
- Pre-payment will become due during the month the Trust first receives funds from EBSB
- Pre-payment must be received within 30 days from notification
- Owners not making pre-payment at that time will participate in the loan, including interest
- Construction period is planned for 9 months

Actions for Trustees

- Finalize construction loan to finance project
- Proceed with reconstruction of Building B and correction of egress deficiencies
- Continue to pursue maximum insurance settlement
- Pursue additional recourse if deemed appropriate (“reference”, legal, other)