October 19, 2015

TO ALL HARBORSIDE OWNERS:

On Wednesday, October 21, a call-in meeting of Harborside Owners will be held. In preparation for that meeting, the Trustees wish to provide an update on some of the more important issues that will be discussed.

- **Certificates of Occupancy**—All Units have received Certificates of Occupancy except Unit B-10, and that Unit is expected to receive its CO very soon. Once again, we must express our appreciation for the patience and understanding all Owners have exhibited during the long period of reconstruction since the October, 2013 fire.

- **ZBA Appeal**—At the last meeting, Owners were advised that all the substantive elements of a settlement agreement to end the appeal of the ZBA decision had been agreed to and that final easement specifications and engineering drawings were being prepared. Those additional items were completed and met with the approval of the Trustees, which was communicated to counsel for the O'Sullivans more than two weeks ago. We had been informed that the O'Sullivans had expressed their approval previously, but the final approval has not been forthcoming. We are advised that as soon as the approval from the O'Sullivan's attorney is received, a stipulated motion for dismissal will be filed and the case will be promptly dismissed. We wish to stress that there is no further action required from the Harborside Trustees to terminate the case.

- **Sea Wall**—Since the beginning of this past summer, the Trustees have been actively assessing the conditions of our sea wall and pursuing the permission of the proper authorities to maintain and repair some problems that we have become aware of. In addition to the obvious erosion of some of the concrete pointing above the high tide mark, there is a bulging area of the sea wall below the high tide mark, just north of the south gangway, that is of immediate concern. On October 5th, the Conservation Commission issued the "Order of Conditions" for immediate and ongoing sea wall maintenance and for repairs in two areas of the wall, including the bulging area. We expect the maintenance work will begin within the next several days, depending on weather and tide conditions. We have engaged North Shore Marine, a company that specializes in building, repairing and maintaining sea walls, to chink, repoint and replace some missing stones in our sea wall. We are hopeful this work will see us through until the spring without any major failures in the wall. The Trustees have also retained GZA, a geotechnical engineering group well versed in sea wall construction, repair and maintenance to conduct a thorough survey of the sea wall both above and below low tide marks. We have asked them to submit a report that identifies areas of concern, propose repair options and outline short and long term maintenance/repair schedules and goals. The survey will be conducted next year when our floats are in the water. The estimated cost of the current maintenance work will be on the order of $21,000. While the cost of the necessary permanent repair work is not known at this time, we expect that it will not be insignificant.

- **B Building Egress Additional Expense**—We have been advised that the original estimate for construction of the B Building egress, approximately $270,000, must be increased substantially. The current change order has an estimated cost of $450,000. The Trustees have met with Peter Pittman, our architect, on several occasions, as well as Bruce Paradise, to develop and compare various strategies for reducing the overall cost of the egress. Although we explored the possibility of putting this project out for separate bids, we are convinced that the best and most cost effective strategy is to continue to work with Paradise Construction. To that end, we are engaged in direct negotiation with Paradise Construction and are undertaking "value engineering", which means seeking competitive bids on the sub-contractor level. These discussions are underway but will take some time to complete, so at this time we do not have a definitive cost estimate for the completion of the egress. The Trustees are examining and actively pursuing all means of reducing the cost as much as possible.

- **Additional Egress for B-7 and B-8**—As reported earlier, we are looking at various means to reduce the cost, and perhaps delay the timing, for the egress for Units B-7 and B-8.

- **Financial Implications**—As the B Building reconstruction progressed, unanticipated costs were incurred, most significantly code upgrade requirements, such as the sprinkler system and the rebuilding of the utility room, and the appeal of the ZBA decision by the O'Sullivans, with its attendant legal costs. Once the ZBA appeal is dismissed, which we expect to occur imminently, we are obligated by both the Town of Marblehead and the terms of the settlement agreement to begin work on the egress as soon as possible. Undertaking that work entails meeting the financial obligation it requires. As we will discuss at the meeting on Wednesday, the increased cost of the B Building reconstruction and the egress, plus expected costs in the near term for sea wall repair, mean that we will likely not be able to fulfill the objective of avoiding increased fees or additional temporary supplemental fees. We look forward to having a discussion of the many issues we face and how to deal with them at the meeting on Wednesday.

Thank you,

THE HARBORSIDE TRUSTEES

Harborside Condominium Trust
Operational Budget

			Budget 2015		Anticipated Year -End 2015		2016
REVENUES							
A.	Condominium Fees	$	377770	$	377,770	$	392,770
B.	Reimbursement on B9 Sale		0		24,214		0
C.	Other		0		3,312		0
TOTAL INCOME		$	377770	$	405,296	$	392,770
EXPENSES							
A.	Administrative						
	1. Insurance Expense - Master Policy	$	60000	$	68,312	$	75,000
	2. Insurance Expense - Flood		50000		55,146		65,000
	3. Insurance Expense - LOMA		2500		0		2,500
	4. Management Services		9300		9,300		9,550
	5. Tax & Tax Preparation		400		150		400
	6. Office Expense		500		86		500
	7. Legal / Professional Services		5000		15,556		10,000
	TOTAL	$	127700	$	148,550	$	162,950
B.	Utilities						
	1. Electricity	$	5000	$	4,905	$	5,500
	2. Water & Sewer		7500		7,755		7,000
	3. Cable TV		10020		10,055		10,020
	4. Telephone Conference		250		69		250
	5. Gas		250		471		350
	TOTAL	$	23020	$	23,255	$	23,120
C.	Common Services						
	1. Rubbish Removal	$	5800	$	5,751	$	5,800
	2. Snow Removal		9000		15,201		9,000
	3. Exterminating		1500		1,133		1,000
	4. Landscaping		8500		8,500		8,500
	5. Cleaning & Bulbs		5000		3,876		5,000
	6. Alarm System		1200		990		2,000
	7. Heating Systems		2500		0		0
	TOTAL	$	33500	$	35,451	$	31,300
D.	Docks						
	1. Fee	$	10800	$	10,800	$	5,400
	2. Insurance		2750		5,000		5,000
		$	13550	$	15,800	$	10,400
E.	Maintenance/Repair						
	1. Labor & Materials	$	25000	$	22,784	$	25,000
	2. North Retaining Wall		25000		25,000		0
	3. Masonry Repairs on Property		0		0		0
	4. Sea Wall Maintenance		5000		21,000		40,000
	5. Capital Improvement Repairs		75000		75,000		50,000
	TOTAL	$	130000	$	143,784	$	115,000
G.	Operational Reserves						
	1. Long Term Reserve	$	15000	$	15,000	$	15,000
	Short Term Reserve (Painting,						
	2. Roof, Parking Lot, etc.)		20000		20,000		20,000
	3. Operating Working Capital	$	15000	$	15,000	$	15,000
	TOTAL	$	50000	$	50,000	$	50,000
TOTAL EXPENSES		$	377,770	$	416,840	$	392,770

HARBORSIDE CONDOMINIUM TRUST
Common Element Fee Schedule
2016

Last Name	Unit #	Condo % (fees)		2016 Fee
Alves	C1	3.020%		$988
Brunais	B7	2.850%		$933
Carty	A2	1.920%		$628
Carty	A1	3.270%		$1,070
Coolidge	D1	3.270%		$1,070
Curtis	B8	2.750%		$900
Curtis	B2	2.930%		$959
DeMoraes	C8	4.190%		$1,371
Garibotto	D5	4.020%		$1,316
Gold	C3	3.020%		$988
Granite St Partners LLC	B9	2.850%		$933
Jones/ Martin	B6	2.850%		$933
McKeon	C4	2.930%		$959
Michaud	D3	4.100%		$1,342
Michaud	D2	4.770%		$1,561
Nowland	D4	5.610%		$1,836
Piens Realty Trust	D6	6.620%		$2,167
Plauche	B3	4.690%		$1,535
Raymond	B4	2.850%		$933
Raymond	B1	4.940%		$1,617
Segee	C2	5.860%		$1,918
Siddall	B10	3.770%		$1,234
Walters	C7	2.850%		$933
Walters	C6	2.930%		$959
Wheeler	C5	4.440%		$1,453
Woodman	B5	2.930%		$959
Zoubek	A3	3.770%		$1,234

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