

Ballot Measure

July 9, 2005

**Notice of Special Membership Meeting of
HMC Management**

Notice is hereby given pursuant to Article 4 of the Bylaws of HMC Management that a continuation of the annual meeting of the membership will be held on Saturday, July 9, 2005 at the hour of 12:00 Noon at the HMC Community Building. At the meeting, two (2) ballot proposals described below which have been set before the members by action of the Board of Trustees will be voted on.

Members may vote in person at the meeting or by mailing or delivering the enclosed absentee ballot to the HMC Office so that it is received prior to the time of the meeting. *Ballots will not be counted unless your name and signature appear on the large envelope.*

1. Pursuant to Article 9 of the Bylaws of HMC Management, the Board of Trustees has presented the FY 2005-2006 budget to the membership for ratification.

2. Pursuant to Article 9 of the Bylaws of HMC Management, the Board of Trustees has proposed that the property transfer fee be raised.

Ballot Explanation - Proposition 2

In order to accommodate HMC members who wish to sell their island property, real estate personnel are allowed to bring prospective buyers to Herron Island without being charged ferry fees. To compensate for the loss of ferry income, members selling their property through a real estate agent and using this accommodation sign an agreement to pay a fee to HMC upon sale of the property. When the basic ferry fee was raised from \$5.00 to the current \$6.00 two years ago, other ferry fees were raised proportionally but the property transfer fee was overlooked. This proposition is intended to correct this oversight. The following table gives the current fees and the proposed fees.

<u>Selling Price</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
Up to \$20,000	\$31.25	\$40.00
\$20,001 to 60,000	\$62.50	\$80.00
\$60,001 to 100,000	\$93.75	\$120.00
\$100,001 and over	\$125.00	\$150.00

This fee was previously called the “Realtors’ Fee,” causing some members to mistakenly believe that the fee was paid to a realtor. It is emphasized that the fee is paid by the seller to HMC.

Official Ballot and Voting Instructions

Sample Only - Use ballot sent by USPS.

1. Vote yes to accept any proposal set forth below. Vote no to reject it.
2. Insert your ballot in the envelope marked "Official Ballot" and seal the envelope. Do not put your name on this envelope. Do not place anything other than one Ballot in this envelope.
3. Place the small envelope marked "Official Ballot" in the large envelope. **You must sign the large envelope and make sure that your name and address appear on the large envelope. *If your name and signature do not appear on the outside of the large envelope, your vote will not be counted.***
4. To be considered a member in good standing and have your vote counted, all delinquent charges and assessments must be paid in full before the Ballots are counted.
5. Please make sure that your name is legible on the large envelope. If your name cannot be read, the ballot will not be counted.
6. Your absentee Ballot must be received in the HMC Office by 12:00 Noon, Saturday, July 9, 2005 to be counted. If you prefer to vote in person, please attend the meeting. The Ballots will be counted at that time.

Proposition No. 1 (Approval of the Budget)

Shall the budget as presented in this June, 2005 Beachcomber be ratified by the membership?

☐ YES (For

☐ NO (Against

(over)

Proposition No. 2

(Raising of Property Transfer Fee)

Shall the Property Transfer Fee be raised according to the following schedule?

<u>Selling Price</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
Up to \$20,000	\$31.25	\$40.00
\$20,001 to 60,000	\$62.50	\$80.00
\$60,001 to 100,000	\$93.75	\$120.00
\$100,001 and over	\$125.00	\$150.00

PROPOSED 2005-2006 HMC BUDGET

Budget Year	2004-2005	2005-2006
Assessable Units	371	378
Units minus delinquents	360	368

SUMMARY/INCOME

Non-Assessment Income			
Ferry User Fees	130000	130000	Actuals for 2005 running a little behind projections
Interest	500	1000	Rates are low but increasing
Payments/Delinquent Accts	2000	2000	
Carryover from previous year		10000	Reflects partial excess of revenue over expenses for last year
Miscellaneous	4000	5000	Actuals for 2005 running a little ahead of budget
Required Assessment Income	386751	404746	
Total Income	523,251	552,746	
Total Expenses	523,251	552,746	
Charge/assessable unit If Everyone Paid	\$1,042	\$1,071	Based on number of assessable units with 66% phase-in
Charge/assessable unit considering uncollectables	\$1,074	\$1,100	Based on number of assessable units adjusted for uncollectables

EXPENSES

ADMINISTRATION			
Office Equipment	100	800	Allows for unanticipated equipment replacement
Emergency Preparedness	600	700	Increase for Emergency equipment and supplies
Community Associations Institute	400	575	
Accountant	3600	4000	
ADP Payroll Service	2500	2500	
Bank Fees	200	200	
Insurance			
Directors/Officers	3000	3000	
Facilities and general liability	23200	20000	Insurance rates did not increase as expected
Employee Dishonesty	600	600	
Auto/Truck	2000	1000	Sold one vehicle so now just the watering truck
Legal Fees			
Collection Costs	4000	2000	Some collection costs recovered from delinquent members
General	4000	4000	Trying to hold the line on legal costs
Liens	100	100	
Litigation	5000	0	Litigation reserve felt adequate
Other			
Ferry Fees	300	0	No longer needed as employee ferry fees waived
Ads for New Employees	400	400	Need for backup captains
Website	350	350	
Misc.	900	1500	Current year expenditures higher due to claim deductables
Postage			
Bulk Mail Permit	200	200	
Meter Rental & Box Fee	500	500	
Stamps & Meter Filling	2700	3000	
Printing			
Copier Contract	2800	2800	
Printing - Other	250	2500	Last year budget inadequate for printing costs
Admin Dept. Wages	48300	53705	Wage adjustments for job parity and COLA
Payroll Taxes	4860	5400	
Retirement	1150	1350	Employee participation
Federal, State & County Taxes	2000	2200	
Office Supplies	800	800	
Telephone/Long Distance	2000	2000	
Total Administration	116,810	116,180	
DOCKS			
Repairs/Maintenance	4,000	2,000	
Other			
Parts & Supplies	1,200	1,200	
Inspection	1000	3000	Lowest bid for required county inspections of mainland terminal
Annual DNR Lease	1700	2000	
Utilities	1200	1200	
Total Docks	9,100	9,400	
FERRY			
Ferry Dry Dock and Major Repairs	40000	45000	Increase to cover dry dock cost increase and major repairs
Fuel	29000	38000	Price of Oil increase. Estimate with actual impact unknown.
Insurance	43500	41000	Insurance cost stable with ferry operational performance
Equipment	2000	1000	
Routine Maintenance	10000	11000	Anticipated cost increases for parts and service
Ferry Dept. Wages	158923	168336	Cost of living adjustment and scheduled merit raises
Payroll Taxes	15336	16250	
Medical/Life Insurance	18500	20700	Insurance costs may increase less but this is best estimate

Retirement	9387	9815	
Supplies	1400	1400	
Personal Property & Excise Tax	3000	3400	
<i>Other</i>			
Ferry Cell Phone	600	600	
Drug Testing	800	1000	
Inspection & Licensing	1400	1400	
Pension Administration	700	600	
Tickets, Passes & Stickers	1000	1000	
Uniforms	900	1200	
Ferry Fees	50	0	
Passenger Vessel Assoc. Dues	350	350	
Misc.	700	1500	
Total Ferry	337,546	363,551	
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PARKS			
Parks Dept. Wages	1000	1000	
Payroll Taxes	165	165	
Maintenance	500	1000	
<i>Small Boat Dock</i>			
Maintenance	150	300	
Supplies & Repairs	500	500	
Utilities	225	400	
Equipment reserve	0	1000	New reserve being built to replace equipment
<i>Other</i>			
Playground Improvement	500	0	
Misc.	2200	3000	South Beach Parking, gravel, signs
Sanikans	4700	5200	Anticipated increases due to fuel costs
Garbage Pick Up	1000	1200	Anticipated increases due to fuel costs
Total Parks	10,940	13,765	
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ROADS			
Contract Work & Repairs	12700	13000	Continuing work on roads and ditches
Supplies & Materials	4500	5800	Includes gravel and road signs
<i>Maintenance</i>			
Other	200	200	
Tansy Weed Control	600	500	
Dust Control Truck	1500	1500	
Utilities	200	200	
Total Roads	19,700	21,200	
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WATER			
Contract Manager	1200	1400	
Water Dept. Wages	5800	6250	Includes salary COLA adjustments
Payroll Taxes	830	875	
Water Reserve	12000	12000	Replacement over 5 years of \$60,000 reserve fund
Supplies/Repairs	2000	2000	Tank replacement from reserves in 2005
Utilities	4000	3000	
<i>Other</i>			
Membership-Evergreen Water	150	150	
Misc	275	275	
Permits & Licenses	900	900	
Water Samples	1200	1000	With new tank, this may decrease even more
Excise Tax	500	500	
Truck Expenses	300	300	Truck expense replaced by reimbursement for use of employee truck
Total Water	29,155	28,650	