

Ballot Measure

July 12, 2003

Notice of Continuation of Annual Membership Meeting of Herron Maintenance Company

Notice is hereby given pursuant to Article V of the Bylaws of the Herron Maintenance Company that a continuation of the June, 2003 annual meeting of the membership will be held on Saturday, July 12, 2003 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 RCW 64.38.025(3), the Board of Trustees has presented the FY 2003-2004 budget to the membership for approval.

2. Pursuant to RCW 24.03.165 and RCW 24.06.525, the Board of Trustees has proposed that Articles of Amendment be submitted to the membership for approval for the purpose of amending the Articles of Incorporation to reorganize Herron Maintenance Company under RCW 24.06.

BALLOT DESCRIPTION

On page 11, you will find a ballot requesting your vote on two propositions. The first proposition asks for your approval of the FY 2003-2004 budget. The second asks for your approval of the Articles of Amendment, which would allow continuation of the option to vote in membership elections by secret mail-in ballots.

Proposition No. 1. The proposed FY 2003-2004 budget is presented on page 13. This budget includes the ferry fee that will be increased on October 1, 2003 per the vote of the membership. The assessment will be \$979. Per RCW 64.38.025(3), the budget will be ratified unless a majority of the total members in good standing vote to reject it.

Proposition No. 2. Herron Maintenance Co. was incorporated in 1958 under RCW Chapter 24.04, the then nonprofit corporation statute. RCW Chapter 24.04 was repealed effective in 1969 and a new nonprofit corporations statute was adopted under RCW Chapter 24.03. Although absentee ballots were allowed under RCW Chapter 24.04, Chapter 24.03 only permits a member to "vote in person, or if so authorized by the articles of incorporation or their bylaws, may vote by proxy executed in writing by the member or his duly authorized attorney in fact." RCW Chapter 24.06, the Nonprofit Miscellaneous and Mutual Corporation Act, provides a broader set of voting methods which the Board believes are better suited to the needs of HMC. RCW 24.06.064 states in pertinent part that, "A member or shareholder may vote in person or, unless the articles of incorporation or the bylaws otherwise provide, may vote by mail, by electronic transmission, or by proxy executed in writing by the member or shareholder or by his or her duly authorized attorney-in-fact. . . ."

RCW 24.06.525 provides that "Any corporation or association organized under any other statute may be reorganized under the provisions of this chapter by adopting and filing amendments to its articles of incorporation in accordance with the provisions of this chapter for amending articles of incorporation. The articles of incorporation as amended must conform to the requirements of this chapter, and shall state that the corporation accepts the benefits and will be bound by the provisions of this chapter." The Board recommends that the members approve the Articles of Amendment presented on pages 17-22 to allow HMC to be reorganized under RCW Chapter 24.06. This will legalize and preserve our ability to conduct elections by secret ballot as we have historically done. The adoption of the Articles of Amendment requires the approval by a two-thirds majority of those members voting on the proposition.

If the Articles of Amendment do not get approved by the needed two-thirds majority, the Bylaws presented for adoption in August will be drafted in compliance with RCW 24.03.085 and will only allow voting in person or by signed proxy. Secret mail-in ballots will not be accepted. The adoption of the enclosed Articles of Amendment and the consequent reorganization under RCW Chapter 24.03 **will not change the assessment method utilized by HMC.** The method of levying assessments will be determined by the ballot on the proposed Amended Bylaws that will be provided with the July Beachcomber.

Official Ballot and Voting Instructions

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 Noon, Saturday, July 12, 2003 to be counted. If you prefer to vote in person, please attend the continuation of the annual meeting. The Ballots will be counted at that time.

Use ballot received in USPS mail.

Proposition No. 1

(Approval of the Budget)

Shall the budget as presented on page 13 of this June, 2003 Beachcomber be approved by the membership?

☐

YES (For Proposition)

☐

NO (Against Proposition)

(over)

Use ballot received in USPS mail.

Proposition No. 2

(Approval of Articles of Amendment)

Shall the Articles of Amendment, as presented on page 17 of this June, 2003 Beachcomber, to reorganize Herron Maintenance Company under RCW 24.06 allowing voting by mail-in secret ballot be approved?

☐

YES (For Proposition)

☐

NO (Against Proposition)

PROPOSED 2003-2004 HMC BUDGET

	This year's Budget 2002-2003	Proposed next year's Budget 2003-2004		Difference
SUMMARY/INCOME				
Total Expenses	449,905	475,550		25,645
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<i>Non-Assessment Income</i>			See Note #	
Ferry User Fees	120,000	125,000	1	5,000
Interest	3,000	1,000	2	-2,000
Payments/Delinquent Accts	7,500	2,000	3	-5,500
Miscellaneous	3,000	3,000	4	0
Assessment Income	316,405	344,550		28,145
Total Income	449,905	475,550		25,645
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Assessment/Member If Everyone Paid	857	952	5	94
Amount Unpaid by Delinquent Members	-13,700	-9,510	6	4,191
Assessment Per Paying Member	896	979		83
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EXPENSES				
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ADMINISTRATION				
Office Equipment	500	100		-400
Emergency Preparedness	500	300		-200
Community Associations Institute	375	350		-25
Accountant	3400	3400	7	0
ADP Payroll Service	2350	2500		150
Bank Fees	600	600		0
<i>Insurance</i>				
Directors/Officers	2508	2400		-108
Uninsured Loss/Deductible	250	0		-250
Facilities	19105	21000		1,895
Employee Dishonesty	507	500		-7
General Liability	4281	5000		719
Auto/Truck	2068	2000		-68
<i>Legal Fees</i>				
Collection Costs	4000	4000		0
General	10000	5000	8	-5,000
Liens	180	100		-80
Litigation	10000	5000		-5,000
<i>Other</i>				
Ferry Fees	600	400		-200
Ads for New Employees	400	400		0
Website	470	500		30
Misc.	1000	900	9	-100
<i>Postage</i>				
Bulk Mail Permit	150	150		0

Meter Rental & Box Fee	500	500		0
Stamps & Meter Filling	3,000	2500		-500
Printing				
Copier Contract	1900	2500	10	600
Printing - Other	400			
Admin Dept. Wages	41301	41600	11	299
Payroll Taxes	4189	4200		11
Retirement	895	450		-445
Federal, State & County Taxes	2000	2000		0
Office Supplies	1200	800		-400
Telephone/Long Distance	1000	1800	12	800
Total Administration	119,629	110,950		-8,679

DOCKS

Repairs/Maintenance	4,000	4,000		0
Other				
Parts & Supplies	1,200	1,200		0
Inspection	1,000	1000		0
Annual DNR Lease	1,400	1700		300
Utilities	1,400	1200		-200
Total Docks	9,000	9,100		100

FERRY

Ferry Dry Dock	20000	35000	13	15,000
Fuel	24000	24000		0
Insurance				
Uninsured Loss/Deductible	2000	0		-2,000
Pollution Liability	0	0		0
Excess P & I	11700	18500		6,800
Hull & Machinery P & I	25150	25000	14	-150
Equipment	2000	2000		0
Routine Maintenance	8750	8750		0
Ferry Dept. Wages	144975	150800	15	5,825
Payroll Taxes	13990	14500		510
Medical/Life Insurance	12000	17100	16	5,100
Retirement	8559	8900		341
Supplies	1800	1800		0
Personal Property & Excise Tax	3000	3000		0
Other				
Ferry Cell Phone	400	600		200
Drug Testing	600	600		0
Inspection & Licensing	1000	1000		0
Pension Administration	600	600		0
Tickets, Passes & Stickers	1000	1000		0
Uniforms	900	900		0
Ferry Fees	250	0		-250
Passenger Vessel Assoc. Dues	330	350		20
Misc.	750	700		-50
Total Ferry	283,754	315,100		31,346

PARKS

Parks Dept. Wages	897	915	17	18
Payroll Taxes	145	155		10
Maintenance	500	500		0
<i>Small Boat Dock</i>				
Maintenance	100	155		55
Supplies & Repairs	500	500		0
Utilities	350	225		-125
<i>Other</i>				
Playground Improvement	800	500		-300
Misc.	100	100		0
Sanikans	4,500	5000		500
Garbage Pick Up	1,000	1000		0
Total Parks		8,892	9,050	158

ROADS

Contract Work & Repairs	7200	10500	18	3,300
Supplies & Materials	2500	2500		0
<i>Maintenance</i>				
Other		200		200
Tansy Weed Control	500	500		0
Dust Control Truck	1300	1300		0
Roads Dept. Wages	442	0		-442
Payroll Taxes	68	0		-68
Utilities	0	200		200
Total Roads		12,010	15,200	3,190

WATER

Contract Manager	1000	1200		200
Water Dept. Wages	5396	4850		-546
Payroll Taxes	824	775		-49
Supplies/Repairs	1800	2000		200
Utilities	4200	4000		-200
<i>Other</i>				
Membership-Evergreen Water	150	150		0
Misc	200	275		75
Permits & Licenses	650	900		250
Water Samples	1500	1200		-300
Excise Tax	500	500		0
Truck Expenses	400	300		-100
Total Water		16,620	16,150	-470

EXPLANATORY NOTES FOR PROPOSED 2003-2004 BUDGET

1. Based on estimated increased revenue from \$6 ferry fee.
2. Interest rates are at historic lows.
3. Fewer delinquent accounts.
4. Includes realtor fees, Beachcomber ads, water hookup fees, rules & regs. fines, commercials, island maps, etc.
5. We currently have 362 members (a decrease of 7 since last year; 352 are usually in good standing).
6. About 10 memberships (2.8%) are chronically delinquent.
7. Services include monthly accounting, annual audit and tax prep.
8. Less required due to transfers to insurance/legal reserve fund from last year.
9. Includes mileage reimbursement, maps, Christmas gift certificates for employees, etc.
10. Lease/purchase contract for new copier.
11. Includes 2% cost of living adjustment; 950 hours for the Island Manager and 1300 for the Office Manager.
12. 2002/2003 expenses higher than anticipated.
13. Reserve depleted in 2002 dry dock.
14. Premium increase partially offset by increase in deductible.
15. Includes 2% cost of living adjustment plus scheduled merit raises.
16. Based on broker projection and switch of crew member to new plan.
17. Assumes up to 90 hours of park maintenance; 2% cost of living adjustment.
18. Includes funds for upgrading deteriorated road sections.

Ballot Results

July 12, 2003

BALLOT RESULTS

Budget & Bylaw Revision: 93 Approved
32 Disapproved
Articles of Amendment: 105 Yes
20 No