

**ANNUAL MEMBERSHIP MEETING  
HMC MANAGEMENT**

**June 11, 2011**

**Call to Order:** Fred Fath called the meeting to order at 12:00 noon.

**Board Roll Call:** Fred Fath, President/Treasurer, Mark Anderson, Vice President; Gary Wanzong, Asst. Treasurer; Janet Podell, Secretary; Judy Greinke, Member at Large; Claudia Ellsworth, Island Manager (IM)

The Board President asked if there were any ballots not turned in to the office. None were forthcoming. Nick Huff thanked the Board for all the help that our Board volunteers have provided. It is a difficult and thankless job. Mark Anderson then spoke up about the two outgoing Board members and thanked each of them for the time and effort they have both provided over the past several years.

**Previous Annual Meeting Minutes:** Minutes of the June 12, 2010 annual membership meeting were approved. **Fred Fath made a motion to accept the minutes. Motion carried.**

**Island Manager Review:** See written IM's Report.

- The IM reported out accomplishments over the past year. She mentioned that her total career has been in support of this type of work and she has never before experienced the level of volunteerism and involvement that she has seen on Herron Island.
- The IM then reported out on the results of the Water Vote. This is the single biggest issue that has faced the island in many years.
- The North Beach Marina pilings project was another notable issue that occurred over the last year.
- The Pierce County Natural Hazard Mitigation Plan was completed.
- Removal of derelict vehicles has been a personal goal of hers. She vows to continue work in that area.
- HMC completed IBU negotiations with our ferry crew.
- HMC completed transition of law firms for HMC Management.
- HMC completed an inventory of all island policies.
- HMC hired a backup office manager, two standby Captains and one standby deckhand.
- The IM oversaw the installation of free roofing on the two ferry sheds.
- It was noted that there are many painting projects that still require volunteers.

**Finance:**

- Fred Fath reported on the proposed budget. He went into detail about each major element contained in the proposed budget. A copy of this was included in last month's Beachcomber and hard copies were provided to members in attendance at this meeting. He reported that last year we had 396 assessable units and that this year we have 395. (One assessable unit was purchased by a member whose current property is contiguous to the new property they purchased, which eliminated one assessable unit.) Last year's total assessment was \$1,650. This year the budget is broken into two elements - Basic and Water. The new Basic assessment is \$1,575, which accounts for items removed from the budget for water related expenses. However, there were increases to the Basic cost elements, including the cost of ferry fuel (almost \$90K, a \$30K increase over last year's fuel budget). Fred noted that oil is currently priced at \$115 a barrel, as compared to \$80 barrel at this time last year. The engine overhaul cost element is increasing as well; the Reserves need to be funded to cover the possibility of engine replacement that may be required in the not too distant future. The Finance Committee agreed that there was a need to keep the assessments as low as possible so they agreed to a minor increase to these reserves and added to the ballot a request for Members to decide whether they would prefer to fund the engine replacement through the reserves or go out for a special assessment in the out years. (It is anticipated that the government will require us to replace our engines for environmental reasons.)

- Including the Water Utility budget, the total new assessment is \$1,815 for the next year. Water Reserves will be separated out into its own Vanguard fund to keep it separate and distinct from other Reserves. Fred explained that initially, the plan for the USDA loan included a requirement to do an initial Reserve analysis. The estimates were provided to us by our contracted engineers. These were then broken down into a phased approach for reserves needed after 10, 20 and 30 years. Fred noted that it is important to remember that these all estimates are subject to change based on actual events. The first year all water expenses are “flat rated per connection” since we don’t yet know what members’ actual usage will be until the new system is installed and operational.
- Membership discussion followed regarding the previous membership vote on the North Beach pilings. Some members in the audience would like to see the Board revisit the island’s priorities and not spend existing reserves on repairing the North Beach pilings. More membership discussion followed with arguments being heard on both sides. Members were pulsed and provided an opinion that the budget should be presented as is, but with more detail provided about the Reserves relative to the Ferry, docks, potential new engines, and North Beach piling repairs.
- **Janet Podell made a motion to present the proposed budget to the members. Motion carried.**

**Ballots before the membership:**

- Two open Board positions.

**Old Business:** None

**New Business:**

- Fred reported out again on the proposal to upgrade our ferry pass/ticketing process. See the June 2011 Board Meeting Minutes for details of this proposal.

**Ballot Counting Committee:** Rondi Amidon, Rose Southall, Linda Moren, Frank Van Ravenswaay, Nick Huff, Tom Ritchie, and Allen Moren

**Special Note:** In order to ensure the integrity of the ballot counting process, Carolyn Snyder (HMC Office Manager) requested the assistance of two random members to validate the total ballot count and the final tally. Linda Crowe and Marie Golden volunteered to provide that assistance for all ballots received through Friday June 10, 2011. Additional ballots were received on Saturday, June 11, 2011 and the final vote count was revalidated by Carole Crowley and Opal Hochenadel. The final ballot count and vote tally was as follows:

| <b><u>Ballot Count:</u></b> | <b><u>Election Results:</u></b> | <b><u>Votes</u></b> |
|-----------------------------|---------------------------------|---------------------|
| Ballots.....199             | Pat Zazzo.....                  | 150                 |
| Unsigned .....2             | Diane DeGood .....              | 102                 |
| Delinquent.....1            | Kathy Deuster.....              | 92                  |
| Proxies.....0               | Kevin Hildebrandt .....         | 38                  |
| Total Vote.....199          | Steve Chapin (write in).....    | 2                   |
|                             | Sam Argo (write in) .....       | 1                   |
|                             | Eric Bergson (write in) .....   | 1                   |
|                             | Allen Moren (write in).....     | 1                   |

The new Board then met in Executive Session to choose officers. The Board appointed the following officers: Mark Anderson – President, Gary Wanzong – Vice President, Judy Greinke – Treasurer, and Dianne DeGood – Secretary, Pat Zazzo, Member at Large.

**Adjournment:** Judy Greinke made a motion to continue this meeting until next month. Motion carried.

Respectfully submitted,

Janet Podell  
Secretary