



HMC Management

SUPPLEMENTAL VOTING INFORMATION

Based on discussions at the April 10th Community Meeting, it was noted that some additional information about the ballot issues may be appropriate. Your HMC Board is providing the following information to supplement and clarify the information that has been provided to date.

BALLOT ISSUE NO. 2:

This ballot measure asks to expend money from our water reserves to complete certain environmental assessment prerequisites for a USDA/RD loan application, and to do a cost engineering review of our Water Systems Plan to potentially reduce our ultimate costs. At this point, we anticipate that we will need to spend roughly \$15,000 as follows:

Cultural / Archaeological Survey and Evaluation - \$8,400

Preliminary Engineering Plan Review and Environmental Assessment - \$6,000

Bruce Whittle, USDA, and two engineering firms confirmed that the above listed prerequisites will need to be completed even if HMC does not accept the USDA loan.

As of December 31, 2009, we have \$51,923.74 in our water reserves. As such, we do not expect to deplete our existing water reserves as a result of this vote. Only the minimum necessary would be spent out of existing reserves to keep the USDA financing option open for HMC Members by preparing for loan approval.

BALLOT ISSUE NO. 3:

The need to amend our Articles of Incorporation came about as a result of a need for clarity in the USDA application process - the wording of our current Articles is really very broad with respect to the authority of our association. A more specific statement of our authority to own, operate and maintain the water system is required to meet the USDA/RD loan application standards. Approval of this Ballot Issue would specify just what it is that we, as an island community, are permitted to do, including operating our own water system (as we do now). The primary reason for raising this Ballot Issue is to keep the USDA financing option open; it does not change in any way the functions and powers of HMC Management from what they are today.

A Yes vote is needed on both of these Ballot Issues to keep the USDA funding option available to the Members. We expect to soon present the Members with another ballot by which the Members will be voting for their choice of actual approach to the system upgrade and whether to retain or transfer ownership.

More information about the water project can be found on the HMC website at www.herronisland.org under "Island News" and through the HMC Island Manager at HMCManager@herronisland.org.

CHANGING YOUR MIND?

For those of you who have already voted and returned your ballots, but now for any reason wish to revoke that ballot or substitute another, please refer to the HMC Bylaws, which provide as follows:

4.9.3 Revocation of Ballots. Subject to any applicable provisions of law, any Owner or other person entitled to cast a ballot, may revoke the ballot, or substitute another, by a writing received by the Association prior to the time specified in the solicitation for the counting of ballots, but may not do so after that time unless that time has been extended as provided in the following paragraph. A revocation is effective upon receipt by the Association at the address specified for return of the ballots.

If anyone wishes to substitute their ballot, please allow sufficient time after giving the required written notice for the HMC Office to send you a replacement ballot so you can return the new ballot in time to arrive at the HMC Office no later than May 8, 2010 at 12:00 p.m. Written notice of substitution or revocation will only be accepted by one of the following methods:

E-mail (office@herronisland.org);

Fax to (253) 884-5047;

Postal mail to HMC Management, PO Box 119, Lakebay, WA 98349; or

Direct delivery to the HMC Office – for this method to be effective, the notice must be delivered directly to an HMC Staff.

Upon receipt of a valid notice of substitution or revocation from a Member, HMC Staff will void any ballot that has already been received from that Member. Upon receipt of a valid notice of substitution from a Member, HMC Staff will mail or otherwise a new ballot to the Member. In any event, no more than one ballot per Member will be accepted for the vote.

Reminder: In order for your vote to be valid and counted on May 8th, the outside of the mailing envelope must be signed. Please remember to sign your envelope!