

HISTORY OF THE CONVERSION FROM BEACH CLUB TO HOMEOWNERS ASSOCIATION (April 2007-August 2010)

ACTION PRIOR TO THE VOTE

- **April 2007** – The Admiral’s Cove Newsletter, Volume 1, Issue 2 contains no mention of any move from a Beach Club to a Homeowners Association (HOA). There was **no** mention of any consideration or research into such a move. In an article entitled, *What is the Name of Our Community*, there was mention of obtaining some outside management help and that there were “nearly 580 property owners.”
- **MAY 2007** – The Board Meeting Minutes dated 05/15/07, contain the following item: “The Board agreed to meet Tuesday, 29 May 2007 at 7PM to begin evaluating the current bylaws (1986) and Covenants to bring them up to date as appropriate for a Home Owners Association (HOA).”
- **September 2007** - The Admiral’s Cove Newsletter, Volume 1, Issue 3 contains an announcement regarding the 2007 Annual Meeting (October 2007), with one of the “items to be considered,” stated as “a change in our name from Admiral’s Cove Beach Club, Inc. to Admiral’s Cove Homeowners Association, Inc.” In addition, there are two articles regarding the move from a Beach Club to a Homeowners Association: one entitled, *Mandatory Meeting for All Cove Members*, and one entitled, *Note: Our Community Is Changing*. The articles contained confusing, if not conflicting information about scheduled informational meetings.
- **October 2007** - A ballot with three items regarding the move from a Beach Club to a Homeowners Association mailed out and returned prior to October 27, 2007. Accompanying the ballot was an information sheet entitled, *Notes Regarding Proposed Motions* with a Board recommendation to vote “yes” on each of the three related motions. NO pros and cons. NO costs associated with the move. NO indication of what a quorum would be or how many affirmative votes were needed to pass the motions.

Note: Only “members in good standing” received ballots. The “members in good standing” number is always a moving target. At the time of the Beach Club to HOA vote, the number of property owners in good standing was reportedly 540 out of a total of 609.

VOTE RESULTS

- Organizational change from Beach Club to HOA - Total=222 (40%); YES=199 (36%); NO=23 (4%)*
 - Name change from Admiral's Cove Beach Club to Admiral's Cove Homeowners Association – Total= 132 (24%); YES=108 (20%); NO=24 (4%)
 - Rewrite organization bylaws to comply with HOA status – Total=132 (24%); YES=118 (22%); NO=14 (3%)
 - * **Note:** All percentages are of the 540 total property owners in good standing.
- Some community members believed the vote was not an “informed vote.” The fact that we went from no mention to a vote in less than 60 days; the unusual vote totals between the three motions; the absence of any discussion of advantages and disadvantages of the change; and the only information provided to homeowners was pro HOA with the Board's recommendation to vote “yes.” All provided some support to the “not an informed vote” argument, and on the surface appeared to make the vote and the change suspect if not illegal.

ACTION AFTER THE VOTE

- **December 2007** - The Admiral's Cove Newsletter, Volume 1, Issue 4 contains a 42 word paragraph regarding the Beach Club to HOA conversion, “strong support,” and no mention of the voting results. There is also the naming of the first of at least three different attorneys “to be our legal advisor as we move down the path to becoming a Home Owners Association.”
- **January 2008** – The Admiral's Cove Newsletter, Volume 2, Issue 1, contains no mention of the conversion from Beach Club to HOA.
- **April 2008** – The Admiral's Cove Newsletter, Volume 2, Issue 3 includes the Amended Articles of Incorporation for the Homeowners Association. The brief explanation includes the statement, “As we reach consensus on each part we will distribute them [governing documents] so you will have time to study them in time for the annual meeting in October [2008].”

Also included in this Newsletter is Membership Information for Residents, Associate Members and Renters along with a **Membership Application for the Admiral's Cove Beach Club**. The name of the organization is identified as Admiral's Cove Beach Club (ACBC).

- **April 2008** – Board President Sid Iverson submits amended Articles of Incorporation with name change from Beach Club to HOA. Mr. Iverson unilaterally wrote the amended articles. A modification of the original Articles of Incorporation required a “vote of two-thirds (2/3rds) of all the members at a meeting duly called for such purpose.” This requirement was not met!
- **May 2008** – The Board Meeting Minutes dated 20 May 2008, under “President’s Comments there is discussion of the Amended Articles of Incorporation for the Homeowners Association. Under “Old Business” there is discussion of the two law firms being considered to help complete “bylaws and CC&R’s for our new HOA.” A “discussion of appropriateness of either of these two firms will be held at June 3, 7:00PM, special board meeting.”
- **July 2008** – The Admiral’s Cove Newsletter, Volume 2, Issue 3, includes an item regarding the Board’s selection of the law firm Vial – Fotheringham, LLP in Portland, Oregon to “review our current governing documents and after consulting with us, prepare a new set of governing documents reflecting our requests.”
- **September 2008** – The Admiral’s Cove Newsletter, Volume 2, Issue 4, contains no mention of the conversion from Beach Club to HOA.
- **November 2008** – The Admiral’s Cove Newsletter, Volume 2, Issue 5, contains no mention of the conversion from Beach Club to HOA. This newsletter does include the minutes of the 2008 Annual Meeting where the conversion was not discussed. However, during the meeting an individual did inquire as to the status of the new (HOA) governing documents and the members present were told by President Iverson that “the Portland attorney was working on them.”
- **January 2009** – The Board Meeting Minutes dated 10 January 2009, under “Reports” include the statement, “We are trying to get new bylaws, they are being done by ‘Farthington’, Sid was not pleased with their progress.”
- **March 2009** – The Admiral’s Cove Newsletter, Volume 3, Issue 1, (Enclosure 10) contains a short item discussing “the long, slow and questioning process of creating a new set of [HOA] By Laws.”
- **June 2009** – The Admiral’s Cove Newsletter, Volume 3, Issue 2, contains no mention of the conversion from Beach Club to HOA.
- **July 2009** – Board President Sid Iverson unilaterally terminates legal relationship via email with Vial – Fotheringham, LLP in Portland, Oregon.
- **August 2009** – The Board Meeting Minutes dated 11 August 2009, under “New Business” includes the statement, “Resolution was discussed about re-writing the covenants for the improvement of some lots in the neighborhood.”

- **October 2009** – The Admiral’s Cove Newsletter Volume 3, Issue 3, contains a short paragraph stating “a copy of a sample set of bylaws has been distributed to members of the Board for their consideration.” This was a set of bylaws for a community organization on south Whidbey Island, not a “draft” set of HOA bylaws for Admiral’s Cove.
- **October 2009** – The Board Meeting Minutes dated 13 October 2009, under “Officers’ Report: Status of Bylaws” it is stated, “Dustin has contacted 3 attorneys for advice on HOA changes that need to be done. There are discussions that an attorney in Portland had been hired in the past and that nothing was ever done about the bylaws. It is the board’s position that we need to discuss hourly rate, availability and retainer cost before making decision. We need to have an attorney give us a template to begin with. If ACHOA changes to state regulations, we may need to change the pool and eliminate the need to life guards etc. Roger also stated that he thought the bylaws should be made simpler and the covenants should be kept separate from the bylaws.”
- **November 2009** – The Board Meeting Minutes dated 10 November 2009, under “New Business” include the statement, “Motion was approved to hire Jorgensen Law firm [Condominium Law Group with attorney Theresa Torgesen] to determine the validity of the bylaws and legal setup for our HOA. Dustin and Roger to meet with attorney and will report findings at next board meeting. Not much can be done until we determine our legal footing. Once this is determined, a new set of by-laws will be done for the community.”
- **December 2009** – The Admiral’s Cove Newsletter dated 1 Dec 2009 contains no mention of the conversion from Beach Club to HOA.
- **December 2009** – The Board Meeting Minutes dated 8 December 2009, under “Old Business: A. Attorney Updates” include the statement, “Dustin Frederick gave a brief update on the meeting with the attorneys in an effort to clarify the legal status of the Beach Club as an HOA. A summary of actions to date is attached. JoAnna Weeks would like the attorneys to speak at a meeting soon.
- **January 2010** – The Board Meeting held January 12, 2010, included comments from Attorney Theresa Torgesen who was present for the meeting. Her comments were summarized in the meeting minutes under “Attorney Report” as, “Theresa Torgesen reported her findings of the review of the Beach Club documents. In essence, we are a nonprofit corporation beach club not a homeowners association. The Beach Club owns Tract A (which includes the beach area, pool, shelter and adjoining land) and Tract C (the lake). All owners of lots in Admiral’s Cove have the right to be a member of the Beach Club, but there is no obligation to belong to the Beach Club”.

- **February 2010** – The Board Meeting Minutes dated 10 February 2010, indicate “Attorney’s Present: Attorney firm of Condo Law Group.” The minutes reflect a series of nine (9) questions to be addressed. The minutes reflect answers to two of the nine questions. Question #7 does reflect an answer as follows: **“Why can’t we just go on acting as we have been in the past? ----Answer--- We cannot require property owners to continue paying dues and assessments against their will i.e. file liens and enforce collections.”** The minutes include the final statement, “It was determined to provide the community with 3 written options to move forward for a vote.”

- **March 2010** – The Board Meeting Minutes dated 10 March 2010, include the following under “A. Update on Legal Status – ‘Attorneys did case law review and determined that Articles of Inc., and By Laws support collection of dues, by Notice & Acceptance at buying property in Admiral’s Cove’ They mentioned notice and acceptance and feel we are justified to send out a summation of options to the community. Dustin explained the 3 options and has explained that the bylaws will be updated to reflect the outcome and vote of the community on the direction we want to go. Dustin made a motion to send out the survey written and approved by the legal team to the community. The motion was seconded by Chad. Motion passed and will be mailed this week. Survey will be posted on the website. The 3 options are as follows:
 - a. Continue to function as in the past with paying dues assuming we are acting as a home owners association and change the bylaws to update language on the ACC.
 - b. Officially change to a Beach Club
 - c. Officially change to a proper Home Owners Association with all of the legal documents signed by all voting homeowners.”

In addition, the 10 March minutes includes under “New Business” the statement, “Articles of Incorporation will need to be amended and filed with the State of Washington. Bylaws will need to be updated pending the outcome of the survey. Invoice was given to the board for consideration.”

- **April 2010** – The Board Meeting Minutes dated 13 April 2010, under “Old Business” include the statement, “Articles of Incorporation need to be reviewed, but it was agreed to table the review until a legal status is determined.”

- **April 2010** – The Board Meeting Minutes dated 27 April 2010, under “Motion” indicate a unanimous Board Member vote to “accept Option one (1) of the survey. In the same minutes under “Discussion” it is stated, “Susie Pettersen outlined briefly a plan whereby **the board would immediately begin to pursue making the organization a homeowners association**, which appeared to be option three rather than option one.”

- **August 2010** – As of August 27, 2010, the Admiral’s Cove Beach Club/Homeowners Association continues to use the 1986 Beach Club Bylaws and the 1963 Covenants recorded by the Developer, Admiral’s Cove, Inc.