PIPOA Bylaw History

PIPOA was organized in 1974

With the birth of our community, incorporation papers were filed with the State of Texas to establish our non-profit corporation. Along with the incorporation papers a set of bylaws were adopted. These bylaws were designed to enable additional customizations that our community felt were necessary to manage our community.

When, if ever, do you see a copy of the bylaws?

The Bylaws, along with the covenants, place restrictions on your property. Because of their significance, you receive a copy of the current bylaws before you purchase your property.

Early Record Keeping was Limited

From 1974 until late 1994 few PIPOA documents were published. What history there is needed to be dug out of the dusty file cabinets.

September 1994 Bylaws

The last TRUE copy of our Bylaws was published September 8, 1994. Section 6 of these Bylaws mandated that only the Voting Members could amend the Bylaws and also required detailed notice to Voting Members concerning any proposal to amend them.

There Was NO Urgency to Amend these bylaws

From September 1994 through the spring of 2013 there was no record of any need to amend the bylaws. For over 19 years our bylaws served our community, enabling us to operate our community under our Articles of Incorporation, our Covenants, and our perfectly adequate Bylaws. What is important to note is that should our bylaws conflict with Texas state law, state law prevails. There is no state law requirement that Bylaws be updated to remove a conflict.

Time-line of the 2013 Amendments

In the Spring of 2013, the Board undertook a process to "update" the Bylaws. All public information about these changes are taken from the published Board Minutes.

It is important to note that Board Meeting Agendas were not made available to the Members as was required by Texas state law. The Members had no way to know these discussion were planned or underway.

March 26, 2013 - During an Executive Session, the Board held a discussion about making "revisions to the By-Laws to update them and bring them into compliance with State law". The Board was asked for suggested modifications to be presented at the May Board Meeting. Maybeth Christensen was instructed to write about the upcoming revision in the upcoming newsletters as well as to write an article for publication in the Island Moon. March Minutes

April 23rd, 2013 - Under "New Business" the Board discussed the possible benefit of amending the Bylaws to help enforce the rules of the Architectural Control Committee (ACC). In this context they considered "updating" the Bylaws. <u>April Minutes</u>

May 28, 2013 - During the Board Meeting, President Jeff Carlson asked for any suggested revisions. Then "It was decided that Maybeth and John Bell should develop a document with the changes for review". May Minutes

June 25, 2013 - "Maybeth had not met with John Bell yet". June Minutes

August 27, 2013 - The revised Bylaws were presented to the Board and discussed. "President Carlson encouraged Board Members to review them for possible vote at the September Board meeting". August Minutes

September 24, 2013 - Bylaw revision discussion was held. "Nancy moved to approve the amended by-laws, Jack seconded the motion and they were approved. Nancy asked Maybeth to be sure to thank John Bell for the work on bringing them up to date". September Minutes

There was no mention about amending the Bylaws in the March 2013 agenda. The April agenda included "By-law suggestions" under Old Business. The agendas from May until September 2013, included the term "By-laws amending" under Old Business with no other description, thus referring back to the original idea of an amendment relating to the ACC.

March Agenda April Agenda May Agenda June Agenda August Agenda September Agenda

But somewhere in this process, with no notice to the Voting Members, the Board began to consider ways to evade the need to involve the Voting Members in the amendment process. The following appears in the May 2013 Board minutes:

"The decision on how to pass them [the Bylaws] will await John Bell's direction as it might be possible for the Board to pass as members of the Association have given their proxies to various Board Members for the year."

This proves the Board knew or should have known the Voting Members had the exclusive power to amend the Bylaws. And they knew or should have known owners were entitled to notice, but wondered if they might get around this by reason of proxies given for the prior Board Election. However, those proxies only granted authority to vote for board members; no other proxies existed. May Minutes

These 2013 Bylaw modification snatched away from the Voting Members their exclusive right to amend the Bylaws and improperly gave that power to the Board, which up to then had no power at all to amend the Bylaws. Unless this is reversed, the Board by a majority vote of only 4 members can pass any Bylaw they want, creating new rules with new fines, for example.

Why are these 2013 modifications a legal problem?

There are several defects in this process. First, a diligent search of PIPOA records shows that no notice of the proposed announcements was ever made. There was no mention in the Island Moon, no mention in any of the several emails sent to Members during this time and no mention in the Member newsletters that were distributed.

Next, the existing Bylaws not only required notice, but also required that the Voting Members make the amendments, and that these be made at a Members Meeting, not a Board Meeting.

Further, these "amended" Bylaws were never filed with the Nueces County Clerk, a defect that renders them invalid under state law.

And, after all this, no actual signed copy of these Bylaws can be found in the PIPOA records, thus indicating they were never even signed.

Any one of these issues would invalidate the changes. But in this case, there are four:

- 1) The Board did not have the authority to make the changes
- 2) The Board gave no notice to the Members that changes were being considered
- 3) The amended Bylaws were not executed
- 4) The amended Bylaws were not filed with Nueces County

These deficiencies have been brought to the attention of the Board, and discussed in great detail with the Board and its attorney over the course of several months, but so far, the Board has failed to take remedial action. The board has been given several legal documents explaining why these Bylaws are invalid, but the board seems determined to retain its improperly seized power to Amend the Bylaws.

History of the 2017 Amendments

In March of 2017 the board once again announced their intention to vote to amend the bylaws, and to change the method we use to count votes. They took this vote without asking the Homeowners opinion, and made the change right in the middle of the current board election.

The 2017 Amendments are DEFECTIVE

Review of the board actions uncovered significant problems.

- 1) They rely on the improper authority supposedly granted by the ineffective 2013 Bylaws.
- 2) They failed to follow state law which required them to FILE THE AMENDMENTS WITH NUECES COUNTY BEFORE THEY COULD BE EFFECTIVE, yet they went ahead and conducted an election using the wrong vote counting method.
- 3) They included additional secretive amendments that were never disclosed to the full board or the Homeowners.

As of November 2017, the Board is supposedly working on a solution to correct the flaws with the 2017 amendments, but this solution is likely to rely on the invalid 2013 Bylaws instead of reverting back to the 1994 Bylaws that require Voting Member approval.

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