

# WEST GALVESTON ISLAND PROPERTY OWNER'S ASSOCIATION

## MINUTES OF THE BOARD OF DIRECTORS MEETING

November 16, 2002

The meeting of the West Galveston Island Property Owners Association was held on November 16, 2002. The meeting was called to order by Jerry Mohn, President, at 9:10 a.m. Directors in attendance were: Jerry Mohn, Boyd Carr (Isla del Sol), Kathie Harty (Sea Isle), Al Birdwell (Bermuda Beach), Boots Galli (Jamaica Beach), Sidney McClendon (Pirates Beach), and Marty Baker (Advisory Director). Absent were Dan Daigle (Spanish Grant Bay), Peggy Rapp (Condos), and Bill Aimone (Terramar).

Jerry Mohn recognized Galveston Mayor Bo Quiroga and City of Galveston Director of Traffic Wayne Cook. Corporate sponsors present were Gary Greene from Gary Greene Realtors and Garry Kaufman from Galveston Insurance Associates.

Upon motion duly made by Al Birdwell and seconded by Boots Galli the following resolution was unanimously adopted.

RESOLVED THAT, the Board approved the Minutes of October 19, 2002, as presented.

The financial statement was provided by Al Birdwell. Al stated that the Association has a cash balance of \$24,504. Two new subdivisions have joined the WGIPOA, Gulf Palms and Texas Campgrounds.

Upon motion duly made by Al Birdwell and seconded by Sidney McClendon, the following resolution was unanimously adopted.

RESOLVED THAT, the Board accepted the Financial Statement.

The Mayor discussed the last City Council meeting where the Director of Public Utilities was authorized to include sewer projects for the West End for the upcoming bond proposal. Initially the program was a \$21 million bond issue for inner city sewer and water line construction but members of City Council plus the Mayor "bite the bullet" and to include the West End. The project could cost in excess of \$50 million and the proposed bond program will be brought up at a future City Council workshop. The City has a very high bond rating, AAA, and interest rates are the lowest, below 5%. The matter will also be discussed at the WGIPOA Board of Directors meeting with the City Manager and staff on 11/18.

The Mayor also would like to see a medical facility on the West End because of an experience he had at the Outdoor Musical Theater this Summer when a person needed medical attention and the time it took an ambulance to go to UTMB. In addition, the Mayor stated the City was hopeful in doing another bond issue to help provide facilities and equipment for fire, EMS and police protection.

The President indicated the de-annexation and public safety bond issues were still being evaluated.

CEPRA II PROJECTS – the President reviewed the November 13 meeting with the CEPRA II participants had at City hall with the GLO, Planning Department, Pacific International (consulting engineering firm), and Galveston County. The participants will be given monthly updates. In addition, the condition of each subdivisions beach will be evaluated for the best sand placement and performance criteria and project goals will be developed. A list of 5 goals and concerns was prepared by the participants for the GLO. A presentation will be given at the December 21 WGIPOA meeting.

Jerry Mohn reviewed the recent CIAP Stage 2 grant awards for \$50,000 and less for the City and West Galveston Island. The awards total \$112,500 and will be confirmed at the next Coastal Coordination Council meeting on December 5 in Austin. The City of Galveston will receive \$50,000; Terramar for \$12,500; Sea Isle for \$10,000; 5500 Association for \$10,000; Seascape Condos and Sunny Beach for \$10,000; Spanish Grant Beach for \$10,000; and, Bermuda Beach for \$10,000.

The guest speaker, State Representative Craig Eiland, was introduced and spoke about the upcoming 78<sup>th</sup> Texas Legislative Session. He indicated the State is facing a \$5 billion deficit primarily due to the way the budget was done the last legislative session. The major impact will come from a decrease in sales taxes, \$550 million, followed by increased costs for Teachers, Health Care, Nursing Home, and Insurance Liability. The Texas State budget will be increasing from \$115 billion to \$120-125 billion of which \$35 billion are Federal funds and \$80 billion are dedicated funds like to Texas A&M, UT, etc. When all said and done, the State will incur a \$5 billion deficit and the 78<sup>th</sup> legislators will be looking for areas to cut expenses.

Insurance became a main topic of discussion and Representative Eiland reviewed the situation for the State and homeowners. Insurance companies did not make any money with their investments in the stock market and they also had major losses such as toxic mold and as a result, they increased the rates significantly to cover the losses. Homeowners and Auto insurance incurred the major rate increases. Representative Eiland indicated that 95% of the home owner policies in Texas are unregulated and you can identify this type of policy with "Lloyds" in the company name. Major companies like State Farm, Farmers Insurance, and Allstate, will sell unregulated policies in the State with Lloyds attached to the name and higher insurance premiums can be obtained. Lloyds is used for substandard markets.

The unregulated market for auto insurance is through County Mutual and approximately 1/3<sup>rd</sup> of all policies in Texas fall into this category. These policies are rated for high risk drivers such as 16 year olds. It is the insurance of last resort for assigned risk pools for the auto market.

Representative Eiland advised that all insurance companies evaluate an applicant based on credit scoring, which is the credit history of the individual. The insurance agent selling the policy is usually not aware of this feature employed by insurance firms but any change in the applicant's credit history will increase the rates. For instance, they look at how many credit cards the individual has and the balances and if low or high. If a person orders a new credit card but does not use it, the credit rating decreases and the insurance premiums increase. If a person pays cash is also bad for a credit rating. Representative Eiland mentioned "what does credit history have to do if you get hit by hail storm or a flood?" Credit history should be used to reduce a premium but there is no control where the insurance company should start to give a discount. Representative Eiland would like to pass a bill in the upcoming legislative session that will force insurance companies to tell people they are using credit reports, how they are using it and what is the factor. One insurance firm, Progressive, indicated they would do it but the other firms probably will not.

On windstorm insurance, Representative Eiland indicated the maximum increase to expect is 10% in any one year and 25% over a three year period. Windstorm insurance rates increased 18% at the end of the last legislative session (2001).

As far as the Coastal Erosion Planning and Response Act (CEPRA), which Representative Eiland was a co-sponsor, he is ready to charge in obtaining the funds (\$15 million over a two year period) again and knows the new GLO Land Commissioner, Jerry Patterson, will pursue it vigorously.

Jerry Mohn and Sidney McClendon discussed the recent Texas Shore and Beach Association (TSBA) Technical conference in Houston. The GLO demonstrated at the meeting there is hope in locating and harvesting sand sources off Galveston Island. One of the highlights of the various presentations was a

system developed by Advanced Coastal Technology in halting erosion. It is a sloping soft structure that will protect the beach from erosion. Mr. Jay Sample, President of the firm, was invited to show this unique system at the WGIPOA meeting. Unlike GEOTUBES, the system creates a stair step or multi-layered welded seam that deflects the energy of the waves and prevents erosion on the beach.

There being no further business to come before the Board the meeting was adjourned.

Date Recording Secretary

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