

WEST GALVESTON ISLAND PROPERTY OWNER'S ASSOCIATION

MINUTES OF THE BOARD OF DIRECTORS MEETING

August 19, 2006

Jerry Mohn, President, called the Board of Directors meeting for the West Galveston Island POA to order at 9:05 a.m. Directors making up the quorum were Jerry Mohn, Tom Booth - Condominiums, Rick Heiberg - Pointe San Luis, Marie Garrett - Bermuda Beach, Peggy Zahler - Spanish Grant Beach, Steve McGee - Isla del Sol; John Schiller - Acapulco Village; and, Wanda Greer - Terramar. Marty Baker sitting in for Sidney McClendon, arrived at the end of the meeting - Pirates Beach/Cove,

Elected officials introduced included Vic Pierson, Mayor of Jamaica Beach; Galveston City Council members Jackie Cole and Juan Pena; Jim Schweitzer, Justice off the Peace Precinct 1; Judge Trey Dibrell, County Court #2; Al Choate, Galveston Navigation Commissioner. In addition, Jeri Kinnear, newly appointed Galveston Board of Trustees, and Navella Cole - Legislative Aide for Congressman Ron Paul, were introduced. Guest speaker, County Judge Jim Yarbrough, was also present.

Candidates introduced were Al Choate, Republican candidate, and Bryan Lamb, Democratic candidate, both for Commissioner Precinct 2; Chris Stevens, Republican candidate for County Judge; Trey Dibrell, Democratic candidate for County Court #2; Jim Schweitzer, Justice of the Peace Precinct 1. The guest speakers, County Judge Jim Yarbrough, Democratic candidate, and VaLinda Hathcox, Democratic candidate for Commissioner of the General Land Office, were present.

Minutes: The minutes of the July 15, 2006, meeting had previously been sent to the Board for review. Motions by Peggy Zahler and seconded by Rick Heiberg, the minutes were approved by unanimous vote with the following resolution:

RESOLVED THAT, the Board approved the July 15, 2006, minutes as presented.

Treasurers Report: Treasurer Marie Garrett gave The Treasurers report. Total Cash as of August 15, 2006, is \$31,342.43 with net equity of \$34,642.43. Motion made Wanda Greer and seconded by Tom Boothe, the Treasurers report was approved by unanimous vote with the following resolution:

RESOLVED THAT, the Board approved the August 15, 2006, Treasurers Report as presented.

District 6 Report by Jackie Cole: City Council member Jackie Cole reported the City budget cycle is underway and encouraged the public to attend the workshops. She mentioned the tax rate would end up at \$.52 valuation, a drop of almost \$.02 from last years rate. There are increases coming for the police and fireman as a result of a collective bargaining agreement a few years back. In addition, there will be cost of living wages for the civilian employees.

The drainage rate will stay the same; City Council is determined to improve drainage without increasing the rates. Jackie also mentioned the entire island is in the sewer plan and the west end, except for far out of the way houses where the cost to install a sewer line becomes prohibitive, will be included in the plan and the involved in the design and engineering phase is going on now.

The City Council rejected the proposed construction of a high rise on the west end. The City requires now a special use permit west of 103rd street for any building higher than 9 stories or above 150 feet. Any development must have a general use plan and a plat, which goes to the Planning Commission for approval. The special use permit goes to City Council for approval.

For new high rise buildings east of 103rd street, there will be more review and development of historical and neighborhood criteria by the Planning Commission and City Council.

Dr. Jim Gibeaut of the Bureau of Economic Geology, University of Texas, in Austin, made a preliminary presentation of a geo hazard map of Galveston Island to City Council. Jackie had the map and showed the sensitive areas for the west end. The map had colored sections that delineated critical environmental areas for the present and future, especially with the rising sea level. The map pinpointed critical environments of the beach and bay and areas of the bay uplands and wetlands that will be lost. In addition, the map shows a high ridge from the end of the Seawall to the area near Sea Isle that protects this area from a storm wash over. However, there is no ridge from Sea Isle to San Luis and this area will be affected by a storm wash over. Since this protective ridge is important to the island, Jackie advised there should be no digging or excavation of any type on the ridge. The map can be viewed on the BEG website at:

<http://coastal.beg.utexas.edu/website/galvestonhazards/viewer.htm>

Guest Speaker: Galveston County Judge Jim Yarbrough: The Judge likes to develop partnerships between the public and government. He cited the success in forming the Galveston County Beach Erosion Task Force where public and government entities came together in 1999 as one unified voice for shoreline restoration projects in the County. Rather than each entity going after funds for projects, the Task Force is able to obtain a fair share of funds. The Task Force consists of the City, County, Jamaica Beach, Parks Board, Bolivar, Gilchrist Community Association, and the WGIPOA.

The Judge talked about the decision to install sand socks. They are not the best solution but bring temporary relief until a better method is available. Sometimes you sacrifice the short term for the long term. They protect infrastructure, property taxes, and the public beach. He talked about the need to protect the infrastructure or erosion would take highways like FM 3005.

Galveston County partnered with the City, Jamaica Beach, and the Parks Board in coming up with funds for the Feasibility Study being conducted by the U.S. Army Corps of Engineers to study the erosion and possible solutions from Sabine Pass to San Luis Pass. In addition, off shore sand sources are also being evaluated in the Study. It is a 5 to 6 year project and will be completed next year and the funds put into the Study will give good benefits. He realizes the County is not homogeneous because what will work at Roll Over Pass may not work for the west end and the Study may yield creative solutions in addressing the erosion problem. He said the beaches are very important in the County and funds are spent on lobbyists in Austin and Washington to support the efforts of the Task Force.

The County is going through the budget process now and the Judge wished the public would become more involved in the process to see how funds are spent. There have been 40 to 50 budget workshops/meetings. So much is mandated and the County keeps looking for more ways to be efficient. As far as the tax rate, it peaked a few years back at \$.64. Each year since, the rate will be dropping to a target in the mid \$.50 area. Now, the rate will drop from \$.6287 to \$.59875. However, the average tax payer will still see a higher dollar amount of taxes because of the escalating property values. Budget increases will be seen with a \$1.7 million increase in utility bills because of higher costs. Fuel for the 400 vehicles the County operates will certainly be higher. Windstorm insurance coverage went up \$2.4 million but the coverage dropped from \$200 million to \$36 million. FEMA will have to cover excess wind coverage in the event of a storm since private insurance will no longer handle.

The Judge mentioned again how the County is so diverse and not homogeneous. Texas City is different than Friendswood and Bolivar is different than League City. You try to be fair to the broad segment of Galveston County.

The Judge spoke about the new Justice Center and the industrial development that will occur from 51st to

61st street on Broadway and how the County will sell an excess 15 acres of land for more than the entire cost for the 67 acres. With the new justice center, the jail is now complete and the County will partner with the City of Galveston in handling prisoners. The County constructed a new road, Avenue H., between 54th and 59th street. The Justice Center occupies 50 acres and 15 acres will be sold for commercial development and this property will come back on the tax rolls. Two acres of property behind the post office will be remained by the County. The County has a \$5 million earnest money contract for the 15 acres from an investment group called Transwestern, who have developed big box retail shopping centers. The County is hopeful in closing the deal by the end of the year and adding the \$5 million to the tax rolls.

Now that the County has moved out of the Court House, it will be renovated. In addition, the County jail will be leased out to private industry for in house prison geriatric and medical needs. The arrangement will be a triple net lease, which include taxes, utilities, and rent, and the annual revenue will generate between \$1.5 to \$1.75 million annually. The money will be used in a capital refurbishment fund to eventually double the size the jail size at the Justice Center.

The Judge was especially proud of the new Emergency Management Center in Dickenson that was completed in early 2005. It is the state of art building that will withstand a Category 5 hurricane and tidal surge. In one location you have the National Weather Service, FEMA, and Galveston County Emergency Managent.

Guest Speaker: VaLinda Hathcox: VaLinda is running as the Democratic candidate for the General Land Office Commissioner position. She explained what the General Land Office does for the State and how it originated. It is the largest revenue generating area for the State and the original intent was as the title company for the State in how to use the land. When the Republic of Texas entered the Union, there was a large debt but at the time the U.S. Government would not take public lands to pay any debt. Texas has public lands, 23 million acres, plus submerged lands along the coast. The GLO wanted to use the lands for public education of children and the legislature set aside acres in the permanent school fund. Oil was discovered on public lands and this became a big asset.

Today, the GLO puts \$500 million into the permanent school fund. However, as much money as the school fund has, VaLinda indicated the State does not have enough funds for school books. She believes the State is not getting sufficient royalty payments and it should be audited so the State is getting the proper royalty funds that should be going into the fund. She believes the fund should receive \$900 million and classifications should be changed such as the lowest tax rate for condensates should be increased. The oil companies keep two books – one for the State and one for themselves.

VaLinda reviewed the Open Beaches Act of 1959 and how it came into fruition. In the mid 1940's, the U.S. Government decided they wanted the land along the coast. Texas made arguments that based on Spanish and Mexican law, the State of Texas owned 3 nautical miles (10.3 miles) into the water. The U.S. issued a lawsuit and finally ended in the Supreme Court and this created a schism in Texas since the State was mostly Democratic party. During the Presidential elections of 1952, Adlai Stevenson was for the U.S. owning the land while the Republican candidate, Dwight D. Eisenhower, was for Texas owning the land. A group was formed in the State as Democrats for Eisenhower. The Supreme Court upheld Texas' contention and in 1959 the Open Beaches Act was passed in the legislature. Part of the reason for the Open Beaches Act was to preserve the superior property claims to the land and title area. If the State did not own it, the claims to property would be lost. This is a priority right to the land in that the State has superior title and should spend more money to manage the property, essentially the States right to superior title. Otherwise, we would all lose the opportunity of common benefit of the beaches for everyone. VaLinda does not want Texas to be like a State like California where the public can only view the beaches through State Parks.

VaLinda reviewed the Veteran's program that is handled by the GLO. It is a self paying program where they make low risk investments. However, the GLO is building an outlet market in San Marcus that is taking the property off the tax rolls. She wants to preserve the veteran's benefits. She is upset about the GLO using \$200,000 use of benefits to install internet cafes in Iraq.

VaLinda indicated the GLO brings in more than it spends and we need to find out where the money is going. She sees where sand socks will work along the Texas coast. She is concerned about the education fund, which was dedicated since 1980 to receive funds from oil revenue. The permanent school fund was established in 1980 and it should have received \$1 billion per year. Since 1850 over \$19 billion has gone into the fund. However, she indicated in one year the Indian reservations grossed over \$19.6 billion in revenue and the State should look at resort designation producing jobs with higher pay for workers. The gambling can be less elective and does not have to be in all convenience stores.

VaLinda is concerned about the GLO selling lands in west Texas with water and gas potential and this should be analyzed more thoroughly. She also talked about "windtricity" or the new wind mills that could be affecting the Texas coast. The major concern was the affect on migratory birds and how to prevent their destruction.

Homes on the Beach: Jerry Mohn discussed the meeting on August 12 at the Galveston Country Club with the homeowners the GLO classified as having "homes on the beach". There were approximately 125 to 150 people in attendance to learn about the GLO program in handling the homes classified on the beach under the moratorium that expired June 6, 2006. The GLO basically advised the 74 home owners on the west end that were identified to be on the beach but no action will be taken because the homes were not a health hazard or denied the public's access to the beach. This is current and subject to change with any storm event.

CIAP: The Energy Bill provides 35% of off shore revenues from oil and gas producing facilities to go directly to coastal communities from 10/1/07-9/30/11. Galveston County is estimated to generate at least \$1.5-1.7 million annually during this period. Jerry Mohn encouraged property owner associations to file a claim before the August 31, 2006, deadline. Information and application for the grant can be found at: http://www.gcoem.org/index.php?option=com_content&task=view&id=58

Approvals: The Board agreed to the following expenses:

1. Approval of funding up to \$500 for a sponsorship at the American Shore & Beach Preservation Association Technical Conference in Long Beach, New Jersey, October 9-11, 2006. Motion made by Rick Heiberg and seconded by Wanda Greer, approval is spending up to \$500 for sponsorship at the ASBPA Long Branch, NJ, Technical Conference.
2. Approval is spending \$14,985 to the Galveston County Beach Erosion Task Force for political consultant activities in the upcoming 80th Legislative Session. Up to \$3000 will be expended in late August and the balance by the end of September, 2006. Motion made by Rick Heiberg and second by Tom Boothe.

Parks Board of Trustees: The West Galveston Island Property Owners Association acknowledged with heartiest congratulations on the appointment of Jeri Kinnear to the Galveston Parks Board of Trustees. We finally have a west ender on the boards!!

There being no further business to come before the Board the meeting was adjourned at 11:20 a.m.
