

# WEST GALVESTON ISLAND PROPERTY OWNER'S ASSOCIATION

## MINUTES OF THE BOARD OF DIRECTORS MEETING

October 21, 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, Peggy Zahler - Spanish Grant Beach, Wanda Greer - Terramar Beach, James DeFord - Spanish Grant; and Rick Heiberg - Pointe San Luis. Sidney McClendon - Pirates Beach - arrived near the end of the meeting. Susan L. Gonzales - Acting Secretary (CKM Property Management).

Jerry Mohn welcomed new board member, James DeFord, from Spanish Grant Bay, and also thanked Bill Moll for his two years of outstanding service on the Board for Spanish Grant Bay.

Candidates introduced were Al Choate, Republican candidate, and Bryan Lamb, Democratic candidate, both for Commissioner Precinct 2; and Taylor Schwab running for Justice of the Peace Pct 1.

Corporate Sponsor Peggy Zahler with Johnson Space Center Credit Union was also introduced.

**Minutes:** Minutes were sent by email and reviewed by the Board. Upon motion duly made by Peggy Zahler and seconded by Wanda Greer, the following resolution was adopted by unanimous vote.

**RESOLVED THAT**, the minutes of September 16, 2006 were approved as presented.

**Finances:** Jerry Mohn gave the financial report. Cash on hand \$30,902, total assets: \$33,077, outstanding liabilities \$14,985 and net equity at \$18,092. Upon motion duly made by Rick Heiberg and seconded by Peggy Zahler, the following resolution was adopted by unanimous vote.

**RESOLVED THAT**, the financial report was approved as presented.

**Windstorm Insurance:** Otie Zapp of the Galveston Windstorm Action Committee ("GWAC") was introduced. Otie stated that the Texas Windstorm Insurance Association ("TWIA") wants to increase the rates. The rates are unequal between the properties behind the Seawall and those on the west end. Otie through the GWAC changed it to 100% for the island. Katrina accelerated the off coastal interest since off coast owners help pay for the recovery. Increasing the premium to exposure has been sufficed to pay expense losses and taxes. Catastrophe Trust Funds requires a long period to speed cost. Many years the manual rate period was a 30-year period and now more. The Coast is working on insurance rate basis from 1971-1983 annual net distributions.

Galveston Windstorm Action Committee, Inc. is a not for Profit Corporation. In 1990 the Coastal Coalition was formed passed bills and has conducted continuous cost savings and coverage improvements.

In early 2006 commercial limits were increased from \$1.9 million to \$3 million (need \$5 million), residential increased from \$490,000 to \$1.5 million in 2005.

In 2005 HB1890 by State Senator Smithee was damaging by removing the 1991 rate control limits on reinsurance, the bill did not pass.

In 2006, Mr. Smithee asked the Commissioner if TWIA could provide data to impose the pre-1992 multiplier rates, he said yes. 1985-1991 TWIA beach rates were 400% of manual rates. Galveston County

pays 44% of TWIA premium. It is estimated that HB1890 would have increased Galveston County premiums by an estimated 92.5 million in addition to the 53.4 million costs today, a total of \$145.9 million per year. Otie believes the Commissioner will cave in to TWIA requests to increase windstorm commercial rates 22% and residential rates 20%. Currently, TWIA is limited to maximum 10% per year.

#### **ACTION NEEDED TO STOP WINDSTORM INSURANCE RATE INCREASES:**

Contact Representative Larry Taylor 281-338-0924 and Craig Eiland 800-345-2630.

Contact Senators Mike Jackson 512-463-0111 and Kyle Janek 800-445-2635.

Tell them this is an economic life or death issue and you appreciate that they are in a key position to prevent disaster. Contact State Senators and Representatives you know to let them know that GWAC has a workable plan to provide the necessary security, without damaging the coastal economy.

Galveston Windstorm Action Committee, Inc.

4800 Seawall Blvd

Galveston, Texas 77551

409-771-7711

Email: [otie4805@sbcglobal.net](mailto:otie4805@sbcglobal.net)

Jerry Mohn recommended a donation be made to GWACI. Upon motion duly made by Peggy Zahler and seconded by Wanda Greer, the following resolution was adopted by unanimous vote.

**RESOLVED THAT**, the Board approved a \$1000 donation to GWACI.

**Meet The Candidates:** Jerry Mohn introduced Shane Sklar, Democrat candidate for the U.S. House of Representatives, District 14; and, Chris Stevens, Republican candidate for Galveston County Judge. Both candidates spoke about their views and what they will do if elected.

**City Manager Meeting:** A meeting with the City Manager and his staff was held on September 20, 2006. Requests from west end subdivisions were discussed at that meeting and can be viewed on [www.wgipoa.com](http://www.wgipoa.com).

**Property Taxes:** The WGIPOA Board of Directors will be meeting with State Representative Craig Eiland on 10/27 about the upcoming legislative session and types of bills that could be introduced for tax and revenue caps to control the spiraling property tax appraisals, particularly on second homes many of which are located in the west end.

**CIAP – Energy Bill Requests:** As previously reported, under the Energy Bill, the Coastal Impact Assistance Plan (CIAP) section, Texas will receive \$240 million over 4 years or \$60 million a year beginning October 2007 from off shore oil and gas drilling revenues. There are two parts to the program where 65% will go to the State and 35% to the Texas coastal communities. Galveston County anticipates anywhere from \$1.7 to \$2.1 million per year.

There were 29 grant applications submitted by various organizations in the County totaling \$12.0 million. The County selected 13 projects and broke them down into two categories, Tier I totaling \$1.8 million and Tier II totaling \$355,000 or \$2.1 million for both. Spanish Grant, Isla Del Sol, and Bay Harbor were

recipients with Terramar and a west bay marsh restoration plan sitting in the wings.

**Hurricane Rita:** FEMA has finalized all the CEPR II beach sand loss with measurements from the end of the Seawall to the State Park. The Condos, Spanish Grant, Hershey Beach, Sands of Kahala, and Sunny Beach will receive sand nourishment. Bermuda Beach and Pirates Beach showed sand accumulation and did not qualify.

**CEPRA IV:** Jerry Mohn reviewed the excess funds from the CEPRA IV program that will be used to remove homes off the beach under the Open Beaches Act. The GLO had reserved \$2.2 million or \$42,000 for each home. Since only 19 homes qualified, or \$798,000, there will be approximately \$1.4 million left. These funds have to be used up by 8/31/07 and the WGIPOA recommended for the property owner associations that submitted CEPRA IV requests and were denied, to re-submit under an "emergency" basis.

**ASBPA:** Jerry Mohn reviewed the American Shore & Beach Preservation Association technical conference in Long Branch, NJ, 10/8-10. The WGIPOA was a sponsor and was very prominent in all the brochures and literature. The next technical conference will be held in Galveston, Texas, October 22-24, 2007.

**GCAD:** Based on the most recent certified property tax values by the GCAD, the West end now represents 38% of City of Galveston tax base, up from 33% in 2005.

**Eddie Janek:** Jerry Mohn requested the WGIPOA pay tribute to Eddie Janek, the outgoing Galveston County Commissioner, Precinct 2, for 16 years of outstanding service to the west end at the November 18 meeting. The Board approved spending funds up to \$200 for the event with a motion made by Peggy Zahler and seconded by Wanda Greer.

There being no further business to come before the Board the meeting was adjourned 11:00 a.m.

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