

WEST GALVESTON ISLAND PROPERTY OWNER'S ASSOCIATION

MINUTES OF THE BOARD OF DIRECTORS MEETING

August 15, 2009

Jerry Mohn, President, called the West Galveston Island Property Owners Association Board of Directors meeting to order at 9:00 am on August 15, 2009. A quorum established by presence of Sidney McClendon – Pirates POA, Marty Bilek – Dunes of the West, Tom Boothe - Condos, Carolyn Farmer - Terramar, Peggy Zahler – Spanish Grant Beach, Sam Morella – Acapulco Village, and Bill McFarland – Bermuda Beach. Susan Gonzales was also in attendance.

Jerry Mohn recognized Judge Jim Schweitzer, former City Council Member Juan Pena, and Chair of the Parks Board of Trustees Jeri Kinnear. and District 6 City Council Member Karen Mahoney.

Candidates running for office were introduced, which included: Juan Pena, candidate for City Council – District 2, Jim Schweitzer – Justice of the Peace, John Grady – Judge County Court #1, Karen Mahoney – City Council District 6. Corporate sponsor Peggy Zahler – Johnson Space Center Credit Union, was also introduced.

Minutes were reviewed by the Board. Upon motion duly made by Bill McFarland and seconded by Tom Boothe, the following resolution was adopted by unanimous vote. **RESOLVED THAT**, the Board approved the July minutes as presented.

Marty Bilek gave the financial report. Upon motion duly made by Tom Boothe and seconded by Peggy Zahler, the following resolution was adopted by unanimous vote. **RESOLVED THAT**, the Board accepted the financial report.

Ike Anniversary Celebration: Linda Burton presented the IKE anniversary celebration. Check out Galveston.com for more information on the IKE anniversary revival. Sept 8 – 13th will be activities with national publicity, with a United Way kick off, tickets available on Tuesday. Poetry reading, artist's studio viewing, etc. Open house on 12th from 10-12 at the Nature Center.

Rice Design Alliance Conference: Alice Ann O'Donnell – Rice Design Alliance (RDA) formed a civic forum to discuss hurricane planning. 8/19 Brown Auditorium at Houston Museum of Science. Presentations and a panel discussion involving barriers, levees, Ike Dike, etc. Jim Blackburn, Dr. Bill Merrell, and Dr. Bill Kiener will be the presenters and panelists.

FOGISP: Shirley Foster, President of Friends of Galveston Island State Park, advised of the FOGISP Annual meeting on 8/29/09 at the Galveston Country Club, 4-6 pm. Speaker will be Walt Dabney, Director of the Texas Parks & Wildlife.

GLO: The GLO information booth will be at Jamaica Beach from 8-20 to 8-22, from 10:00 am – 5:00 pm. Information on the new west end beach "vegetation" line will be available.

District 6 Happenings: Karen Mahoney City of Gal City Council, on Tuesday Wednesday all day session on budget, proposal to increase tax rate, Karen will work toward not having an increase. If the valuations have come down 20%, supposedly the tax rate increase would not be an increase. Golf Cart legislation, do not have to be registered, licensed driver required,

GLO has been mandated to come up with handicapped. At Thursday's meeting RDA, Tax Reinvestment

Zone, Tourist Board need to get together to coordinate how expenses are paid. Galveston adopted a "No smoking ban".

Water Outage August 7: Deputy City Manger was ill and Jerry Mohn gave his report, concerning loss of water to the West end. The following represents a discussion of the Airport Water Pump Station failure.

"Early Friday morning August 7th, around 2:00 am, a fire broke out in the junction box on the side of the Airport Water Pump Station where the electricity from Centerpoint enters the building and electrical switchgear. This fire was found by a patrol officer and the Fire Department put the fire out. The Airport Water Pump Station, located at the entrance to Moody Gardens, provides all the flow and most of the pressure to the West End. Pirates Beach and west of Jamaica Beach has its own pump stations but all flow still comes from the Airport Pump Station. This fire completely disabled the system.

The City took immediate action to secure two electrical generators to wire directly into the electrical switchgear that runs the motors, which runs the pumps for the water plant. These generators began being moved to the Island by around 4:30 am. By approximately 4:30 pm, the generators had been placed into position (one by crane), wired in, and motors/pumps restarted. State Law requires a "Boil Water Notice" be issued when system pressure is lost. To remove the "Boil Water" requirements, the system must be flushed and tested in accordance with Texas Commission on Environmental Quality Rules. This was done and the Boil Water requirement along with the outdoor water restriction was lifted on Tuesday.

The Generators will continue to operate the facility until new electrical equipment can be negotiated with FEMA and Insurance. At this time, both are balking at the repair work.

Some background... We recognized that all electrical systems that were partially submerged in Salt Water would fail. National Electric Manufacturing Association Standards (NEMA) requires that all such electrical systems be replaced. However, FEMA, despite being advised of this multiple times, would not recognize it as a failure eligible for replacement until it actually fails, or until we can demonstrate visually the impending failure. The removal of the wire in itself will cause it do fail, so that is not a pragmatic option. We have since advised FEMA again of the problem and asked again for them to take proactive steps to fix the systems on other portions of the water and sewer system. FEMA has already responded declining to do so. Also, FEMA staff has stated that since NEMA has "manufacturing" in the title, that they are biased in trying to sell more wire. NEMA is the standard for electrical systems recognized by the federal government including the Department of Defense and NASA, but not FEMA. The Airport Water Plant is not the first such electrical failure, but it is the most widespread, noticeable one.

We apologize for the inconvenience and will continue to work with FEMA to be more proactive in their funding for recovery to us. To attempt to repair all of these locations is not fiscally possible for us alone, and to do these repairs proactively jeopardizes not only FEMA funding but other funding such as Community Development Block Grant Recovery Funding. Brandon Wade"

Upon motion duly made by Sidney McClendon and seconded by Marty Bilek, the following resolution was adopted by majority votes. **RESOLVED THAT**, the Board approved to request that FEMA reconsider the matter and reimburse the City for the electrical wiring. One opposed.

Craig Eiland, State Representative: Jerry Mohn introduced Craig Eiland, District 23 State Representative, as our guest speaker. Craig has accomplished so much for Galveston Island since he became a State Representative in 1994. Craig was such a factor this past legislative session in bringing back UTMB as a full operating facility after Ike. Besides what he did for UTMB, Craig was also able to appropriate \$10 million for the Galveston Island State Park.

He has received numerous awards including being recognized as Legislator of the Year by Texas Monthly Magazine (three times), Texas Hospital Association, and the Texas Chapter of the National Association for the Mentally Ill, the United Way, and Lutheran Homes. Galveston County Daily News recognized Craig this year as the Citizen of the Year.

For the past 81st Legislative Session, Craig was appointed to the position of Speaker Pro Tem. He is a member of the committee on Appropriations, where he is Chair of the Hurricane Subcommittee and a member of the Stimulus Subcommittee as well as the Health and Human Services Subcommittee, and a member of the Committee on Insurance. Craig has been such a factor in writing and supporting legislation to keep windstorm insurance rates from escalating out of control.

81st Legislation Summary, Rep. Craig Eiland, Speaker Pro Tem, Texas House of Representatives.

With 76 Rep and 74 Dem, Craig requested a new speaker to help give more attention to Galveston County. When placed as Speaker Pro tem, Craig asked for certain persons on certain committees. There were 4,836 House Bills introduced, 867 enacted which is 18% of total introduced. There were 2,39 Senate Bills introduced with 531 enacted, 28% of the total introduced.

Budget Overview:

- SB by Ogden for 2010-11 authorizes total spending of \$182.3 billion in all funds and \$80.7 billion in GR.
- HB 4586, the Supplemental Act totals \$2.4 billion (Hurricane Damage included)
- \$12.1 billion is included from the federal Recovery and Reinvestment Act of 2009.
- \$6.4 billion was substituted for state GR funds.
- \$5.7 billion is used for direct spending by various agencies.
- The Governor used line-item vetoes to reduce the total spending by \$97.2 million in GR and \$288.9 million in AF. The vetoed items were contingency appropriations for 29 Bills that were not enacted or were vetoed.

Supplemental HB 4586

- Includes \$150 million for UTMB, starting this biennium to match \$450 million from FEMA for Hurricane Ike repairs. (With post session change from Congress now 90-10 match instead of 75-25, thus \$60 million to match \$540 million with \$90 cash left)
- Appropriates \$227.3 million to various higher-Educ. Institutions to cover past and future disaster relief expenses. \$1.5 million for Galveston College, \$2.3 million for COM.
- \$62 million in GR for trustee programs of the Governor to pay for past and future disaster relief includes Robin Hood relief.
- 10 million to General Land Office for disaster mitigation structure buyouts and \$39 million for debris removal and matching funds for \$106 million beach reconstruction!
- 10 million to restore Galveston Island State Park.

Language was added to money UTMB received to assure that money was not returned but could be spent on other items.

Emergency Management/Windstorm Legislation – HB 4409 by Taylor, Eiland, Guillen. The Conference Committee Report for HB 4409 relating to emergency management included the new provisions for the Texas Windstorm Insurance Association.

Emergency Preparation/Windstorm

Losses will be covered from:

Level 1 – any available TWIA premium and other revenue;

Level 2 – any available funds in the CRTF;

Level 3 – public securities not to exceed \$1 billion with repayment not to exceed 10 years. Thirty percent of the costs paid by insurer's assessments and seventy percent paid by surcharges on coastal property and casualty policies. The surcharges on the coastal property and casualty policyholders will not exceed 28 % a year for ten years unless multiple storms occur over multiple years. This means if a hurricane's landfall results in TWIA losses up to \$2 billion, then coastal property and casualty policyholders will see up to a 2.8 % increase in premiums. That is equivalent to \$28 for every \$1,000 in premiums, which is under \$2.50 a month; and

Level 5 – public securities not to exceed \$500 million paid by assessments on insurers or via the purchase of reinsurance by insurers to cover the assessment (cannot be recouped via premium surcharges or tax credits).

Emergency Preparation/Windstorm

- A structure is built on or after September 1, 2009, and the structure is located in a designated area it must carry flood insurance if it is available to be covered by TWIA.
- A new 9-member board of directors is established before January 1, 2010, and all members are appointed by the Insurance Commissioner. The board's composition is 4 insurer representatives, 4 coastal residents with, at least one being an agent, and 1 non-coastal member.
- New applicants and renewals will need a declination to obtain TWIA coverage (Pain for agents).
- New structures must be built to the windstorm building code to insure eligibility for coverage during and after construction.
- All construction, alteration, remodeling, enlargement, and repair of, or addition to, any structure located in catastrophe area that is begun on or after the effective date of the catastrophe must be performed in compliance with the applicable building code standards to ensure TWIA coverage.
- Even though purchasers may be able to obtain insurance coverage in the private market on their property, if that person ever loses that private coverage, TWIA cannot provide future coverage to that property unless it was built to code;

Non-windstorm Provisions:

- Creates a "Good Samaritan" clause to protect volunteers and certain employees.
- Requires the Governor's Emergency Management Division to clarify "Special Needs" individuals to help better determine temporary evacuation requirements.
- Directs three separate state agencies to implement pre-position contracts to better prepare for weather-related disasters. (GLO-Debris Removal, TXDOT – Debris Removal, & TDHCA-Temporary Shelter or Housing).

HB 1831 by Corte, Edwards and Eiland

Creates State Emergency Management Annex Plan – back up power to continue operation of water and wastewater facilities, hospitals, prisons, assisted living facilities and institutions.

Creates Reentry Plan – provides local emergency management directors with sufficient flexibility to adjust the plan as necessary to accommodate the circumstances of a particular emergency.

Creates Agriculture Emergency Response Plan – provides information on recovery, relief, and assistance

requirements.

Enables eligibility of certain person unemployed because of disaster – authorizes an individual to receive benefits for that waiting period as a result of a natural disaster. Creates a Mandatory Evacuation

HB 4102 by Eiland

Provides mechanism for school districts and other local entities to receive funding for recovery through the Governor's Disaster Contingency Fund.

Tax Relief After Disaster

HB 1257 by Legler, Deshotel, Sheffield, Eiland and Guillen allows small businesses (under \$5 million) and residential properties to pay their taxes in installments after a disaster.

HB770 by Howard, Eiland, Ritter, Elkins and Taylor allows for the continuation of the homestead exemption to property that was damaged or destroyed during a disaster while the new structure is built.

Addition Bills: HB 1861, HB 3851, HB 2457, HB 3306, and HB 2450

Homeowner Protection: HB 10 by Solomons

Margins Tax Reform – HB 4765 by Oliveria

- Raises the "small business" tax exemption to \$1 million for 2010 and 2011, \$600,000 in subsequent years.
- The \$1 million exemption equates to an average tax relief of \$4,413 for approximately 40,000 taxpayers.
- The \$600,000 exemption will be an average of \$2,500 for approximately 60,000 taxpayers.

Award Presentation: At the end of Craig Eiland's presentation, the WGIPOA presented a plaque to honor State Representative Craig Eiland for his efforts during the 81st Legislative Session. The Plaque read:

"WGIPOA honors State Representative Craig Eiland (District 23) whose enlightened leadership and tireless dedication to public service has won the respect and hearts of Galveston Island. 2009"

FM 3005 Elevation – The WGIPOA has been working on this since 2003, We understand TEXDOT will let bid go next month, elevating it at end of seawall and in several low areas. Cost is \$25-\$30 million. Drainage outfalls to bay will also occur. Copies of plans will be available sometime in September.

Buy Outs – still not resolved, in the hands of FEMA.

Cell Towers – Sea Isle, waiting for property owner to adhere to requirements specified by Planning Commission.

GLO – CEPRA VI – coming out Sept – Oct.

Artist Boat/Marquette – Artist Boat is a nonprofit organization is trying to acquire the Marquette property. The WGIPOA sent a letter of support to FEMA.

Regular Meeting adjourned at 10:44 am

Susan Gonzales

Special Board meeting after the regular meeting:

Upon motion duly made by Peggy Zahler and seconded by Tom Boothe, the following resolution was adopted by unanimous vote. **RESOLVED THAT**, the Board approved opening a bank checking money market account at Texas First Bank, Galveston, TX, with signatories Jerry Mohn, President, and Peggy Rapp, Accounting Manager.

Upon motion duly made by Peggy Zahler and seconded by Tom Boothe, the following resolution was adopted by unanimous vote. **RESOLVED THAT**, the Board approved opening a bank checking money market account at Johnson Space Center Credit Union with signatories Jerry Mohn, President, and Peggy Rapp, Accounting Manager.

Upon motion duly made by Tom Boothe and seconded by Bill McFarland, the following resolution was adopted by unanimous vote. **RESOLVED THAT**, the Board approved \$500 to be a corporate sponsor for the Texas Chapter of the American Shore & Beach Preservation Association.

Special Board Meeting adjourned at 10:55 am

Susan Gonzales
