

PADRE ISLES PROPERTY OWNERS' ASSOCIATION, INC.
BOARD OF DIRECTORS' MEETING
TUESDAY, AUGUST 25, 2026

1. Call to Order: 5:30 P.M.
2. Pledge of Allegiance
3. President's Comments and Introductions
4. Board Members' Present: George Reed, Drew Diggins, Natasha Muse, Terry Brown, Ross Garcia, Randy Eaton.

Motion: Terry Brown: Approve the minutes for June 2026.	
Second: Ross Garcia	
Aye: George Reed, Drew Diggins, Natasha Muse, Randy Eaton	Nay: 0 Abstain: 0

5. Presentations:

- Bulkhead Report:
 - Canal Protection and Maintenance: The Association is addressing two distinct challenges — protecting infrastructure during hurricanes and major storms, and routine maintenance for normal tidal flow — which require different solutions, so both short- and long-term measures continue to be evaluated. These include temporary dams as an interim tool (not intended for storm protection) and current-attenuation structures to reduce water velocity without obstructing boat traffic, which may warrant further engineering evaluation. Dredging will remain necessary regardless of which measures are adopted.
 - Coordination With the City: At the September 21 meeting with the City, a key focus will be the sequence and timing of additional canal openings. The Conroe connection has already been opened, and the Board is seeking a defined action plan for the Encantada area's 6-foot-by-6-foot box culvert and related improvements so protective infrastructure is completed beforehand.
 - Monitoring and Community Impact: The Board reiterated the need for continued instrumentation and direct measurement of canal conditions, with decisions guided by the entire hydraulic system and community-wide effects rather than individual projects viewed in isolation. Long-term funding projections may shift with construction costs and priorities as this work continues.
 - Bulkhead Repair Budget and Strategy: Approximately \$430,000 was initially allocated for bulkhead work; the Association now installs 24-foot TrueLine bulkhead material at roughly \$1,400 per linear foot, with complete system replacement not currently planned. Repairs are prioritized sequentially — Cruiser Canal first, then moving north to the areas with the most significant washouts — coordinated with the City where possible. Of the Association's approximately \$2.3 million in annual revenue, roughly \$1.2–\$1.3 million is budgeted for bulkhead rebuilding and repair.

- Field Operations and Inspections: The Board recognized Jerry for his contributions to field operations and the bulkhead program, with a construction-progress update expected at the September 22 meeting. Ongoing inspections continue to identify washouts, deterioration, and other areas needing repair.
- Board's Overall Position: Bulkhead and canal maintenance remain a core Association responsibility, to be managed within the annual budget, prioritizing the highest-risk areas, and guided by field measurements and City coordination.
- Executive Director's Report:
 - New Accountant/Office Manager/Introduction – Trisha Zeimetz
 - Renewed focus on “Receivables” and collections – progress to date
 - Well Project – System online, fence artistically rendered – via a “GoFundMe” community project – kudos to the Island Pride community
 - Billish Park: New shade structure and replacement picnic tables
 - Douden Park Community Gardens shutdown strategy in work
 - New “Little Free Library” working well
 - Canal Flow Controls and the continuing need for them
 - New ACC reference folder created for local AI-based compliance – Markdown language versions of all governing documents and bylaws along with the legacy documents
 - Property audits: a continuous process comparing ManageCASA and Nueces Property records, with a very high matching correlation of over 95.5%. Primary uses include comparing current ownership and square footage and continuously updating the ManageCASA properties table, establishing linkage between the two data sets using account number/geolocation, physical property location (street address and/or lot and block number), and current owner as primary indexes.

6. Treasurer's Report:

- Accounting basis: The accounting basis adopted by the Padre Isles Property Owners Association is a modified cash basis; accordingly, revenues and expenses are generally recorded as incurred.
- Accounts Receivable and Delinquent Accounts: Total delinquent Accounts Receivable balance, as of July 31, reflects a decrease over the prior reporting period: the July delinquent balance is \$835,152 compared to the prior period balance of \$839,632, a decrease of \$4,480, or less than 1%. A year-to-date comparative overview, December 31, 2025 through July 2026, reveals an increase of the total delinquent balance in the amount of \$235,152, or almost 40%. These delinquent CAM fees are needed in the Association's bank account in order to continue to fund bulkhead repairs and upgrades and canal maintenance; accordingly, and in full accord with the Association's Collection Policies, POA members who are unresponsive to collection demands will be subject to property lien action. In recognition of the urgency and importance of collecting these delinquent fees and of the time and effort required to collect the \$800k in outstanding CAM fees, a motion was made that the Board authorize and direct the Executive Director to engage temporary staff with the sole responsibility of collections of these outstanding accounts receivable, to work under the oversight of the Business Office Manager.

- Summary of Financial Operations for the Fiscal Year to Date as of July 31, 2026: Year-to-date revenues are \$2,228,483 vs. a budget of \$2,486,875, reflecting an under-budget revenue variance of (\$258,392). Actual expenses are \$1,982,623 vs. budgeted expenses of \$1,525,359, reflecting an over-budget expense variance of \$457,264. Together, these variances reveal a total negative variance to budget of \$715,656 through July 31, reflecting insufficient CAM fee collections and higher-than-budget bulkhead expense. At the current rate of cash burn-through, coupled with insufficient CAM collections, another draw on the investment account should be expected, potentially including principal as well as interest.
- American Bank Activity through July 31: The American Bank primary account balance as of July 31 was \$282,427, which includes a \$250,000 transfer from the Herndon, Plant, Oakley investment account, without which expense obligations would have been delayed. Net operational cash deposits were \$53,672, representing income from various fees and some delinquent CAM fee payments. Most of the fiscal year's CAM fee revenue is collected in the first quarter, and these early collections are used to fund operations through most of the fiscal year.
- Summary of Investment Accounts through July 31: The July Herndon Plant Oakley investment statement reflects a total portfolio value of \$14,502,858 as of July 31, versus \$14,695,012 the prior month, an overall decrease of \$192,154. This decrease reflects the \$250,000 transfer to the operating account noted above and a \$25,902 decrease in asset value, offset by interest for the period of \$86,172. Estimated net annualized investment income earned for the 12-month period ending July 31 is \$521,864, or 3.5%, and this investment income will be available for use during the fourth quarter as necessary.
- A Financial Overview of Revenue and Delinquent Accounts Collection: As suggested in previous Treasurer's Reports, approximately 25% of budgeted income intended for operations comes from investment portfolio interest income; every effort should be made to avoid using the investment principal for general operations.

7. Next Meeting: Tuesday, September 22, 2026, 5:30 P.M.

8. Executive Session:

Motion: Drew Diggins: Adjourn the meeting.	
Second: Randy Eaton	
Aye: George Reed, Ross Garcia, Randy Eaton, Natasha Muse, Terry Brown	Nay: 0 Abstain: 0

Meeting adjourned.