

**PORT OF GALVESTON  
REQUEST FOR DISCUSSION**

**BUSINESS ITEM**

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**SUBJECT:** Discuss Provisions in the Board of Trustees' Bylaws Concerning Responsibilities and Duties of the Finance Committee

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**DISCUSSION:** This item was placed on the agenda for Trustee deliberation.

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**BYLAWS OF THE**  
**BOARD OF TRUSTEES OF THE GALVESTON WHARVES**

As adopted May 24, 1955, and As Amended January 9, 1962, September 10, 1963, December 19, 1963, March 23, 1965, April 15, 1965, July 31, 1973, August 28, 1973, August 26, 1986, December 16, 1986, April 28, 1987, September 22, 1987, November 26, 1996, February 10, 1999, April 26, 1999, August 28, 2000, January 26, 2004, June 26, 2017, January 30, 2018 and May 28, 2019.

**ARTICLE I.**  
**PURPOSES**

The Board of Trustees of the Galveston Wharves ("Board") is created and shall exist under the provisions of Article XII of the Charter of the City of Galveston, adopted April 19, 1960, pursuant to Texas Government Code Section 54.001 *et seq* (formerly Art 1187f, Tex. Rev. Civ. Stat.) to which reference is hereby made. The Board shall have full power of management and control of, and is charged with the duty of maintaining and operating the wharf and terminal facilities belonging to the City of Galveston, and all future additions thereto and extensions thereof (said property and operations being referred to hereafter as the "Port of Galveston"), and shall have the same rights and be charged with the same duties in the management and control of such properties and the income and revenues therefrom, and in the maintenance and operation of the properties as were prescribed for the Board in said Charter, and is charged with the provisions of said Charter, relating to the rights, powers and duties of the Board therein created in the management and control of the income and revenues from the properties. (As amended September 10, 1963 and June 26, 2017.)

**ARTICLE II.**  
**BOARD OF TRUSTEES**

(a) The Board shall consist of seven members, one of whom shall be a member of the City Council of the City of Galveston, who shall be an ex-officio voting member.

(b) The remaining six members of the Board shall each and all be citizens of the United States of America and of the State of Texas, and shall be permanent residents of the City of Galveston. No member of the Board (excepting the member of the City Council) shall hold any elective public office. If any member of the Board removes his residence from the City of Galveston, qualifies for any elective public office, or otherwise becomes disqualified to serve as such Trustee, his office shall thereupon be deemed vacant. (As Amended July 31, 1973.)

(c) The six members of the Board other than the member of the City Council of the City of Galveston, shall be appointed by action of the City Council of the City of Galveston. Two members shall be appointed each year and all appointments shall be for terms of three years effective as of July 1 of the year in which they were appointed

and ending on June 30 of the third year of each such term, excepting only that an appointment to fill a vacancy caused otherwise than by the end of an appointed term in office, shall be made only for the unexpired term of office of the member whose position became vacant. (As Amended January 9, 1962 and June 26, 2017.)

### **ARTICLE III.** **OPERATIONS**

The Board may make such regulations and bylaws for the ordinary handling of its affairs as it may in its discretion see fit and shall operate and manage the Port of Galveston with the same freedom and in the same manner as are ordinarily enjoyed and followed by the Board of Directors of a private corporation operating properties of a similar nature, except that such management practices must conform to applicable state and federal law and City Ordinances of the City of Galveston. (As Amended June 26, 2017.)

### **ARTICLE IV.** **LIMITATION OF LIABILITY**

The Board shall have no power to contract other than as the Board and shall not contract, or in any manner undertake to contract in the name of the City of Galveston, and no undertaking, contract, action or inaction by the Board singly or collectively, or by any one employed by or acting or holding under them, shall render the City of Galveston liable to respond in damages, or make indemnity or compensation of any character from any source, other than income and revenues arising from the operation of the system.

The members of the Board of Trustees, either singly, or collectively, shall not be personally liable on any contract entered into by said Board of Trustees, or any officer or employee thereof, or for any act or omission not willfully fraudulent or in bad faith.

All contracts entered into by or on behalf of the Board and all tariffs issued by the Board shall contain an express provision that the members of the Board either singly or collectively shall not be personally liable thereon or for any breach thereof.

No past or current members of the Board shall be individually liable either singularly or collectively, for any claim, suit or judgment, whether tortious or otherwise, for any claim arising out of the Board's activities or properties.

In addition to the terms of the City Code of the City of Galveston, Texas, providing for indemnification for officials and employees of the City and its official Boards, the Port of Galveston shall indemnify all past and current members of the Board, its officers and employees, and their respective heirs, administrators, and assigns of any such persons against any and all expenses, including attorneys' fees, judgments, penalties, including excise and similar taxes, fines, costs, amounts paid in settlement, other and reasonable expenses (before or after suit is commenced) actually and necessarily incurred by any such person in connection with the defense, settlement

or investigation of any actual or threatened claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, and asserted against such person or in which such person is made a party by reason of being or having been a public official, employee or agent of the Port of Galveston to the fullest extent legally permissible. The Port of Galveston may, at its option, provide a legal defense to any such Trustee, former Trustee, officer or employee, if legally permissible. (As Amended June 26, 2017.)

The Board shall have the power but shall not be obligated to purchase and maintain insurance on behalf of any person who serves or has served as a member of the Board (and their respective heirs, administrators and assigns), and all officers and employees, covering expenses, including attorneys' fees, judgments, costs and amounts paid in settlement, actually and necessarily incurred by such person as a result of being made a party to any action, suit or proceeding in his capacity as a public official, whether or not the Port of Galveston would have the power to indemnify such person. (As Amended June 26, 2017.)

#### **ARTICLE V.** **MEETINGS**

The annual meeting of the Board at which time the officers of said Board shall be elected, shall be held on the first Board meeting date following the regular appointment of the new members of the Board by City Council. (As amended April 28, 1987, August 28, 1990, February 10, 1999, January 26, 2004, June 26, 2017 and January 30, 2018).

The regular monthly meeting of the Board shall be held on the fourth Tuesday of each month, unless such meeting date is changed by (1) a majority vote of the Board at any previous Board meeting, (2) by the request of the Chairman or Vice Chairman of the Board or (3) by any two Trustees. Such regular meetings shall be held monthly, unless rescheduled as provided herein. Special meetings and workshop meetings of the Board may be called at any time by the Chairman or Vice Chairman, if acting in the absence of the Chairman as provided in Article VII(2) below, or by any two trustees.

The following persons may place items on the agenda for any regular, special or work shop meeting of the Board:

1. The Chairman or the Vice Chairman, if acting in the absence of the Chairman as provided in Article VII(2) below;
2. Any two Trustees; and
3. The Port Director and any employees authorized by the Port Director to do so.

No notice of such regular, special or workshop meetings shall be deemed necessary, except as required under Sections 551.001 et seq of the Texas Government Code (the Texas Open Meetings Act), or to consider proposed Amendments to these

Bylaws, as provided in Article IX below. (As Amended December 16, 1986, February 10, 1999, January 26, 2004, June 26, 2017.)

**ARTICLE VI.**  
**OFFICERS AND EMPLOYEES**

The officers of the Board shall be a Chairman and a Vice Chairman, to be elected by the Trustees from the appointed members of the Board, and a Secretary and a Treasurer, or a Secretary-Treasurer, who may, but need not be a Trustee or Trustees. The member of the City Council of the City of Galveston shall not hold the office of Chairman or Vice Chairman of the Board. Such officers shall be elected at the first Board meeting date following the appointment of the new members of the Board by City Council and shall serve for the ensuing year or until their successor or successors shall be elected. (As amended January 9, 1962 and June 26, 2017.)

The Board may from time to time elect additional officers, either from its members or otherwise as may be desired or necessary.

The Board shall appoint a Port Director, an Attorney or Attorneys, and an independent auditor, who shall not be members of the Board and shall fix their compensation. The Port Director may hire such other employees as he believes reasonably necessary for the efficient operation of the Port of Galveston within its established budget, and may assign their duties and responsibilities and fix their compensation; provided, however, the Board reserves the right to (1) review and approve the compensation of employees above an amount to be established by the Board by written policy, and (2) review and approve all retirement, health insurance and other employment-related benefits provided to employees in addition to their salaries or wages. (As Amended September 10, 1963, July 31, 1973 and June 26, 2017.)

Officers may be removed from their positions as an officer by a majority vote of the Trustees at any regular meeting of the Board, or any special meeting called for that purpose. The Trustees shall replace the removed officer by electing a new officer within fifteen (15) days of the removal. (Added May 28, 2019)

**ARTICLE VII.**  
**DUTIES OF OFFICERS**

(1) It shall be the primary duty of the Chairman to preside at all meetings of the Board and to see that its orders and resolutions are duly complied with and executed; to appoint members of the Committees of the Board, as hereinafter provided; to call special meetings of the Trustees whenever he shall be required to do so, as prescribed by these Bylaws; or when he deems necessary in his discretion; to act with the Port Director as the official spokesman for the Board; and to perform such other duties as may be devolved upon him by the Board, except to the extent of conflict herewith or as may be required by law. Robert's Rules of Order, as last revised, shall govern the procedure to be followed at each meeting. (As Amended June 26, 2017.)

(2) It shall be the duty of the Vice Chairman, in the absence of the Chairman, to preside at the meetings of the Board; in case of the absence, death, sickness or other inability of the Chairman, the Vice Chairman shall exercise the powers and discharge the duties of the Chairman until he returns to duty, or other provision is made therefor by the Board. (As Amended June 26, 2017.)

(3) It shall be the duty of the Secretary to prepare the agendas and meeting notices for all meetings of the Board and the Board Committees, and to record the minutes and proceedings of the Board and the Board Committees in a suitable format. (As Amended June 26, 2017.)

(4) It shall be the duty of the Treasurer to be responsible for the following functions: the receipt of all moneys and making of daily deposits in the Bank appointed by the Board; the paying out under the direction of the Board and agreeable to its orders or Bylaws all moneys which are received from time to time for the use of the Board; all bank accounts, except working fund advances as approved by the Board, shall be opened in a bank or banks in the City of Galveston, Texas, and all checks, vouchers and drafts shall be signed and/or countersigned, as authorized by Resolution or Resolutions adopted from time to time by the Board. (As Amended July 31, 1973 and August 28, 1973.)

#### **ARTICLE VIII** **QUORUM**

At all meetings of the Board or a committee, no action shall have any force or effect unless it is adopted by the favorable vote of a majority of all Trustees of the Board (As Amended September 22, 1987, April 26, 1999.)

#### **ARTICLE IX.** **AMENDMENT TO BY-LAWS**

These Bylaws may be amended by the vote of a majority of all Trustees of the Board after at least five days notice in writing, delivered in person or by electronic mail to all Trustees, of the proposed amendment at any regular meeting of the Board or at any special meeting called for that purpose. (As Amended July 31, 1973 and June 26, 2017.)

#### **ARTICLE X.** **PROXY VOTING PROHIBITED**

Although an absent Board member may make his views as to a matter under Board consideration known to the Board by letter or through another member, proxy voting by an absent Board member shall not be permitted. (Adopted April 15, 1965.)

**ARTICLE XI.**  
**BOARD-MANAGEMENT POLICIES**

The Board of Trustees may adopt Board-Management Policies, Purchasing Policies and other policies from time to time, which shall be guidelines for the Port of Galveston's operations. (Adopted April 15, 1965 and as Amended June 26, 2017.)

**ARTICLE XII.**  
**COMMITTEES**

There shall be one standing committee entitled the Finance Committee. The Chairman of the Board shall appoint the Chairman and Vice Chairman of the Finance Committee and any other members thereof, no later than the second Board meeting date following the appointment of the new members of the Board by City Council. All members of the Finance Committee shall be members of the board. (As amended August 28, 2000 and June 26, 2017.)

In addition, the Chairman of the Board may create Ad Hoc committees and other special purpose committees as he shall deem necessary, and shall assign each such committee a designated task or function, and shall appoint the Chairman and the Vice Chairman of each Ad Hoc committee and any other members thereof, who may include persons who are not members of the Board. The Chairman and the Vice Chairman of each such committee shall be members of the Board. The Chairman of the Board shall be an ex-officio member (non-voting) of all such committees. Any Ad Hoc committees created by the Chairman shall remain in existence until dissolved by (1) the Chairman or (2) a majority of all Trustees acting in a meeting.

Additionally, a majority of Trustees acting in a meeting may create Ad Hoc committees and other special purpose committees as they shall deem necessary, and shall assign each such committee a designated task or function, and shall appoint the Chairman and the Vice Chairman of each Ad Hoc committee and any other members thereof, who may include persons who are not members of the Board. The Chairman and the Vice Chairman of each such committee shall be members of the Board. The Chairman of the Board shall be an ex-officio member (non-voting) of all such committees. Once appointed such committee shall remain in existence until dissolved by a majority of all Trustees acting in a meeting. (Amended April 26, 1999 and June 26, 2017.)

Notice of all committee meetings shall be posted as required under Section 551.001, et seq, Texas Government Code (the Open Meetings Act) and agendas for such meetings will be timely distributed to all members of the Board.

Minutes will be kept of all committee meetings by a secretary appointed by the committee Chairman, and all motions and actions of the committee will be recorded in such minutes which will be distributed to the Board.

### Responsibilities and Duties of Finance Committee

Reviews, for the purpose of acceptance or rejection by the Board, the following staff prepared reports:

- Annual Budget
- Interim Budget Revisions
- Monthly Operating (Financial) Statements & Related Reports
- Capital Expenditures
- Financial Aspects of Agreements
- Depository Bids for Wharves Funds
- Delinquent Accounts

Reviews the Annual Audit Report and related management letters;

Reviews all travel, entertainment and related expenses and approves expenses of Trustees meeting the appropriate guidelines;

Directs, through the Port Director, the Finance Department to analyze and prepare reports on whatever items the Committee may deem necessary;

Reviews and recommends hiring or retention of professional service firms to the Board;

Assists the Port Director with long range financial planning by reviewing and updating these long term goals and objectives. (Amended August 28, 2000)

### ARTICLE XIII. FISCAL YEAR

The fiscal accounting period of the Port of Galveston is the calendar year. (As Amended June 26, 2017.)

### ARTICLE XIV. EMPLOYEES BONDED

All Port of Galveston employees shall be bonded with a responsible bonding company under a commercial blanket bond or similar fidelity bond. The amount, coverage and other terms of the bond (or bonds, if more than one) shall be provided to the Board in January of each calendar year. (As Amended June 26, 2017.)

### ARTICLE XV

Pronouns, nouns and terms used in these Bylaws shall include the masculine, feminine, neuter, singular, and plural forms whenever appropriate to the context.