

**Bylaws of the
Galveston County Rural Rail Transportation District**

PREAMBLE

The Galveston County Rural Rail Transportation District ("District") was created by the Galveston Commissioners' Court on August 21, 2012, pursuant to Texas Transportation Code Chapter 172.

In accordance with Section 172.151 and 172.152 of the Code, the District's Board ("Board") is granted the authority to adopt rules and regulations as it may deem necessary. The Board adopts the following Bylaws:

ARTICLE I: OFFICES, DOMICILE AND SERVICE

Section 1. Offices. The principal executive office and the principal office of the District are located at 721 Moody, Galveston. The mailing address is the same. The District may have other offices as the business of the District may require or make desirable as determined by the Board.

Section 2. Domicile. The domicile of the District is Galveston County, Texas

Section 3. Service of Process. The District may be served through its President, or other officer designated by the resolution of the Board.

ARTICLE II: BOARD

Section 1. General Powers. The responsibility for the management, control, and operation of the District and its properties is vested in the Board. The Board is responsible for managing the District's rail transportation system in compliance with the Board's policies. All operations of the District are essential governmental functions and not proprietary functions for all purposes, including the application of the Texas Tort Claims Act.

Section 2. Number and Tenure. The Board shall not exceed nine (9) members appointed by the Galveston County Commissioners' Court. The terms of the office of the members of the Board are two years, with no limit to the number of reappointments. Each Board member continues to serve until a successor has been appointed and qualified.

Section 3. Qualifications. Not to exceed nine (9) members, the Board shall be residents of Galveston County, Texas. No member of the Board shall be pecuniarily

interested or benefited, directly or indirectly, in any contract or agreement to which the District is a party. (Sec. 172.103)

Section 4. Removal. Any member of the Board may be removed from office pursuant to the procedures established by Section 172.105 of the Act.

Section 5. Advisory Directors. The Board of Directors (President, Vice-President, and Treasurer) by majority agreement shall have the authority to appoint Advisory Directors in an ex-officio non-voting capacity.

Section 6. Vacancies. Any vacancy in a Board position, whether by death, resignation, disqualification, incapacity to serve, or removal from office, shall be filled for the remainder of the term of that position in a manner provided for in the original appointment of that position (Section 172.104). Vacancies on the Board shall not impair the power of the Board to transact any and all business of the District so long as a quorum is maintained.

Section 7. Regular Meetings. The Board shall hold at least one meeting a month for the purpose of transacting the business of the District. Regular meetings shall be held at such times, places and days as the Board shall by majority vote specify. Notices of regular meetings shall be posted at the administrative office of the District, at the County Courthouse, and in accordance with the Open Meetings Act.

Section 8. Special Meetings. Special Meetings of the Board may be called by the President as necessary. The President may fix any time and any place within the boundaries of the State for holding a special meeting of the Board, and such time and place shall be set out in a written notice of the special meeting supplied to the members of the Board. Notices of special meetings shall be posted at the administrative office of the District, the County Courthouse, and in accordance with the Open Meetings Act.

Section 9. Quorum. A majority of the members of the Board shall constitute a quorum of the Board for the purpose of conducting its business and exercising its powers. No business may be conducted unless a quorum is present. If a quorum is not present at any meeting of the board, a majority of the Board members present may adjourn the meeting to another time and place. Notice of any such adjourned meeting shall be given to all Board members in accordance with Section 8 of Article II of these Bylaws and in accordance with the Open Meetings Law.

Section 10. Officers. The members of the Board shall elect from among their numbers, presiding officers. The presiding officers shall consist of a President, Vice-President and Treasurer. The Board may select a non-voting non-board member resident of Galveston County to serve as Secretary. The Offices shall be elected annually at the December regular meeting or the next meeting forward, if a meeting is not held in December.

Each Officer of the Board holds office until the successor is duly elected and qualified or until the death, resignation, disqualification, incapacity to serve, removal from office, or otherwise of the Officer. The Board shall fill any vacancy in any office of the Board by

election, such appointment to continue until the expiration of the current term of office, which becomes vacant.

Section 11. Procedures at Meetings. The President shall preside at the meetings of the Board. In the absence of the President at any meeting, the Vice-President shall preside. In the absence of the President and Vice-President at any meeting, any member of the Board selected by the members present shall preside. The Secretary shall take minutes at all meetings of the Board. In the Secretary's absence, the presiding officer of the meeting may designate any person to act as Secretary. At meetings of the Board, the business shall be transacted in such order as the Board by determine.

Section 12. Powers and Duties of the Board Officers

A. President

1. The President shall preside at all meetings of the Board
2. The President shall determine by inspection and investigation if orders and resolutions promulgated by the Board are being carried into effect, and shall report these findings to the Board.
3. The President may sign and execute for and on behalf of the District contracts of insurance, bonds, deeds, mortgages, debentures, contracts, or any other instruments or documents of whatever nature which the Board has authorized to be executed. This does not include checks or drafts on the District's Depository. The President may negotiate contracts on behalf of the Board, provided, however, that all contracts are required to be approved by the Board.
4. With the assistance of the Secretary, the President shall establish the proposed agenda for each meeting of the Board.
5. The President shall recommend, subject to approval of the Board, all committee chairs and serve as an ex-officio member of the all committees.
6. The President shall perform in general all duties incident to the office of the President and such other duties as may be prescribed by these Bylaws or assigned by the Board.

B. Vice-President

The Vice-President shall preside at any meeting of the Board when the President is absent and shall have the power and authority of the President and shall perform the duties of the President in case of the disability of the President and shall perform such other duties as may be assigned by the President or by the Board.

C. Treasurer

The Treasurer shall be custodian of all funds, income, and expenditures and shall report such transactions regularly to the Board, including monthly and annual reports and whenever deemed necessary by the Board.

D. Secretary

1. The Secretary shall keep the permanent records of all proceedings and transactions of the District, shall keep the minutes of all official meetings of the board on one or more books provided for such purpose, and shall see that notices are duly given in accordance with the provisions of these Bylaws or as required by law.
2. The Secretary shall perform, in general, all the duties incident to the office of the Secretary and such other duties as may be assigned by the Board.

Section 13. Manner of Acting. On any question presented, the number of members shall be recorded by the Secretary. Action may be taken by the District upon a vote of a majority or the board members present, unless the act of a greater number shall be required by these Bylaws.

Section 14. Board Committees. The President shall recommend, subject of approval of the Board, the establishment of committees, membership of each committee, and the Chair for each committee. The Board may refer any matter to a Board committee for consideration.

Section 15. Resignation. Any Board member or Board Officer may resign at any time. Subject to the last sentence of Article II, Section 2 of these Bylaws, any such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the Secretary or Assistant Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 16. Parliamentary Rules. Except where inconsistent with the Act or these Bylaws, Roberts Rules of Order, Revised shall govern the proceedings of the Board and its committees. The President may appoint a person to serve as Parliamentarian. Such person may be a member of the Board. The Parliamentarian is not an officer of the Board by reason of such position.

ARTICLE III: CONTRACTS AND LOANS

Section 1. Contracts. All contracts for goods, services or property in excess of \$25,000.00 are to be let on competitive bids in accordance with Chapter 262 of the

Texas Local Government Code. Procurement of Professional Services in an amount over \$25,000.00 shall be a majority vote of the Board.

Section 2. Loans. No loans shall be contracted on behalf of the District, and no evidence of indebtedness shall be issued in its name, unless authorized by resolution of the Board, executed and attested by the Secretary.

ARTICLE IV: BANKING AND INVESTMENTS

Section 1. Checks, Drafts and Related Items. All checks, drafts, notes, or other orders for the payment of money issued in the name of the District shall be signed by 2 of the 3 Board members; President; Vice-President or Treasurer.

Section 2. Depositories. All funds of the District shall be deposited to the credit of the District in such banks as the Board may designate, and upon such terms and conditions as shall be fixed by the Board, unless otherwise required by orders or resolutions authorizing the issuance of the District's bonds or notes. The Board may authorize the opening and maintain of general and special accounts within any such depository as it may designate, and may make such special rules and regulations with respect thereto as it may deem appropriate. To the extent that funds in the depository bank or banks are not insured by the Federal Deposit Insurance Corporation, they shall be secured in the manner provided by law for the security of funds of counties of the State of Texas.

Section 3. Investments. The Board, by resolution, may provide that an authorized representative of the District may invest and reinvest funds of the District and provide for money to be withdrawn from the appropriate accounts of the District for such investments on terms as the Board considers advisable. Such investments must be made in obligations or securities permitted by the Public Funds Investment Act.

ARTICLE V: AUDIT AND BUDGET

Section 1. Audit. At the conclusion of any fiscal year in which the receipts of the District exceed \$100,000, the Board shall have prepared an audit of its affairs by an independent certified public accountant or a firm of independent certified public accountants, which audit shall be open to public inspection. Also, the Board may conduct an audit at any other time by a majority vote.

At the conclusion of any fiscal year in which receipts of the District is less than \$100,000, the Board Treasurer shall conduct an internal review of the all the Board's financial activities and make a public report to the Board.

Section 2. Budget. Prior to the commencement of a fiscal year (October 1 through September 30), or as soon as practical after the commencement of the fiscal year, the Board shall adopt an annual operating budget, which specifies major expenditures by type and amount as well as a capital expenditures budget. Either of such budgets may

be amended as deemed appropriate by a majority of the Board. The District may not make operating or capital expenditures in excess of the then budgeted expenditures for a fiscal year. No operating or capital budget is required during the period the District has no income, but is required before an expenditure is made.

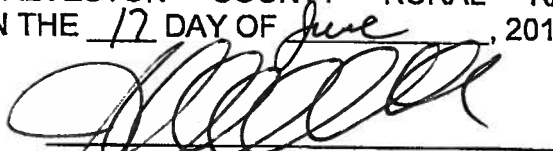
ARTICLE VI: INDEMNIFICATION OF BOARD MEMBERS

Each Board member, including a non-board member Secretary, shall be indemnified by the District against any liability imposed and for any expense reasonably incurred in connection with any claim, action, suit or proceeding to which that Board member may be a party by reason of being, or having been, a Board member, and against such sums as counsel selected by the Board shall deem reasonable payment of settlement or any such claim, action, suit, or proceeding; provided however, that no Board member shall be indemnified with respect to actual damages arising out of a cause of action for a willful act or omission, constituting gross negligence or official misconduct, or with respect to matters for which such indemnification would be unlawful or against public policy. It is the intent of the District to indemnify under this section to be fullest extent permitted by law.

ARTICLE VII: AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended, or repealed, or new Bylaws may be adopted, by a 2/3 vote of the entire Board at any regular or special meeting of the Board of which notice has been properly given.


PASSED AND APPROVED BY GALVESTON COUNTY RURAL RAIL
TRANSPORTATION DISTRICT BOARD ON THE 17 DAY OF June, 2013.



President

JOHN WALTER FORD, SR.

Printed Name



Vice President

Ronnie Moore

Printed Name

STATE OF TEXAS §
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COUNTY OF GALVESTON §

BEFORE ME, the undersigned authority, on this day personally appeared John W. Ford President and Ronnie Moore, Vice-President, of Galveston County Rural Rail Transportation District, created by the Commissioners Court of Galveston County, known to me to be the persons whose names are subscribed above, and acknowledged to me that they understood the same and executed it voluntarily for the purposes and consideration therein expressed and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 17 day of June, 2013.

Michelle Blythe
Notary Public in and for the State of Texas