

**BYLAWS
OF
GALVESTON HISTORICAL FOUNDATION, INC.**

**Incorporated Under the Laws of the State of Texas
September 12, 1954**

**Amended July 10, 2003
Amended June 25, 2008
Amended July 23, 2010**

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ARTICLE I
NAME

The name of this corporation shall be Galveston Historical Foundation, Inc. (hereinafter referred to as “the Foundation”).

ARTICLE II
OFFICE

Section 2.01 Office. The principal office of the Foundation shall be located in Galveston, Texas.

Section 2.02 Registered Office. The Foundation shall have and continuously maintain with the State of Texas a registered office, and the registered agent whose office is identical with said registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical to the principal office of the Foundation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE III
MISSION

Galveston Historical Foundation preserves and revitalizes the architectural, cultural and maritime heritage of Galveston Island for the education and enrichment of all.

ARTICLE IV
MEMBERSHIP

Section 4.01 Definition. Members of the Foundation shall include all persons who pay the membership dues, which entitle them to vote at all membership meetings. Membership dues and conditions are established by the Board of Directors.

Section 4.02 Meetings. There shall be at least one meeting of the membership in each fiscal year (“Annual Meeting”). The Annual Meeting shall be held within thirty (30) days after the close of the fiscal year. A report shall be presented at the Annual Meeting covering the activities of the Foundation's fiscal year. A written annual report shall be produced and made available within sixty days of the Annual Meeting. Additional membership meetings may be called, upon proper notice, by petition of one-fifth of the membership, or by motion passed by the Board of Directors, or by the President.

Section 4.03 Interest. Membership shall not entitle any member to any interest in any property, funds or other assets owned or acquired by the Foundation.

**ARTICLE V
BOARD OF DIRECTORS**

Section 5.01 General Responsibilities. The Board of Directors shall govern the property, affairs and business of the Foundation. The Board, at its discretion, may delegate these responsibilities by motion or resolution to officers or committees of the Foundation. The Board of Directors shall have the responsibility to make any decision that furthers the mission of the Foundation.

Section 5.02 Enumerated Responsibilities. In addition to the general responsibilities of Section 5.01, the Board of Directors shall have the responsibility (without the power to delegate) to approve the following items:

- a. Budgets and amendments to the budgets during the fiscal year;
- b. Sale, purchase, acceptance or donation, or significant alteration of real property of the Foundation;
- c. Borrowing or lending funds;
- d. Pledging security or real estate;
- e. Policy issues and changes in existing policy;
- f. Establishment of committees and appointment of members of the Foundation to chair these committees;
- g. Designation of organizations in historic neighborhoods and areas of Galveston to be represented on the Board of Directors of the Foundation; and
- h. Selection of the Directors of GHF Endowment, Inc.

Section 5.03 Composition. All members of the Board of Directors shall be members of the Foundation. The Board of Directors shall consist of the officers, four (4) members At-Large, standing committee chairs, Chair of the Board of Advisors **until the conclusion of the 2010-2011 fiscal year at such time the Board of Advisors will no longer exist**; two (2) past presidents elected by the Directors to serve on the Steering Committee, at least two (2) historic neighborhood representatives, a representative of GHF Endowment, Inc., and the Board Development Chair.

The number of voting members shall not be fewer than fifteen (15) nor greater than thirty-five (35). Each Director shall have one vote.

Section 5.04 Term. The term of office of members of the Board of Directors shall be one (1) year, commencing at the Annual Meeting of the membership at which they are elected and extending until the next succeeding Annual Meeting. The maximum number of years a Board member shall serve is six (6) consecutive years with no more than two (2) consecutive years in the same position. This limitation shall not prevent a Director from serving as an officer of the Foundation. In no event shall a Director, be that Director elected as an officer, serve the Board of Directors for more than ten (10) consecutive years.

Section 5.05 Removal of Directors. Any Director may be removed with or without cause at any time by the affirmative vote of two-thirds (2/3) of the Directors present at such meeting, provided that there shall have been included in the notice of such meeting notification of the intention to remove such Director.

Section 5.06 Additions and Vacancies. The Board of Directors shall have the power to appoint additional members of the Board, or to fill any vacancy caused by the death, resignation, or removal of a Director. The Board Development Committee will recommend these appointments to the Board of Directors. The

member appointed to such a vacant position, if holding a position to be filled by election by the membership, shall serve until the next Annual Meeting.

Section 5.07 Meetings. The Board of Directors shall meet monthly and in no case shall it meet fewer than nine (9) times during any fiscal year. At the written request of five (5) members of the Board of Directors, or upon the President's own motion, the President shall call a special meeting of the Board of Directors. The President shall be Chair of the Board of Directors. All meetings shall be upon due notice.

Section 5.08 Chairs. The Board of Directors shall establish standing committees and prescribe the responsibilities and authority of persons appointed to chair such committees. Each year at the Annual Meeting, after recommendations from the Board Development Committee, the membership will elect the committee chairs. A member may not serve as Chair of the same committee for more than two (2) consecutive years and may not serve more than four (4) consecutive years as a committee Chair. Chairs duly elected by the membership shall take office thereupon and serve until the next Annual Meeting.

ARTICLE VI INDEMNIFICATION AND INSURANCE

Section 6.01 Coverage. To the full extent possible pursuant to the Texas Non-Profit Corporation Act as now existing or as hereinafter amended, or to the full extent permitted by any successor statute, the Foundation shall indemnify its directors, officers, employees and agents ("said persons") against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses incurred by any of said persons in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, and any appeal thereof, which involves said persons as a result of their capacity or status with the Foundation.

The Foundation may purchase and maintain insurance on behalf of said persons against any liability asserted against said persons and incurred by them in their capacities as directors, officers, employees, and agents of the Foundation, whether or not the Foundation would have the power to indemnify said persons against any such liabilities.

ARTICLE VII OFFICERS

Section 7.01 General Responsibilities. The Officers of the Foundation shall be the President, Vice President, Treasurer, and the Immediate Past President. The President, Vice President or Treasurer shall have the authority to execute legal documents on behalf of the Foundation. **In the event of a disaster the Executive Director and/or President of the Foundation shall have the immediate power to execute and carry out the necessary business decisions for the best interests of the Foundation.**

Section 7.02 Term. Officers duly elected by the membership shall take office thereupon and serve until the next Annual Meeting, with the exception of the Development Chair, who will serve at the discretion of the Steering Committee.

Section 7.03 President. The President shall be elected by the membership and shall have general directive supervision over the other officers and chairs of the Foundation subject to the instructions of the Board of Directors. The President shall preside at all meetings of the membership, Board of Directors and Steering Committee and have the authority to execute legal instruments on behalf of the Foundation. The President shall be an ex-officio member of all committees except the Board Development Committee. The President shall have the power to create and dissolve task forces, for which actions the President shall be responsible to the Board of Directors.

Section 7.04 Vice President. The Vice President shall be elected by the membership. The Vice President will have the responsibility of learning as much as possible about the role of President of the Foundation and of supporting the President in carrying out the President's responsibilities. The Vice President shall assume the duties of the President in the President's absence. The Vice President shall carry out such other

responsibilities as the Board of Directors or the President determines. The Vice President shall be an ex-officio member of all committees except the Board Development Committee.

Section 7.05 Treasurer. The Treasurer shall be elected by the membership and shall be responsible for the collection, management, disbursement, and appropriate reporting for all funds of the Foundation. The Treasurer shall be the chair of any budget or finance committee.

Section 7.06 Immediate Past President. The Immediate Past President shall provide the Board of Directors and President with the benefit of experience with the Foundation. The position of Immediate Past President shall automatically be filled by the outgoing President at the Annual Meeting. In the event that the outgoing President is unavailable to serve as Immediate Past President, the Board of Directors shall select another former President to fill that position, in descending order of presidency. The Immediate Past President shall serve on the Board Development Committee.

Section 7.07 Secretary. The Secretary of the Foundation shall be the Executive Director, or designee, during such periods when such a director is employed by the Foundation. During such periods when no Executive Director is so employed, the President, subject to the approval of the Board of Directors, shall appoint a designee ~~member of the Board of Directors~~ to serve as Secretary of the Foundation. The Secretary shall have no vote at any meeting. ~~however, a member of the Board appointed to serve as Secretary may still exercise the right to vote by reason of being a member of the Board.~~ The Secretary shall record the minutes of all meetings of the membership, ~~Board of Advisors~~, Board of Directors and Steering Committee, and circulate and maintain copies of these minutes in the Foundation offices.

Section 7.08 Removal of Officers. Any officer may be removed with or without cause at any time by the affirmative vote of two-thirds (2/3) of the Board of Directors present at such meeting, provided that there shall have been included in the notice of such meeting the notification of the intention to remove such officer.

Section 7.09 Vacancies. The Board of Directors shall have the power to elect a member of the Foundation to fill any vacancy caused by the death, resignation, or removal of an officer. The Board Development Committee shall present a nominee to the Board of Directors. The member elected to fill such a vacant position shall serve until the next Annual Meeting.

ARTICLE VIII COMMITTEES

Section 8.01 Standing Committees. The Board of Directors may establish and dissolve Standing Committees, delegating to each such powers and duties as it may determine. Each Standing Committee shall be chaired by a member of the Board of Directors. A motion creating any Standing Committee shall survive the term of the creating Board of Directors subject to amendment or dissolution. Subcommittees may be appointed by the Standing Committee Chair.

Section 8.02 Task Forces. The President shall have the authority to establish and dissolve Task Forces and appoint the members and chair of each task force. The President shall report any such action to the Board of Directors at the next meeting. Any delegation of authority beyond advisory responsibilities must be ratified by the Board of Directors.

Section 8.03 Steering Committee -- In addition to the committees that may be established under Section 8.01 or 8.02, there shall be a Steering Committee of the Foundation. The Steering Committee shall be composed of the President, who shall serve as Chair, Vice President, who shall serve as Vice Chair, Immediate Past President and Treasurer, and the Chair of the Board of Advisors. ~~The Chair of the Board of Advisors shall be effective through fiscal year 2010-2011 and then shall terminate.~~ Also on the Steering Committee will be four (4) members of the Board of Directors and two (2) past presidents, all elected by

the Board of Directors by written ballot prior to the first meeting of the Directors of each fiscal year. Each member of the Steering Committee shall be entitled to one (1) vote.

- a. The Steering Committee shall meet at least monthly, and should meet as often as necessary to carry out its purpose. The Steering Committee may review, consider and report to the Board of Directors on matters involving the Foundation, and may be called upon by the Executive Director as an advisory board for the day-to-day operation of the Foundation. The Steering Committee shall have the authority to make decisions on matters not specifically reserved to the Board of Directors.
- b. The Steering Committee shall serve as a Personnel Committee and conduct the Executive Director's annual performance review.
- c. The four (4) members from the Board of Directors, the Chair of the Board of Advisors **until such term is eliminated**; and the two (2) Past Presidents shall be limited to serving two (2) consecutive years on the Steering Committee.

Section 8.04 Finance Committee – The Finance Committee shall review all financial aspects of the Foundation and also act as an Audit Committee. The committee will monitor compliance with laws and regulations and to investigate any matters within its scope of responsibility. The committee will also investigate fraud and establish a procedure for employees and volunteers on “whistle blower” complaints. The committee will meet monthly prior to the Steering Committee and Board of Directors meetings. The Treasurer will serve as the Chair and members of the committee shall consist of the Foundation President, Vice President, and other Foundation members who have experience and knowledge of financial matters. The Executive Director and Controller will serve as ex officio, non-voting, members of the committee. Members of the committee should not have any conflict of interest in order to serve.

Section 8.05 Committee Operations – Both Standing Committees and Task Forces shall secure the approval of the Board of Directors prior to announcing or implementing their decisions. Where applicable, committees shall submit budgets and amendments to budgets for review by the Finance Committee and Steering Committee prior to submission to the Board of Directors for approval.

ARTICLE IX HISTORIC NEIGHBORHOODS

Section 9.01 Representation on Board of Directors – A designated historical neighborhood or area organization shall name a representative to be a voting member of the Foundation's Board of Directors for the duration of the Foundation's fiscal year.

Section 9.02 Number and Qualifications of Historic Neighborhoods or Areas. A minimum of two (2) organizations in historic neighborhoods or areas of Galveston shall be designated for representation. The following factors will be considered:

- a. Designation of the neighborhood or areas as a National Historic Landmark District, or a National Register of Historic Places District, or a locally zoned Historic District.
- b. The historic and architectural significance of the geographic area which the organization represents.
- c. The extent of development attained by the organization, including bylaws, officers, and periodic meetings.
- d. The extent, strength, and duration of the activities of the organization.

- e. The relationship of the organization's purpose and activities to the mission of the Foundation.

Section 9.03 Selection of Neighborhoods. Each year applications for membership will be made available to historic neighborhood associations in Galveston not currently represented on the Board. The application will request information outlined in Section 9.02 of this Article. Historic neighborhood or area organizations interested in serving on the Board of Directors will complete the application process submitting it to the chair of the Board Development Committee by the designated deadline. The Foundation's Board Development Committee will review the applications and, based on the above criteria, will recommend the suggested representatives from the neighborhood organizations to hold positions on the subsequent year's Board of Directors.

Organizations meeting all criteria, with special consideration given to organizations in locally zoned, National Historic Landmark, or National Register districts, will receive election preference. Final determination of the selection of organizations to be represented on the Board of Directors will lie with the Board as part of its duly constituted selection responsibilities.

Section 9.04 Public Policy. Each historic neighborhood representative will serve on the Public Policy Committee.

ARTICLE X BOARD OF ADVISORS

Section 10.01 Purpose. The Board of Advisors shall advise the Foundation's Board of Directors in the work of the Foundation by strengthening relations with the community and Foundation membership, encouraging volunteerism and fundraising for the Foundation, and providing a broad assessment of the Foundation's work.

Section 10.02 Representation on the Board of Directors. Members of the Board of Advisors may recommend to the Board Development Committee a candidate for Chair. The Chair of the Board of Advisors shall serve as a voting member of the Board of Directors, Steering Committee and shall be a member of the Foundation.

Section 10.03 Composition. The Board of Advisors shall consist of no fewer than fifteen (15) and not more than thirty (30) persons elected in accordance with these Bylaws. Any person is eligible for nomination and election to the Board of Advisors. All Advisors shall be members in good standing of the Foundation. Each Advisor shall choose a committee on which to serve in addition to the Board of Advisors of the Foundation.

Section 10.04 Term. The term of office of members of the Board of Advisors shall be three (3) years. Approximately one-third (1/3) of the Board of Advisors shall be elected at each Annual Meeting of the Foundation.

Section 10.05 Meetings. The Board of Advisors shall meet for purposes described above in Section 10.01 at least once in each fiscal year of the Foundation upon call of the Chair. The Chair shall call a meeting at the written request of ten (10) Advisors, by resolution, or upon the Chair's own motion.

Section 10.06 Removal of Advisors. An Advisor may be removed with or without cause from membership at any time by the affirmative vote of two-thirds (2/3) of the Board of Directors present at a meeting, provided that there shall have been included in the notice of such meeting notification of the intention to remove such Advisor.

Section 10.07 Vacancies. The Board of Directors shall have the power to appoint persons, upon recommendation of the Board Development Committee, to fill any vacancy caused by the death,

resignation, or removal of an Advisor. The person appointed to such a vacant position on the Board of Advisors shall serve until the next Annual Meeting.

Section 10.08 Termination. At the conclusion of the 2010-2011 fiscal year, June 30, 2011, there shall be no additional appointments and the Board of Advisors for the Foundation shall terminate.

ARTICLE XI CONFLICT OF INTEREST

Section 11.01 Board of Directors Composition. No employee or staff person or immediate family member thereof shall be eligible to serve as an officer or as a member of the Board of Directors of the Foundation. Nothing herein shall restrict the Executive Director from serving as Secretary of the Foundation and as a non-voting member of the Board of Directors. No person serving on the Board shall receive any monetary interest from the Foundation and shall be ineligible to serve.

Section 11.02 Definition. A conflict of interest is defined as direct financial interest accruing to the Board member and/or his/her immediate family (defined as parents, spouse, children or partner) or to any other organization or business entity with which the Board member is affiliated.

Section 11.03 Board of Directors. A member of the Board of Directors who may have a conflict of interest with the matter before the Board shall promptly notify the President or the Executive Director. The President shall then determine whether or not a conflict of interest exists. If the President is absent from any such meeting or discloses any involvement in a business transaction with the Foundation, then the Executive Director shall determine whether or not a conflict exists. Any Board member who declares or is found to have a conflict of interest shall refrain from participating in deliberations concerning that transaction, using personal influence in any way in the matter, and from voting on any such transaction. The Board member's presence may not be counted in determining the quorum for any vote with respect to a Foundation business transaction in which it has been found to have or declares a conflict of interest.

Section 11.04 Committees. The above provisions also apply to any committee acting on behalf of the Foundation.

Section 11.05 Conflict of Interest Statements. All Board members, Advisory Board members, and staff shall sign a Conflict of Interest Statement in order to continue in their position.

ARTICLE XII FISCAL POLICIES

Section 12.01 Fiscal Year. The Foundation's current fiscal year is July 1 through June 30.

Section 12.02 Audit. The financial records of the Foundation shall be kept in accordance with generally accepted accounting principles or such other methods recognized by the American Institute of Certified Public Accountants. These records shall be audited by a certified public accounting firm within six months following the close of each fiscal year.

ARTICLE XIII NOMINATIONS AND ELECTIONS

Section 13.01 Board Development Committee. There shall be a Board Development Committee whose Chair is elected by the membership at the Annual Meeting, or a specially called meeting of the membership. The Steering Committee, upon approval of the Board of Directors, shall appoint the Board Development Committee and it shall be approved by the Board. Other positions for which nominations shall be made by that committee for election by the membership shall include the President, Immediate Past President, Vice President, Treasurer, At-Large members of the Board of Directors, the Chair of the Board of Advisors, members of the Board of Advisors, and Standing Committee Chairs for the following fiscal

year. The Board Development Committee shall prepare slates to be presented at the Annual Meeting, and shall provide orientation for Directors. The committee may be called upon to make recommendations to fill vacancies as needed.

Section 13.02 Composition of Board Development Committee. The Board Development Committee shall be composed of a minimum of five (5) persons, plus the Chair. The President, Vice President and Treasurer are ineligible to be members of the Board Development Committee. No more than two-thirds (2/3) of the members of the Board Development Committee shall be current members of the Board of Directors. No person serving on the Board Development Committee may be appointed to the Board of Directors for the ensuing term. The immediate Past President shall be a member of the Board Development Committee.

Section 13.03 Notice and Nominations. The notice of the Annual Meeting of the membership at which elections are to occur shall include the slate of Officers, At-Large Directors, Chairs, and Advisors nominated by the Board Development Committee. There may be nominations from the floor. Only members of the Foundation may be nominated for election as Officers, Directors, Advisors or Chairs.

Section 13.04 Election. The slate presented by the Board Development Committee shall be elected by a majority of those members present and voting at the Annual Meeting. If there are multiple nominees of these positions, the membership shall vote by show of hand. Each member may cast one vote for each position.

ARTICLE XIV GHF ENDOWMENT, INC.

Section 14.01 Purpose. GHF Endowment, Inc., is to operate as a supporting organization within the meaning of Section 509 (a) (3) of the Internal Revenue Code of 1986 for the exclusive and sole benefit of the Foundation.

Section 14.02 Nomination and Election of Directors. The Board Development Committee of the Foundation will nominate Directors to GHF Endowment, Inc., by a majority vote of all eligible voting members at a duly called meeting, in accordance with the Bylaws of GHF Endowment, Inc. Nominations shall be submitted to the Foundation's Board of Directors at a meeting called with due notice. Nominees will be elected individually to serve on the Board of Directors of GHF Endowment, Inc. Each Director must be elected by a majority vote of all eligible voting Board members. At its May/June meeting, the Board of Directors of GHF Endowment, Inc. will designate one of its members to serve as a voting member of Galveston Historical Foundation's Board of Directors for the GHF fiscal year commencing the following July 1.

Section 14.03 Removal of Directors. A duly elected Director of GHF Endowment, Inc., may be removed by the Board of Directors of the Foundation for willful breach or neglect of duties, negligence in carrying out the duties as a Director of GHF Endowment, Inc., action not in the best interest of the Foundation, engaging in fraud of the Foundation or conviction of a felony. A Director appointed to fill such a vacancy shall be appointed for the unexpired term of the predecessor in office. Any Director who is appointed to fulfill a vacancy shall meet the same qualifications for that particular position as a Director elected in the manner described in Section 14.02 of this Article.

The Foundation's Executive Director or a member of its Board of Directors may recommend to the Steering Committee the removal of a Director of GHF Endowment, Inc. This must be done in writing and posted as part of the agenda with due notice for any meeting at which such removal will be discussed. The Steering Committee is obligated to investigate allegations. If they choose to remove a Director, it will be a recommendation to the Board. Removal will require a two-thirds (2/3) vote of eligible Board members.

Section 14.04 Application for Funds. Distribution of funds shall be made following the regular budget development process of the Foundation. The Board of GHF Endowment Inc. shall annually establish a

pay-out rate to Galveston Historical Foundation, based on the value of the Endowment. The pay-out rate may not exceed 5% of the value of the Endowment, based on a three-year average of the assets at the end of the fiscal year.

Additional funds distributed to conduct the affairs of the Foundation shall be requested by a majority vote of the eligible Board members of the Foundation as long as the sum can be satisfied out of income. If the corpus of the Endowment is to be utilized, a two-thirds (2/3) vote of all eligible Board members of the Foundation will be required upon proper notice.

ARTICLE XV VOTING, QUORUM AND MAJORITY

Section 15.01 Voting. A member duly present at a meeting shall be entitled to vote in accordance with voting privileges granted in these Bylaws at such meeting. Fifty (50) percent of those qualified to attend and vote at any meeting of the Board of Directors shall constitute a quorum. A number of members equal to two (2) times the Board membership shall constitute a quorum for a membership meeting. There shall be no quorum requirements for any meeting of the Board of Advisors **during its existence**. Notwithstanding the foregoing, a quorum of two-thirds (2/3) of the members of the Board of Directors is required to vote upon the removal of an Officer or Director. Unless otherwise specified herein, a majority of those present in person and entitled to vote at any meeting shall be sufficient to decide any question, provided a quorum be present.

Section 15.02 Proxy. There shall be no voting by proxy at any meeting of the membership, Steering Committee, Board of Directors, Board of Advisors **during its existence**, or other committees.

ARTICLE XVI DUE NOTICE OF MEETINGS

The Secretary shall cause notice of all membership meetings to be communicated to all members by any of the following means: publication in a newspaper of general circulation in Galveston, Texas, by mail, by telephone, by facsimile, by email, or in person to all members at least fourteen (14) days prior to the date thereof; and for all Board of Advisors meetings to all Advisors at least seven (7) days prior to the date **thereof during its existence**; however, in times of unusual circumstances, meetings of the Board of Directors may be called by the Secretary, or by the President in a manner (whether written or oral) and with a notice period that is reasonable under the circumstances.

ARTICLE XVII AMENDMENTS

Upon recommendation of the Board of Directors, these Bylaws may be amended by a two-thirds (2/3) vote of those present and voting in person at any membership meeting of the Foundation, provided that the proposed changes shall be duly advertised as available to the membership at least fourteen (14) days before the date of such meeting.

ARTICLE XVIII LIMITATIONS

No part of the net earnings of the Foundation, if any, shall inure to the benefit of any member or individual. No substantial part of the activities of the Foundation shall involve attempts to influence legislation by propaganda or otherwise, and the Foundation shall not participate in any way in political campaigns on behalf of any candidate for public office.

ARTICLE XIX
DISSOLUTION

The property of this Foundation is irrevocably dedicated to charitable purposes and upon liquidation, dissolution or abandonment of the Foundation, after providing for the debts and obligations thereof, the remaining assets will not inure to the benefits of any private person but will be distributed to a non-profit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Sections 501(c)(3) and 509(a)(1), (2) or (3) of the Internal Revenue Code of 1954.