

DRAFT
MINUTES OF THE CITY COUNCIL OF THE CITY OF GALVESTON
SPECIAL MEETING - FEBRUARY 19, 2025

2/19/2025 - Minutes

1. DECLARATION OF A QUORUM AND CALL MEETING TO ORDER

With a quorum present, the meeting was called to order at 9:00 a.m.

2. ROLL CALL

Present: Mayor Craig Brown, Mayor Pro Tem Marie Robb, Council Member Sharon Lewis, Council Member David Finklea, Council Member Alex Porretto, and Council Member Beau Rawlins.

Absent: Council Member Bob Brown.

3. WORKSHOP

- 3.A. Receive A Status Report From The City Auditor Related To The Ongoing Audit Of The Park Board Of Trustees And Any Observations The Auditor May Have Related To Completion Time. (Porretto/Rawlins)

The discussion focused on an ongoing audit of the Park Board of Trustees. After making statement related to the agenda item, CM Finklea left the meeting at 9:15 a.m.

Key points include: (1) The City Auditor reported that the audit is still in progress, with two preliminary findings such as a \$3,200 payment to a Park Board employee's spouse and a conflict of interest where an employee set up a business at Park-run beaches; (2) There was discussion on whether to act immediately or wait for the audit's completion; (3) The scope of the audit was discussed, with a call for a more thorough investigation into conflicts of interest, especially regarding the Hot Tax and procurement issues; (4) The City Auditor noted that the audit would be completed by March, but expanding the audit could take up to six months. There were concerns about additional staffing and the ability to meet deadlines; and (5) The importance of setting up proper oversight policies (guardrails) was emphasized. Some members stressed the need for immediate actions, while others preferred waiting for complete findings. Overall, the meeting focused on ensuring full transparency, accountability, and the timely completion of the audit to address potential financial mismanagement at the Park Board.

- 3.B. Discussion Of The Park Board Of Trustees Request That The City Acknowledge That It Has No Ownership Interest In The Colonel Paddle Wheeler. (Legal)

The Council discussed a request from the Park Board of Trustees for the City to acknowledge that it has no ownership interest in the Colonel Paddle Wheeler. The issue arose when the Museum, which owns the paddlewheeler, tried to sell it and discovered a potential clerical error in the Coast Guard's records indicating the City of Galveston was the owner. The Park Board believes this error stems from an outdated document and provided agreements showing the vessel was transferred to the Park Board in 1989. The Park Board also has a deed of gift and argues that if they ever wanted to sell the vessel, they would need to offer it back to the Museum. After reviewing the documents and conducting a thorough search, there appears to be no indication of city ownership, suggesting a clerical error. The issue is pressing as the Park Board needs to make a decision quickly to avoid expensive maintenance costs for the paddlewheeler. The council is asked to confirm that the city does not own the vessel and ensure no financial responsibility falls on the city if the transfer proceeds.

CM Lewis left the meeting at 10:08 a.m.

3.C. Executive Session

Pursuant to Texas Gov't Code 551.071- Consultation with attorney, an executive session will be conducted to discuss and receive legal advice concerning pending litigation and/or a settlement offer, or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter, related to the following:

Remedies available to the City related to ensure the proper and lawful use of HOT funds delivered to the Park Board under the Texas Tax Code and the present contract between the City and Park Board related to delivery of HOT funds to the Park Board. (Porretto/Rawlins)

The City Council convened into Executive Session at 10:08 a.m. and reconvened into Open Session at 11:20 a.m. No action was taken during Executive Session.

4. SPECIAL MEETING AGENDA

4.A. Public Comment On Agenda Items Under Tex Gov't Code 551.007

None.

4.B. Consider For Action A Motion To Implement Safeguards And Or Any Additional Procedures For The Delivery Of Hotel Occupancy Tax Funds And Their Use By The Park Board Pending Completion Of The Audit Being Performed By The City Auditor And Presentation Of His Report To The City Council And Directing City Staff To Take The Necessary Action To Put Them Into Effect. (Porretto/Rawlins)

Motion was made by CM Porretto, second by CM Rawlins, asking the Galveston Park Board of Trustees to place on the February 25th meeting for discussion and vote for consideration implementing a policy, until further notice, to submit 30 day expense reports detailing expenditures, parties involved, and the purpose of the expenditures via electronic documentation at each regularly scheduled Council meeting for acceptance by Galveston City Council. Unanimously approved by those present.

4.C. Consider For Action A Motion To Determine The Extent Of Any Ownership Interest, If Any, Of The City Related To The Colonel Paddle Wheeler; And Authorizing The City Manager To Take Any Action Consistent With The Determination Of The City Council Upon Approval Of The City Attorney. (Legal)

Motion was made by Mayor Brown, second by CM Rawlins, making a finding that the City has no ownership interest related to the Colonel Paddle Wheel, and the City Manager is to execute the documents to reflect that, any costs associated with that will be borne by the Park Board and not the City. Unanimously approved by those present.

5. ADJOURNMENT

The meeting was adjourned at 11:31 a.m.

Janelle Williams, City Secretary

Date Approved: