

Amend CSHB 3588 in Section 12 of the bill by adding the following appropriately numbered Section and renumber subsequent sections accordingly:

SECTION . Title 3, Transportation Code, is amended by adding Chapter 27 to read as follows:

CHAPTER 27. AIRPORT AUTHORITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 27.001. LEGISLATIVE DECLARATION. (a) The economic well-being of the state and the general welfare of its residents require adequate, safe, secure, and efficient aviation facilities at a reasonable cost.

(b) The purpose of this chapter is to authorize the creation by the state, counties, and municipalities, through their independent or joint action, airport authorities, corporate and politic, constituting political subdivisions of the state, for the purpose of:

(1) acquiring and improving airports, heliports, air navigation facilities, and related facilities;

(2) financing the cost of the activities listed under Subdivision (1) by the issuance of bonds or other obligations of an authority payable from the income of the authority and otherwise secured to the extent permitted by law without the incurrence of debt by the state or by a political subdivision; and

(3) promoting and facilitating transportation by air from or to points located within the state, to the benefit and general welfare of the state, including its political subdivisions and inhabitants.

Sec. 27.002. DEFINITIONS. In this chapter:

(1) "Aircraft" means a contrivance invented, used, or designed for navigation of or flight in the air, except a parachute or other contrivance designed for use primarily as safety equipment.

(2) "Air navigation facility" means a facility used in, available for use in, or designed for use in aid of air navigation, including a structure, mechanism, light, beacon, marker, communicating system, or other instrumentality or device used or useful as an aid or constituting an advantage or convenience

to the safe taking-off, navigation, and landing of aircraft, or the safe and efficient operation or maintenance of an airport or heliport, including any combination of facilities listed above.

(3) "Airport" means an area of land or water that is used, or intended for use, for the landing, taking-off, storage, parking, or dispersal of aircraft, including:

(A) any appurtenant areas that are used or intended for use for airport buildings, facilities, or rights-of-way; and

(B) airport buildings, structures, and facilities located on the area of land or water.

(4) "Airport building" means a building used or to be used in connection with:

(A) the construction, enlargement, development, maintenance, or operation of an airport or heliport; or

(B) the exercise of any power of the authority.

(5) "Airport facility" means a building, structure, land, right-of-way, equipment, or instrumentality used or to be used in connection with the construction, enlargement, development, maintenance, or operation of an airport or heliport.

(6) "Airport hazard" means a structure, object of natural growth, or use of land that:

(A) obstructs the airspace required for the flight of aircraft in landing or taking off at an airport or heliport; or

(B) is otherwise hazardous to the flight of aircraft in landing or taking off at an airport or heliport.

(7) "Authority" means a public corporation organized under this chapter.

(8) "Board" means the board of directors of an authority.

(9) "Bond" means a bond authorized to be issued under this chapter.

(10) "Coupon" means an interest coupon evidencing an installment of interest payable with respect to a bond.

(11) "Director" means a member of the board of directors of an authority.

(12) "Heliport" means an airport designed primarily for use by helicopters.

(13) "Indenture" means a mortgage, indenture of mortgage, deed of trust, trust agreement, or trust indenture executed by an authority as security for bonds.

[Sections 27.003-27.030 reserved for expansion]

SUBCHAPTER B. INCORPORATION AND ADMINISTRATION
OF AUTHORITY

Sec. 27.031. INCORPORATION. (a) An authority may be organized as a public corporation under this chapter.

(b) At least three natural persons shall file with the governing body of one or more counties or municipalities an application in writing for permission to incorporate a public corporation under this chapter and shall attach to the application a proposed form of articles of incorporation for the corporation.

(c) If each governing body with which the application is filed adopts a resolution approving the form of the articles of incorporation and authorizing the formation of a public corporation, the applicants under Subsection (b) become the incorporators of and shall incorporate the authority as a public corporation under this chapter using the form of the articles approved.

Sec. 27.032. ADDITIONAL COUNTIES OR MUNICIPALITIES. An additional county or municipality may become part of an authority if each additional county or municipality and each county or municipality in the authority adopts a resolution consenting to the inclusion of the additional county or municipality in the authority.

Sec. 27.033. INCLUSION IN AUTHORITY. On the inclusion of a county or municipality in an authority, either initially or as an additional member, all rights, contracts, obligations, and property, both real and personal, of a municipality or county used for or in relation to transportation by air shall vest in the authority created under this subchapter unless otherwise specified by the resolution including the municipality or county in the authority.

Sec. 27.034. STATE JOINING AN AIRPORT AUTHORITY. The

governor, on behalf of the state, may authorize the state to join in the creation of an authority under this subchapter or to join an existing authority created under this subchapter.

Sec. 27.035. WITHDRAWAL FROM AUTHORITY. (a) After the organization of an airport authority by more than one governmental entity, a county or municipality in an authority may withdraw from the authority by resolution of the commissioners court of the county or governing body of the municipality.

(b) A withdrawing county or municipality may not claim or remove an asset of the authority.

Sec. 27.036. CONTENTS OF CERTIFICATE OF INCORPORATION. The certificate of incorporation of an authority shall state:

(1) the name and county of residence of each person forming the authority;

(2) the name of the authority which must include the words "airport authority";

(3) the duration of the authority or if the duration is perpetual, the fact that the authority is of perpetual duration;

(4) the names of the governmental entities in the authority and the date on which the:

(A) governing body of the county or municipality adopted the resolution authorizing the incorporation of the authority or consenting to the inclusion of the county or authority; or

(B) governor authorized the state to join in the creation of an authority or an existing authority;

(5) the proposed location in this state of the principal office of the authority; and

(6) any other matters relating to the authority that the incorporators choose to insert and that are not inconsistent with this chapter or the laws of this state.

Sec. 27.037. INCORPORATION; EXECUTION AND FILING OF ARTICLES. (a) The articles of incorporation of an authority shall:

(1) be signed and acknowledged by the incorporators; and

(2) have attached a certified copy of each of the

resolutions provided for in Section 27.031.

(b) The articles of incorporation of an authority and the documents required to be attached under Subsection (a) shall be filed with the secretary of state.

(c) When a certificate of incorporation is issued by the secretary of state after the filing of the articles and attached documents, the authority referred to in the certificate shall:

(1) come into existence;

(2) constitute a public corporation under the name listed in the certificate; and

(3) have all the rights and powers given to authorities under this chapter.

Sec. 27.038. BOARD OF DIRECTORS. (a) The governing body of an authority is a board with at least five but no more than nine members appointed as follows:

(1) if the state alone authorizes an authority, the members shall be elected by the governor, the lieutenant governor, and the speaker of the house of representatives with the total number of members to be set out in the articles of incorporation of the authority;

(2) if the sole authorizing governmental entity is a county, the commissioners court of the county shall elect the members with the number of members to be set out in the articles of incorporation of the authority; and

(3) in all other cases:

(A) one member shall be elected by each governing body of an authorizing governmental entity;

(B) one member shall be elected by the commissioners court of the county in which the principal office of the authority is located, if the county is not an authorizing governmental entity; and

(C) one additional member shall be elected by the governing bodies of each authorizing governmental entity and the commissioners court of the county in which the principal office of the authority is located.

(b) Each member elected by a governing body of an authorizing governmental entity must be a resident of the

authorizing governmental entity. The additional member elected under Subsection (a)(3)(C) may be a resident of any county electing the member.

(c) Other than the additional member elected under Subsection (a)(3)(C), each authorizing governmental entity may elect the same number of members as any other authorizing governmental entity.

(d) A board member is eligible for re-election.

(e) If the state joins in the creation of an airport authority under this subchapter or joins an existing airport authority created under this subchapter, the state is entitled to the number of board members agreed on by the authorizing governmental entities and the state, but is entitled to at least one board member. A board member representing the state shall be appointed by the governor.

(f) The board may employ and set the compensation of necessary personnel.

Sec. 27.039. VACANCY; IMPEACHMENT. (a) Except as provided by Subsection (b), if a board member resigns, dies, or becomes incapable or ineligible to act as a board member, a successor to serve the unexpired portion of the board member's term shall be elected in the same manner provided by Section 27.038 as the board member whose unexpired term the successor is filling.

(b) If a vacancy in the office of the additional member elected under Section 27.038(a)(3)(C) continues for more than 30 days, the governor shall, on the request of any governmental entity that elected the member, appoint a successor.

(c) A board member may be impeached and removed from office.

Sec. 27.040. ELIGIBILITY. An officer of the state, a county, or a municipality is not eligible to serve as a board member.

Sec. 27.041. TERMS. (a) The term of office of a board member shall be set out in the articles of incorporation of an authority.

(b) Board members serve staggered terms so that the term of at least one member expires each year.

Sec. 27.042. QUORUM. (a) Except as provided by Subsection (b), a majority of the board members constitutes a quorum for the

transaction of business.

(b) A meeting of a board may be adjourned by a majority of the board members present or may be adjourned by a single board member if the member is the only board member present at the meeting.

(c) A vacancy in the board shall not impair the right of a quorum to exercise all the powers and duties of an authority.

Sec. 27.043. MEETINGS. (a) A board shall hold regular monthly meetings and any other meeting as provided for in the bylaws of the authority.

(b) A board may hold a special meeting at the call of the chair of the authority or two board members.

(c) Any matter on which the board is authorized to act may be acted upon at a regular or special meeting.

(d) At the request of a board member, the vote on a question before a board shall be taken by yeas and nays and entered upon the record. All proceedings of a board shall be reduced to writing by the secretary of the authority and open to board members and to the public at all times. Copies of the proceedings, when certified by the secretary of an authority under its seal, are admissible in a court as evidence of the matters certified in the proceedings.

Sec. 27.044. COMPENSATION. A board member is not entitled to receive compensation but is entitled to reimbursement for actual and necessary expenses.

Sec. 27.045. OFFICERS. (a) Officers of the board consist of a chair, vice chair, secretary, and any other officer the board considers necessary.

(b) The board shall elect from the members of the board a chair, vice chair, and secretary for a term of one year.

(c) The treasurer and any other officers a board considers necessary need not be members of the board and shall be elected by the board for terms determined by the board.

(d) The offices of secretary and treasurer may be held by the same person.

Sec. 27.046. TAX EXEMPTION; BONDS, PROPERTY, INCOME. (a) Bonds issued by an authority and the income on the bonds are exempt from all state taxation.

(b) All property and income of an authority are exempt from all state, county, municipal, and other local taxation.

(c) Subsection (b) does not exempt concessionaires, licensees, tenants, operators, or lessees of an authority from the payment of any taxes, including licenses or privilege taxes levied by the state, a county, or a municipality.

Sec. 27.047. TAX EXEMPTION; ACCESS TO AIRPORTS. A county or municipality may not require the payment of any tax or privilege license from a person, firm, or corporation for the reasonable use of public streets, roads, or highways leading to or from an airport, heliport, or aircraft landing area owned or operated by or under the jurisdiction of an authority.

Sec. 27.048. ZONING. (a) An authority is exempt from zoning laws, ordinances, and regulations.

(b) An authority has the same zoning powers with respect to the zoning of an airport in an unincorporated area owned or operated by the authority and the zoning of the unincorporated area lying within two miles of the boundaries of the airport as a municipality that owns or operates an airport.

Sec. 27.049. GENERAL POWERS. An authority may:

(1) have succession by its corporate name for the duration of time specified in the articles of incorporation;

(2) sue and be sued in its own name in civil suits and actions, except actions in tort against the authority;

(3) adopt and make use of a corporate seal;

(4) adopt and alter bylaws for the regulation and conduct of its affairs and business;

(5) acquire, receive, take, and hold, by purchase, gift, lease, devise, or other means, property, regardless of whether in one or more counties or within or outside the corporate limits of an authorizing governmental entity, and manage the property, including developing undeveloped property owned, leased, or controlled by the authority;

(6) execute a contract or other instrument;

(7) enter on land, water, and premises for the purposes of making surveys, soundings, and examinations;

(8) plan, establish, develop, acquire, construct,

enlarge, improve, maintain, equip, operate, regulate, and protect an airport and air navigation facility, including the:

(A) acquisition, construction, installation, equipment, maintenance, and operation at, in connection with, or in furtherance of the use at an airport of sanitary and storm sewage systems and water, electric, and gas systems, buildings, hangars, and other facilities for:

(i) airlines, U.S. military aircraft, and general aviation aircraft; or

(ii) the comfort, use, and accommodation of air travelers; and

(B) purchase and sale of supplies, goods, and commodities incident to the operation of an airport property;

(9) construct, acquire, establish, improve, extend, enlarge, reconstruct, equip, maintain, repair, and operate a heliport, an aerial aircraft landing, loading, or storage area, and a transportation terminal;

(10) construct, acquire, establish, improve, extend, enlarge, reconstruct, equip, maintain, and repair a building, structure, or facility that is suitable for use as a manufacturing plant, industrial plant, retail shopping area, park, exhibit, or for the conduct of lawful business at, on, or adjacent to an airport, heliport, or aircraft landing area owned or operated by the authority;

(11) lease a building, structure, or facility described in Subdivision (10) to a tenant under terms approved by the authority;

(12) for compensation, furnish or supply on an airport, heliport, or aircraft landing area owned or operated by or under the jurisdiction of the authority, to persons and aircraft, goods, commodities, area facilities, and services convenient or useful to the owners, operators, and users of aircraft and to persons at the airport, heliport, or aircraft landing area, including food, lodging, shelter, drinks, confections, reading matter, oil, gasoline, jet fuel, motors, engines, aircraft, aircraft parts and equipment, space in buildings, space for buildings and structures, and the services of mechanics and

instructors;

(13) confer on an individual, firm, corporation, or company, for compensation, the privilege or concession of supplying on an airport, heliport, or aircraft landing area owned or operated by or under the jurisdiction of the authority, all of the items to be furnished or supplied under Subdivision (12);

(14) acquire, including by eminent domain, establish, construct, expand, own, control, equip, improve, maintain, operate, and regulate a satellite airport or landing field for the use of aircraft in the state;

(15) acquire, including by purchase, gift, devise, lease, or eminent domain proceedings, an existing airport and air navigation facility with the consent of the county, municipality, or public agency of the state that owns or controls the airport and air navigation facility;

(16) issue interest-bearing bonds payable from the limited sources available under this chapter;

(17) pledge for payment of bonds any revenues and funds from which the bonds are made payable;

(18) enter into a contract, lease, or agreement incidental to or necessary for the accomplishment of any purpose for which the authority was organized;

(19) exercise the power of eminent domain with respect to property, including airspace, air navigation easements, structures, obstructions to flight, and property already devoted to public use that reasonably may be necessary for the construction, extension, maintenance, operation, protection, enlargement, improvement, or preservation of an airport or airport facility or sanitary or storm sewage systems water, electric, and gas systems on, adjacent to, or in connection with or for the furtherance of the use of an airport, heliport, aircraft landing area, or other property owned by or operated by the authority;

(20) appoint, employ, contract with, and compensate officers, employees, and agents, including engineers, security officers and guards, attorneys, consultants, fiscal advisers, and other employees the authority may require;

(21) fix, establish, collect, and alter landing fees,

tolls, rents, and other charges for the use of an airport, heliport, landing area, building, structure, facility, or other property owned or controlled by the authority;

(22) make and enforce rules governing the use of an airport, heliport, landing area, or airport facility owned or controlled by the authority;

(23) provide for insurance, including use and occupancy insurance, as determined by the board;

(24) invest funds of the authority that the board determines are not presently needed for its corporate purposes in:

(A) a direct general obligation of the United States;

(B) an obligation that is unconditionally guaranteed as to both principal and interest by the United States;
or

(C) bonds of the state, a county, or a municipality;

(25) contract with the state, a county, a municipality, a public corporation, an agency, a department, or other political subdivision of this state if the board determines that the contract accomplishes the purposes for which the authority was established;

(26) sell and convey property that is obsolete, worn out, or no longer needed or useful;

(27) receive and accept for the construction, extension, improvement, maintenance, or operation of an airport, heliport, or airport facility money, property, labor, or other thing of value from any source, including grants from the United States, the state, or any political subdivision of the state;

(28) purchase services, equipment, and supplies necessary or convenient for the exercise of any power of the authority;

(29) enter into a management agreement with a county or municipality for the management by the authority of an airport, heliport, air navigation facility, or other facility useful to the authority; and

(30) take any other action necessary or convenient to

carry out the purposes of this chapter or the exercise of a power granted under this chapter.

Sec. 27.050. LIMITATION ON POWER. An authority may not acquire by eminent domain real property or rights owned or held by a railroad or utility.

Sec. 27.051. MUNICIPAL VOTE REQUIRED. Before an authority may own, acquire, construct, or operate an airport or an airport facility within the corporate limits of a municipality, a majority of the governing body of the municipality must vote in favor of the proposed airport or airport facility.

Sec. 27.052. PEACE OFFICERS. (a) The authority may employ security officers who have obtained a peace officer license issued by the Commission on Law Enforcement Officer Standards and Education.

(b) A court of a municipality that is an authorizing governmental entity has jurisdiction over a misdemeanor committed on the property of an authority.

(c) A county that is an authorizing governmental entity has jurisdiction over a misdemeanor committed on the property of an authority if there is no authorizing municipality.

Sec. 27.053. FUNDING. (a) An authority is authorized to accept, receive, disburse, and expend federal money, state money, and any other money made available by grant or loan to accomplish a purpose of this chapter.

(b) Federal money accepted under this section shall be accepted and expended by an authority on terms prescribed by the United States that are not inconsistent with the laws of this state.

Sec. 27.054. ASSISTANCE BY STATE OR LOCAL ENTITIES. A county, municipality, or other political subdivision of the state, including a public corporation, may, with or without consideration:

(1) lend or donate money to an authority;

(2) provide that all or part of the taxes or funds available to it or required by law to be used by it for airport purposes shall be transferred or paid directly to an authority;

(3) cause water, sewer, or drainage facilities or any other facilities that it is empowered to provide to be furnished adjacent to or in connection with an airport, heliport, or air

navigation facility;

(4) donate, sell, convey, transfer, or lease to an authority any land, property, franchise, grant, easement, license, or lease that it owns;

(5) donate, sell, convey, or lease an airport, airport property, heliport, heliport property, or any interest in an airport, airport property, heliport, or heliport property owned by it to an authority;

(6) donate, transfer, assign, sell, or convey to an authority any right, title, or interest that it has in a lease, contract, agreement, license, or property;

(7) furnish, dedicate, close, pave, repair, install, grade, regrade, plan, or replan streets, roads, roadways, and walks:

(A) from established streets or roads to an airport or air navigation facility; or

(B) abutting or adjacent to an airport or air navigation facility;

(8) take any other action that is necessary or convenient to aid and cooperate with an authority in the planning, undertaking, construction, or operation of an airport, heliport, or air navigation facility; and

(9) furnish, at the request of an authority, fire and air crash equipment and personnel to properly operate the equipment at an airport, heliport, or aircraft landing area owned, operated, or under the jurisdiction of an authority or train authority personnel in fire, crash, and rescue.

Sec. 27.055. DISSOLUTION. (a) If an authority does not have outstanding bonds, the authority may be dissolved on the filing of articles of dissolution with the secretary of state that shall be sworn to and subscribed by each member of the authority.

(b) On issue of a certificate of dissolution by the secretary of state, an authority ceases to exist. On dissolution, all rights, titles, and interests of the authority in property:

(1) vest in the authorizing governmental entities as provided by the articles of incorporation; or

(2) if not provided for in the articles of

incorporation, vest in the authorizing governmental entities equally.

Sec. 27.056. CONTRACT VALIDATION. A contract entered into or a legal action instituted by a de facto or de jure authority is validated.

[Sections 27.057-27.100 reserved for expansion]

SUBCHAPTER C. BONDS

Sec. 27.101. GENERAL PROVISIONS. (a) An authority may issue interest-bearing revenue bonds for any of its corporate purposes.

(b) The principal of and the interest on bonds is payable solely from and may be secured by a pledge of the revenues derived by an authority from the operation of authority airports, heliports, facilities, and other property.

(c) Bonds issued or contracts entered into by an authority under this chapter do not create debt of the state, a county, or a municipality and do not create a charge against the credit or taxing powers of the state, a county, or a municipality.

Sec. 27.102. BONDS ISSUED. (a) Board proceedings shall determine how bonds are issued, including the following matters:

(1) whether the bonds are issued at any time and from time to time;

(2) bond form and denominations;

(3) bond tenor, payable in installments, and at times not to exceed 40 years from the date of issue;

(4) place of issue; and

(5) rate of interest.

(b) A bond having a stated maturity date more than 10 years after its date of issue shall be made subject to redemption at the option of an authority not later than the 10th anniversary of its date of issue and on any interest payment date after that time at a price, after notice, on terms, in the manner provided in the board proceeding that authorized the bond issuance.

(c) Bonds of an authority may be sold at public or private sale in the manner and from time to time as may be determined by the board.

(d) An authority may pay all reasonable expenses, premiums,

fees, and commissions that the board determines are necessary or advantageous in connection with the authorization, sale, and issuance of bonds.

(e) Bonds must contain a recital that the bonds are issued under this chapter.

(f) A public hearing is not required for the issuance of bonds by an authority.

(g) Notwithstanding the fact that they are payable solely from a specified source, bonds issued under this chapter are negotiable instruments within the meaning of the negotiable instruments law of this state if the bonds otherwise possess all the characteristics of a negotiable instrument under the law of this state.

Sec. 27.103. NOTICE; CHALLENGES. (a) On the adoption of a resolution providing for the issuance of bonds, an authority may publish, once a week for two consecutive weeks, in a newspaper that is distributed in the county in which the principal office of the authority is located, notice in substantially the following form at the end of which shall be printed the name and title of either the chair or secretary of the authority:

"_____, a public corporation of the State of Texas, on the ____ day of ____ authorized the issuance of \$_____ principal amount of revenue bonds of the corporation for purposes authorized in the Act of the Legislature of Texas under which the corporation was organized. Any action or proceeding questioning the validity of the bonds, or the pledge and any instruments securing the bonds, or the proceedings authorizing the bonds, must be commenced within 20 days after the first publication of this notice."

(b) An action or proceeding in a court to set aside or question the proceedings for the issuance of bonds referred to in a notice under Subsection (a) or to contest the validity of the bonds or the validity of the pledge and any instruments made to secure the bonds must be commenced before the 31st day after the date of first publication of the notice.

(c) After the 30-day period described under Subsection (b) expires:

(1) a right of action or defense questioning or

attacking the validity of the proceedings, bonds, pledge, or instruments may not be asserted; and

(2) the validity of the proceedings, bonds, pledge, or instruments are not open to question in a court on any ground.

Sec. 27.104. EXECUTION AND DELIVERY. (a) Bonds shall be signed by the chair or vice chair and by the secretary or treasurer of an authority. The signature of one of the officers whose signatures will appear on the bonds may be imprinted or otherwise reproduced.

(b) The seal of an authority shall be affixed onto the bonds or a facsimile of the seal of an authority shall be imprinted or otherwise reproduced on the bonds.

(c) Coupons shall be signed by the chair or vice chair and by the secretary or treasurer of an authority. The signature of the secretary or treasurer may be imprinted or otherwise reproduced.

(d) Delivery of bonds executed as provided under this section is valid notwithstanding any changes in officers or in the authority seal after the signing and sealing of the bonds.

Sec. 27.105. SECURITY. (a) At the discretion of an authority, bonds may be issued under and secured by an indenture between the authority and a trustee. A trustee may be a private person or corporation, including a trust company or bank having trust powers.

(b) In an indenture or resolution providing for the issuance of bonds, the authority may:

(1) pledge, for payment of the principal of and the interest on bonds, authority revenues;

(2) assign, as security for payment, a lease, franchise, permit, or contract; and

(3) mortgage a property.

(c) A pledge of revenues shall be valid and binding from the time it is made. Pledged revenues received after the pledge by an authority immediately become subject to the lien of the pledge without physical delivery or further act. The lien of the pledge is valid and binding against a party having a claim of any kind against the authority, regardless of whether the party has actual notice of the lien, from the time a statement is filed in the office of the

county clerk of:

(1) the county in which the principal office of the authority is located; or

(2) a county in which any part of the property, the revenues from which are pledged, is located.

(d) A statement under Subsection (c) must contain:

(1) the date on which a resolution authorizing the issuance of bonds was adopted by a board;

(2) the principal amount of bonds issued;

(3) a brief description of the revenues pledged; and

(4) a brief description of property the revenues from which are pledged.

(e) In an indenture or resolution pledging revenues from an airport, heliport, building, or facility, an authority may include provisions customarily contained in instruments securing evidence of indebtedness, including provisions relating to:

(1) the collection, segregation, and application of rental or other revenue due or to become due to the authority;

(2) the terms to be incorporated in a lease agreement pertaining to authority property;

(3) the maintenance and insurance of a building or structure owned by the authority;

(4) the creation and maintenance of special funds from revenue of the authority;

(5) the rights and remedies available in the event of default to the holder of the bonds or the trustee under the indenture; and

(6) restricting the individual rights of action of the holders of the bonds and coupons.

(f) If an authority defaults in payment of the principal or interest on bonds or in an agreement included in an indenture securing the bonds, a holder of the bonds or any of the coupons, or the trustee under an indenture if authorized in the indenture:

(1) may enforce payment of the principal or interest by civil action, mandamus, or other proceeding;

(2) may compel performance of a duty of the board and officers of the authority; and

(3) shall be entitled as a matter of right and regardless of the sufficiency of the security to the appointment of a receiver with all the powers of a receiver for the:

(A) operation and maintenance of the property of the authority covered by the indenture; and

(B) collection, segregation, and application of revenues from property of the authority covered by the indenture.

Sec. 27.106. PROCEEDS. (a) Proceeds derived from the sale of bonds may be used only to pay the cost of acquiring, constructing, improving, enlarging, and equipping an airport, facility, or property as specified in the proceedings in which the bonds are authorized to be issued.

(b) Eligible costs under Subsection (a) include:

(1) the cost of land forming a part of an airport, facility, or property;

(2) the cost of labor, material, and supplies used in the construction, improvement, or enlargement, including architects' and engineers' fees and the cost of preparing contract documents and advertising for bids;

(3) the purchase price of and the cost of installing equipment for the airport, facility, or property;

(4) the cost of landscaping the lands forming a part of an airport, facility, or property, and of constructing roads, sidewalks, curbs, gutters, utilities, and parking places in connection with an airport, facility, or property;

(5) legal, fiscal, and recording fees and expenses incurred in connection with the authorization, sale, and issuance of bonds issued in connection with an airport, facility, or property; and

(6) interest on bonds issued in connection with an airport, facility, or property for a reasonable period before and during the time required for the construction and equipment not to exceed 18 months after the date of completion of the construction and equipment.

(c) If any proceeds derived from the sale of bonds remain undisbursed after completion of the work described under Subsection (a) and payment of costs under Subsection (b), the proceeds shall be

used for retirement of the principal of the bonds of the same issue.

Sec. 27.107. REFUNDING BONDS. (a) An authority may at any time and from time to time issue refunding bonds for the purpose of:

(1) refunding the principal of and interest on outstanding bonds of the authority regardless of whether the principal and interest have matured at the time of the refunding; and

(2) paying the expenses incurred in connection with the refunding and any premium necessary to be paid to redeem, retire, or purchase for retirement the bonds to be refunded.

(b) Proceeds derived from the sale of refunding bonds may be used only for the purposes for which the refunding bonds were authorized to be issued.

(c) Refunding may be effected:

(1) by sale of the refunding bonds and the application of the proceeds; or

(2) by exchange of the refunding bonds for the bonds or interest coupons to be refunded, except that the holders of the bonds or coupons to be refunded may not be compelled without their consent to surrender their bonds or coupons for payment or exchange before the date on which they may be paid or redeemed by call of the authority under their respective provisions.

(d) This subchapter applies to refunding bonds to the extent the provisions are consistent with this section.

(e) If an authority issues bonds for the purpose of refunding the principal of and interest on any of its bonds or for any other purpose for which it is authorized to issue bonds, this section applies only to the portion of the combined issue authorized for refunding purposes, and the rest of this subchapter applies to the remaining portion of the combined issue.

Sec. 27.108. LOCAL GOVERNMENT INVESTMENT. A governing body of a county or municipality may invest idle or surplus money held in its treasury in bonds of an authority.

Sec. 27.109. LEGAL INVESTMENTS. (a) Bonds issued under this subchapter are legal investments for executors, administrators, trustees, and other fiduciaries, unless otherwise directed by the court having jurisdiction of the fiduciary relation

or by the document that is the source of the fiduciary's authority.

(b) Bonds issued under this subchapter are legal investments for savings banks and insurance companies organized under the laws of this state.