

By: Wentworth

S.B. No. 1706

A BILL TO BE ENTITLED

AN ACT

relating to the authorization of airport authorities and the issuance of bonds and exercise of eminent domain by the authorities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. 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

1 debt by the state or by a political subdivision; and

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

6 Sec. 27.002. DEFINITIONS. In this chapter:

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

11 (2) "Air navigation facility" means a facility used
12 in, available for use in, or designed for use in aid of air
13 navigation, including a structure, mechanism, light, beacon,
14 marker, communicating system, or other instrumentality or device
15 used or useful as an aid or constituting an advantage or convenience
16 to the safe taking-off, navigation, and landing of aircraft, or the
17 safe and efficient operation or maintenance of an airport or
18 heliport, including any combination of facilities listed above.

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

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

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

27 (4) "Airport building" means a building used or to be

1 used in connection with:

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

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

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

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

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

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

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

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

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

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

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

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

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

4 [Sections 27.003-27.030 reserved for expansion]

5 SUBCHAPTER B. INCORPORATION AND ADMINISTRATION OF AUTHORITY

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

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

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

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

26 Sec. 27.033. INCLUSION IN AUTHORITY. On the inclusion of a
27 county or municipality in an authority, either initially or as an

1 additional member, all rights, contracts, obligations, and
2 property, both real and personal, of a municipality or county used
3 for or in relation to transportation by air shall vest in the
4 authority created under this subchapter unless otherwise specified
5 by the resolution including the municipality or county in the
6 authority.

7 Sec. 27.034. STATE JOINING AN AIRPORT AUTHORITY. The
8 governor, on behalf of the state, may authorize the state to join in
9 the creation of an authority under this subchapter or to join an
10 existing authority created under this subchapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (2) have attached a certified copy of each of the
18 resolutions provided for in Section 27.031.

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

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

25 (1) come into existence;

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

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

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

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

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

15 (3) in all other cases:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (d) At the request of a board member, the vote on a question
27 before a board shall be taken by yeas and nays and entered upon the

1 record. All proceedings of a board shall be reduced to writing by
2 the secretary of the authority and open to board members and to the
3 public at all times. Copies of the proceedings, when certified by
4 the secretary of an authority under its seal, are admissible in a
5 court as evidence of the matters certified in the proceedings.

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

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

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

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

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

19 Sec. 27.046. TAX EXEMPTION; BONDS, PROPERTY, INCOME.

20 (a) Bonds issued by an authority and the income on the bonds are
21 exempt from all state taxation.

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

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

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

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

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

14 Sec. 27.049. GENERAL POWERS. An authority may:

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

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

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

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

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

1 (6) execute a contract or other instrument;

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

4 (8) plan, establish, develop, acquire, construct,
5 enlarge, improve, maintain, equip, operate, regulate, and protect
6 an airport and air navigation facility, including the:

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

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

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

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

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

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

1 the authority;

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

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

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

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

25 (15) acquire, including by purchase, gift, devise,
26 lease, or eminent domain proceedings, an existing airport and air
27 navigation facility with the consent of the county, municipality,

1 or public agency of the state that owns or controls the airport and
2 air navigation facility;

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

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

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

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

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

24 (21) fix, establish, collect, and alter landing fees,
25 tolls, rents, and other charges for the use of an airport, heliport,
26 landing area, building, structure, facility, or other property
27 owned or controlled by the authority;

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

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

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

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

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

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

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

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

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

27 (28) purchase services, equipment, and supplies

1 necessary or convenient for the exercise of any power of the
2 authority;

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

7 (30) take any other action necessary or convenient to
8 carry out the purposes of this chapter or the exercise of a power
9 granted under this chapter.

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

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

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

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

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

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

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

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

11 (1) lend or donate money to an authority;

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

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

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

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

26 (6) donate, transfer, assign, sell, or convey to an
27 authority any right, title, or interest that it has in a lease,

1 contract, agreement, license, or property;

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

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

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

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

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

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

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

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

27 (2) if not provided for in the articles of

1 incorporation, vest in the authorizing governmental entities
2 equally.

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

6 [Sections 27.057-27.100 reserved for expansion]

7 SUBCHAPTER C. BONDS

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

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

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

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

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

23 (2) bond form and denominations;

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

26 (4) place of issue; and

27 (5) rate of interest.

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

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

10 (d) An authority may pay all reasonable expenses, premiums,
11 fees, and commissions that the board determines are necessary or
12 advantageous in connection with the authorization, sale, and
13 issuance of bonds.

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

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

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

24 Sec. 27.103. NOTICE; CHALLENGES. (a) On the adoption of a
25 resolution providing for the issuance of bonds, an authority may
26 publish, once a week for two consecutive weeks, in a newspaper that
27 is distributed in the county in which the principal office of the

1 authority is located, notice in substantially the following form at
2 the end of which shall be printed the name and title of either the
3 chair or secretary of the authority:

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

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

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

22 (1) a right of action or defense questioning or
23 attacking the validity of the proceedings, bonds, pledge, or
24 instruments may not be asserted; and

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

27 Sec. 27.104. EXECUTION AND DELIVERY. (a) Bonds shall be

1 signed by the chair or vice chair and by the secretary or treasurer
2 of an authority. The signature of one of the officers whose
3 signatures will appear on the bonds may be imprinted or otherwise
4 reproduced.

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

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

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

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

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

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

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

25 (3) mortgage a property.

26 (c) A pledge of revenues shall be valid and binding from the
27 time it is made. Pledged revenues received after the pledge by an

1 authority immediately become subject to the lien of the pledge
2 without physical delivery or further act. The lien of the pledge is
3 valid and binding against a party having a claim of any kind against
4 the authority, regardless of whether the party has actual notice of
5 the lien, from the time a statement is filed in the office of the
6 county clerk of:

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

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

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

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

14 (2) the principal amount of bonds issued;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (c) If any proceeds derived from the sale of bonds remain
24 undisbursed after completion of the work described under Subsection
25 (a) and payment of costs under Subsection (b), the proceeds shall be
26 used for retirement of the principal of the bonds of the same issue.

27 Sec. 27.107. REFUNDING BONDS. (a) An authority may at any

1 time and from time to time issue refunding bonds for the purpose of:

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

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

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

12 (c) Refunding may be effected:

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

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

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

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

1 applies to the remaining portion of the combined issue.

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

5 Sec. 27.109. LEGAL INVESTMENTS. (a) Bonds issued under
6 this subchapter are legal investments for executors,
7 administrators, trustees, and other fiduciaries, unless otherwise
8 directed by the court having jurisdiction of the fiduciary relation
9 or by the document that is the source of the fiduciary's authority.

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

13 SECTION 2. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2003.