

By: Wentworth

S.B. No. 1406

A BILL TO BE ENTITLED

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AN ACT

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

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

SECTION 1. LEGISLATIVE DECLARATION; PURPOSE. (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 Act 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) of this subsection 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 another political subdivision; and

(3) promoting and facilitating transportation by air from or to points located within the state, to the benefit and

1 general welfare of the state, including its political subdivisions
2 and inhabitants.

3 SECTION 2. AIRPORT AUTHORITIES. Title 3, Transportation
4 Code, is amended by adding Chapter 27 to read as follows:

5 CHAPTER 27. AIRPORT AUTHORITIES

6 SUBCHAPTER A. GENERAL PROVISIONS

7 Sec. 27.001. DEFINITIONS. In this chapter:

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

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

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

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

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

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

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

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

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

12 Sec. 27.002. ASSISTANCE BY STATE OR LOCAL ENTITIES. (a) A
13 county, municipality, or other political subdivision of the state,
14 including a public corporation, may, with or without consideration:

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

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

20 (3) cause water, sewer, or drainage facilities or any
21 other facilities that the subdivision is empowered to provide to be
22 furnished adjacent to or in connection with an airport or air
23 navigation facility;

24 (4) donate, sell, convey, transfer, or lease to an
25 authority any land, property, franchise, grant, easement, license,
26 or lease that the subdivision owns;

27 (5) donate, sell, convey, or lease an airport, airport

1 property, or any interest in an airport or airport property owned by
2 the subdivision to an authority;

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

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

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

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

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

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

22 (b) All transfers of land, licenses, easements, or other
23 property under this section are subject to the continuing right of a
24 utility to maintain existing facilities in those locations and to
25 be reimbursed for any required relocation, removal, or adjustment
26 of those facilities.

27 Sec. 27.003. NATURE OF AUTHORITY. An airport authority

1 created under this chapter is an airport authority under Section
2 12, Article IX, Texas Constitution.

3 [Sections 27.004-27.050 reserved for expansion]

4 SUBCHAPTER B. CREATION AND EXPANSION

5 Sec. 27.051. INCORPORATION. (a) An authority may be
6 organized as a public corporation under this chapter.

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

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

19 Sec. 27.052. ADDITIONAL COUNTIES OR MUNICIPALITIES. An
20 additional county or municipality may become part of an authority
21 if each additional county or municipality and each county or
22 municipality in the authority adopts a resolution consenting to the
23 inclusion of the additional county or municipality in the
24 authority.

25 Sec. 27.053. INCLUSION IN AUTHORITY. On the inclusion of a
26 county or municipality in an authority, either initially or as an
27 additional member, all rights, contracts, obligations, and

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

6 Sec. 27.054. STATE JOINING AIRPORT AUTHORITY. The
7 governor, on behalf of the state, may authorize the state to join in
8 the creation of an authority under this subchapter or to join an
9 existing authority created under this subchapter.

10 Sec. 27.055. CONTENTS OF CERTIFICATE OF INCORPORATION. The
11 certificate of incorporation of an authority shall state:

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

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

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

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

20 (A) governing body of the county or municipality
21 adopted the resolution authorizing the incorporation of the
22 authority or consented to the inclusion of the county or
23 municipality in the authority; or

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

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

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

4 Sec. 27.056. INCORPORATION; EXECUTION AND FILING OF
5 ARTICLES. (a) The articles of incorporation of an authority
6 shall:

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

9 (2) have attached a certified copy of each of the
10 resolutions described by Section 27.051.

11 (b) An authority shall file its articles of incorporation
12 with the documents required to be attached under Subsection (a),
13 with the secretary of state.

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

17 (1) come into existence;

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

20 (3) have all the rights and powers given to an
21 authority under this chapter.

22 (d) The articles must include the number and terms of board
23 members. A term may not exceed two years.

24 [Sections 27.057-27.100 reserved for expansion]

25 SUBCHAPTER C. BOARD OF DIRECTORS; ADMINISTRATION

26 Sec. 27.101. COMPOSITION OF BOARD OF DIRECTORS. (a) The
27 governing body of an authority is a board with at least five but not

1 more than nine members appointed as follows:

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

7 (2) if the sole authorizing governmental entity is a
8 county, the commissioners court of the county shall appoint the
9 members with the number of members set out in the articles of
10 incorporation of the authority; and

11 (3) in all other cases:

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

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

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

22 (b) Each member appointed by a governing body of an
23 authorizing governmental entity must reside in the authorizing
24 governmental entity. The additional member elected under
25 Subsection (a)(3)(C) must reside in any county electing the member.

26 (c) Other than the additional member elected under
27 Subsection (a)(3)(C), each authorizing governmental entity may

1 appoint the same number of members as any other authorizing
2 governmental entity.

3 (d) If the state joins in the creation of an airport
4 authority under this chapter or joins an existing airport authority
5 created under this chapter, the state is entitled to the number of
6 board members agreed on by the authorizing governmental entities
7 and the state, but is entitled to at least one board member. The
8 governor shall appoint each board member representing the state.

9 Sec. 27.102. VACANCY; REMOVAL. (a) Except as provided by
10 Subsection (b), if a board member resigns, dies, or becomes
11 incapable or ineligible to act as a board member, a successor to
12 serve the unexpired portion of the board member's term shall be
13 elected in the same manner provided by Section 27.101 as the board
14 member whose unexpired term the successor is filling.

15 (b) If a vacancy in the office of the additional member
16 elected under Section 27.101(a)(3)(C) continues for more than 30
17 days, the governor shall, on the request of any governmental entity
18 that elected the member, appoint a successor.

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

20 Sec. 27.103. ELIGIBILITY. An officer of the state, a
21 county, or a municipality is not eligible to serve as a board
22 member.

23 Sec. 27.104. TERMS. (a) The term of office of a board
24 member is as set out in the articles of incorporation of an
25 authority.

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

1 Sec. 27.105. QUORUM. (a) Except as provided by Subsection
2 (b), a majority of the board members constitutes a quorum for the
3 transaction of business.

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

8 (c) A vacancy on the board does not impair the right of a
9 quorum to exercise all the powers and duties of an authority.

10 Sec. 27.106. MEETINGS. (a) A board shall hold regular
11 monthly meetings and any other meeting as provided for in the bylaws
12 of the authority.

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

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

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

24 Sec. 27.107. COMPENSATION. A board member is not entitled
25 to receive compensation but is entitled to reimbursement for actual
26 and necessary expenses.

27 Sec. 27.108. OFFICERS. (a) The board shall elect from the

1 board members a chair, a vice chair, a secretary, and any other
2 officer the board considers necessary, for a term of one year.

3 (b) A treasurer or any other officer a board considers
4 necessary is not required to be a board member. The officer may be
5 appointed by the board for a term determined by the board.

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

8 [Sections 27.109-27.150 reserved for expansion]

9 SUBCHAPTER D. POWERS AND DUTIES

10 Sec. 27.151. GENERAL POWERS. An authority may:

11 (1) have succession by the authority's corporate name
12 for the duration of time specified in the articles of
13 incorporation;

14 (2) sue and be sued in the authority's own name in
15 civil suits and actions, except actions in tort against the
16 authority;

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

18 (4) adopt and alter bylaws for the regulation and
19 conduct of the authority's affairs and business;

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

26 (6) execute a contract or other instrument;

27 (7) enter on land, water, and premises for the

1 purposes of making surveys, soundings, and examinations;

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

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

10 (i) airlines, United States military
11 aircraft, and general aviation aircraft; or

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

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

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

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

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

1 the authority;

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

12 (13) confer on any person, for compensation, the
13 privilege or concession of supplying on an airport or aircraft
14 landing area owned or operated by or under the jurisdiction of the
15 authority, all of the items to be furnished or supplied under
16 Subdivision (12);

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

21 (15) acquire, including by purchase, gift, devise,
22 lease, or eminent domain proceedings, an existing airport and air
23 navigation facility with the consent of the county, municipality,
24 or other governmental entity of the state that owns or controls the
25 airport and air navigation facility;

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

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

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

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

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

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

24 (22) adopt and enforce rules governing the use of an
25 airport, landing area, or airport facility owned or controlled by
26 the authority;

27 (23) provide for insurance, including use and

1 occupancy insurance, as determined by the board;

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

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

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

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

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

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

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

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

26 (29) enter into a management agreement with a county
27 or municipality for the management by the authority of an airport,

1 air navigation facility, or other facility useful to the authority;
2 (30) require the relocation, removal, or other
3 adjustment of public utility facilities to accommodate a project of
4 the authority, only if the authority reimburses the public utility
5 for the cost of the relocation, removal, or other adjustment,
6 including the value of any easement or other associated property
7 right; and

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

11 Sec. 27.1511. ACQUISITION OR OPERATION OF CERTAIN AIRPORTS.
12 An authority may not acquire or operate an airport located in the
13 authority's jurisdiction that, as of the effective date of the Act
14 that enacted this chapter, has total annual commercial airline
15 enplanements of 300,000 passengers or more, as reported by the
16 United States Department of Transportation.

17 Sec. 27.152. ZONING. (a) An authority is exempt from
18 municipal or county zoning laws, ordinances, and regulations.

19 (b) An authority has the same zoning powers, for the zoning
20 of an airport in an unincorporated area owned or operated by the
21 authority and the zoning of the unincorporated area lying within
22 two miles of the boundaries of the airport, as a municipality that
23 owns or operates an airport.

24 Sec. 27.153. LIMIT ON EMINENT DOMAIN POWER. An authority
25 may not acquire by eminent domain real property or rights:

26 (1) owned or held by a railroad or utility; or

27 (2) under the management and control of the governing

1 body of an institution of higher education, as defined by Section
2 61.003, Education Code, including lands set aside and appropriated
3 to or acquired by the permanent university fund as provided by
4 Section 11, Article VII, Texas Constitution.

5 Sec. 27.154. MUNICIPAL VOTE REQUIRED FOR MUNICIPAL
6 AIRPORTS. (a) Before an authority may own, acquire, construct, or
7 operate an airport or an airport facility within the corporate
8 limits of a municipality, a majority of the governing body of the
9 municipality must vote in favor of the proposed airport or airport
10 facility.

11 (b) If all the constituent agencies of a joint board created
12 under Section 22.074 are populous home-rule municipalities, before
13 an authority may own or operate an existing airport operated by the
14 joint board, each constituent agency must vote in favor of the
15 authority's ownership or operation of the airport.

16 Sec. 27.155. PEACE OFFICERS. The authority may employ
17 security officers who have obtained a peace officer license issued
18 by the Commission on Law Enforcement Officer Standards and
19 Education.

20 [Sections 27.156-27.200 reserved for expansion]

21 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; TAX EXEMPTIONS

22 Sec. 27.201. TAX EXEMPTION; BONDS, PROPERTY, INCOME.

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

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

27 (c) Subsection (b) does not exempt concessionaires,

1 licensees, tenants, operators, or lessees of an authority from the
2 payment of any taxes, including licenses or privilege taxes imposed
3 by the state, a county, or a municipality.

4 Sec. 27.202. TAX EXEMPTION; ACCESS TO AIRPORTS. A county or
5 municipality may not require the payment of any tax or privilege
6 license from a person for the reasonable use of public streets,
7 roads, or highways leading to or from an airport or aircraft landing
8 area owned or operated by or under the jurisdiction of an authority.

9 Sec. 27.203. FUNDING. (a) An authority is authorized to
10 accept, receive, disburse, and expend federal money, state money,
11 and any other money made available by grant or loan to accomplish an
12 authority purpose.

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

16 Sec. 27.204. TAX IMPLICATIONS. This subchapter does not
17 affect the taxability of any property that is taxable under the Tax
18 Code on the effective date of the Act that enacted this chapter.

19 [Sections 27.205-27.250 reserved for expansion]

20 SUBCHAPTER F. BONDS

21 Sec. 27.251. GENERAL PROVISIONS. (a) An authority may
22 issue interest-bearing revenue bonds for any of the authority's
23 corporate purposes.

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

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

5 Sec. 27.252. BONDS ISSUED. (a) Board proceedings shall
6 determine how bonds are issued, including the following matters:

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

9 (2) bond form and denominations;

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

12 (4) place of issue; and

13 (5) rate of interest.

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

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

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

27 (e) Bonds must contain a recital that the bonds are issued

1 under this chapter.

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

4 (g) Bonds issued under this chapter are negotiable
5 instruments within the meaning of the negotiable instruments law of
6 this state if the bonds otherwise possess all the characteristics
7 of a negotiable instrument under the law of this state.

8 Sec. 27.253. NOTICE; CHALLENGES. (a) On the adoption of a
9 resolution providing for the issuance of bonds, an authority may
10 publish, once a week for two consecutive weeks, in a newspaper that
11 is distributed in the county in which the principal office of the
12 authority is located, notice in substantially the following form at
13 the end of which shall be printed the name and title of either the
14 chair or secretary of the authority:

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

25 (b) An action or proceeding in a court to set aside or
26 question the proceedings for the issuance of bonds referred to in a
27 notice under Subsection (a) or to contest the validity of the bonds

1 or the validity of the pledge and any instruments made to secure the
2 bonds must be commenced before the 31st day after the date of first
3 publication of the notice.

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

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

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

11 Sec. 27.254. EXECUTION AND DELIVERY. (a) Bonds shall be
12 signed by the chair or vice chair and by the secretary or treasurer
13 of an authority. The signature of one of the officers whose
14 signatures will appear on the bonds may be imprinted or otherwise
15 reproduced.

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

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

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

25 Sec. 27.255. SECURITY. (a) At the discretion of an
26 authority, bonds may be issued under and secured by an indenture
27 between the authority and a trustee. A trustee may be a private

1 person or corporation, including a trust company or bank having
2 trust powers.

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

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

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

9 (3) mortgage a property.

10 (c) A pledge of revenue is valid from the time it is made.
11 Pledged revenue received after the pledge by an authority
12 immediately becomes subject to the lien of the pledge without
13 physical delivery or further act. The lien of the pledge is binding
14 against a party having a claim of any kind against the authority,
15 regardless of whether the party has actual notice of the lien, from
16 the time a statement is filed in the office of the county clerk of:

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

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

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

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

24 (2) the principal amount of bonds issued;

25 (3) a brief description of the revenue pledged; and

26 (4) a brief description of property the revenue from
27 which is pledged.

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

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

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

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

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

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

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

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

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

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

26 (3) is as a matter of right and regardless of the
27 sufficiency of the security entitled to the appointment of a

1 receiver with all the powers of a receiver for the:

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

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

6 Sec. 27.256. PROCEEDS. (a) Proceeds derived from the sale
7 of bonds may be used only to pay the cost of acquiring,
8 constructing, improving, enlarging, and equipping an airport,
9 facility, or other property as specified in the proceedings in
10 which the bonds are authorized to be issued.

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

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

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

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

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

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

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

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

10 Sec. 27.257. REFUNDING BONDS. (a) An authority may at any
11 time issue refunding bonds for the purpose of:

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

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

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

22 (c) Refunding may be effected:

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

25 (2) by exchange of the refunding bonds for the bonds or
26 interest coupons to be refunded, except that the holders of the
27 bonds or coupons to be refunded may not be compelled without their

1 consent to surrender their bonds or coupons for payment or exchange
2 before the date on which they may be paid or redeemed by call of the
3 authority under their respective provisions.

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

10 Sec. 27.258. LOCAL GOVERNMENT INVESTMENT. A governing body
11 of a county or municipality may invest idle or surplus money held in
12 its treasury in authority bonds.

13 Sec. 27.259. LEGAL INVESTMENTS. (a) Bonds issued under
14 this subchapter are legal investments for executors,
15 administrators, trustees, and other fiduciaries, unless otherwise
16 directed by the court having jurisdiction of the fiduciary relation
17 or by the document that is the source of the fiduciary's authority.

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

21 [Sections 27.260-27.300 reserved for expansion]

22 SUBCHAPTER G. WITHDRAWAL OR DISSOLUTION

23 Sec. 27.301. WITHDRAWAL FROM AUTHORITY. (a) After the
24 organization of an airport authority by more than one governmental
25 entity, the state, a county, or a municipality in an authority may
26 withdraw from the authority by resolution of the governor, the
27 commissioners court of the county, or the governing body of the

1 municipality.

2 (b) A withdrawing entity may not claim or remove an asset of
3 the authority.

4 Sec. 27.302. DISSOLUTION. (a) If an authority does not
5 have outstanding bonds, the authority may be dissolved on the
6 filing of articles of dissolution with the secretary of state by
7 each member of the authority.

8 (b) On issue of a certificate of dissolution by the
9 secretary of state, an authority dissolves. On dissolution, all
10 rights, titles, and interests of the authority in property:

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

13 (2) if not provided for in the articles of
14 incorporation, vest in the authorizing governmental entities
15 equally.

16 SECTION 3. EFFECTIVE DATE. This Act takes effect
17 immediately if it receives a vote of two-thirds of all the members
18 elected to each house, as provided by Section 39, Article III, Texas
19 Constitution. If this Act does not receive the vote necessary for
20 immediate effect, this Act takes effect September 1, 2007.