

By: Wentworth

S.B. No. 1406

A BILL TO BE ENTITLED

1 AN ACT

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

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

6 SECTION 1. LEGISLATIVE DECLARATION; PURPOSE. (a) The
7 economic well-being of the state and the general welfare of its
8 residents require adequate, safe, secure, and efficient aviation
9 facilities at a reasonable cost.

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

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

17 (2) financing the cost of the activities listed under
18 Subdivision (1) of this subsection by the issuance of bonds or other
19 obligations of an authority payable from the income of the
20 authority and otherwise secured to the extent permitted by law
21 without the incurrence of debt by the state or by another political
22 subdivision; and

23 (3) promoting and facilitating transportation by air
24 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 shall:

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

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

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

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

16 (1) come into existence;

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

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

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

23 [Sections 27.057-27.100 reserved for expansion]

24 SUBCHAPTER C. BOARD OF DIRECTORS; ADMINISTRATION

25 Sec. 27.101. COMPOSITION OF BOARD OF DIRECTORS. (a) The
26 governing body of an authority is a board with at least five but not
27 more than nine members appointed as follows:

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

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

10 (3) in all other cases:

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

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

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

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

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

1 governmental entity.

2 (d) If the state joins in the creation of an airport
3 authority under this subchapter or joins an existing airport
4 authority created under this subchapter, the state is entitled to
5 the number of board members agreed on by the authorizing
6 governmental entities and the state, but is entitled to at least one
7 board member. The governor shall appoint each board member
8 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. 27.152. ZONING. (a) An authority is exempt from
12 municipal or county zoning laws, ordinances, and regulations.

13 (b) An authority has the same zoning powers, for the zoning
14 of an airport in an unincorporated area owned or operated by the
15 authority and the zoning of the unincorporated area lying within
16 two miles of the boundaries of the airport, as a municipality that
17 owns or operates an airport.

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

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

21 (2) under the management and control of the governing
22 body of an institution of higher education, as defined by Section
23 61.003, Education Code, including lands set aside and appropriated
24 to or acquired by the permanent university fund as provided by
25 Section 11, Article VII, Texas Constitution.

26 Sec. 27.154. MUNICIPAL VOTE REQUIRED FOR MUNICIPAL
27 AIRPORTS. Before an authority may own, acquire, construct, or

1 operate an airport or an airport facility within the corporate
2 limits of a municipality, a majority of the governing body of the
3 municipality must vote in favor of the proposed airport or airport
4 facility.

5 Sec. 27.155. PEACE OFFICERS. The authority may employ
6 security officers who have obtained a peace officer license issued
7 by the Commission on Law Enforcement Officer Standards and
8 Education.

9 [Sections 27.156-27.200 reserved for expansion]

10 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; TAX EXEMPTIONS

11 Sec. 27.201. TAX EXEMPTION; BONDS, PROPERTY, INCOME. (a)
12 Bonds issued by an authority and the income on the bonds are exempt
13 from all state taxation.

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

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

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

25 Sec. 27.203. FUNDING. (a) An authority is authorized to
26 accept, receive, disburse, and expend federal money, state money,
27 and any other money made available by grant or loan to accomplish an

1 authority purpose.

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

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

8 [Sections 27.205-27.250 reserved for expansion]

9 SUBCHAPTER F. BONDS

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

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

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

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

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

25 (2) bond form and denominations;

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

1 (4) place of issue; and

2 (5) rate of interest.

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

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

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

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

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

20 (g) Bonds issued under this chapter are negotiable
21 instruments within the meaning of the negotiable instruments law of
22 this state if the bonds otherwise possess all the characteristics
23 of a negotiable instrument under the law of this state.

24 Sec. 27.253. 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 is not open to question in a court on any ground.

27 Sec. 27.254. 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 must be affixed onto the bonds
6 or a facsimile of the seal of an authority must be imprinted or
7 otherwise reproduced on the bonds.

8 (c) Coupons must 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 regardless of any changes in officers or in the
13 authority seal after the signing and sealing of the bonds.

14 Sec. 27.255. 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 revenue;

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 revenue is valid from the time it is made.
27 Pledged revenue received after the pledge by an authority

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

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

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

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

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

13 (2) the principal amount of bonds issued;

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

15 (4) a brief description of property the revenue from
16 which is pledged.

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

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

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

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

27 (4) the creation and maintenance of special funds from

1 revenue of the authority;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (c) Refunding may be effected:

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

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

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

26 Sec. 27.258. LOCAL GOVERNMENT INVESTMENT. A governing body
27 of a county or municipality may invest idle or surplus money held in

1 its treasury in authority bonds.

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

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

10 [Sections 27.260-27.300 reserved for expansion]

11 SUBCHAPTER G. WITHDRAWAL OR DISSOLUTION

12 Sec. 27.301. WITHDRAWAL FROM AUTHORITY. (a) After the
13 organization of an airport authority by more than one governmental
14 entity, the state, a county, or a municipality in an authority may
15 withdraw from the authority by resolution of the governor, the
16 commissioners court of the county, or the governing body of the
17 municipality.

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

20 Sec. 27.302. DISSOLUTION. (a) If an authority does not
21 have outstanding bonds, the authority may be dissolved on the
22 filing of articles of dissolution with the secretary of state by
23 each member of the authority.

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

27 (1) vest in the authorizing governmental entities as

1 provided by the articles of incorporation; or
2 (2) if not provided for in the articles of
3 incorporation, vest in the authorizing governmental entities
4 equally.

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