

1-1 By: Wentworth S.B. No. 1615
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1-4 Security; April 8, 2009, reported favorably by the following vote:
1-5 Yeas 9, Nays 0; April 8, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the authorization of airport authorities and the
1-9 issuance of bonds and the exercise of eminent domain by the
1-10 authorities.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. LEGISLATIVE DECLARATION; PURPOSE. (a) The
1-13 economic well-being of the state and the general welfare of its
1-14 residents require adequate, safe, secure, and efficient aviation
1-15 facilities at a reasonable cost.

1-16 (b) The purpose of this Act is to authorize the creation by
1-17 the state, counties, and municipalities, through their independent
1-18 or joint action, airport authorities, corporate and politic,
1-19 constituting political subdivisions of the state, for the purpose
1-20 of:

1-21 (1) acquiring and improving airports, heliports, air
1-22 navigation facilities, and related facilities;

1-23 (2) financing the cost of the activities listed under
1-24 Subdivision (1) of this subsection by the issuance of bonds or other
1-25 obligations of an authority payable from the income of the
1-26 authority and otherwise secured to the extent permitted by law
1-27 without the incurrence of debt by the state or by another political
1-28 subdivision; and

1-29 (3) promoting and facilitating transportation by air
1-30 from or to points located within the state, to the benefit and
1-31 general welfare of the state, including its political subdivisions
1-32 and inhabitants.

1-33 SECTION 2. AIRPORT AUTHORITIES. Title 3, Transportation
1-34 Code, is amended by adding Chapter 27 to read as follows:

1-35 CHAPTER 27. AIRPORT AUTHORITIES

1-36 SUBCHAPTER A. GENERAL PROVISIONS

1-37 Sec. 27.001. DEFINITIONS. In this chapter:

1-38 (1) "Aircraft" means a contrivance invented, used, or
1-39 designed for navigation of or flight in the air, except a parachute
1-40 or other contrivance designed for use primarily as safety
1-41 equipment.

1-42 (2) "Air navigation facility" means a facility used
1-43 in, available for use in, or designed for use in aid of air
1-44 navigation, including a structure, mechanism, light, beacon,
1-45 marker, communicating system, or other instrumentality or device
1-46 used or useful as an aid or constituting an advantage or convenience
1-47 to the safe taking-off, navigation, and landing of aircraft, or the
1-48 safe and efficient operation or maintenance of an airport,
1-49 including any combination of facilities listed in this subdivision.

1-50 (3) "Airport" means an area of land or water that is
1-51 used, or intended for use, for the landing, taking-off, storage,
1-52 parking, or dispersal of aircraft, including:

1-53 (A) any appurtenant areas that are used or
1-54 intended for use for airport buildings, facilities, or
1-55 rights-of-way; and

1-56 (B) airport buildings, structures, and
1-57 facilities located on the area of land or water.

1-58 (4) "Airport facility" means a building, structure,
1-59 land, right-of-way, equipment, or instrumentality used or to be
1-60 used in connection with the construction, enlargement,
1-61 development, maintenance, or operation of an airport.

1-62 (5) "Authority" means a public corporation organized
1-63 under this chapter.

1-64 (6) "Board" means the board of directors of an

2-1 authority.
2-2 (7) "Indenture" means a mortgage, indenture of
2-3 mortgage, deed of trust, trust agreement, or trust indenture
2-4 executed by an authority as security for bonds.

2-5 Sec. 27.002. ASSISTANCE BY STATE OR LOCAL ENTITIES. (a) A
2-6 county, municipality, or other political subdivision of the state,
2-7 including a public corporation, may, with or without consideration:

2-8 (1) lend or donate money to an authority;

2-9 (2) provide that all or part of the taxes or funds
2-10 available to the subdivision or required by law to be used by the
2-11 subdivision for airport purposes shall be transferred or paid
2-12 directly to an authority;

2-13 (3) cause water, sewer, or drainage facilities or any
2-14 other facilities that the subdivision is empowered to provide to be
2-15 furnished adjacent to or in connection with an airport or air
2-16 navigation facility;

2-17 (4) donate, sell, convey, transfer, or lease to an
2-18 authority any land, property, franchise, grant, easement, license,
2-19 or lease that the subdivision owns;

2-20 (5) donate, sell, convey, or lease an airport, airport
2-21 property, or any interest in an airport or airport property owned by
2-22 the subdivision to an authority;

2-23 (6) donate, transfer, assign, sell, or convey to an
2-24 authority any right, title, or interest that the subdivision has in
2-25 a lease, contract, agreement, license, or property;

2-26 (7) furnish, dedicate, close, pave, repair, install,
2-27 grade, regrade, plan, or replan streets, roads, roadways, and
2-28 walks:

2-29 (A) from established streets or roads to an
2-30 airport or air navigation facility; or

2-31 (B) abutting or adjacent to an airport or air
2-32 navigation facility;

2-33 (8) take any other action that is necessary or
2-34 convenient to aid and cooperate with an authority in the planning,
2-35 undertaking, construction, or operation of an airport or air
2-36 navigation facility; and

2-37 (9) furnish, at the request of an authority, fire and
2-38 air crash equipment and personnel to properly operate the equipment
2-39 at an airport or aircraft landing area owned, operated, or under the
2-40 jurisdiction of an authority or train authority personnel in fire,
2-41 crash, and rescue.

2-42 (b) All transfers of land, licenses, easements, or other
2-43 property under this section are subject to the continuing right of a
2-44 utility to maintain existing facilities in those locations and to
2-45 be reimbursed for any required relocation, removal, or adjustment
2-46 of those facilities.

2-47 Sec. 27.003. NATURE OF AUTHORITY. An airport authority
2-48 created under this chapter is an airport authority under Section
2-49 12, Article IX, Texas Constitution.

2-50 [Sections 27.004-27.050 reserved for expansion]

2-51 SUBCHAPTER B. CREATION AND EXPANSION

2-52 Sec. 27.051. INCORPORATION. (a) An authority may be
2-53 organized as a public corporation under this chapter.

2-54 (b) At least three natural persons shall file with the
2-55 governing body of one or more counties or municipalities an
2-56 application in writing for permission to incorporate a public
2-57 corporation under this chapter and shall attach to the application
2-58 a proposed form of articles of incorporation for the corporation.

2-59 (c) If each governing body with which the application is
2-60 filed adopts a resolution approving the form of the articles of
2-61 incorporation and authorizing the formation of a public
2-62 corporation, the applicants under Subsection (b) become the
2-63 incorporators of and shall incorporate the authority as a public
2-64 corporation under this chapter using the form of the articles
2-65 approved.

2-66 Sec. 27.052. ADDITIONAL COUNTIES OR MUNICIPALITIES. An
2-67 additional county or municipality may become part of an authority
2-68 if each additional county or municipality and each county or
2-69 municipality in the authority adopts a resolution consenting to the

3-1 inclusion of the additional county or municipality in the
3-2 authority.

3-3 Sec. 27.053. INCLUSION IN AUTHORITY. On the inclusion of a
3-4 county or municipality in an authority, either initially or as an
3-5 additional member, all rights, contracts, obligations, and
3-6 property, both real and personal, of a municipality or county used
3-7 for or in relation to transportation by air shall vest in the
3-8 authority created under this subchapter unless otherwise specified
3-9 by the resolution including the municipality or county in the
3-10 authority.

3-11 Sec. 27.054. STATE JOINING AIRPORT AUTHORITY. The
3-12 governor, on behalf of the state, may authorize the state to join in
3-13 the creation of an authority under this subchapter or to join an
3-14 existing authority created under this subchapter.

3-15 Sec. 27.055. CONTENTS OF CERTIFICATE OF INCORPORATION. The
3-16 certificate of incorporation of an authority shall state:

3-17 (1) the name and county of residence of each person
3-18 forming the authority;

3-19 (2) the name of the authority, which must include the
3-20 words "airport authority";

3-21 (3) the duration of the authority or if the duration is
3-22 perpetual, the fact that the authority is of perpetual duration;

3-23 (4) the names of the governmental entities in the
3-24 authority and the date on which the:

3-25 (A) governing body of the county or municipality
3-26 adopted the resolution authorizing the incorporation of the
3-27 authority or consented to the inclusion of the county or
3-28 municipality in the authority; or

3-29 (B) governor authorized the state to join in the
3-30 creation of the authority or the existing authority;

3-31 (5) the proposed location in this state of the
3-32 principal office of the authority; and

3-33 (6) any other matters relating to the authority that
3-34 the incorporators choose to insert and that are not inconsistent
3-35 with this chapter or the laws of this state.

3-36 Sec. 27.056. INCORPORATION; EXECUTION AND FILING OF
3-37 ARTICLES. (a) The articles of incorporation of an authority
3-38 shall:

3-39 (1) be signed and acknowledged by the incorporators;
3-40 and

3-41 (2) have attached a certified copy of each of the
3-42 resolutions described by Section 27.051.

3-43 (b) An authority shall file its articles of incorporation,
3-44 with the documents required to be attached under Subsection (a),
3-45 with the secretary of state.

3-46 (c) When a certificate of incorporation is issued by the
3-47 secretary of state after the filing of the articles and attached
3-48 documents, the authority referred to in the certificate shall:

3-49 (1) come into existence;

3-50 (2) constitute a public corporation under the name
3-51 listed in the certificate; and

3-52 (3) have all the rights and powers given to an
3-53 authority under this chapter.

3-54 (d) The articles of incorporation must include the number
3-55 and terms of board members. A term may not exceed two years.

3-56 [Sections 27.057-27.100 reserved for expansion]

3-57 SUBCHAPTER C. BOARD OF DIRECTORS; ADMINISTRATION

3-58 Sec. 27.101. COMPOSITION OF BOARD OF DIRECTORS. (a) The
3-59 governing body of an authority is a board with at least five but not
3-60 more than nine members appointed as follows:

3-61 (1) if the state alone authorizes an authority, the
3-62 members shall be elected by the governor, the lieutenant governor,
3-63 and the speaker of the house of representatives with the total
3-64 number of members set out in the articles of incorporation of the
3-65 authority;

3-66 (2) if the sole authorizing governmental entity is a
3-67 county, the commissioners court of the county shall appoint the
3-68 members with the number of members set out in the articles of
3-69 incorporation of the authority; and

4-1 (3) in all other cases:

4-2 (A) one member shall be appointed by each
4-3 governing body of an authorizing governmental entity;

4-4 (B) one member shall be appointed by the
4-5 commissioners court of the county in which the principal office of
4-6 the authority is located, if the county is not an authorizing
4-7 governmental entity; and

4-8 (C) one additional member shall be elected by the
4-9 governing bodies of each authorizing governmental entity and the
4-10 commissioners court of the county in which the principal office of
4-11 the authority is located.

4-12 (b) Each member appointed by a governing body of an
4-13 authorizing governmental entity must reside in the territorial
4-14 jurisdiction of the authorizing governmental entity. The
4-15 additional member elected under Subsection (a)(3)(C) must reside in
4-16 any county whose commissioners court elects the member.

4-17 (c) Other than the additional member elected under
4-18 Subsection (a)(3)(C), each authorizing governmental entity may
4-19 appoint the same number of members as any other authorizing
4-20 governmental entity.

4-21 (d) If the state joins in the creation of an airport
4-22 authority under this chapter or joins an existing airport authority
4-23 created under this chapter, the state is entitled to the number of
4-24 board members agreed on by the authorizing governmental entities
4-25 and the state, but is entitled to at least one board member. The
4-26 governor shall appoint each board member representing the state.

4-27 Sec. 27.102. VACANCY; REMOVAL. (a) Except as provided by
4-28 Subsection (b), if a board member resigns, dies, or becomes
4-29 incapable or ineligible to act as a board member, a successor to
4-30 serve the unexpired portion of the board member's term shall be
4-31 elected in the same manner provided by Section 27.101 as the board
4-32 member whose unexpired term the successor is filling.

4-33 (b) If a vacancy in the office of the additional member
4-34 elected under Section 27.101(a)(3)(C) continues for more than 30
4-35 days, the governor shall, on the request of any governmental entity
4-36 that elected the member, appoint a successor.

4-37 (c) A board member may be removed from office.

4-38 Sec. 27.103. ELIGIBILITY. An officer of the state, a
4-39 county, or a municipality is not eligible to serve as a board
4-40 member.

4-41 Sec. 27.104. TERMS. (a) The term of office of a board
4-42 member is as set out in the articles of incorporation of an
4-43 authority.

4-44 (b) Board members serve staggered terms so that the term of
4-45 at least one member expires each year.

4-46 Sec. 27.105. QUORUM. (a) Except as provided by Subsection
4-47 (b), a majority of the board members constitutes a quorum for the
4-48 transaction of business.

4-49 (b) A meeting of a board may be adjourned by a majority of
4-50 the board members present or may be adjourned by a single board
4-51 member if the member is the only board member present at the
4-52 meeting.

4-53 (c) A vacancy on the board does not impair the right of a
4-54 quorum to exercise all the powers and duties of an authority.

4-55 Sec. 27.106. MEETINGS. (a) A board shall hold regular
4-56 monthly meetings and any other meeting as provided for in the bylaws
4-57 of the authority.

4-58 (b) A board may hold a special meeting at the call of the
4-59 presiding officer of the authority or two board members.

4-60 (c) Any matter on which the board is authorized to act may be
4-61 acted upon at a regular or special meeting.

4-62 (d) At the request of a board member, the vote on a question
4-63 before a board shall be taken by yeas and nays and entered on the
4-64 record. All board proceedings shall be reduced to writing by the
4-65 secretary of the authority and open to board members and to the
4-66 public at all times. Copies of the proceedings, when certified by
4-67 the secretary of an authority under its seal, are admissible in a
4-68 court as evidence of the matters certified in the proceedings.

4-69 Sec. 27.107. COMPENSATION. A board member is not entitled

5-1 to receive compensation but is entitled to reimbursement for actual
5-2 and necessary expenses.
5-3 Sec. 27.108. OFFICERS. (a) The board shall elect from the
5-4 board members a presiding officer, an assistant presiding officer,
5-5 a secretary, and any other officer the board considers necessary,
5-6 for a term of one year.
5-7 (b) A treasurer or any other officer a board considers
5-8 necessary is not required to be a board member. The officer may be
5-9 appointed by the board for a term determined by the board.
5-10 (c) The offices of secretary and treasurer may be held by
5-11 the same person.
5-12 [Sections 27.109-27.150 reserved for expansion]
5-13 SUBCHAPTER D. POWERS AND DUTIES
5-14 Sec. 27.151. GENERAL POWERS. An authority may:
5-15 (1) have succession by the authority's corporate name
5-16 for the duration of time specified in the articles of
5-17 incorporation;
5-18 (2) sue and be sued in the authority's own name in
5-19 civil suits and actions, except actions in tort against the
5-20 authority;
5-21 (3) adopt and make use of a corporate seal;
5-22 (4) adopt and alter bylaws for the regulation and
5-23 conduct of the authority's affairs and business;
5-24 (5) acquire, receive, take, and hold, by purchase,
5-25 gift, lease, devise, or other means, property, regardless of
5-26 whether in one or more counties or within or outside the corporate
5-27 limits of an authorizing governmental entity, and manage the
5-28 property, including developing undeveloped property owned, leased,
5-29 or controlled by the authority;
5-30 (6) execute a contract or other instrument;
5-31 (7) enter on land, water, and premises for the
5-32 purposes of making surveys, soundings, and examinations;
5-33 (8) plan, establish, develop, acquire, construct,
5-34 enlarge, improve, maintain, equip, operate, regulate, and protect
5-35 an airport and air navigation facility, including the:
5-36 (A) acquisition, construction, installation,
5-37 equipment, maintenance, and operation at, in connection with, or in
5-38 furtherance of the use at an airport of sanitary and storm sewage
5-39 systems and water, electric, and gas systems, buildings, hangars,
5-40 and other facilities for:
5-41 (i) airlines, United States military
5-42 aircraft, and general aviation aircraft; or
5-43 (ii) the comfort, use, and accommodation of
5-44 air travelers; and
5-45 (B) purchase and sale of supplies, goods, and
5-46 commodities incident to the operation of an airport property;
5-47 (9) construct, acquire, establish, improve, extend,
5-48 enlarge, reconstruct, equip, maintain, repair, and operate a
5-49 heliport, an aerial aircraft landing, loading, or storage area, and
5-50 a transportation terminal;
5-51 (10) construct, acquire, establish, improve, extend,
5-52 enlarge, reconstruct, equip, maintain, and repair a building,
5-53 structure, or facility that is suitable for use as a manufacturing
5-54 plant, industrial plant, retail shopping area, park, or exhibit, or
5-55 for the conduct of lawful business at, on, or adjacent to an airport
5-56 or aircraft landing area owned or operated by the authority;
5-57 (11) lease a building, structure, or facility
5-58 described in Subdivision (10) to a tenant under terms approved by
5-59 the authority;
5-60 (12) for compensation, furnish or supply on an airport
5-61 or aircraft landing area owned or operated by or under the
5-62 jurisdiction of the authority, to persons and aircraft, goods,
5-63 commodities, area facilities, and services convenient or useful to
5-64 the owners, operators, and users of aircraft and to persons at the
5-65 airport or aircraft landing area, including food, lodging, shelter,
5-66 drinks, confections, reading matter, oil, gasoline, jet fuel,
5-67 motors, engines, aircraft, aircraft parts and equipment, space in
5-68 buildings, space for buildings and structures, and the services of
5-69 mechanics and instructors;

- 6-1 (13) confer on any person, for compensation, the
 6-2 privilege or concession of supplying on an airport or aircraft
 6-3 landing area owned or operated by or under the jurisdiction of the
 6-4 authority all of the items to be furnished or supplied under
 6-5 Subdivision (12);
 6-6 (14) acquire, including by eminent domain, establish,
 6-7 construct, expand, own, control, equip, improve, maintain,
 6-8 operate, and regulate a satellite airport or landing field for the
 6-9 use of aircraft in the state;
 6-10 (15) acquire, including by purchase, gift, devise,
 6-11 lease, or eminent domain proceedings, an existing airport and air
 6-12 navigation facility with the consent of the county, municipality,
 6-13 or other governmental entity of the state that owns or controls the
 6-14 airport and air navigation facility;
 6-15 (16) issue interest-bearing bonds payable from the
 6-16 limited sources available under this chapter;
 6-17 (17) pledge for payment of bonds any revenues and
 6-18 funds from which the bonds are made payable;
 6-19 (18) enter into a contract, lease, or other agreement
 6-20 incidental to or necessary for the accomplishment of any purpose
 6-21 for which the authority was organized;
 6-22 (19) exercise the power of eminent domain with respect
 6-23 to property, including airspace, air navigation easements,
 6-24 structures, obstructions to flight, and property already devoted to
 6-25 public use that reasonably may be necessary for the construction,
 6-26 extension, maintenance, operation, protection, enlargement,
 6-27 improvement, or preservation of an airport or airport facility or
 6-28 sanitary or storm sewage systems or water, electric, or gas systems
 6-29 on, adjacent to, or in connection with or for the furtherance of the
 6-30 use of an airport, aircraft landing area, or other property owned by
 6-31 or operated by the authority;
 6-32 (20) appoint, employ, contract with, and compensate
 6-33 officers, employees, and agents, including engineers, security
 6-34 officers and guards, attorneys, consultants, fiscal advisers, and
 6-35 other employees the authority may require;
 6-36 (21) fix, establish, collect, and alter landing fees,
 6-37 tolls, rents, and other charges for the use of an airport, landing
 6-38 area, building, structure, facility, or other property owned or
 6-39 controlled by the authority;
 6-40 (22) adopt and enforce rules governing the use of an
 6-41 airport, landing area, or airport facility owned or controlled by
 6-42 the authority;
 6-43 (23) provide for insurance, including use and
 6-44 occupancy insurance, as determined by the board;
 6-45 (24) invest funds of the authority that the board
 6-46 determines are not presently needed for its corporate purposes in:
 6-47 (A) a direct general obligation of the United
 6-48 States;
 6-49 (B) an obligation that is unconditionally
 6-50 guaranteed as to both principal and interest by the United States;
 6-51 or
 6-52 (C) bonds of the state, a county, or a
 6-53 municipality;
 6-54 (25) contract with the state, a county, a
 6-55 municipality, a public corporation, an agency, a department, or
 6-56 another political subdivision of this state if the board determines
 6-57 that the contract accomplishes the purposes for which the authority
 6-58 was established;
 6-59 (26) sell and convey property that is obsolete, worn
 6-60 out, or no longer needed or useful;
 6-61 (27) receive and accept for the construction,
 6-62 extension, improvement, maintenance, or operation of an airport or
 6-63 airport facility money, property, labor, or other thing of value
 6-64 from any source, including grants from the United States, the
 6-65 state, or any political subdivision of the state;
 6-66 (28) purchase services, equipment, and supplies
 6-67 necessary or convenient for the exercise of any power of the
 6-68 authority;
 6-69 (29) enter into a management agreement with a county

7-1 or municipality for the management by the authority of an airport,
7-2 air navigation facility, or other facility useful to the authority;
7-3 (30) require the relocation, removal, or other
7-4 adjustment of public utility facilities to accommodate a project of
7-5 the authority, only if the authority reimburses the public utility
7-6 for the cost of the relocation, removal, or other adjustment,
7-7 including the value of any easement or other associated property
7-8 right; and

7-9 (31) take any other action necessary or convenient to
7-10 carry out the purposes of this chapter or the exercise of a power
7-11 granted under this chapter.

7-12 Sec. 27.1511. ACQUISITION OR OPERATION OF CERTAIN AIRPORTS.
7-13 An authority may not acquire or operate an airport located in the
7-14 authority's jurisdiction that, as of the effective date of the Act
7-15 that enacted this chapter, has total annual commercial airline
7-16 enplanements of 300,000 passengers or more, as reported by the
7-17 United States Department of Transportation.

7-18 Sec. 27.152. ZONING. (a) An authority is exempt from
7-19 municipal or county zoning laws, ordinances, and regulations.

7-20 (b) An authority has the same zoning powers, for the zoning
7-21 of an airport in an unincorporated area owned or operated by the
7-22 authority and the zoning of the unincorporated area lying within
7-23 two miles of the boundaries of the airport, as a municipality that
7-24 owns or operates an airport.

7-25 Sec. 27.153. LIMITATION ON EMINENT DOMAIN POWER. An
7-26 authority may not acquire by eminent domain real property or
7-27 rights:

7-28 (1) owned or held by a railroad or utility; or

7-29 (2) under the management and control of the governing
7-30 body of an institution of higher education, as defined by Section
7-31 61.003, Education Code, including lands set aside and appropriated
7-32 to or acquired by the permanent university fund as provided by
7-33 Section 11, Article VII, Texas Constitution.

7-34 Sec. 27.154. MUNICIPAL VOTE REQUIRED FOR MUNICIPAL
7-35 AIRPORTS. (a) Before an authority may own, acquire, construct, or
7-36 operate an airport or an airport facility within the corporate
7-37 limits of a municipality, a majority of the governing body of the
7-38 municipality must vote in favor of the proposed airport or airport
7-39 facility.

7-40 (b) If all the constituent agencies of a joint board created
7-41 under Section 22.074 are populous home-rule municipalities, before
7-42 an authority may own or operate an existing airport operated by the
7-43 joint board, each constituent agency must vote in favor of the
7-44 authority's ownership or operation of the airport.

7-45 Sec. 27.155. PEACE OFFICERS. The authority may employ
7-46 security officers who have obtained a peace officer license issued
7-47 by the Commission on Law Enforcement Officer Standards and
7-48 Education.

7-49 [Sections 27.156-27.200 reserved for expansion]

7-50 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; TAX EXEMPTIONS

7-51 Sec. 27.201. TAX EXEMPTION; BONDS, PROPERTY, INCOME.

7-52 (a) Bonds issued by an authority and the income on the bonds are
7-53 exempt from all state taxation.

7-54 (b) All property and income of an authority are exempt from
7-55 all state, county, municipal, and other local taxation.

7-56 (c) Subsection (b) does not exempt concessionaires,
7-57 licensees, tenants, operators, or lessees of an authority from the
7-58 payment of any taxes, including licenses or privilege taxes imposed
7-59 by the state, a county, or a municipality.

7-60 Sec. 27.202. TAX EXEMPTION; ACCESS TO AIRPORTS. A county or
7-61 municipality may not require the payment of any tax or privilege
7-62 license from a person for the reasonable use of public streets,
7-63 roads, or highways leading to or from an airport or aircraft landing
7-64 area owned or operated by or under the jurisdiction of an authority.

7-65 Sec. 27.203. FUNDING. (a) An authority is authorized to
7-66 accept, receive, disburse, and expend federal money, state money,
7-67 and any other money made available by grant or loan to accomplish an
7-68 authority purpose.

7-69 (b) Federal money accepted under this section shall be

8-1 accepted and expended by an authority on terms prescribed by the
8-2 United States that are not inconsistent with the laws of this state.

8-3 Sec. 27.204. TAX IMPLICATIONS. This subchapter does not
8-4 affect the taxability of any property that is taxable under the Tax
8-5 Code on the effective date of the Act that enacted this chapter.

8-6 [Sections 27.205-27.250 reserved for expansion]

8-7 SUBCHAPTER F. BONDS

8-8 Sec. 27.251. GENERAL PROVISIONS. (a) An authority may
8-9 issue interest-bearing revenue bonds for any of the authority's
8-10 corporate purposes.

8-11 (b) The principal of and the interest on bonds is payable
8-12 solely from and may be secured by a pledge of the revenue derived by
8-13 an authority from the operation of authority airports, facilities,
8-14 and other property.

8-15 (c) Bonds issued or contracts entered into by an authority
8-16 under this chapter do not create debt of the state, a county, or a
8-17 municipality and do not create a charge against the credit or taxing
8-18 powers of the state, a county, or a municipality.

8-19 Sec. 27.252. BONDS ISSUED. (a) Board proceedings shall
8-20 determine how bonds are issued, including the following matters:

8-21 (1) whether the bonds are issued at any time and from
8-22 time to time;

8-23 (2) bond form and denominations;

8-24 (3) bond tenor, payable in installments, and at times
8-25 not to exceed 40 years from the date of issue;

8-26 (4) place of issue; and

8-27 (5) rate of interest.

8-28 (b) A bond having a stated maturity date more than 10 years
8-29 after its date of issue is subject to redemption at the option of an
8-30 authority not later than the 10th anniversary of its date of issue
8-31 and on any interest payment date after that time at a price, after
8-32 notice, on terms, in the manner provided in the board proceeding
8-33 that authorized the bond issuance.

8-34 (c) Bonds of an authority may be sold at public or private
8-35 sale in the manner and from time to time as may be determined by the
8-36 board.

8-37 (d) An authority may pay all reasonable expenses, premiums,
8-38 fees, and commissions that the board determines are necessary or
8-39 advantageous in connection with the authorization, sale, and
8-40 issuance of bonds.

8-41 (e) Bonds must contain a recital that the bonds are issued
8-42 under this chapter.

8-43 (f) A public hearing is not required for the issuance of
8-44 bonds by an authority.

8-45 (g) Bonds issued under this chapter are negotiable
8-46 instruments within the meaning of the negotiable instruments law of
8-47 this state if the bonds otherwise possess all the characteristics
8-48 of a negotiable instrument under the law of this state.

8-49 Sec. 27.253. NOTICE; CHALLENGES. (a) On the adoption of a
8-50 resolution providing for the issuance of bonds, an authority may
8-51 publish, once a week for two consecutive weeks, in a newspaper that
8-52 is distributed in the county in which the principal office of the
8-53 authority is located, notice in substantially the following form at
8-54 the end of which shall be printed the name and title of either the
8-55 presiding officer or secretary of the authority:

8-56 "_____, a public corporation of the State of Texas, on the _____
8-57 day of _____ authorized the issuance of \$_____ principal amount of
8-58 revenue bonds of the corporation for purposes authorized in the Act
8-59 of the Legislature of Texas under which the corporation was
8-60 organized. Any action or proceeding questioning the validity of
8-61 the bonds, or the pledge and any instruments securing the bonds, or
8-62 the proceedings authorizing the bonds, must be commenced within 20
8-63 days after the first publication of this notice."

8-64 (b) An action or proceeding in a court to set aside or
8-65 question the proceedings for the issuance of bonds referred to in a
8-66 notice under Subsection (a) or to contest the validity of the bonds
8-67 or the validity of the pledge and any instruments made to secure the
8-68 bonds must be commenced before the 31st day after the date of first
8-69 publication of the notice.

9-1 (c) After the 30-day period described under Subsection (b)
 9-2 expires:

9-3 (1) a right of action or defense questioning or
 9-4 attacking the validity of the proceedings, bonds, pledge, or
 9-5 instruments may not be asserted; and

9-6 (2) the validity of the proceedings, bonds, pledge, or
 9-7 instruments is not open to question in a court on any ground.

9-8 Sec. 27.254. EXECUTION AND DELIVERY. (a) Bonds shall be
 9-9 signed by the presiding officer or assistant presiding officer and
 9-10 by the secretary or treasurer of an authority. The signature of one
 9-11 of the officers whose signatures will appear on the bonds may be
 9-12 imprinted or otherwise reproduced.

9-13 (b) The seal of an authority must be affixed onto the bonds
 9-14 or a facsimile of the seal of an authority must be imprinted or
 9-15 otherwise reproduced on the bonds.

9-16 (c) Coupons must be signed by the presiding officer or
 9-17 assistant presiding officer and by the secretary or treasurer of an
 9-18 authority. The signature of the secretary or treasurer may be
 9-19 imprinted or otherwise reproduced.

9-20 (d) Delivery of bonds executed as provided under this
 9-21 section is valid regardless of any changes in officers or in the
 9-22 authority seal after the signing and sealing of the bonds.

9-23 Sec. 27.255. SECURITY. (a) At the discretion of an
 9-24 authority, bonds may be issued under and secured by an indenture
 9-25 between the authority and a trustee. A trustee may be a private
 9-26 person or corporation, including a trust company or bank having
 9-27 trust powers.

9-28 (b) In an indenture or resolution providing for the issuance
 9-29 of bonds, the authority may:

9-30 (1) pledge, for payment of the principal of and the
 9-31 interest on bonds, authority revenue;

9-32 (2) assign, as security for payment, a lease,
 9-33 franchise, permit, or contract; and

9-34 (3) mortgage a property.

9-35 (c) A pledge of revenue is valid from the time it is made.
 9-36 Pledged revenue received after the pledge by an authority
 9-37 immediately becomes subject to the lien of the pledge without
 9-38 physical delivery or further act. The lien of the pledge is binding
 9-39 against a party having a claim of any kind against the authority,
 9-40 regardless of whether the party has actual notice of the lien, from
 9-41 the time a statement is filed in the office of the county clerk of:

9-42 (1) the county in which the principal office of the
 9-43 authority is located; or

9-44 (2) a county in which any part of the property, the
 9-45 revenue from which is pledged, is located.

9-46 (d) A statement under Subsection (c) must contain:

9-47 (1) the date on which a resolution authorizing the
 9-48 issuance of bonds was adopted by a board;

9-49 (2) the principal amount of bonds issued;

9-50 (3) a brief description of the revenue pledged; and

9-51 (4) a brief description of property the revenue from
 9-52 which is pledged.

9-53 (e) In an indenture or resolution pledging revenue from an
 9-54 airport, building, or facility, an authority may include provisions
 9-55 customarily contained in instruments securing evidence of
 9-56 indebtedness, including provisions relating to:

9-57 (1) the collection, segregation, and application of
 9-58 rental or other revenue due or to become due to the authority;

9-59 (2) the terms to be incorporated in a lease agreement
 9-60 pertaining to authority property;

9-61 (3) the maintenance and insurance of a building or
 9-62 structure owned by the authority;

9-63 (4) the creation and maintenance of special funds from
 9-64 revenue of the authority;

9-65 (5) the rights and remedies available in the event of
 9-66 default to the holder of the bonds or the trustee under the
 9-67 indenture; and

9-68 (6) restricting the individual rights of action of the
 9-69 holders of the bonds and coupons.

10-1 (f) If an authority defaults in payment of the principal of
 10-2 or interest on bonds or in an agreement included in an indenture
 10-3 securing the bonds, a holder of the bonds or any of the coupons, or
 10-4 the trustee under an indenture if authorized in the indenture:

10-5 (1) may enforce payment of the principal or interest
 10-6 by civil action, mandamus, or other proceeding;

10-7 (2) may compel performance of a duty of the board and
 10-8 officers of the authority; and

10-9 (3) is as a matter of right and regardless of the
 10-10 sufficiency of the security entitled to the appointment of a
 10-11 receiver with all the powers of a receiver for the:

10-12 (A) operation and maintenance of the property of
 10-13 the authority covered by the indenture; and

10-14 (B) collection, segregation, and application of
 10-15 revenue from property of the authority covered by the indenture.

10-16 Sec. 27.256. PROCEEDS. (a) Proceeds derived from the sale
 10-17 of bonds may be used only to pay the cost of acquiring,
 10-18 constructing, improving, enlarging, and equipping an airport,
 10-19 facility, or other property as specified in the proceedings in
 10-20 which the bonds are authorized to be issued.

10-21 (b) Eligible costs under Subsection (a) include:

10-22 (1) the cost of land forming a part of an airport,
 10-23 facility, or other property;

10-24 (2) the cost of labor, material, and supplies used in
 10-25 the construction, improvement, or enlargement, including
 10-26 architects' and engineers' fees and the cost of preparing contract
 10-27 documents and advertising for bids;

10-28 (3) the purchase price of and the cost of installing
 10-29 equipment for the airport, facility, or other property;

10-30 (4) the cost of landscaping the lands forming a part of
 10-31 an airport, facility, or property, and of constructing roads,
 10-32 sidewalks, curbs, gutters, utilities, and parking places in
 10-33 connection with an airport, facility, or other property;

10-34 (5) legal, fiscal, and recording fees and expenses
 10-35 incurred in connection with the authorization, sale, and issuance
 10-36 of bonds issued in connection with an airport, facility, or other
 10-37 property; and

10-38 (6) interest on bonds issued in connection with an
 10-39 airport, facility, or other property for a reasonable period before
 10-40 and during the time required for the construction and equipment not
 10-41 to exceed 18 months after the date of completion of the construction
 10-42 and equipment.

10-43 (c) If any proceeds derived from the sale of bonds remain
 10-44 undisbursed after completion of the work described under Subsection
 10-45 (a) and payment of costs under Subsection (b), the proceeds shall be
 10-46 used for retirement of the principal of the bonds of the same issue.

10-47 Sec. 27.257. REFUNDING BONDS. (a) An authority may at any
 10-48 time issue refunding bonds for the purpose of:

10-49 (1) refunding the principal of and interest on
 10-50 outstanding bonds of the authority regardless of whether the
 10-51 principal and interest have matured at the time of the refunding;
 10-52 and

10-53 (2) paying the expenses incurred in connection with
 10-54 the refunding and any premium necessary to be paid to redeem,
 10-55 retire, or purchase for retirement the bonds to be refunded.

10-56 (b) Proceeds derived from the sale of refunding bonds may be
 10-57 used only for the purposes for which the refunding bonds were
 10-58 authorized to be issued.

10-59 (c) Refunding may be effected:

10-60 (1) by sale of the refunding bonds and the application
 10-61 of the proceeds; or

10-62 (2) by exchange of the refunding bonds for the bonds or
 10-63 interest coupons to be refunded, except that the holders of the
 10-64 bonds or coupons to be refunded may not be compelled without their
 10-65 consent to surrender their bonds or coupons for payment or exchange
 10-66 before the date on which the bonds or coupons may be paid or
 10-67 redeemed by call of the authority under the respective provisions
 10-68 of the bonds or coupons.

10-69 (d) If an authority issues bonds for the purpose of

11-1 refunding the principal of and interest on any of its bonds or for
11-2 any other purpose for which it is authorized to issue bonds, this
11-3 section applies only to the portion of the combined issue
11-4 authorized for refunding purposes, and the rest of this subchapter
11-5 applies to the remaining portion of the combined issue.

11-6 Sec. 27.258. LOCAL GOVERNMENT INVESTMENT. A governing body
11-7 of a county or municipality may invest idle or surplus money held in
11-8 its treasury in authority bonds.

11-9 Sec. 27.259. LEGAL INVESTMENTS. (a) Bonds issued under
11-10 this subchapter are legal investments for executors,
11-11 administrators, trustees, and other fiduciaries, unless otherwise
11-12 directed by the court having jurisdiction of the fiduciary relation
11-13 or by the document that is the source of the fiduciary's authority.

11-14 (b) Bonds issued under this subchapter are legal
11-15 investments for savings banks and insurance companies organized
11-16 under the laws of this state.

11-17 [Sections 27.260-27.300 reserved for expansion]

11-18 SUBCHAPTER G. WITHDRAWAL OR DISSOLUTION

11-19 Sec. 27.301. WITHDRAWAL FROM AUTHORITY. (a) After the
11-20 organization of an airport authority by more than one governmental
11-21 entity, the state, a county, or a municipality in an authority may
11-22 withdraw from the authority by resolution of the governor, the
11-23 commissioners court of the county, or the governing body of the
11-24 municipality.

11-25 (b) A withdrawing entity may not claim or remove an asset of
11-26 the authority.

11-27 Sec. 27.302. DISSOLUTION. (a) If an authority does not
11-28 have outstanding bonds, the authority may be dissolved on the
11-29 filing of articles of dissolution with the secretary of state by
11-30 each member of the authority.

11-31 (b) On issue of a certificate of dissolution by the
11-32 secretary of state, an authority dissolves. On dissolution, all
11-33 rights, titles, and interests of the authority in property:

11-34 (1) vest in the authorizing governmental entities as
11-35 provided by the articles of incorporation; or

11-36 (2) if not provided for in the articles of
11-37 incorporation, vest in the authorizing governmental entities
11-38 equally.

11-39 SECTION 3. EFFECTIVE DATE. This Act takes effect
11-40 immediately if it receives a vote of two-thirds of all the members
11-41 elected to each house, as provided by Section 39, Article III, Texas
11-42 Constitution. If this Act does not receive the vote necessary for
11-43 immediate effect, this Act takes effect September 1, 2009.

11-44 * * * * *