

By: Whitmire, et al.

S.B. No. 203

A BILL TO BE ENTITLED

AN ACT

relating to the Port of Houston Authority; creating an offense.

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

SECTION 1. Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927, is transferred to Subtitle A, Title 5, Special District Local Laws Code, redesignated as Chapter 5007, Special District Local Laws Code, and amended to read as follows:

CHAPTER 5007. PORT OF HOUSTON AUTHORITY

OF HARRIS COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 5007.001 [~~1~~]. CREATION OF DISTRICT; VALIDATION; TERRITORY. (a) That the Harris County Houston Ship Channel Navigation District of Harris County, Texas, in Harris County, as hereinafter described by metes and bounds, is hereby created and established under authority of Article 3, Section 52, of the Constitution of the State of Texas, for the purpose of the development of deep water navigation and the improvement of rivers, bays, creeks, streams, and canals within or adjacent to such District, and to construct and maintain canals or waterways to permit [~~of~~] navigation or in aid thereof and for the purpose of and authority to acquire, purchase, undertake, construct [~~contract~~], maintain, operate, develop, and regulate wharves, docks, warehouses, grain elevators, bunkering facilities, belt railroads, floating plants, lighterage, lands, towing facilities, and all

1 other facilities or aids incident to or necessary to the operation
2 or development of ports or waterways within said District and
3 extending to the Gulf of Mexico, as provided in Chapter 9 of the
4 Revised Statutes of 1925; and all orders of the Commissioners'
5 Court of Harris County, Texas, and of the Navigation Commissioners,
6 heretofore made in respect to the creation of such District and the
7 authorization and issuance of the bonds of said District and
8 particularly an issue of One Million Five Hundred Thousand
9 (\$1,500,000.00) Dollars of bonds voted at an election under date of
10 December 4, 1926, be and the same are hereby in all things ratified,
11 confirmed, and validated.

12 **(b)** The said Harris County Houston Ship Channel Navigation
13 District of Harris County, Texas, herenow created and established
14 after consideration of the benefits to the property therein
15 located, is described by metes and bounds as follows, to-wit:-

16 Beginning at the entrance to Clear Creek into Galveston Bay;
17 thence running up said creek with the line of Galveston and Brazoria
18 Counties to a point on S. G. Haynie's survey 372 varas S. 62 degrees
19 32 minutes E. from its west line; thence N. 62 degrees 32 minutes W.
20 12 miles 318 varas to the head of Brays Bayou; thence N. 56 degrees
21 30 minutes W. 15 miles 1455 1/2 varas to the old crossing of Buffalo
22 Bayou; thence with the line of Waller County in a straight line to
23 the head of creek; thence down the same with its meanders to the San
24 Jacinto River; thence N. 50 degrees east to the western line of
25 Liberty County; thence with said line to the head of Cedar Bayou;
26 thence down said bayou to its mouth; thence following the boundary
27 line of Harris County to the mouth of Clear Creek, the place of

1 beginning.

2 Sec. 5007.002 [~~3~~]. VALIDATION OF ISSUANCE OF CERTAIN BONDS.

3 (a) The petition, orders of the Commissioners' Court, notices of
4 election, the election and orders declaring the result thereof and
5 authorizing the issuance of the following bonds: (a) An issue of
6 \$1,250,000.00, dated June 1, 1911, bearing 4 1/2% interest,
7 maturing equally each 10 years for forty years; (b) an issue of
8 \$250,000.00, dated March 4, 1914, bearing 5% interest, maturing
9 forty years with an option to redeem same at any time after ten
10 years; (c) an issue of \$1,500,000.00, dated August 1, 1919, bearing
11 5% interest and maturing serially in 30 years; (d) an issue of
12 \$500,000.00, dated September 15, 1924 bearing 4 1/2% interest and
13 maturing serially in thirty years; are herenow in all respects
14 confirmed, approved, ratified, and validated, and held to be the
15 legal and binding obligations [~~obligations~~] of said Harris County
16 Houston Ship Channel Navigation District.

17 (b) [~~Sec. 4.~~] The petition of the Navigation and Canal
18 Commissioners of October 7, 1926, to the Commissioners' Court
19 asking for an election for One Million Five Hundred Thousand
20 (\$1,500,000.00) Dollars of bonds; the order of the Commissioners'
21 Court of October 11, 1926, ordering an election for said bonds for
22 December 4, 1926; the notices of election, the publication and
23 posting of such notices, the form of ballot, the election itself,
24 the canvass by the Court of the votes cast at said election, and the
25 order of the Commissioners' Court dated December 13, 1926,
26 authorizing the issuance of One Million Five Hundred Thousand
27 (\$1,500,000.00) Dollars of the bonds of said District, which bonds

1 are dated February 1, 1927, due \$50,000.00 each year for thirty
2 years, bearing interest at the rate of 5%, payable semi-annually,
3 said bonds being in the denomination of \$1,000.00 each and setting
4 out the form of said bonds, places of payment, rights of redemption
5 and other details of said issue; the order providing for a tax on
6 all of the taxable property in said District sufficient to pay the
7 interest on said bonds and provide a sinking fund for payment of
8 said bonds at maturity; and all orders of the Commissioners' Court
9 supplementary to and amendatory thereof, are in all respects
10 ratified, confirmed, approved and validated.

11 (c) [~~Sec. 5.~~] The amount of bonds fixed in the order of said
12 Court calling said election for the purposes set forth in said order
13 is hereby found to be proper and necessary for the purposes set out
14 therein and of benefit to all of the property and tax payers in said
15 District, and is hereby approved and authorized, and the said
16 Harris County Houston Ship Channel Navigation District of Harris
17 County, Texas, is hereby fully authorized and empowered to issue
18 and sell said bonds and use the proceeds of said bonds for the
19 purposes set forth in the order of said Court calling said election,
20 and said bonds as and when issued and sold at any time or from time
21 to time shall be and are hereby declared to be the legal, valid, and
22 binding obligations of said Harris County Houston Ship Channel
23 Navigation District of Harris County, Texas. The Commissioners'
24 Court of Harris County, on behalf of said District, is hereby fully
25 authorized and empowered to levy upon and against all of the taxable
26 property in said Harris County Houston Ship Channel Navigation
27 District of Harris County, Texas, liable therefor, in the manner

1 and at the time provided for by the General Laws, sufficient taxes
2 to pay the interest on said bonds and provide sinking funds for the
3 payment of said bonds at maturity.

4 (d) [~~Sec. 6.~~] The Attorney General of the State of Texas, on
5 [~~an~~] presentation to him for approval of any or all of said bonds
6 duly executed as provided by law, in the form set forth in the order
7 referred to, is authorized to approve and certify the same as valid
8 and binding obligations of the said Harris County Houston Ship
9 Channel Navigation District of Harris County, Texas.

10 Sec. 5007.003 [~~7~~]. AUTHORITY TO ISSUE BONDS. Harris County
11 Houston Ship Channel Navigation District of Harris County, Texas,
12 is authorized and empowered to issue in direct conformity with the
13 Constitution and the laws of this State as and when necessary such
14 bonds as may be voted from time to time by the requisite two-thirds
15 majority of the resident property tax paying voters voting at any
16 election when called and conducted in direct conformity with the
17 Constitution and laws of Texas and to issue and sell the same
18 subject to such provisions of the Constitution and laws of this
19 State as may be in effect at the time, and subject to the approval of
20 the Attorney General.

21 Sec. 5007.004 [~~7a~~]. VALIDATION OF ACTS RELATING TO CERTAIN
22 BONDS. (a) All proceedings, certificates, and acts of the
23 Navigation and Canal Commissioners of the Harris County Houston
24 Ship Channel Navigation District of Harris County, Texas,
25 requesting the submission to an election in said District on
26 December 19, 1944, of Five Million Dollars (\$5,000,000.00) of bonds
27 of said District for the purposes set out in the proposition

1 including the purchase of facilities and properties constructed or
2 owned by any municipality within said District containing one
3 hundred thousand population or more according to the last preceding
4 Federal Census, and the further construction and improvement of
5 port facilities and properties; the orders of the Commissioners
6 Court of Harris County, Texas, calling the election and canvassing
7 the returns and declaring the election carried by more than a
8 two-thirds majority of the voters qualified as required by the
9 Constitution and laws of the State of Texas voting at said election;
10 the notice of election; the ballots; and all other proceedings had
11 in connection therewith are hereby declared not to be invalid by
12 reason of the following errors and omissions: (1) failure to
13 include in the proceedings, in the election order and notice, and in
14 the proposition submitted (a) the agreement between the District
15 and the said municipality for the purchase of existing facilities
16 and properties of the said municipality by the District; (b) the
17 assumption by the District of outstanding bonds of the municipality
18 issued to construct or purchase certain of its facilities and
19 properties and the amount thereof; and (c) the amount of the tax to
20 be levied by the Commissioners Court to service the outstanding
21 bonds of the municipality assumed by the District and (2) the
22 failure to properly word in exact accordance with existing law the
23 ballot submitting the purchase of the said municipal facilities and
24 properties to a vote, but said bonds so voted shall be held to be in
25 substantial compliance with the Constitution and statutes of the
26 State of Texas, and the Navigation and Canal Commissioners of the
27 Harris County Houston Ship Channel Navigation District of Harris

1 County, Texas, are authorized to request of the Commissioners Court
2 of Harris County, Texas, and the Commissioners Court is authorized
3 to enter the necessary orders and resolutions directing the
4 issuance of such bonds so voted at said election as may be needed
5 from time to time for the purposes set out in the proceedings and
6 said bonds shall not be invalid insofar as they are affected by the
7 errors and omissions or failures above enumerated, but such bonds
8 insofar as they are affected by such errors and omissions or
9 failures are hereby legalized, confirmed, ratified, approved, and
10 validated as though correct in the first instance.

11 (b) The Attorney General of Texas is directed to examine the
12 record of the issuance of said bonds as and when submitted to him
13 for the purpose, and if he finds that otherwise they have been
14 issued conformably to the Constitution and laws of the State of
15 Texas, he shall approve said bonds notwithstanding the errors and
16 omissions or failures hereinabove listed, and said bonds shall not
17 be invalid by reason of the said errors and omissions or failures
18 listed in this chapter [~~Act~~].

19 (c) All of the bonds of said District authorized at the said
20 election of December 19, 1944, including the bonds representing the
21 purchase price of municipal facilities and properties less the
22 amount of outstanding bonds of the municipality issued for the
23 construction or purchase of such municipal facilities and
24 properties may be issued and sold in the manner provided by law when
25 and if approved by the Attorney General of the State of Texas, but
26 the proceeds of such sale shall be applied only to the purposes set
27 out in the proposition submitted at said election and so much of the

1 proceeds of the sale as represents the amount due for the purchase
2 of municipal facilities and properties under the terms of the
3 agreement shall be paid the municipality as of the effective date of
4 the transfer of the said municipal facilities and properties as set
5 out in the agreement when made in the manner provided by law. The
6 provisions of Article 8238, Revised Civil Statutes of Texas as
7 amended, Acts, First Called Session, 1927, page 149, shall apply to
8 the purchase of and payment for municipal facilities and properties
9 except as herein provided.

10 ~~[Sec. 9. SUNSET REVIEW. (a) The Port of Houston Authority~~
11 ~~of Harris County, Texas, is subject to review under Chapter 325,~~
12 ~~Government Code (Texas Sunset Act), as if it were a state agency but~~
13 ~~may not be abolished under that chapter. The review shall be~~
14 ~~conducted as if the authority were scheduled to be abolished~~
15 ~~September 1, 2013.~~

16 ~~[(b) The reviews must assess the authority's governance,~~
17 ~~management, and operating structure, and the authority's~~
18 ~~compliance with legislative requirements.~~

19 ~~[(c) The authority shall pay the cost incurred by the Sunset~~
20 ~~Advisory Commission in performing a review of the authority under~~
21 ~~this section. The Sunset Advisory Commission shall determine the~~
22 ~~cost, and the authority shall pay the amount promptly on receipt of~~
23 ~~a statement from the Sunset Advisory Commission detailing the cost.~~

24 ~~[(d) This section expires September 1, 2013.~~

25 ~~[Sec. 9. SUNSET REVIEW. (a) The Port of Houston Authority~~
26 ~~is subject to review under Chapter 325, Government Code (Texas~~
27 ~~Sunset Act), as if it were a state agency but may not be abolished~~

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5 ~~compliance with legislative requirements.~~

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7 ~~Advisory Commission in performing a review of the authority under~~
8 ~~this section. The Sunset Advisory Commission shall determine the~~
9 ~~cost, and the authority shall pay the amount promptly on receipt of~~
10 ~~a statement from the Sunset Advisory Commission detailing the cost.~~

11 ~~[(d) This section expires September 1, 2013.]~~

12 Sec. 5007.005 [~~±~~]. GRANT OF TITLE TO CERTAIN ISLANDS AND
13 OTHER LAND; RELATED POWERS AND DUTIES; RIPARIAN LANDOWNERS;
14 RESERVATION OF CERTAIN STATE RIGHTS AND POWERS. (a) That all
15 right, title and interest of the State of Texas, to all lands
16 hereinafter in this section described, to wit:

17 All islands and lands owned by the State of Texas, many of
18 which are subject to overflow, known as Barnes Island, Alexander
19 Island, Goat Island, Diamond Island and Hog Island in San Jacinto
20 River above Lynchburg [~~Lunchburg~~], and certain accretions formed by
21 dredged material excavated from the channel and forming land
22 attached to or near said Alexander Island, Hog Island between Goose
23 Creek and Morgan Point, Atkinson Island, and all the submerged
24 lands lying and being situated under the waters of Buffalo Bayou,
25 San Jacinto River, White Oak Bayou, Bray's Bayou, Simms Bayou,
26 Vinces Bayou, Hunting Bayou, Greens Bayou, Carpenters Bayou, Old
27 River, Lost River, Goose Creek and Cedar Bayou, and all other

1 streams within Harris County Navigation District tributary to the
2 Houston Ship Channel, so far up said streams as the State may own
3 same, together with all lands lying and being situated under the
4 waters of Old River, Burnett's Bay, Crystal Lake, Scott's Bay,
5 Peggy's Lake, Black Duck Bay, Tabbs Bay and San Jacinto Bay, and all
6 other tidal flats or overflow land adjacent to or appurtenant to the
7 above mentioned streams within the limits above mentioned except
8 Mitchell's Bay and any area between said bay and the Houston Ship
9 Channel, as now or hereafter located, is hereby granted to the
10 Harris County Houston Ship Channel Navigation District, or its
11 successors, for public purposes and for the development of commerce
12 only, in accordance with the following provisions and stipulations
13 herein contained; provided that inasmuch as it is the purpose of
14 this chapter [~~Act~~] to grant said lands to the public agency which is
15 developing the Port of Houston, upon the creation by legislation of
16 other public agency which shall supersede the said navigation
17 district as the public agency developing the Port of Houston, the
18 title to said lands shall be transferred from the navigation
19 district to such public agency, either municipal or State, so
20 provided, such public agency being referred to herein as the
21 successors [~~successors~~] of the navigation district.

22 (b) [~~Sec. 2.~~] The navigation district, or its successors,
23 is hereby granted the right, power and authority to authorize,
24 establish, construct, purchase, own, maintain, equip, regulate,
25 operate and lease wharves, piers, docks, dry docks, marine ways and
26 all other structures and appliances for facilitating or
27 accommodating [~~accommodating~~] commerce or navigation, and to dredge

1 out channels, slips and turning basins, and to fill in space between
2 the main land and islands and to fill areas for wharves, piers,
3 docks, dry docks, marine ways and for all other structures and
4 appliances for facilitating and accommodating [~~accomodating~~]
5 commerce and navigation, having first secured a permit from the
6 Government of the United States of America therefor, and to
7 construct, or cause or authorize to be constructed on said wharves,
8 piers, docks, dry docks, marine ways and other structures and
9 appliances for facilitating and accommodating [~~accomodating~~]
10 commerce and navigation, or on lands so filled in, any and all
11 elevators, warehouses, bunkers, railway terminals and sidetracks,
12 or any other facilities or aids whatsoever to navigation or
13 commerce. Said lands shall be used by the navigation district, or
14 its successors, solely for the establishment, improvement and
15 conduct of an harbor and for the construction, maintenance and
16 operation thereon of any facilities or aids whatsoever to the same,
17 and said navigation district, or its successors, shall not at any
18 time, grant, convey, give or alien said lands or any part thereof,
19 to any individual, firm or corporation for any purpose whatsoever;
20 provided, that said navigation district, or its successors, may
21 grant franchises thereon for limited periods of time for wharves,
22 and other public uses and purposes, and may lease said lands or any
23 part thereof for limited periods for purposes consistent with this
24 chapter [~~Act~~], but no wharves, piers or structures of any kind shall
25 be constructed on said lands by anyone save the navigation
26 district, except under a franchise granted by said navigation
27 district and in a manner first prescribed by and approved of by said

1 navigation district or its successors.

2 (c) [~~Sec. 3.~~] For the purpose of carrying out the
3 provisions of this chapter [~~Act~~], the navigation district, or its
4 successors, is hereby granted the right, power and authority to
5 abate and remove any and all encroachments or structures of any kind
6 now or hereafter existing on said property, save such as may have
7 been constructed under permit from the United States War
8 Department, or other proper Federal authority, and shall have the
9 right to bring such suit or suits as may be necessary to carry out
10 the provisions of this chapter [~~Act~~] to the same extent and as fully
11 and completely as the right to bring such a suit or suits existed in
12 the State prior to the passage hereof.

13 (d) [~~Sec. 4.~~] The purposes and provisions of this chapter
14 [~~Act~~], and the grants, rights and privileges, thereunder to the
15 Harris County Houston Ship Channel Navigation District, shall not
16 affect, curtail or abridge the rights or privileges of riparian
17 owners of lands abutting upon the islands and lands subject to
18 overflow, and lands lying under the streams, bays and lakes herein
19 described or referred to, as the same existed under the Common Law
20 or the Constitution or Statutes of Texas at the time this chapter,
21 or laws antecedent to this chapter, [~~Act~~] shall become in force and
22 effect, or to deprive riparian land owners of access to such
23 streams, channels or waters.

24 (e) [~~Sec. 5.~~] The State of Texas, may at any time, place the
25 operation of [~~said~~] facilities under Subsection (b) under the
26 supervision of the Railroad Commission of Texas, to insure
27 reasonable wharfage and storage charges.

1 (f) [~~Sec. 6.~~] The right is hereby expressly reserved by the
2 State of Texas to erect on the lands herein conveyed such wharves,
3 piers and buildings for State purposes as may hereafter be
4 authorized by law.

5 (g) [~~Sec. 7.~~] All mines and mineral rights, including oil
6 and gas in and under said lands, together with the right to enter
7 there on for the purpose of development, and the granting of permits
8 to excavate sand, shell or marl and to collect the tax on same, are
9 hereby expressly reserved to the State of Texas; provided necessary
10 or proper access to the lands hereby ceded, together with all
11 improvements heretofore made, or to be made, under any mineral
12 leases issued by the State in connection with mineral rights herein
13 reserved are made a condition of this grant, and are covenants
14 running with the ceded lands; provided further, that leases
15 hereafter made by the State, or operations thereunder in connection
16 with reserved mineral rights shall not interfere with the
17 improvements made, or to be made in the development of the ship
18 channel by the said navigation district, or franchise holders
19 thereunder.

20 Sec. 5007.006 [~~8~~]. RIGHTS OF WAY; EASEMENTS. Nothing in
21 this chapter [~~Act~~] shall prohibit the Navigation District or its
22 successors from granting to the United States of America such
23 rights-of-way or easements as may be required by it for the
24 construction of channels, basins, dumping grounds, or other allied
25 purposes in connection with any work voluntarily undertaken by the
26 Federal Government, or at the request of the navigation district or
27 its successors.

1 Sec. 5007.007 [~~4~~]. REVENUE OBLIGATIONS; CERTAIN POWERS;
2 FEES AND CHARGES; GRAIN ELEVATORS; TAXATION EXEMPTION; REFUNDING
3 BONDS; CERTAIN BOND PROVISIONS. (a) The Harris County Houston Ship
4 Channel Navigation District of Harris County, Texas, in addition to
5 all other powers conferred by law, is hereby given authority and
6 shall hereafter have power in the manner hereinafter provided to
7 acquire, purchase, construct, enlarge, extend, repair, maintain,
8 operate, or develop channels and turning basins, wharves, docks,
9 warehouses, grain elevators, bunkering facilities, railroads,
10 floating plants, and facilities, lightering facilities and towing
11 facilities, bulk handling facilities, and everything appurtenant
12 thereto, together with all other facilities or aids incident to or
13 useful in the operation or development of the District's ports and
14 waterways or in aid of navigation and commerce thereon.

15 (b) The Board of Navigation and Canal Commissioners of said
16 District may covenant to and shall prescribe fees and charges to be
17 collected for the use of those improvements and facilities of the
18 District (the net revenues of which improvements and facilities are
19 pledged, as hereinafter provided), which fees and charges shall be
20 reasonable and equitable and fully sufficient to produce revenues
21 adequate to pay, and said Board of Navigation and Canal
22 Commissioners shall cause to be paid:

23 (1) All expenses necessary to the operation,
24 replacement and maintenance of said improvements and facilities.
25 Such operating and maintenance expenses payable from current
26 revenues shall include the cost of the acquisitions of properties
27 and materials necessary to repair, replace and maintain said

1 improvements and facilities in good condition and operate them
2 efficiently, wages and salaries paid to the employees of the
3 District in that connection, and such other expenses as may be
4 necessary to the efficient operation of said improvements and
5 facilities.

6 (2) The annual or semiannual interest upon any
7 obligations issued hereunder and payable out of the revenues of
8 said improvements and facilities.

9 (3) The amount required to be paid annually into the
10 sinking fund for the payment of any obligations issued hereunder
11 and payable out of the revenues of said improvements and
12 facilities.

13 (4) The amount or amounts required to be paid in
14 reserve funds or other funds as may be provided for in the
15 proceedings authorizing such obligations, to secure the payment of
16 the obligations issued pursuant to the provisions hereof.

17 (b-1) Revenues which may be received in excess of those
18 required for the purposes listed in the above Subsection (b)
19 [~~subparagraphs (1), (2), (3), and (4),~~] may be used by the Board of
20 Navigation and Canal Commissioners to pay the cost of any other
21 District improvements or for any other lawful purpose.

22 (c) The Board of Navigation and Canal Commissioners of said
23 District may borrow money from any department or agency of the
24 United States, or from any other source, and in evidence thereof
25 issue the notes, warrants, certificates of indebtedness,
26 negotiable bonds, or other forms of obligation of such District
27 (heretofore and hereafter referred to as "obligations") payable

1 solely out of the revenues to be derived from said improvements and
2 facilities for any or all of the purposes set forth in Subsection
3 (a) [~~Section 1(a) of this Act~~].

4 (d) Such obligations shall not constitute an indebtedness
5 or pledge of the credit of such District, and the holders thereof
6 shall never have the right to demand payment thereof out of any
7 funds raised or to be raised by taxation, and such obligations shall
8 contain a recital to that effect. All obligations issued hereunder
9 shall be in registered or coupon form, and if in coupon form may be
10 registerable as to principal only, or as to both principal and
11 interest, shall bear interest at a rate not to exceed six per cent
12 (6%) per annum, payable annually or semiannually, and shall be in
13 such denominations and shall mature serially or at one time not more
14 than forty (40) years from their date in such manner as may be
15 provided by the Board of Navigation and Canal Commissioners.
16 Principal of and interest on such obligations shall be made payable
17 at any place or places within or without the State of Texas, and in
18 the discretion of the Board of Navigation and Canal Commissioners
19 such obligations may be made callable and/or refundable at the
20 option of said Board prior to maturity at such premium or premiums
21 as the Board shall determine. Such obligations shall be signed by
22 the manual or facsimile signatures of the Chairman and executive
23 director [~~Secretary~~] of the Board of Navigation and Canal
24 Commissioners as may be provided in the proceedings authorizing
25 said obligations, and the interest coupons attached thereto may
26 also be executed by the facsimile signatures of such officers. Such
27 obligations shall be sold in such manner and at such times as the

1 Board of Navigation and Canal Commissioners shall determine to be
2 expedient and necessary to the interests of the District, provided,
3 that in no event shall such obligations be sold for a price which
4 will result in an interest yield therefrom of more than six percent
5 (6%) computed to maturity according to standard bond tables in
6 general use by banks and insurance companies. Any premium or
7 premiums provided for the call or refunding of any bonds issued
8 pursuant to this Section [~~4~~] shall not be included in the
9 computation of the maximum interest yield on such bonds. In the
10 event of the officers whose signatures are on such obligations or
11 coupons shall cease to be such officers before the delivery of such
12 obligations to the purchaser, such signature or signatures,
13 nevertheless, shall be valid and sufficient for all purposes. All
14 obligations issued hereunder shall constitute negotiable
15 instruments within the meaning of the Negotiable Instruments Law of
16 the State of Texas.

17 (e) Any obligations issued hereunder may be issued payable
18 from and secured by the pledge of all the revenues derived from the
19 operation of the improvements and facilities of the District,
20 exclusive of any revenues derived from taxation or assessments, or
21 may be payable from and secured by the pledge of only such revenues
22 as may be derived from the operation of the improvements and
23 facilities acquired with the proceeds of the sale of such
24 obligations, or may be payable from and secured by the pledge of a
25 specified part of the revenues derived from the operation of the
26 improvements and facilities of the District, all as may be provided
27 in the proceedings authorizing the issuance of such obligations.

1 (f) In the resolution or order adopted by the Board of
2 Navigation and Canal Commissioners authorizing the issuance of any
3 obligations hereunder, said Board may provide for the flow of
4 funds, the establishment and maintenance of the interest and
5 sinking fund, reserve, and other funds, and may provide for such
6 additional covenants with respect to the obligations and the
7 pledged revenues and the operation, maintenance, and upkeep of
8 those improvements and facilities (the income of which is pledged),
9 including provision for the leasing of all or part of said
10 improvements and facilities and the use or pledge of moneys derived
11 from leases thereon, as it may deem appropriate. Said resolution or
12 order may also prohibit the further issuance of obligations payable
13 from the pledged net revenues, or may reserve the right to issue
14 additional bonds to be secured by a pledge of and payable from said
15 net revenues on a parity with, or subordinate to, the lien and
16 pledge in support of the obligations being issued, subject to such
17 conditions as are set forth in said resolution or order. Such
18 resolution may contain a provision appropriating out of the bond
19 proceeds an amount sufficient to pay the interest which will accrue
20 on such obligations during the period of construction of the
21 improvements and facilities covered by such obligations. Such
22 resolution or order may contain other provisions and covenants, as
23 in the opinion of said Board may be necessary or desirable to insure
24 marketability of the obligations, provided that such provisions and
25 covenants are not prohibited by the Constitution of Texas or by this
26 chapter [~~Act~~]; and the Board may adopt and cause to be executed any
27 other proceedings or instruments necessary and/or convenient in the

1 issuance of said obligations.

2 (g) Said District may adopt plans for the construction or
3 refinancing of a grain elevator or elevators, to be paid for by the
4 issuance and sale of obligations payable from and secured by a
5 pledge of revenues to be derived from the operation of said grain
6 elevator and further secured by a trust indenture, or by a deed of
7 trust on the physical properties of such improvement; and during
8 the time any such improvement is encumbered by the pledge of such
9 revenues and the lien upon its physical properties, in the
10 proceedings authorizing the bonds or the indenture, may vest its
11 management and control in a Board of Trustees, to be named in such
12 resolution or indenture, consisting of not less than five (5) nor
13 more than nine (9) members. The compensation of the members of such
14 Board of Trustees shall be fixed by such resolution or indenture,
15 but shall never exceed one percent (1%) of the gross receipts of
16 such improvement in any one (1) year. The terms of office of the
17 members of such Board of Trustees, their powers and duties,
18 including the power to fix fees and charges for the use of such
19 improvements, and the manner of exercising same, the manner of the
20 selection of their successors, and all matters pertaining to their
21 duties and the organization of such Board of Trustees shall be
22 specified in such resolution or indenture. Any such Board of
23 Trustees may adopt bylaws regulating the procedure of the Board and
24 fixing the duties of its officers, but the bylaws shall not contain
25 any provision in conflict with the covenants and provisions
26 contained in the resolution authorizing the bonds or the indenture.
27 In all matters wherein the resolution or indenture are silent as to

1 the powers, duties, obligations and procedure of the Board, the
2 laws and rules governing the governing body of such District shall
3 control the Board of Trustees in so far as applicable. The Board
4 may be created by the resolution or indenture, and in that event
5 shall have all or any of the powers and authority which could be
6 exercised by the governing body of the District in so far as the
7 management and operation of any such improvement is concerned. By
8 the terms of any such resolution or indenture the governing board of
9 any such District may make provision for later supplementing such
10 resolution or indenture so as to vest the management and control of
11 such grain elevator in a Board of Trustees having the powers, rights
12 and duties herein conferred or imposed.

13 (h) Any resolution or order authorizing the issuance of
14 obligations hereunder may provide that the revenues from which such
15 obligations are to be paid and which are pledged to the payment of
16 such obligations shall from month to month as the same shall accrue
17 and be received, be set apart and placed in the interest and sinking
18 fund, reserve fund, and other funds established in said resolution
19 or order, and disbursed in the manner hereinabove provided.

20 (i) Any holder of obligations issued hereunder or of coupons
21 originally attached thereto, may either at law or in equity, by
22 suit, action, mandamus or other proceeding, enforce and compel
23 performance of all duties required by this chapter [~~Act~~] to be
24 performed by the Board of Navigation and Canal Commissioners,
25 including the making and collection of reasonable and sufficient
26 fees or charges for the use of the improvements and facilities of
27 the District, the segregation of the income and revenues of such

1 improvements and facilities, and the application of such income and
2 revenues pursuant to the provisions of this chapter [~~Act~~].

3 (j) As additional security for the payment of any
4 obligations issued hereunder, the Board of Navigation and Canal
5 Commissioners may in its discretion have executed in favor of the
6 holders of such obligations an indenture or deed of trust
7 mortgaging and encumbering all or any part of the physical
8 properties comprising the improvements and facilities the net
9 revenues of which are pledged to the payment of such obligations,
10 including the lands upon which said improvements and facilities are
11 located, and may provide in such mortgage or encumbrance for a grant
12 to any purchaser or purchasers at foreclosure sale thereunder of a
13 franchise to operate such improvements, facilities and properties
14 for a term of not over fifty (50) years from the date of such
15 purchase, subject to all laws regulating same then in force. Any
16 such indenture or deed of trust may contain such terms and
17 provisions as the Board of Navigation and Canal Commissioners shall
18 deem proper and shall be enforceable in the manner provided by the
19 laws of Texas for the enforcement of other mortgages and
20 encumbrances. Under any such sale ordered pursuant to the
21 provisions of such mortgage or encumbrance, the purchaser or
22 purchasers at such sale, and his or their successors or assigns,
23 shall be vested with a permit or franchise conforming to the
24 provisions stipulated in the indenture or deed of trust to maintain
25 and operate the improvements, facilities and properties purchased
26 at such sale with like powers and privileges as may theretofore have
27 been enjoyed by the District in the operation of said improvements,

1 facilities and properties. The purchaser or purchasers of such
2 improvements, facilities and properties at any such sale, and his
3 or their successors and assigns, may operate said improvements,
4 facilities and properties as provided in the last above sentence or
5 may at their option remove all or any part or parts of said
6 improvements, facilities and properties for diversion to other
7 purposes. The provisions of Articles 8240, 8241, 8243, Revised
8 Civil Statutes, 1925, and Chapter 134, Acts 1935, 44th Legislature,
9 Regular Session, as amended, and any other Statutes relating to the
10 authorization or execution of mortgages and encumbrances or the
11 granting of franchises or leases shall not be applicable to the
12 authorization or execution of any mortgage or encumbrance entered
13 into pursuant to the provisions of this chapter [~~Act~~], nor to the
14 granting of any franchise hereunder. Any obligations issued
15 pursuant to the provisions of this chapter [~~Act~~] and additionally
16 secured by an indenture or deed of trust as provided by this
17 subsection [~~Section 1(j)~~], whether such obligations are notes or
18 certificates of indebtedness or otherwise, and the record relating
19 to their issuance, may, at the option of the Board of Navigation and
20 Canal Commissioners, be submitted to the Attorney General of Texas
21 for his examination and approval, as in the case of bonds, and after
22 the Attorney General has approved the same, such obligations shall
23 be registered by the Comptroller of Public Accounts of Texas; and
24 after such obligations have been approved by the Attorney General
25 and registered by the Comptroller, they shall thereafter be
26 incontestable for any cause except for forgery or fraud.

27 (k) The proceeds of the sale of any obligations issued

1 hereunder may be deposited in such bank or banks as may be agreed
2 upon between the purchaser at such sale and the Board of Navigation
3 and Canal Commissioners, and may be deposited and paid out pursuant
4 to such terms and conditions as may be so agreed upon, it being
5 expressly provided that the Statutes of Texas pertaining to the
6 deposit of Navigation District funds in the depository of such
7 District shall not be applicable to the deposit of the proceeds of
8 such sale.

9 (1) The Board of Navigation and Canal Commissioners is
10 authorized to enter into an agreement or agreements with the
11 purchaser or purchasers of any obligations issued hereunder under
12 the terms of which such Board shall agree to keep all of the
13 improvements and facilities, the revenues of which are pledged to
14 the payment of such obligations, insured with insurers of good
15 standing against loss or damage by fire, water or flood, and also
16 from any other hazards customarily insured against by private
17 companies operating similar properties, and to carry with insurers
18 of good standing such insurance covering the use and occupancy of
19 such property as is customarily carried by such private companies.
20 The cost of such insurance shall be budgeted as maintenance and
21 operation expense and such insurance shall be carried for the
22 benefit of the holders of such obligations.

23 (m) Said District, in addition to the other powers
24 hereinabove set out, shall have general power and authority to make
25 and enter into all contracts, leases and agreements necessary or
26 convenient to the carrying out of any of the powers granted in this
27 chapter [~~Act~~], which contracts, leases or agreements may be entered

1 into with any person, real or artificial, any corporation,
2 municipal, public or private, and the government or governmental
3 agency, including those of the United States and the State of Texas.
4 Any and all contracts, leases or agreements entered into pursuant
5 hereto shall be approved by resolution or order of the Board of
6 Navigation and Canal Commissioners of such District, and shall be
7 executed by the Chairman and attested by the executive director
8 [~~Secretary~~] thereof.

9 (n) Any obligations issued pursuant to the provisions of
10 this chapter [~~Act~~] shall be exempt from taxation by the State of
11 Texas or by any municipal corporation, county, or other political
12 subdivision or taxing district of the State.

13 (o) The Board of Navigation and Canal Commissioners shall
14 have the power to issue obligations of the District for the purpose
15 of refunding any outstanding obligations payable out of the
16 revenues of the District and accrued interest thereon. Such
17 refunding obligations may be issued to refund more than one series
18 of issues of outstanding obligations and combine the pledges for
19 the outstanding obligations for the security of the refunding
20 obligations, and such refunding obligations may be secured by other
21 and additional revenues, provided that such refunding will not
22 impair the contract rights of the holders of any of the outstanding
23 obligations which are not to be refunded.

24 (o-1) Such refunding obligations shall be authorized, shall
25 be executed, and shall mature as is provided herein for original
26 obligations, and shall bear interest at the same or lower rate than
27 that of the obligations refunded unless it is shown mathematically

1 that a saving will result in the total amount of interest to be
2 paid. Refunding bonds issued hereunder shall be approved by the
3 Attorney General of Texas as in the case of other bonds issued
4 hereunder, and shall be registered by the Comptroller of Public
5 Accounts upon surrender and cancellation of the bonds to be
6 refunded, but in lieu thereof, the resolution or order authorizing
7 their issuance may provide that they shall be sold and the proceeds
8 thereof deposited in the place or places where the original bonds
9 are payable, in which case the refunding bonds may be issued in an
10 amount sufficient to pay the interest on the original bonds to their
11 option or maturity date, and the Comptroller shall register them
12 without the surrender and cancellation of the original bonds. The
13 Board of Navigation and Canal Commissioners may combine refunding
14 bonds and new bonds in one issue, in which event the provisions of
15 this subsection and Subsection [~~Section~~] (o) shall apply to those
16 bonds of the combined issue which are designated in the resolution
17 or order as the refunding bonds.

18 (p) After any bonds have been authorized by the District
19 hereunder, such bonds and the record relating to their issuance
20 shall be submitted to the Attorney General of Texas for his
21 examination as to the validity thereof, and after the Attorney
22 General has approved the same, such bonds shall be registered by the
23 Comptroller of Public Accounts of Texas. After such bonds have been
24 approved by the Attorney General and registered by the Comptroller,
25 they shall thereafter be incontestable for any cause except for
26 forgery or fraud.

27 (q) All bonds issued hereunder shall be and are hereby

1 declared to be, and to have all the qualifications of, negotiable
2 instruments under the Negotiable Instruments Law of the State of
3 Texas, and all such bonds shall be and are hereby declared to be
4 legal and authorized investments for banks, savings banks, trust
5 companies, building and loan associations, insurance companies,
6 fiduciaries, trustees, guardians, for State funds and retirement
7 system funds (without limiting the generalization of the foregoing,
8 including the Permanent School Fund of Texas, and funds of
9 retirement systems created under the Constitution and laws of the
10 State of Texas), and for the sinking funds of cities, towns,
11 villages, counties, school districts, or other governmental
12 agencies, political corporations or subdivisions of the State of
13 Texas. Such bonds shall be eligible to secure the deposit of any
14 and all public funds of the State of Texas, and any and all public
15 funds of cities, towns, villages, counties, school districts, or
16 other governmental agencies, political corporations or
17 subdivisions of the State of Texas; and such bonds shall be lawful
18 and sufficient security for said deposits to the extent of their
19 face value when accompanied by all unmatured coupons appurtenant
20 thereto.

21 (r) This Section [~~1~~], without reference to other Statutes of
22 the State of Texas, shall constitute full authority for the
23 authorization and issuance of obligations hereunder and for the
24 accomplishment of all things herein authorized to be done, and no
25 proceedings relating to the authorization or issuance of such
26 obligations or the doing of such things shall be necessary except
27 such as are herein required, and neither the Bond and Warrant Law of

1 1931 or any other provisions of the Laws of the State of Texas,
2 pertinent to the authorization or issuance of obligations, the
3 operation and maintenance of ports, canals and waterways, the
4 granting of franchise, permits, or leases, the right to elections
5 or referendum petitions, shall in anywise impede or restrict the
6 carrying out of the acts authorized to be done hereunder or acts
7 done pursuant hereto.

8 Sec. 5007.008 [~~2~~]. CONVERSION OF DISTRICT AND TAX SUPPORTED
9 OBLIGATIONS; CERTAIN POWERS AND DUTIES; ELECTIONS; REFUNDING
10 BONDS; MAINTENANCE TAX; ASSESSMENT OF TAXES. (a) Effective and
11 operative January 1, 1958, the Port of Houston Authority of Harris
12 County, Texas, is hereby converted to a navigation district
13 operating under the provisions of Section 59 of Article XVI,
14 Constitution of Texas, and after said date said Authority will
15 operate under Section 59 of Article XVI and this chapter [~~Section 2~~
16 ~~of this Act~~]; provided, that neither said Constitutional Provision
17 nor this chapter [~~Section 2~~] shall apply to said Authority until
18 said effective date.

19 (a-1) Said Authority will thereafter be empowered and
20 authorized to exercise, in addition to all powers conferred by this
21 chapter [~~Act~~], all powers conferred upon said Authority by the law
22 or laws under which it was organized, and, in addition, shall have
23 all of the powers and jurisdiction conferred upon Districts
24 originally organized under Article XVI, Section 59, of the
25 Constitution of the State of Texas, and particularly Subchapters B,
26 H, and K, Chapter 60, Water Code, and Sections 60.034 through
27 60.042, 61.075, 61.076, 61.082, 61.112, 61.115 through 61.117,

1 61.151 through 61.168, 61.172 through 61.174, and 61.176, Water
2 Code, as amended, and Articles 8248, 8249, 8250, 8251, 8252, 8253,
3 8254, 8255, 8256, 8257, and 8258, Revised Civil Statutes of Texas,
4 1925, as amended, as well as Chapter 90, Acts, 1945, Forty-ninth
5 Legislature, Regular Session, Page 130, as amended; Chapter 6,
6 Acts, 1941, Forty-seventh Legislature, Page 8, as amended; Chapter
7 176, Acts, 1955, Fifty-fourth Legislature, Page 554; Chapter 217,
8 Acts, 1949, Fifty-first Legislature, Page 407; provided, that if
9 there is any conflict or inconsistency between said laws or any of
10 them, and this chapter [~~Act~~], then to the extent of conflict or
11 inconsistency, the provisions of this chapter [~~Act~~] shall govern.
12 If the Authority makes a contract under which another entity
13 performs for the Authority any work in which the Authority may
14 engage under [~~Subsection (a) of~~] Section 5007.007(a) [~~1 of this~~
15 ~~Act~~], the Authority may require that a minimum of 25 percent of the
16 work be performed by the contractor and, notwithstanding any other
17 law to the contrary, may establish financial criteria for the
18 surety companies that provide payment and performance bonds.

19 ~~[The Port Commission of said Authority shall be a seven (7)~~
20 ~~commissioner board. Two (2) Port Commissioners shall be appointed~~
21 ~~by a majority of the city council of the City of Houston, and two (2)~~
22 ~~Port Commissioners shall be appointed by a majority of the Harris~~
23 ~~County Commissioners Court. One (1) Port Commissioner shall be~~
24 ~~appointed by a majority of the governing bodies of municipalities~~
25 ~~located adjacent to the Houston Ship Channel that have a population~~
26 ~~of 100,000 or more but less than 1,000,000 according to the most~~
27 ~~recent federal census. One (1) Port Commissioner shall be~~

1 ~~appointed by a majority of the Harris County Mayors' and Councils'~~
2 ~~Association. The Port Commissioner appointed by the Harris County~~
3 ~~Mayors' and Councils' Association must be a resident of a~~
4 ~~municipality in Harris County that is located adjacent to the~~
5 ~~Houston Ship Channel and has a population of less than 100,000~~
6 ~~according to the most recent federal census. The chairman of the~~
7 ~~commission shall be appointed by the city council of the City of~~
8 ~~Houston and the Harris County Commissioners Court. The city~~
9 ~~council and the commissioners court shall each have five votes in~~
10 ~~the selection of the chairman of the commission. A majority of each~~
11 ~~governing body shall determine how the votes for that body will be~~
12 ~~east. Except as specifically provided by this section, the Port~~
13 ~~Commissioners shall continue to be selected and shall hold office~~
14 ~~as provided by Sections 61.159 through 61.160, Water Code. Any act~~
15 ~~or thing authorized to be done by said Port Commission by provisions~~
16 ~~of this Act or by provision of any of the aforementioned laws and~~
17 ~~legislative acts may be done and performed by the General Manager of~~
18 ~~said Authority (or other person authorized to act in his place and~~
19 ~~stead) when so authorized by general or special rule, regulation,~~
20 ~~order, resolution or other direction of the Port Commission. The~~
21 ~~Navigation Board of said Authority is hereby defined and shall be~~
22 ~~composed of the County Judge and County Commissioners of Harris~~
23 ~~County, Texas, the Mayor and Council members of the City of Houston,~~
24 ~~Texas, and the members of the Harris County Mayors' and Councils'~~
25 ~~Association.]~~

26 (b) If the Navigation and Canal Commissioners of said
27 District shall from time to time determine to make further

1 construction or improvements by the issuance of tax bonds or that
2 additional tax bond funds are required with which to maintain the
3 existing improvements, they shall certify to the Commissioners
4 Court of Harris County the necessity for an additional bond issue or
5 issues stating the amount required, the purposes of the same, the
6 maximum rate of interest of said bonds, and the time for which they
7 are to run. A certified copy of an order or resolution adopted by
8 the Board of Navigation and Canal Commissioners, setting forth such
9 information, shall constitute sufficient certification in this
10 regard. The Commissioners Court at a regular or special meeting,
11 shall order an election to vote on the proposition of the issuance
12 of bonds and the levy of taxes as hereinafter provided. Said order
13 shall specify the maximum amount of bonds to be issued, their
14 maximum maturity date, and the maximum rate of interest. The
15 ballots for such election shall contain words substantially as
16 follows: "For the issuance of bonds and levy of tax in payment
17 thereof"; "Against the issuance of bonds and levy of tax in payment
18 thereof"; and said ballot shall conform to the requirements of the
19 provisions of the Constitution of Texas, Chapter 9 of Title 128,
20 Revised Civil Statutes, 1925, and all other Statutes of Texas
21 applicable thereto. Any and all limitations, statutory or
22 otherwise, restricting the amount of bonds that may be issued by the
23 District are hereby removed.

24 (c) When any election is held under this chapter [~~Act~~],
25 notice thereof shall be given for not less than thirty (30) days
26 prior thereto, stating the time, places of holding the same, the
27 proposition or propositions to be voted upon, and the purposes

1 thereof, and shall contain a substantial copy of the election
2 order. Such notices shall be posted by the County Clerk in five (5)
3 public places in said County, one (1) of which shall be at the
4 Courthouse door, and four (4) of which shall be posted within the
5 limits of said Navigation District. No other notice of election
6 shall be necessary. This District, being presently a county-wide
7 district, and so long as it remains such, the regular voting or
8 election precincts established by the Commissioners Court for
9 county-wide elections shall be the voting or election precincts for
10 all such bond elections.

11 (d) Only duly qualified resident electors of said District
12 who own taxable property within said District and who have duly
13 rendered the same for taxation shall be entitled to vote at said
14 elections. Every person who offers to vote in any such election who
15 is not known by the election officials to possess said
16 qualifications shall take the following oath before the Presiding
17 Judge of the polling place where he offers to vote, and the
18 Presiding Judge is authorized to administer the same: "I do
19 solemnly swear (or affirm) that I am a duly qualified resident
20 elector of Harris County Houston Ship Channel Navigation District
21 of Harris County, Texas, and that I own taxable property in said
22 District which has been duly rendered for taxation, and that I have
23 not voted before at this election."

24 (e) The Commissioners Court shall canvass the returns of
25 said election, and if a majority of those voting at the election
26 vote in favor of the issuance of the bonds and the levy of the tax in
27 payment thereof, then the Commissioners Court shall authorize the

1 issuance of such bonds and levy taxes to pay the interest on and
2 principal of such bonds, as hereinafter provided. In canvassing
3 such returns and declaring the result of any such election, a simple
4 resolution or order of said Commissioners Court shall be
5 satisfactory.

6 (f) Bonds so authorized at an election may be issued in one
7 or more installments, and when the Board of Navigation and Canal
8 Commissioners shall have determined the amount of bonds to be
9 issued in a particular series or issue, said Board shall adopt a
10 resolution or order setting forth the amount of bonds then to be
11 issued, and a certified copy of such resolution or order shall be
12 furnished the Commissioners Court. Thereupon, said Commissioners
13 Court, at a regular or special meeting, shall adopt an order
14 authorizing and directing the issuance of bonds for such District
15 in the amount so certified.

16 (g) All tax bonds of the District shall be issued in the name
17 of the District, shall be signed by the County Judge and attested by
18 the County Clerk, and shall have the seal of the Commissioners Court
19 impressed thereon; provided, that the order authorizing the
20 issuance of such bonds may provide for the bonds to be signed by the
21 facsimile signatures of said County Judge and County Clerk, either
22 or both, and for the seal on the bonds to be a printed facsimile seal
23 of the Commissioners Court; and provided further that the interest
24 coupons attached to said bonds may also be executed by the facsimile
25 signatures of said officers. The County Treasurer shall register
26 such bonds and shall keep a record thereof, and evidence of such
27 registration may be shown on the bonds by the manual or facsimile

1 signature of said County Treasurer. Such bonds shall be issued in
2 such denominations, shall be payable at such time or times not
3 exceeding forty (40) years from their date or dates, and shall bear
4 interest at a rate or rates not to exceed six percent (6%) per
5 annum, all as may be determined by said Commissioners Court.

6 (h) The Board of Navigation and Canal Commissioners shall
7 sell such bonds for the best price possible and in no event for less
8 than their face value and accrued interest thereon. Such bonds may
9 be sold either prior to, simultaneous with, or after the adoption of
10 the order by the Commissioners Court authorizing the issuance of
11 such bonds; and if such bonds are sold either prior to or
12 simultaneous with the adoption of said order by the Commissioners
13 Court, then such order shall contain a provision confirming the
14 sale of such bonds. All moneys received from the sale of such bonds
15 shall be deposited with the County Treasurer to the credit of the
16 District, and shall be expended only for the bond purpose and
17 incidental expenses in connection therewith. No additional bond
18 shall be required of the County Treasurer or of any officer or
19 official of the District for the handling of the bond proceeds.

20 (i) All such bonds, and the record of proceedings pertaining
21 thereto, shall be submitted to the Attorney General of Texas for his
22 examination as to the validity thereof, and after the Attorney
23 General has approved the same, such bonds shall be registered by the
24 Comptroller of Public Accounts of Texas. When such bonds have been
25 approved by the Attorney General, registered by the Comptroller,
26 and delivered to the purchasers, they shall thereafter be
27 incontestable for any cause except for forgery or fraud.

1 (j) When bonds have been issued, the Commissioners Court
2 shall levy and cause to be assessed and collected taxes annually
3 sufficient to pay the interest on such bonds, to provide a sinking
4 fund to redeem said bonds as they mature, and to pay the cost of
5 collection of such taxes.

6 (k) The Commissioners Court shall have the power to issue
7 bonds to refund outstanding bonds of the District and accrued
8 interest thereon, and the provisions of this Section [2] relating
9 to the issuance of voted bonds shall apply to the issuance of
10 refunding bonds, except that no election therefor shall be
11 necessary. Refunding bonds shall bear interest at the same or lower
12 rate than the bonds to be refunded unless it is shown mathematically
13 that a saving will result in the total amount of interest to be
14 paid. Such bonds shall be approved by the Attorney General as in
15 the case of original bonds, and shall be registered by the
16 Comptroller upon surrender and cancellation of the bonds to be
17 refunded, but in lieu thereof, the order authorizing their issuance
18 may provide that they shall be sold and the proceeds thereof
19 deposited in the place or places where the bonds to be refunded are
20 payable, in which case the refunding bonds may be issued in an
21 amount sufficient to pay the principal of the bonds to be refunded
22 and the interest on such bonds to their option or maturity date, and
23 the Comptroller shall register them without the surrender and
24 cancellation of the bonds to be refunded. All refunding bonds,
25 after they have been approved by the Attorney General and
26 registered by the Comptroller, shall be incontestable for any cause
27 except for forgery or fraud.

1 (1) The Commissioners Court may, upon the request of the
2 Board of Navigation and Canal Commissioners, invest the sinking
3 fund created for the benefit of any bonds issued hereunder, in such
4 county, municipal, district, or other bonds required by law to be
5 approved by the Attorney General of Texas.

6 (m) The Commissioners Court shall be authorized to levy and
7 cause to be assessed and collected for the maintenance, operation
8 and upkeep of said District and the facilities, properties, and
9 improvements of said District, whether heretofore or hereafter
10 constructed or acquired and whether constructed or acquired under
11 the provisions of this chapter [~~Act~~] or otherwise, an annual tax not
12 to exceed ten cents (10¢) on each One Hundred Dollars (\$100)
13 valuation of taxable property within such District; provided that
14 the levying of such tax shall be first submitted to the qualified
15 taxpaying voters of said District called and held as herein
16 provided for bond elections and the proposition shall be adopted by
17 a majority vote of those voting at the election.

18 (m-1) The Commissioners Court shall at the time of levy of
19 taxes for County purposes each year levy and cause to be assessed
20 and collected said maintenance tax within such voted limit of ten
21 cents (10¢) as has been determined by the Board of Navigation and
22 Canal Commissioners.

23 (n) The Board of Navigation and Canal Commissioners of said
24 District shall provide all necessary additional books for the use
25 of the Assessor and Collector of taxes and the Clerk of the
26 Commissioners Court of Harris County, Texas. The Tax Assessor of
27 said Harris County shall be charged with the assessment of all

1 property for taxation within said District and when ordered to do so
2 by the Commissioners Court of Harris County shall assess all
3 property within said Navigation District and list the same for
4 taxation in the books or rolls furnished him for said purposes, and
5 return said books or rolls at the same time when he returns the
6 other books or rolls of the State and County Taxes for correction
7 and approval to the Commissioners Court of said County, and if said
8 Court shall find said books or rolls correct they shall approve the
9 same, and in all matters pertaining to the assessment of property
10 for taxation in said District, the Tax Assessor and Board of
11 Equalization of said County shall be authorized to act and shall be
12 governed by the laws of Texas for assessing and equalizing property
13 for State and County Taxes, except as herein provided. All taxes
14 authorized to be levied by this chapter [~~Act~~] shall be a lien upon
15 the property upon which said taxes are assessed, and said taxes may
16 be paid and shall mature and be paid at the time provided by the laws
17 of this State for the payment of State and County Taxes; and all the
18 penalties provided by the laws of this State for the nonpayment of
19 State and County Taxes shall apply to all taxes authorized to be
20 levied by this chapter [~~Act~~]. The Tax Collector of Harris County
21 shall be charged with the assessment rolls of said Navigation
22 District, and is required to make collection of all taxes levied and
23 assessed against the property in said County and promptly pay over
24 the same to the Treasurer of the District. The Tax
25 Assessor-Collector shall receive for such services such
26 compensation as the Navigation and Canal Commissioners of said
27 District and said Commissioners Court shall agree upon; and such

1 compensation shall be paid to the Officers' Salary Fund of the
2 County. The bond of such Assessor-Collector shall stand as
3 security for the proper performance of his duties as Tax
4 Assessor-Collector of such District; or, if in the judgment of the
5 Navigation and Canal Commissioners of such District it be
6 necessary, an additional bond payable to such District may be
7 required, and in all matters pertaining to the collection of taxes
8 levied under the provisions of this chapter [~~Act~~], the Tax
9 Collector shall be authorized to act and shall be governed by the
10 laws of the State of Texas for the collection of State and County
11 Taxes, except as herein provided; and suits may be brought for the
12 collection of said taxes and the enforcement of the tax liens
13 created by this chapter [~~Act~~]. It shall be the duty of the Tax
14 Collector to make a certified list of all delinquent property upon
15 which the navigation tax has not been paid, and return the same to
16 the County Commissioners Court, which shall proceed to have the
17 same collected by the sale of such delinquent property in the same
18 manner, both by suit and otherwise, as now or may be provided for
19 the sale of property for the collection of State and County Taxes;
20 and, at the sale of any property for any delinquent tax, the
21 Navigation and Canal Commissioners may become the purchasers of the
22 same for the benefit of the Navigation District. Should said Tax
23 Assessor and Collector fail or refuse to comply with the order of
24 said Commissioners Court requiring him to assess and list for
25 taxation all the property in such Navigation District, or fail or
26 refuse to give such additional bond or security as herein provided,
27 he shall be suspended from further discharge of his duties by the

1 Commissioners Court of said County, and he shall be removed from
2 office in the mode prescribed by law for the removal of county
3 officers.

4 (o) The County Treasurer of Harris County shall be treasurer
5 of said Navigation District, and it shall be his duty to open an
6 account of all moneys received by him belonging to such District and
7 all amounts paid out by him. He shall deposit the funds of said
8 District in such depository or depositories as may be designated by
9 the Navigation and Canal Commissioners in the manner provided by
10 law for the selection of a county depository, and such depository so
11 selected shall be the depository of said district for a period of
12 two (2) years and until its successor is selected and qualified.
13 Should the Navigation and Canal Commissioners fail or refuse to
14 select a depository such depository shall be selected in like
15 manner by the Commissioners Court. The depository of said district
16 on April 29, 1957, [~~at the effective date of this Act~~] shall
17 continue to be the depository of the district until its successor is
18 selected and qualified as herein provided. He shall pay out no
19 money except upon the conditions provided for in this chapter
20 [~~Act~~], and he shall carefully preserve on file all orders for the
21 payment of money; and, as often as required by the said
22 Commissioners Court, he shall render a correct account to them of
23 all matters pertaining to the financial condition of the district.
24 The County Treasurer shall execute a good and sufficient bond,
25 payable to the Navigation and Canal Commissioners of such district
26 and to their successors in office for the benefit of said district
27 in an amount to be fixed by the Navigation and Canal Commissioners,

1 such bond to be conditioned for the faithful performance of his
2 duties as treasurer of such district and to be approved by said
3 Navigation and Canal Commissioners; provided whenever any bonds are
4 issued by such navigation district the County Treasurer before
5 receiving the proceeds of sale thereof shall execute additional
6 good and sufficient bond payable to the Navigation and Canal
7 Commissioners of said district in an amount to be fixed by the
8 Navigation and Canal Commissioners, which bond shall likewise be
9 conditioned and approved as aforesaid, but such additional bond
10 shall not be required after such Treasurer shall have properly
11 disbursed the proceeds of such bond issue; and the County Treasurer
12 shall be allowed such compensation for his services as treasurer of
13 such navigation district as may be determined by said Navigation
14 and Canal Commissioners, and such compensation shall be paid to the
15 Officers' Salary Fund of the County.

16 (p) The Harris County Houston Ship Channel Navigation
17 District of Harris County, Texas, shall acquire, purchase, lease,
18 maintain, repair and operate facilities and equipment for
19 preventing, detecting, controlling and fighting fires on or
20 adjacent to the waterways, channels and turning basins within its
21 jurisdiction and for the protection of life and property from
22 damage by fire and explosion. The District shall promulgate and
23 enforce ordinances, rules and regulations for the promotion of the
24 safety of life and property on or adjacent to the waterways,
25 channels and turning basins within its jurisdiction from damages by
26 fire and explosion thereon in the manner provided by Chapter 486,
27 Acts of the 57th Legislature, Regular Session, 1961, as amended.

1 The powers and functions herein authorized may be exercised both
2 within and without the corporate limits of any city, town or village
3 situated within the boundaries of the District. This chapter [~~Act~~]
4 shall be cumulative of all other laws on the subject but in the
5 event of conflict between this chapter [~~Act~~] and any law of this
6 state or any charter provision or ordinance of any such city, town
7 or village relating to the subject matter of this chapter [~~Act~~], the
8 provisions of this chapter [~~Act~~] shall control.

9 (q) The Harris County Houston Ship Channel Navigation
10 District of Harris County, Texas, is authorized to acquire,
11 purchase, construct, enlarge, extend, repair, maintain, operate,
12 or develop traffic control facilities and everything appurtenant
13 thereto, together with all other facilities or aids incident to or
14 useful in the operation or development of the District's ports and
15 waterways or in aid of navigation and commerce thereon. The traffic
16 control facilities shall be financed out of available revenue and
17 shall not utilize bond revenue funds.

18 Sec. 5007.009 [~~3~~]. REFUNDING OF BONDS HERETOFORE VOTED.
19 The Commissioners Court shall have the power to issue bonds of the
20 District to refund bonds of the District which have heretofore been
21 voted and which are outstanding at the time of the adoption of the
22 refunding bond order, and no election therefor shall be necessary.
23 Such refunding bonds shall mature serially or otherwise in not to
24 exceed forty (40) years from their date, and shall bear interest at
25 the same or lower rate than the bonds to be refunded unless it is
26 shown mathematically that a saving will result in the total amount
27 of interest to be paid. Such refunding bonds shall be approved by

1 the Attorney General of Texas, and shall be registered by the
2 Comptroller of Public Accounts of Texas upon surrender and
3 cancellation of the bonds to be refunded, but in lieu thereof, the
4 order authorizing their issuance may provide that they shall be
5 sold and the proceeds thereof deposited in the place or places where
6 the bonds to be refunded are payable, in which case the refunding
7 bonds may be issued in an amount sufficient to pay the principal of
8 the bonds to be refunded and the interest on such bonds to their
9 option or maturity date, and the Comptroller shall register them
10 without the surrender and cancellation of the bonds to be refunded.
11 All such refunding bonds, after they have been approved by the
12 Attorney General and registered by the Comptroller, shall be
13 incontestable for any cause except for forgery or fraud.

14 Sec. 5007.010 [4]. CONSTRUCTION OF CHAPTER [~~ACT~~]. This
15 chapter [~~Act~~] shall be cumulative of other laws, and shall be
16 liberally construed to effectuate the purposes set forth herein.
17 It is hereby found and declared that all property in the District,
18 both real and personal, is benefited by the District and by the
19 improvements and facilities constructed or acquired under this
20 chapter [~~Act~~]. It is expressly provided that nothing in this
21 chapter [~~Act~~] shall be construed to amend, repeal, or affect the
22 laws relating to pilots, pilotage, their appointment, or their
23 remuneration.

24 Sec. 5007.011 [5]. VALIDATION PROVISIONS. Harris County
25 Houston Ship Channel Navigation District of Harris County, Texas,
26 is hereby in all things validated, and all acts and governmental
27 proceedings of the Board of Navigation and Canal Commissioners and

1 other officials of the District and all acts and governmental
2 proceedings of the Commissioners Court of Harris County relating to
3 said District are hereby in all things validated, and the
4 boundaries of such District are hereby in all things validated, and
5 all bonds heretofore voted and issued and all elections heretofore
6 held for the issuance of bonds are hereby in all things validated.
7 Without in any way limiting the generalization of the foregoing, it
8 is expressly provided that the election held in said District on the
9 31st day of January, 1957, at which election Seven Million Dollars
10 (\$7,000,000) bonds of said District were authorized, and all
11 proceedings relating thereto, are hereby in all things validated.
12 It is provided, however, that this Section shall have no
13 application to litigation pending on April 29, 1957 [~~upon the~~
14 ~~effective date of this Act~~].

15 Sec. 5007.012 [~~5A~~]. NAME AND TITLE CHANGES. (a) The name
16 of the Harris County Houston Ship Channel Navigation District of
17 Harris County, Texas, is changed to the Port of Houston Authority of
18 Harris County, Texas.

19 (b) The name of the Board of Navigation and the Canal
20 Commissioners of the authority is changed to the port commission,
21 and the title of each member is port commissioner.

22 (c) The title of general manager of the authority is changed
23 to executive director.

24 SUBCHAPTER B. ADMINISTRATION AND PLANNING

25 Sec. 5007.201. DEFINITIONS. In this subchapter:

26 (1) "Authority" means the Port of Houston Authority of
27 Harris County, Texas.

1 (2) "Executive director" means the executive director
2 of the authority.

3 (3) "Port commission" means the navigation and canal
4 commission of the authority.

5 (4) "Port commissioner" means a member of the port
6 commission.

7 Sec. 5007.202. CONFLICT OF LAWS. To the extent of a
8 conflict between this subchapter and any other law, including
9 Subchapter A, this subchapter prevails.

10 Sec. 5007.203. PROVISIONS NOT APPLICABLE TO AUTHORITY.
11 Chapter 90, Acts of the 49th Legislature, Regular Session, 1945,
12 does not apply to the authority.

13 Sec. 5007.204. SUNSET REVIEW. (a) The authority is subject
14 to review under Chapter 325, Government Code (Texas Sunset Act), as
15 if it were a state agency but may not be abolished under that
16 chapter. The review shall be conducted as if the authority were
17 scheduled to be abolished September 1, 2017.

18 (b) The review must assess the authority's governance,
19 management, and operating structure, and the authority's
20 compliance with legislative requirements.

21 (c) The authority shall pay the cost incurred by the Sunset
22 Advisory Commission in performing a review of the authority under
23 this section. The Sunset Advisory Commission shall determine the
24 cost, and the authority shall pay the amount promptly on receipt of
25 a statement from the Sunset Advisory Commission detailing the cost.

26 (d) This section expires September 1, 2017.

27 Sec. 5007.205. GOVERNING BODY; APPOINTMENT; TERMS. (a) The

1 authority is governed by a port commission of seven port
2 commissioners appointed by the governor with the advice and consent
3 of the senate as follows:

4 (1) five port commissioners from a list of not more
5 than 20 names submitted to the governor by the Houston-Galveston
6 Area Council or its successor; and

7 (2) two port commissioners who are residents of this
8 state who do not reside in the area served by the Houston-Galveston
9 Area Council, including Austin, Brazoria, Chambers, Colorado, Fort
10 Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker,
11 Waller, or Wharton County.

12 (b) The governor shall designate the chair of the port
13 commission from the members appointed.

14 (c) The port commissioners serve staggered four-year terms
15 that expire on February 1 of odd-numbered years.

16 (d) A port commissioner may not serve more than three terms.

17 (e) The port commission has the rights, powers, and duties
18 of a navigation board for the purposes of Chapters 61 and 62, Water
19 Code, and shall act as the navigation board of the authority.

20 Sec. 5007.206. CONFLICT OF INTEREST. (a) In this section,
21 "Texas trade association" means a cooperative and voluntarily
22 joined statewide association of business or professional
23 competitors in this state designed to assist its members and its
24 industry or profession in dealing with mutual business or
25 professional problems and in promoting their common interest.

26 (b) A person may not be a port commissioner and may not be an
27 authority employee employed in a "bona fide executive,

1 administrative, or professional capacity," as that phrase is used
2 for purposes of establishing an exemption to the overtime
3 provisions of the federal Fair Labor Standards Act of 1938 (29
4 U.S.C. Section 201 et seq.), if:

5 (1) the person is an officer, employee, or paid
6 consultant of a Texas trade association in a field relating to
7 maritime commerce; or

8 (2) the person's spouse is an officer, manager, or paid
9 consultant of a Texas trade association in a field relating to
10 maritime commerce.

11 (c) A person may not be a port commissioner or act as the
12 general counsel to the port commission or the authority if the
13 person is required to register as a lobbyist under Chapter 305,
14 Government Code, because of the person's activities for
15 compensation on behalf of a profession related to the operation of
16 the authority.

17 (d) A person may not be a port commissioner if the person or
18 the person's spouse:

19 (1) is employed by or participates in the management
20 of a business entity or other organization regulated by or
21 receiving money from the authority; or

22 (2) uses or receives a substantial amount of tangible
23 goods, services, or money from the authority other than
24 compensation or reimbursement authorized by law for port commission
25 membership, attendance, or expenses.

26 Sec. 5007.207. FILING OF FINANCIAL STATEMENT BY PORT
27 COMMISSIONERS. (a) A port commissioner shall file the financial

1 statement required of state officers under Subchapter B, Chapter
2 572, Government Code, with:

- 3 (1) the authority; and
- 4 (2) the Texas Ethics Commission.

5 (b) Subchapter B, Chapter 572, Government Code:

- 6 (1) applies to a port commissioner subject to this
7 section as if the port commissioner were a state officer; and
- 8 (2) governs the contents, timeliness of filing, and
9 public inspection of, and civil and criminal penalties relating to,
10 a statement filed under this section.

11 Sec. 5007.208. PORT COMMISSIONER TRAINING. (a) A person
12 who is appointed to and qualifies for office as a port commissioner
13 may not vote, deliberate, or be counted as a port commissioner in
14 attendance at a meeting of the port commission until the person
15 completes a training program that complies with this section.

16 (b) The training program must provide the person with
17 information regarding:

- 18 (1) the legislation that created the authority;
- 19 (2) the programs, functions, policies, rules, and
20 budget of the authority;
- 21 (3) the results of the most recent formal audit of the
22 authority;
- 23 (4) the requirements of laws relating to open
24 meetings, public information, administrative procedure, financial
25 disclosure, and conflicts of interest; and
- 26 (5) any applicable ethics policies adopted by the port
27 commission or the Texas Ethics Commission.

1 (c) A person appointed to the port commission is entitled to
2 reimbursement for the travel expenses incurred in attending the
3 training program regardless of whether the attendance at the
4 program occurs before or after the person qualifies for office.

5 Sec. 5007.209. REMOVAL FROM OFFICE. (a) It is a ground for
6 removal from the port commission that a port commissioner:

7 (1) does not have at the time of taking office the
8 qualifications required by Section 5007.205;

9 (2) does not maintain during service on the port
10 commission the qualifications required by Section 5007.205;

11 (3) is ineligible for membership under Section
12 5007.206;

13 (4) cannot, because of illness or disability,
14 discharge the port commissioner's duties for a substantial part of
15 the port commissioner's term;

16 (5) commits malfeasance in office; or

17 (6) is absent from more than half of the regularly
18 scheduled port commission meetings that the port commissioner is
19 eligible to attend during a calendar year without an excuse
20 approved by a majority vote of the port commission.

21 (b) The validity of an action of the port commission is not
22 affected by the fact that it is taken when a ground for removal of a
23 port commissioner exists.

24 (c) If the executive director has knowledge that a potential
25 ground for removal exists, the executive director shall notify the
26 chair of the port commission of the potential ground. The chair
27 shall then notify the governor and the attorney general that a

1 potential ground for removal exists. If the potential ground for
2 removal involves the chair, the executive director shall notify the
3 next highest ranking officer of the port commission, who shall then
4 notify the governor and the attorney general that a potential
5 ground for removal exists.

6 Sec. 5007.210. PORT COMMISSION POLICIES. (a) The port
7 commission shall adopt detailed policies that document its
8 governance practices and make those policies available on the
9 authority's website.

10 (b) The port commission shall develop and implement
11 policies that clearly separate the policymaking responsibilities
12 of the port commission and the management responsibilities of the
13 executive director and the other employees of the authority.

14 (c) The port commission shall distribute a copy of all
15 policies adopted under this subchapter to each port commissioner
16 and authority employee not later than the third business day after
17 the date the person begins employment or a term as port
18 commissioner.

19 Sec. 5007.211. EXECUTIVE DIRECTOR. (a) The port commission
20 shall appoint an executive director of the authority for a term not
21 to exceed two years. The port commission shall prescribe the duties
22 and compensation of the executive director. The port commission may
23 delegate to the executive director full authority to manage and
24 operate the affairs of the authority subject only to orders of the
25 port commission.

26 (b) The port commission shall delegate to the executive
27 director the authority to employ all persons necessary for the

1 proper handling of the business and operation of the authority and
2 to determine the compensation to be paid to all employees, other
3 than the executive director.

4 (c) The executive director shall execute a bond for \$10,000
5 conditioned on the faithful performance of the executive director's
6 duties and other conditions as required by the authority. The bond
7 must be recorded in a record kept for that purpose in the
8 authority's office.

9 Sec. 5007.212. STANDARDS OF CONDUCT; ETHICS POLICY. (a) A
10 port commissioner or an authority employee should not:

11 (1) accept or solicit any gift, favor, or service that
12 might reasonably tend to influence the port commissioner or
13 employee in the discharge of official duties or that the port
14 commissioner or employee knows or should know is being offered with
15 the intent to influence the port commissioner's or employee's
16 official conduct;

17 (2) accept other employment or engage in a business or
18 professional activity that the port commissioner or employee might
19 reasonably expect would require or induce the port commissioner or
20 employee to disclose confidential information acquired by reason of
21 the official position;

22 (3) accept other employment or compensation that could
23 reasonably be expected to impair the port commissioner's or
24 employee's independence of judgment in the performance of the port
25 commissioner's or employee's official duties;

26 (4) make personal investments that could reasonably be
27 expected to create a substantial conflict between the port

1 commissioner's or employee's private interest and the public
2 interest; or

3 (5) intentionally or knowingly solicit, accept, or
4 agree to accept any benefit for having exercised the port
5 commissioner's or employee's official powers or performed the port
6 commissioner's or employee's official duties in favor of another.

7 (b) The port commission shall adopt a written ethics policy
8 for the port commissioners and authority employees consistent with
9 the standards prescribed by Subsection (a).

10 Sec. 5007.213. ETHICS AFFIRMATION AND HOTLINE. (a) A port
11 commissioner or an authority employee shall annually affirm the
12 port commissioner's or employee's adherence to the ethics policy
13 adopted under Section 5007.212.

14 (b) The port commission shall establish and operate a
15 telephone hotline that enables a person to call the hotline number,
16 anonymously or not anonymously, to report alleged fraud, waste, or
17 abuse or an alleged violation of the ethics policy adopted under
18 Section 5007.212.

19 Sec. 5007.214. COMPLAINTS. (a) The authority shall
20 maintain a system to promptly and efficiently act on complaints
21 filed with the authority. The authority shall maintain information
22 about parties to the complaint, the subject matter of the
23 complaint, a summary of the results of the review or investigation
24 of the complaint, and its disposition.

25 (b) The authority shall make information available to the
26 public, including on the authority's website, describing its
27 procedures for complaint investigation and resolution.

1 (c) The authority shall periodically notify the complaint
2 parties of the status of the complaint until final disposition.

3 (d) The authority shall develop a standard form and a
4 procedure for submitting complaints to the authority and shall make
5 that form and procedure available on the authority's website. The
6 authority shall also make available on its website clear
7 information about what a person making a complaint should expect
8 after the complaint is filed, including timelines for response and
9 resolution.

10 (e) The authority shall compile detailed statistics and
11 analyze trends on complaint information, including:

12 (1) the nature of the complaints;

13 (2) the disposition of the complaints; and

14 (3) the length of time to resolve complaints.

15 (f) Authority staff shall report the information compiled
16 under Subsection (e) to senior management as designated by the
17 executive director and the port commission on a regular basis.

18 Sec. 5007.215. PUBLIC INVOLVEMENT POLICY. The port
19 commission shall develop and implement a policy that provides a
20 structure for public involvement. The policy must include:

21 (1) a clear and detailed description of how the
22 authority will seek to actively engage stakeholders;

23 (2) specific actions the authority will take to meet
24 or exceed the requirements of laws related to open meetings; and

25 (3) strategies that include use of the authority's
26 website to make available clear, updated information on issues of
27 public concern.

1 Sec. 5007.216. WHISTLEBLOWER POLICY. The port commission
2 shall adopt a whistleblower policy consistent with Chapter 554,
3 Government Code.

4 Sec. 5007.217. EXPENSE POLICY. The port commission shall
5 adopt an expense policy that includes:

6 (1) spending guidelines for meals, lodging, and
7 entertainment, including a process for handling and documenting
8 exceptions to the guidelines if business needs require an
9 exception;

10 (2) clear expense report protocols, including:

11 (A) the use of cash advances;

12 (B) the separation of reports from port
13 commissioners and authority employees; and

14 (C) clear lines of accountability for the
15 submission of reports; and

16 (3) a prohibition on the use of authority funds for a
17 meal for a port commissioner or an authority employee that is not
18 part of approved travel for authority business or part of a
19 business-related function with outside parties.

20 Sec. 5007.218. PROMOTION AND DEVELOPMENT FUND. (a) In this
21 section, "promotion and development fund" means a fund created and
22 managed under Subchapter H, Chapter 60, Water Code.

23 (b) The port commission shall adopt clear, complete policy
24 and procedures to govern the use of the promotion and development
25 fund. The policy and procedures must include:

26 (1) provisions limiting acceptable uses of promotion
27 and development fund money to uses with a direct tie to the mission

- 1 of the authority;
2 (2) a consistent budget process;
3 (3) a process for requesting sponsorship funds by port
4 commissioners, authority employees, and outside groups;
5 (4) an approval process for each type of expenditure
6 from the promotion and development fund, including:
7 (A) the level of approval or notification
8 required for authority employees, applicable task forces, and the
9 port commission; and
10 (B) a requirement that each approved expenditure
11 must include a description of:
12 (i) the expected impact of the expenditure;
13 and
14 (ii) how the expenditure is consistent with
15 the strategic direction for promotion and development fund money as
16 adopted by the port commission;
17 (5) a procedure for handling exceptions to the policy,
18 including a requirement that an exception be subject to the same
19 reporting requirements as other approved expenditures from the
20 promotion and development fund;
21 (6) a provision for evaluating the policy's
22 effectiveness and having the port commission adopt updates to the
23 policy as needed at regularly scheduled public meetings; and
24 (7) requirements for regular tracking of all
25 expenditures from the promotion and development fund and reporting
26 of the expenditures to the port commission and to the public by
27 making the reports available on the authority's website.

1 (c) A report described by Subsection (b)(7) must include
2 detailed information about:

3 (1) travel by port commissioners;

4 (2) special uses of the authority's resources,
5 including the use of any public tour vessels and the associated
6 costs, sorted by authority division;

7 (3) sponsorship and similar spending; and

8 (4) total expenditures from the promotion and
9 development fund, including year-to-date summary information by
10 category of expenditure.

11 Sec. 5007.219. PLANNING DEFINITIONS. For the purposes of
12 Sections 5007.220, 5007.221, 5007.223, and 5007.224:

13 (1) "Long-range plan" means the plan developed under
14 Section 5007.220.

15 (2) "Mid-range plan" means the plan developed under
16 Section 5007.221.

17 (3) "One-year capital plan" means the plan developed
18 under Section 5007.223.

19 (4) "Staff" means one or more authority employees and
20 does not include a port commissioner.

21 Sec. 5007.220. LONG-RANGE PLANNING. (a) Appropriate staff
22 shall develop a long-range plan containing:

23 (1) a mission and values statement;

24 (2) an assessment of the authority's state as of the
25 date of the plan;

26 (3) an assessment of the projected operating
27 environment over the course of the long-range plan;

1 (4) a discussion of high-level goals, strategies, and
2 priorities;

3 (5) a scheme for ongoing evaluation of progress toward
4 stated goals, including performance measures; and

5 (6) other strategic planning elements, as considered
6 appropriate by the staff or port commission.

7 (b) The port commission shall establish a planning horizon
8 of at least 10 years for the long-range plan.

9 (c) The staff shall identify and collaborate with
10 stakeholders to obtain input on the long-range plan.

11 (d) The port commission may amend and shall adopt the plan
12 and any updates to the plan in an open meeting.

13 (e) The staff shall provide annual progress updates
14 according to performance measures developed under Subsection
15 (a)(5). The staff shall present a report on the annual progress to
16 the port commission.

17 (f) The staff shall complete a comprehensive reevaluation
18 and update of the long-range plan at least every five years, or more
19 frequently if the port commission finds that conditions warrant a
20 more frequent update.

21 Sec. 5007.221. MID-RANGE PLANNING. (a) Appropriate staff
22 shall develop a mid-range plan consistent with the long-range plan.

23 The mid-range plan must include:

24 (1) a five-year financial forecast addressing the
25 financial needs and financing options of the authority for the
26 five-year period, with information about the relative cost of the
27 options;

1 (2) a five-year capital plan, including a preliminary
2 analysis and prioritization of projects; and

3 (3) other detailed action plans as the port commission
4 or staff finds necessary to achieve the goals of the mid-range plan
5 or long-range plan.

6 (b) The staff shall present the mid-range plan in an open
7 meeting of the port commission. The port commission is not required
8 to adopt a mid-range plan.

9 Sec. 5007.222. BUDGET. The port commission shall annually
10 adopt a budget for the authority in an open meeting.

11 Sec. 5007.223. ONE-YEAR CAPITAL PLAN. (a) Appropriate
12 staff shall develop a one-year capital plan, including associated
13 financing, that is integrated with the budget of the authority.

14 (b) The port commission shall adopt the one-year capital
15 plan in an open meeting.

16 (c) The port commission shall establish and document a
17 detailed process for the analysis and approval of a project
18 proposed for inclusion in the one-year capital plan. A project may
19 be included in the one-year capital plan only if it is approved in
20 accordance with that process.

21 Sec. 5007.224. PUBLIC ACCESS TO BUDGET AND PLANNING
22 INFORMATION. (a) The port commission shall post on the authority's
23 website and otherwise make available to the public the authority's
24 most recently adopted budget and any plan adopted by the port
25 commission at an open meeting, including the long-range plan,
26 mid-range plan, one-year capital plan, and updates to that budget
27 or those plans.

1 (b) The port commission may redact sensitive business
2 information from the plans made publicly available under this
3 section.

4 Sec. 5007.225. INTERNAL AUDIT. (a) The port commission
5 shall establish an internal audit procedure consistent with the
6 purposes, duties, and standards for state agency internal audit
7 procedures under Chapter 2102, Government Code.

8 (b) The port commission shall create an internal audit task
9 force consisting of port commissioners.

10 (c) The port commission shall employ a chief audit
11 executive, who shall report to the internal audit task force. The
12 chief audit executive shall coordinate all audit activity,
13 including:

- 14 (1) compliance reviews;
15 (2) reviews of internal controls;
16 (3) audits by the county auditor of Harris County;
17 (4) contracted audits;
18 (5) performance reviews; and
19 (6) investigations of alleged fraud, waste, abuse, or
20 ethics violations reported under Section 5007.213(b).

21 (d) The chief audit executive shall monitor the authority's
22 compliance with statutory requirements governing use of the
23 promotion and development fund, as defined by Section 5007.218(a).

24 (e) The port commission shall create, approve, and make
25 available on the authority's website a risk-based annual audit
26 plan.

27 (f) The port commission shall make internal audits

1 available on request to:

2 (1) the county auditor of Harris County;

3 (2) the Houston-Galveston Area Council; and

4 (3) the governor.

5 Sec. 5007.226. HARRIS COUNTY AUDITOR. (a) The county
6 auditor of Harris County may conduct a financial audit of the
7 authority as part of an annual, county-wide risk assessment and
8 audit plan.

9 (b) The county auditor of Harris County may not conduct an
10 operational audit of the authority or any audit that exceeds the
11 scope of the audit described in Subsection (a).

12 (c) The authority shall reimburse the county auditor of
13 Harris County for an audit conducted under Subsection (a),
14 according to standard rates agreed to by the authority and the
15 county before an audit is scheduled or performed. The rates shall
16 be updated periodically.

17 (d) Sections 60.204(c) and 61.174(b) and (c), Water Code, do
18 not apply to the authority.

19 SECTION 2. (a) The terms of the port commissioners of the
20 Port of Houston Authority of Harris County, Texas, serving on the
21 effective date of this Act expire on September 1, 2013.

22 (b) Not later than September 2, 2013, the governor shall
23 make the appointments required by Section 5007.205, Special
24 District Local Laws Code, as added by this Act.

25 (c) Notwithstanding Section 5007.205(c), Special District
26 Local Laws Code, as added by this Act, the terms of the initial port
27 commissioners appointed by the governor under that section shall

1 expire as follows:

2 (1) three port commissioners appointed under Section
3 5007.205(a)(1) and one port commissioner appointed under Section
4 5007.205(a)(2) shall serve terms expiring February 1, 2015; and

5 (2) two port commissioners appointed under Section
6 5007.205(a)(1) and one port commissioner appointed under Section
7 5007.205(a)(2) shall serve terms expiring February 1, 2017.

8 (d) A person serving on the port commission of the Port of
9 Houston Authority of Harris County, Texas, on November 13, 2012, is
10 not eligible for appointment to the port commission after September
11 1, 2013.

12 SECTION 3. (a) Not later than December 1, 2013, the port
13 commissioners of the Port of Houston Authority of Harris County,
14 Texas, shall adopt the policies, plans, and procedures necessary to
15 implement Subchapter B, Chapter 5007, Special District Local Laws
16 Code, as added by this Act.

17 (b) Notwithstanding Section 5007.210, Special District
18 Local Laws Code, as added by this Act, a policy adopted by the port
19 commission of the Port of Houston Authority of Harris County,
20 Texas, shall be distributed to:

21 (1) each port commissioner and authority employee who
22 holds the office of commissioner or is employed by the authority on
23 September 1, 2013, not later than December 1, 2013;

24 (2) each employee hired after September 1, 2013, not
25 later than the third business day after the date the person begins
26 employment with the authority or December 1, 2013, whichever is
27 later; and

1 (3) each port commissioner whose term of office begins
2 after September 1, 2013, not later than the third business day after
3 the date the person qualifies for office or December 1, 2013,
4 whichever is later.

5 SECTION 4. (a) The legal notice of the intention to
6 introduce this Act, setting forth the general substance of this
7 Act, has been published as provided by law, and the notice and a
8 copy of this Act have been furnished to all persons, agencies,
9 officials, or entities to which they are required to be furnished
10 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
11 Government Code.

12 (b) The governor, one of the required recipients, has
13 submitted the notice and Act to the Texas Commission on
14 Environmental Quality.

15 (c) The Texas Commission on Environmental Quality has filed
16 its recommendations relating to this Act with the governor, the
17 lieutenant governor, and the speaker of the house of
18 representatives within the required time.

19 (d) All requirements of the constitution and laws of this
20 state and the rules and procedures of the legislature with respect
21 to the notice, introduction, and passage of this Act are fulfilled
22 and accomplished.

23 SECTION 5. This Act takes effect September 1, 2013.