By: Perez H.B. No. 1394

Substitute the following for H.B. No. 1394:

By: Morrison C.S.H.B. No. 1394

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the administration of the Port of Houston Authority.

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

4 SECTION 1. Section 5007.002(a), Special District Local Laws

5 Code, is amended to read as follows:

That, effective June 6, 1927, the Harris County Houston 6 Ship Channel Navigation District of Harris County, Texas, in Harris 7 County, as hereinafter described by metes and bounds, is hereby 8 created and established under authority of Article 3, Section 52, 9 of the Constitution of the State of Texas, for the purpose of the 10 11 development of deep water navigation and the improvement of rivers, 12 bays, creeks, streams, and canals within or adjacent to the authority, including the Houston Ship Channel and dredge material 13 14 management areas, and to construct and maintain canals or waterways to permit navigation or in aid thereof and for the purpose of and 15 authority to acquire, purchase, undertake, construct, maintain, 16 operate, develop, and regulate wharves, docks, warehouses, grain 17 elevators, bunkering facilities, belt railroads, floating plants, 18 lighterage, lands, dredge material management areas, towing 19 facilities, and all other facilities or aids incident to or 20 21 necessary to the operation or development of ports or waterways within the authority, including the Houston Ship Channel and dredge 22 23 material management areas [and extending to the Gulf of Mexico], as provided in Chapter 9 of the Revised Statutes of 1925; and all 24

- 1 orders of the Commissioners' Court of Harris County, Texas, and of
- 2 the Navigation Commissioners, heretofore made in respect to the
- 3 creation of such authority and the authorization and issuance of
- 4 the bonds of said authority are hereby in all things ratified,
- 5 confirmed, and validated.
- 6 SECTION 2. Sections 5007.004(b) and (c), Special District 7 Local Laws Code, are amended to read as follows:
- 8 The authority, or its successors, is hereby granted the right, power and authority to authorize, establish, construct, 9 10 purchase, own, maintain, equip, regulate, operate and lease wharves, piers, docks, dry docks, marine ways and all other 11 12 structures and appliances for facilitating or accommodating commerce or navigation, and to dredge out channels, slips and 13 14 turning basins, and to fill in space between the main land and 15 islands and to fill areas for wharves, piers, docks, dry docks, marine ways and for all other structures and appliances for 16 17 facilitating and accommodating commerce and navigation, having first secured a permit from the Government of the United States of 18 19 America as required by Federal law [therefor], and to construct, or cause or authorize to be constructed on said wharves, piers, docks, 20 dry docks, marine ways and other structures and appliances for 21 facilitating and accommodating commerce and navigation, or on lands 22 23 so filled in, any and all elevators, warehouses, bunkers, railway 24 terminals and sidetracks, or any other facilities or whatsoever to navigation or commerce. Said lands shall be used by 25 26 the authority, or its successors, solely for the establishment, improvement and conduct of a [an] harbor and ship channel and for 27

1 the construction, maintenance and operation [thereon] of any facilities or aids whatsoever related to the same, and the 2 3 authority, or its successors, shall not at any time, grant, convey, give or alien said lands or any part thereof, to any individual, 4 5 firm or corporation for any purpose whatsoever; provided, that the authority, or its successors, may grant franchises thereon for 6 limited periods of time for wharves, and other public uses and 7 8 purposes, and may lease said lands and facilities or any part thereof for limited periods for purposes consistent with this 9 10 chapter, but no wharves, piers or structures of any kind shall be constructed on said lands by anyone save the authority, except 11 12 under a franchise or lease granted by the authority and in a manner first prescribed by and approved of by the authority or its 13 14 successors.

- 15 (c) For the purpose of carrying out the provisions of this section, the authority, or its successors, is hereby granted the 16 17 right, power and authority to abate and remove any and all encroachments or structures of any kind now or hereafter existing 18 19 on said property, save such as may have been constructed under permit from the [United States War Department, or other] proper 20 Federal authority, and shall have the right to bring such suit or 21 suits as may be necessary to carry out the provisions of this 22 23 section to the same extent and as fully and completely as the right 24 to bring such a suit or suits existed in the State prior to the 25 passage hereof.
- SECTION 3. The heading to Section 5007.006, Special District Local Laws Code, is amended to read as follows:

- 1 Sec. 5007.006. REVENUE OBLIGATIONS; CERTAIN POWERS; FEES
- 2 AND CHARGES; FACILITIES [GRAIN ELEVATORS]; TAXATION EXEMPTION;
- 3 REFUNDING BONDS; CERTAIN BOND PROVISIONS.
- 4 SECTION 4. Sections 5007.006(d), (e), (g), (j), (m), and
- 5 (r), Special District Local Laws Code, are amended to read as
- 6 follows:
- 7 (d) Such obligations shall not constitute an indebtedness 8 or pledge of the credit of the authority, and the holders thereof shall never have the right to demand payment thereof out of any 9 10 funds raised or to be raised by taxation, and such obligations shall contain a recital to that effect. All obligations issued hereunder 11 12 shall be in registered or coupon form, and if in coupon form may be registerable as to principal only, or as to both principal and 13 14 interest, shall bear interest at a rate not to exceed the amount 15 allowed by law, payable annually or semiannually, and shall be in such denominations and shall mature serially or at one time not more 16 17 than forty (40) years from their date in such manner as may be provided by the port commission. Principal of and interest on such 18 19 obligations shall be made payable at any place or places within or without the State of Texas, and in the discretion of the port 20 commission such obligations may be made callable and/or refundable 21 at the option of the port commission prior to maturity at such 22 23 premium or premiums as the port commission shall determine. 24 obligations shall be signed by the manual or facsimile signatures of the chair of the port commission [Chairman] and the executive 25 26 director [of the port commission] as may be provided in the proceedings authorizing said obligations, and the interest coupons 27

1 attached thereto may also be executed by the facsimile signatures of such officers. Such obligations shall be sold in such manner and 2 3 at such times as the port commission shall determine to be expedient and necessary to the interests of the authority, provided, that in 4 no event shall such obligations be sold for a price which will 5 result in an interest yield therefrom of more than the amount 6 allowed by law computed to maturity according to standard bond 7 8 tables in general use by banks and insurance companies. Any premium or premiums provided for the call or refunding of any bonds issued 9 pursuant to this Section shall not be included in the computation of 10 the maximum interest yield on such bonds. In the event of the 11 12 officers whose signatures are on such obligations or coupons shall cease to be such officers before the delivery of such obligations to 13 14 the purchaser, such signature or signatures, nevertheless, shall be 15 valid and sufficient for all purposes. All obligations issued hereunder shall constitute negotiable instruments under Chapter 3, 16 17 Business & Commerce Code.

(e) Any obligations issued hereunder may be issued payable from and secured by the pledge of all the revenues derived from the operation of the improvements and facilities of the authority, exclusive of any revenues derived from taxation or assessments, or may be payable from and secured by the pledge of only such revenues as may be derived from the operation of the improvements and facilities acquired or improved with the proceeds of the sale of such obligations, or may be payable from and secured by the pledge of a specified part of the revenues derived from the operation of the improvements and facilities of the authority, all as may be

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1 provided in the proceedings authorizing the issuance of such 2 obligations.

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

1 indenture. In all matters wherein the resolution or indenture are silent as to the powers, duties, obligations and procedure of the 2 3 Board, the laws and rules governing the port commission shall control the Board of Trustees in so far as applicable. 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 port commission in so far as the management and 7 8 operation of any such improvement is concerned. By the terms of any such resolution or indenture the port commission may make provision 9 10 for later supplementing such resolution or indenture so as to vest the management and control of the facility [such grain elevator] in 11 12 a Board of Trustees having the powers, rights and duties herein conferred or imposed. 13

14 (j) additional security for the payment any 15 obligations issued hereunder, the port commission may in its discretion have executed in favor the holders of such 16 of 17 obligations an indenture or deed of trust mortgaging and encumbering all or any part of the physical properties comprising 18 19 the improvements and facilities the net revenues of which are pledged to the payment of such obligations, including the lands 20 upon which said improvements and facilities are located, and may 21 provide in such mortgage or encumbrance for a grant to any purchaser 22 23 or purchasers at foreclosure sale thereunder of a franchise or 24 lease to operate such improvements, facilities and properties for a term of not over fifty (50) years from the date of such purchase, 25 26 subject to all laws regulating same then in force. 27 indenture or deed of trust may contain such terms and provisions as

1 the port commission shall deem proper and shall be enforceable in the manner provided by the laws of Texas for the enforcement of 2 3 other mortgages and encumbrances. Under any such sale ordered pursuant to the provisions of such mortgage or encumbrance, the 4 5 purchaser or purchasers at such sale, and the purchaser's or purchase<u>rs'</u> [his or their] successors or assigns, shall be vested 6 with a permit or franchise conforming to the provisions stipulated 7 8 in the indenture or deed of trust to maintain and operate the improvements, facilities and properties purchased at such sale with 9 10 like powers and privileges as may theretofore have been enjoyed by the authority in the operation of said improvements, facilities and 11 12 properties. The purchaser or purchasers of such improvements, facilities and properties at any such sale, and the purchaser's 13 14 [his or their] successors and assigns, may operate 15 improvements, facilities and properties as provided in the last above sentence or may at their option remove all or any part or 16 17 parts of said improvements, facilities and properties for diversion to other purposes. The provisions of [Sections 61.164, 61.165, and 18 19 61.168, Water Code, and Chapter 134, Acts 1935, 44th Legislature, 20 Regular Session, as amended, and any statute not included in this chapter that relates [other Statutes relating] to the authorization 21 or execution of mortgages and encumbrances or the granting of 22 23 franchises or leases shall not be applicable to the authorization 24 or execution of any mortgage or encumbrance entered into pursuant to the provisions of this chapter, nor to the granting of any 25 26 franchise or lease hereunder. Any obligations issued pursuant to the provisions of this chapter and additionally secured by an 27

- 1 indenture or deed of trust as provided by this subsection, whether such obligations are notes or certificates of indebtedness or 2 3 otherwise, and the record relating to their issuance, may, at the option of the port commission, be submitted to the Attorney General 4 5 of Texas for the attorney general's [his] examination and approval, as in the case of bonds, and after the Attorney General has approved 6 the same, such obligations shall be registered by the Comptroller 7 8 of Public Accounts of Texas; and after such obligations have been approved by the Attorney General and registered by the Comptroller, 9 10 they shall thereafter be incontestable for any cause except for forgery or fraud. 11
- 12 (m) The authority, in addition to the other hereinabove set out, shall have general power and authority to make 13 14 and enter into all contracts, leases and agreements necessary or 15 convenient to the carrying out of any of the powers granted in this chapter, which contracts, leases or agreements may be entered into 16 17 with any person, real or artificial, any corporation, municipal, public or private, and the government or governmental agency, 18 19 including those of the United States and the State of Texas. Except as provided by Chapter 60, Water Code, any [Any and all] contracts, 20 leases or agreements entered into pursuant hereto shall be approved 21 by action [resolution or order] of the port commission, and shall be 22 executed by the chair of the port commission [Chairman] and 23 24 attested by the executive director [thereof].
- (r) This Section, without reference to other Statutes of the State of Texas, shall constitute full authority for the authorization and issuance of obligations hereunder and for the

- 1 accomplishment of all things herein authorized to be done, and no proceedings relating to the authorization or issuance of such 2 3 obligations or the doing of such things shall be necessary except such as are herein required, and no [neither the Bond and Warrant 4 5 Law of 1931 or any other] provisions of the Laws of the State of Texas $[\tau]$ pertinent to the authorization or issuance of obligations, 6 the operation and maintenance of ports, canals and waterways, the 7 8 granting of franchise, permits, or leases, the right to elections or referendum petitions, shall in anywise impede or restrict the 9 10 carrying out of the acts authorized to be done hereunder or acts done pursuant hereto. 11 SECTION 5. Sections 5007.007(a-1), (n), (o), (p), and (q),
- SECTION 5. Sections 5007.007(a-1), (n), (o), (p), and (q),

 Special District Local Laws Code, are amended to read as follows:
- 14 The authority is empowered and authorized 15 exercise, in addition to all powers conferred by this section, all powers conferred upon the authority by the law or laws under which 16 17 it was organized, and, in addition, shall have all of the powers and jurisdiction conferred upon Districts originally organized under 18 19 Article XVI, Section 59, of the Constitution of the State of Texas, including [and particularly] Subchapters B, H, and K, Chapter 60, 20 Water Code, and Sections 60.034 through 60.042, 61.075, 61.076, 21 61.082, 61.112, 61.115 through 61.117, 61.151 through 61.168, 22 61.172 through 61.174, and 61.176, Water Code, as amended, and 23 24 Articles 8248, 8249, 8250, 8251, 8252, 8253, 8254, 8255, 8256, 8257, and 8258, Revised Civil Statutes of Texas, 1925, as amended, 25 26 as well as Chapter 6, Acts, 1941, Forty-seventh Legislature, Page 8, as amended; Chapter 176, Acts, 1955, Fifty-fourth Legislature, 27

- 1 Page 554; Chapter 217, Acts, 1949, Fifty-first Legislature, Page
- 2 407; provided, that if there is any conflict or inconsistency
- 3 between said laws or any of them, and this chapter, then to the
- 4 extent of conflict or inconsistency, the provisions of this chapter
- 5 shall govern.
- The port commission shall provide all necessary 6 (n) 7 additional books for the use of the tax assessor-collector 8 [Assessor and Collector of taxes] and the Clerk of the Commissioners Court of Harris County, The 9 Texas. tax 10 <u>assessor-collector</u> [Tax Assessor] of [said] Harris County shall be charged with the assessment of all property for taxation within the 11 12 authority and when ordered to do so by the Commissioners Court of Harris County shall assess all property within the authority and 13 14 list the same for taxation in the books or rolls furnished the tax ${\tt assessor}\underline{{\tt -collector}}$ $[\frac{{\tt him}}{{\tt looks}}]$ for said purposes, and return said books 15 or rolls at the same time when the tax assessor-collector [he] 16 17 returns the other books or rolls of the State and County Taxes for correction and approval to the Commissioners Court of said County, 18 19 and if said Court shall find said books or rolls correct they shall approve the same, and in all matters pertaining to the assessment of 20 property for taxation in the authority, the <u>tax assessor-collector</u> 21 [Tax Assessor] and appraisal review board [Board of Equalization] 22 23 of said County shall be authorized to act and shall be governed by 24 the laws of Texas for assessing and equalizing property for State and County Taxes, except as herein provided. All taxes authorized 25 26 to be levied by this chapter shall be a lien upon the property upon which said taxes are assessed, and said taxes may be paid and shall 27

1 mature and be paid at the time provided by the laws of this State for the payment of State and County Taxes; and all the penalties 2 3 provided by the laws of this State for the nonpayment of State and County Taxes shall apply to all taxes authorized to be levied by 4 5 this chapter. The tax assessor-collector [Tax Collector] of Harris County shall be charged with the assessment rolls of the authority, 6 and is required to make collection of all taxes levied and assessed 7 8 against the property in said County and promptly pay over the same to the Treasurer of the authority. The tax assessor-collector [Tax 9 10 Assessor-Collector] shall receive compensation for [such] services [such compensation as the port commission and said Commissioners 11 12 Court shall agree upon; and such compensation shall be paid as provided by law [to the Officers' Salary Fund of the County]. 13 14 bond of the tax assessor-collector [such Assessor-Collector] shall 15 stand as security for the proper performance of the [his] duties of the tax assessor-collector [as Tax Assessor-Collector] of the 16 17 authority; or, if in the judgment of the port commission it be necessary, an additional bond payable to the authority may be 18 19 required, and in all matters pertaining to the collection of taxes under the 20 levied provisions of this chapter, the tax <u>assessor-collector</u> [Tax Collector] shall be authorized to act and 21 shall be governed by the laws of the State of Texas for the 22 collection of State and County Taxes, except as herein provided; 23 24 and suits may be brought for the collection of said taxes and the enforcement of the tax liens created by this chapter. It shall be 25 26 the duty of the tax assessor-collector [Tax Collector] to make a certified list of all delinquent property upon which the navigation 27

1 tax has not been paid, and return the same to the County Commissioners Court, which shall proceed to have the same collected 2 3 by the sale of such delinquent property in the same manner, both by suit and otherwise, as now or may be provided for the sale of 4 property for the collection of State and County Taxes; and, at the 5 sale of any property for any delinquent tax, the port commission may 6 become the purchasers of the same for the benefit of the authority. 7 Should the tax assessor-collector [said Tax Assessor and Collector]8 fail or refuse to comply with the order of said Commissioners Court 9 10 requiring the tax assessor-collector [him] to assess and list for taxation all the property in the authority, or fail or refuse to 11 12 give such additional bond or security as herein provided, the tax assessor-collector [he] shall be suspended from further discharge 13 14 of the tax assessor-collector's [his] duties by the Commissioners 15 Court of said County, and the tax assessor-collector [he] shall be removed from office in the mode prescribed by law for the removal of 16 17 county officers.

The County Treasurer of Harris County shall be treasurer of the authority, and [it] shall [be his duty to] open an account of all moneys received by the treasurer [him] belonging to the authority and all amounts paid out by the treasurer [him]. treasurer [He] shall deposit the funds of the authority in such 23 depository or depositories as may be designated by the port commission in the manner provided by law [for the selection of a county depository, and such depository so selected shall be the 26 depository of the authority for a period of two (2) years and until successor is selected and qualified]. Should the port

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1 commission fail or refuse to select a depository such depository shall be selected in like manner by the Commissioners Court. 2 treasurer [The depository of the authority on April 29, 1957, shall 3 continue to be the depository of the authority until its successor 4 is selected and qualified as herein provided. He] shall pay out no 5 money except upon the conditions provided for in this chapter and 6 under other law $[\tau]$ and [he] shall carefully preserve on file all 7 8 orders for the payment of money; and, as often as required by the [said] Commissioners Court, [he] shall render a correct account to 9 10 them of all matters pertaining to the financial condition of the authority. The <u>treasurer</u> [County Treasurer] shall execute a good 11 12 and sufficient bond, payable to the [port commissioners and to their successors in office for the benefit of the] authority in an 13 14 amount to be fixed by the port commission, such bond to be 15 conditioned for the faithful performance of the [his] duties of the [as] treasurer of the authority and to be approved by the port 16 17 commission; provided whenever any bonds are issued by the authority, [the County Treasurer] before receiving the proceeds of 18 19 sale thereof the treasurer shall execute additional good and sufficient bond payable to the port commission in an amount to be 20 fixed by the port commission, which bond shall likewise be 21 conditioned and approved as aforesaid, but such additional bond 22 23 shall not be required after such Treasurer shall have properly 24 disbursed the proceeds of such bond issue; and the treasurer [County Treasurer] shall be allowed such compensation for [his] 25 26 services performed as treasurer of the authority as may be determined by the port commission[, and such compensation shall be 27

1 paid to the Officers' Salary Fund of the County].

- The authority shall acquire, purchase, lease, maintain, 2 3 repair and operate facilities and equipment for preventing, detecting, controlling, responding to, and fighting fires, 4 explosions, and hazardous material incidents on or adjacent to the 5 waterways, channels and turning basins within its jurisdiction, 6 including the Houston Ship Channel, and for the protection of life 7 8 and property from damage by fire, [and] explosion, and hazardous material incidents. The authority shall promulgate and enforce 9 10 ordinances, rules and regulations for the promotion of the safety of life and property on or adjacent to the waterways, channels and 11 turning basins within its jurisdiction, including the Houston Ship 12 Channel, from damages by fire, explosion, and hazardous material 13 incidents [and explosion thereon] in the manner provided by 14 15 Subchapter D, Chapter 60, Water Code. The powers and functions herein authorized may be exercised both within and without the 16 17 corporate limits of any city, town or village situated within the boundaries of the authority. This chapter shall be cumulative of 18 19 all other laws on the subject but in the event of conflict between this chapter and any law of this state or any charter provision or 20 ordinance of any such city, town or village relating to the subject 21 matter of this chapter, the provisions of this chapter shall 22 23 control.
- (q) The authority is authorized to acquire, purchase, construct, enlarge, extend, repair, maintain, operate, or develop traffic control facilities and everything appurtenant thereto, together with all other facilities or aids incident to or useful in

- C.S.H.B. No. 1394
- 1 the operation or development of the [authority's] ports and
- 2 waterways within the authority's jurisdiction, including the
- 3 Houston Ship Channel, or in aid of navigation and commerce thereon.
- 4 [The traffic control facilities shall be financed out of available
- 5 revenue and shall not utilize bond revenue funds.
- 6 SECTION 6. Section 5007.010, Special District Local Laws
- 7 Code, is amended to read as follows:
- 8 Sec. 5007.010. NAME AND TITLE CHANGES. (a) Effective
- 9 August 30, 1971, the [The] name of the Harris County Houston Ship
- 10 Channel Navigation District of Harris County, Texas, is changed to
- 11 the Port of Houston Authority of Harris County, Texas.
- 12 (b) Effective August 30, 1971, the [The] name of the Board
- 13 of Navigation and the Canal Commissioners of the authority is
- 14 changed to the port commission, and the title of each member is port
- 15 commissioner.
- 16 (c) Effective August 30, 1971, the [The] title of general
- 17 manager of the authority is changed to executive director.
- SECTION 7. Subchapter B, Chapter 5007, Special District
- 19 Local Laws Code, is amended by adding Section 5007.2065 to read as
- 20 follows:
- 21 Sec. 5007.2065. SERVICE ON FREIGHT RAIL DISTRICT BOARD.
- 22 The chair of the port commission may designate an officer or
- 23 employee of the authority to serve on behalf of the chair as a
- 24 director of a freight rail district created under Section 171.052,
- 25 <u>Transportation Code</u>.
- SECTION 8. Section 5007.218, Special District Local Laws
- 27 Code, is amended to read as follows:

- 1 Sec. 5007.218. EXPENSE POLICY. The port commission shall
- 2 adopt an expense policy that includes:
- 3 (1) spending guidelines for meals, lodging, and
- 4 entertainment, including a process for handling and documenting
- 5 exceptions to the guidelines if business needs require an
- 6 exception;
- 7 (2) clear expense report protocols, including:
- 8 (A) the use of cash advances;
- 9 (B) the separation of reports from port
- 10 commissioners and authority employees; and
- 11 (C) clear lines of accountability for the
- 12 submission of reports; and
- 13 (3) a prohibition on the use of authority funds for a
- 14 meal for a port commissioner or an authority employee that is not
- 15 part of <u>:</u>
- 16 <u>(A)</u> approved travel for authority business;
- 17 (B) [or part of] a ceremonial or business-related
- 18 function with outside parties;
- (C) an employee training program; or
- (D) an event with the purpose of employee
- 21 recognition, seasonal celebration, or building morale.
- 22 SECTION 9. This Act takes effect immediately if it receives
- 23 a vote of two-thirds of all the members elected to each house, as
- 24 provided by Section 39, Article III, Texas Constitution. If this
- 25 Act does not receive the vote necessary for immediate effect, this
- 26 Act takes effect September 1, 2017.