S.B. No. 1864

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

- 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:
- The authority, or its successors, is hereby granted the 8 right, power and authority to authorize, establish, construct, 9 purchase, own, maintain, equip, regulate, operate and 10 11 wharves, piers, docks, dry docks, marine ways and all other 12 structures and appliances for facilitating or accommodating 13 commerce or navigation, and to dredge out channels, slips and turning basins, and to fill in space between the main land and 14 15 islands and to fill areas for wharves, piers, docks, dry docks, 16 marine ways and for all other structures and appliances for facilitating and accommodating commerce and navigation, having 17 first secured a permit from the Government of the United States of 18 America as required by Federal law [therefor], and to construct, or 19 20 cause or authorize to be constructed on said wharves, piers, docks, dry docks, marine ways and other structures and appliances for 21 facilitating and accommodating commerce and navigation, or on lands 22 so filled in, any and all elevators, warehouses, bunkers, railway 23 24 terminals and sidetracks, or any other facilities or 25 whatsoever to navigation or commerce. Said lands shall be used by the authority, or its successors, solely for the establishment, 26 27 improvement and conduct of a [an] harbor and ship channel and for

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

- 15 (c) For the purpose of carrying out the provisions of this 16 section, the authority, or its successors, is hereby granted the right, power and authority to abate and remove any and all 17 encroachments or structures of any kind now or hereafter existing 18 on said property, save such as may have been constructed under 19 20 permit from the [United States War Department, or other] proper 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 section to the same extent and as fully and completely as the right 23 24 to bring such a suit or suits existed in the State prior to the passage hereof. 25
- 26 SECTION 3. The heading to Section 5007.006, Special 27 District Local Laws Code, is amended to read as follows:

- 1 Sec. 5007.006. REVENUE OBLIGATIONS; CERTAIN POWERS; FEES
- 2 AND CHARGES; <u>FACILITIES</u> [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 or pledge of the credit of the authority, and the holders thereof 8 9 shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and such obligations shall 10 contain a recital to that effect. All obligations issued hereunder 11 shall be in registered or coupon form, and if in coupon form may be 12 13 registerable as to principal only, or as to both principal and interest, shall bear interest at a rate not to exceed the amount 14 15 allowed by law, payable annually or semiannually, and shall be in 16 such denominations and shall mature serially or at one time not more than forty (40) years from their date in such manner as may be 17 provided by the port commission. Principal of and interest on such 18 obligations shall be made payable at any place or places within or 19 20 without the State of Texas, and in the discretion of the port commission such obligations may be made callable and/or refundable 21 at the option of the port commission prior to maturity at such 22 premium or premiums as the port commission shall determine. 23 Such 24 obligations shall be signed by the manual or facsimile signatures 25 of the chair of the port commission [Chairman] and the executive director [of the port commission] as may be provided in the 26 27 proceedings authorizing said obligations, and the interest coupons

attached thereto may also be executed by the facsimile signatures 1 2 of such officers. Such obligations shall be sold in such manner and at such times as the port commission shall determine to be expedient 3 4 and necessary to the interests of the authority, provided, that in 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 7 allowed by law computed to maturity according to standard bond tables in general use by banks and insurance companies. Any premium 8 9 or premiums provided for the call or refunding of any bonds issued pursuant to this Section shall not be included in the computation of 10 11 the maximum interest yield on such bonds. In the event of the 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 16 hereunder shall constitute negotiable instruments under Chapter 3, Business & Commerce Code. 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 20 operation of the improvements and facilities of the authority, 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 or improved with the proceeds of the sale of 24 such obligations, or may be payable from and secured by the pledge 25 of a specified part of the revenues derived from the operation of 26 27 the improvements and facilities of the authority, all as may be

- 1 provided in the proceedings authorizing the issuance of such 2 obligations.
- The authority may adopt plans for the construction or 3 4 refinancing of a facility [grain elevator or elevators], to be paid for by the issuance and sale of obligations payable from and secured 5 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 indenture, or by a deed of trust on the physical properties of such 8 9 improvement; and during the time any such improvement is encumbered 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 13 Trustees, to be named in such resolution or indenture, consisting of not less than five (5) nor more than nine (9) members. 14 15 compensation of the members of such Board of Trustees shall be fixed 16 by such resolution or indenture, but shall never exceed one percent (1%) of the gross receipts of such improvement in any one (1) year. 17 The terms of office of the members of such Board of Trustees, their 18 powers and duties, including the power to fix fees and charges for 19 20 the use of such improvements, and the manner of exercising same, the manner of the selection of their successors, and all matters 21 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 25 the Board and fixing the duties of its officers, but the bylaws shall not contain any provision in conflict with the covenants and 26 27 provisions contained in the resolution authorizing the bonds or the

indenture. In all matters wherein the resolution or indenture are 1 2 silent as to the powers, duties, obligations and procedure of the Board, the laws and rules governing the port commission shall 3 4 control the Board of Trustees in so far as applicable. 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 7 exercised by the port commission in so far as the management and operation of any such improvement is concerned. By the terms of any 8 9 such resolution or indenture the port commission may make provision for later supplementing such resolution or indenture so as to vest 10 11 the management and control of the facility [such grain elevator] in a Board of Trustees having the powers, rights and duties herein 12 13 conferred or imposed.

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

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

- indenture or deed of trust as provided by this subsection, whether 1 such obligations are notes or certificates of indebtedness or 2 otherwise, and the record relating to their issuance, may, at the 3 4 option of the port commission, be submitted to the Attorney General of Texas for the attorney general's [his] examination and approval, 5 as in the case of bonds, and after the Attorney General has approved 6 7 the same, such obligations shall be registered by the Comptroller of Public Accounts of Texas; and after such obligations have been 8 9 approved by the Attorney General and registered by the Comptroller, they shall thereafter be incontestable for any cause except for 10 11 forgery or fraud.
- The authority, 12 in addition to the other powers 13 hereinabove set out, shall have general power and authority to make and enter into all contracts, leases and agreements necessary or 14 convenient to the carrying out of any of the powers granted in this 15 16 chapter, which contracts, leases or agreements may be entered into with any person, real or artificial, any corporation, municipal, 17 public or private, and the government or governmental agency, 18 including those of the United States and the State of Texas. Except 19 20 as provided by Chapter 60, Water Code, any [Any and all] contracts, leases or agreements entered into pursuant hereto shall be approved 21 by <u>action</u> [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

S.B. No. 1864 accomplishment of all things herein authorized to be done, and no 1 2 proceedings relating to the authorization or issuance of such obligations or the doing of such things shall be necessary except 3 4 such as are herein required, and no [neither the Bond and Warrant Law of 1931 or any other] provisions of the Laws of the State of 5 Texas $[\tau]$ pertinent to the authorization or issuance of obligations, 6 7 the operation and maintenance of ports, canals and waterways, the granting of franchise, permits, or leases, the right to elections 8 or referendum petitions, shall in anywise impede or restrict the 9 carrying out of the acts authorized to be done hereunder or acts 10 11 done pursuant hereto. SECTION 5. Sections 5007.007(a-1), (n), (o), (p), and (q), 12 13 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 it was organized, and, in addition, shall have all of the powers and 17

19 Article XVI, Section 59, of the Constitution of the State of Texas, 20 including [and particularly] Subchapters B, H, and K, Chapter 60,

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jurisdiction conferred upon Districts originally organized under

21 Water Code, and Sections 60.034 through 60.042, 61.075, 61.076,

22 61.082, 61.112, 61.115 through 61.117, 61.151 through 61.168,

23 61.172 through 61.174, and 61.176, Water Code, as amended, and

24 Articles 8248, 8249, 8250, 8251, 8252, 8253, 8254, 8255, 8256,

25 8257, and 8258, Revised Civil Statutes of Texas, 1925, as amended,

26 as well as Chapter 6, Acts, 1941, Forty-seventh Legislature, Page

27 8, as amended; Chapter 176, Acts, 1955, Fifty-fourth Legislature,

- 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 [Assessor and Collector of taxes] and Clerk 8 the of the 9 Commissioners Court of Harris County, Texas. The tax assessor-collector [Tax Assessor] of [said] Harris County shall be 10 11 charged with the assessment of all property for taxation within the authority and when ordered to do so by the Commissioners Court of 12 13 Harris County shall assess all property within the authority and 14 list the same for taxation in the books or rolls furnished the tax assessor-collector [him] for said purposes, and return said books 15 16 or rolls at the same time when the tax assessor-collector [he] returns the other books or rolls of the State and County Taxes for 17 correction and approval to the Commissioners Court of said County, 18 and if said Court shall find said books or rolls correct they shall 19 20 approve the same, and in all matters pertaining to the assessment of 21 property for taxation in the authority, the <u>tax assessor-collector</u> [Tax Assessor] and appraisal review board [Board of Equalization] 22 of said County shall be authorized to act and shall be governed by 23 24 the laws of Texas for assessing and equalizing property for State 25 and County Taxes, except as herein provided. All taxes authorized to be levied by this chapter shall be a lien upon the property upon 26 27 which said taxes are assessed, and said taxes may be paid and shall

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

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

18 (0) The County Treasurer of Harris County shall be treasurer of the authority, and [it] shall [be his duty to] open an account of 19 20 all moneys received by the treasurer [him] belonging to authority and all amounts paid out by the treasurer [him]. 21 The treasurer [He] shall deposit the funds of the authority in such 22 depository or depositories as may be designated by the port 23 24 commission in the manner provided by law [for the selection of a 25 county depository, and such depository so selected shall be the depository of the authority for a period of two (2) years and until 26 27 its successor is selected and qualified]. Should the port

commission fail or refuse to select a depository such depository 1 2 shall be selected in like manner by the Commissioners Court. The 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 7 under other law[τ] and [$\frac{he}{T}$] shall carefully preserve on file all orders for the payment of money; and, as often as required by the 8 [said] Commissioners Court, [he] shall render a correct account to 9 them of all matters pertaining to the financial condition of the 10 authority. The <u>treasurer</u> [County Treasurer] shall execute a good 11 and sufficient bond, payable to the [port commissioners and to 12 their successors in office for the benefit of the] authority in an 13 amount to be fixed by the port commission, such bond to be 14 15 conditioned for the faithful performance of the [his] duties of the 16 [as] treasurer of the authority and to be approved by the port commission; provided whenever any bonds are issued by the 17 authority, [the County Treasurer] before receiving the proceeds of 18 sale thereof the treasurer shall execute additional good and 19 20 sufficient bond payable to the port commission in an amount to be fixed by the port commission, which bond shall likewise be 21 conditioned and approved as aforesaid, but such additional bond 22 shall not be required after such Treasurer shall have properly 23 24 disbursed the proceeds of such bond issue; and the treasurer 25 [County Treasurer] shall be allowed such compensation for [his] services performed as treasurer of the authority as may be 26 27 determined by the port commission[, and such compensation shall be

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

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

- S.B. No. 1864
- 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) <u>Effective</u>
- 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:
- 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 Transportation Code.
- 26 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:
- 16 <u>(A)</u> approved travel for authority business;
- 17 <u>(B)</u> [or part of] a ceremonial or business-related
- 18 function with outside parties;
- 19 (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.