

AN ACT

relating to the authorization of airport districts and the issuance of bonds and the exercise of eminent domain by the districts.

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

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

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

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

(2) financing the cost of the activities listed under Subdivision (1) of this subsection by the issuance of bonds or other obligations of a district payable from the income of the district and otherwise secured to the extent permitted by law without the incurrence of debt by the state or by another political subdivision; and

(3) promoting and facilitating transportation by air from or to points located within the state, to the benefit and general welfare of the state, including its political subdivisions

1 and inhabitants.

2 SECTION 2. AIRPORT DISTRICTS. Title 3, Transportation  
3 Code, is amended by adding Chapter 27 to read as follows:

4 CHAPTER 27. AIRPORT DISTRICTS

5 SUBCHAPTER A. GENERAL PROVISIONS

6 Sec. 27.001. DEFINITIONS. In this chapter:

7 (1) "Aircraft" means a contrivance invented, used, or  
8 designed for navigation of or flight in the air, except a parachute  
9 or other contrivance designed for use primarily as safety  
10 equipment.

11 (2) "Air navigation facility" means a facility used  
12 in, available for use in, or designed for use in aid of air  
13 navigation, including a structure, mechanism, light, beacon,  
14 marker, communicating system, or other instrumentality or device  
15 used or useful as an aid or constituting an advantage or convenience  
16 to the safe taking-off, navigation, and landing of aircraft, or the  
17 safe and efficient operation or maintenance of an airport,  
18 including any combination of facilities listed in this subdivision.

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

22 (A) any appurtenant areas that are used or  
23 intended for use for airport buildings, facilities, or  
24 rights-of-way; and

25 (B) airport buildings, structures, and  
26 facilities located on the area of land or water.

27 (4) "Airport facility" means a building, structure,

1 land, right-of-way, equipment, or instrumentality used or to be  
2 used in connection with the construction, enlargement,  
3 development, maintenance, or operation of an airport.

4 (5) "Board" means the board of directors of a  
5 district.

6 (6) "District" means a public corporation organized  
7 under this chapter.

8 (7) "Indenture" means a mortgage, indenture of  
9 mortgage, deed of trust, trust agreement, or trust indenture  
10 executed by a district as security for bonds.

11 Sec. 27.002. ASSISTANCE BY STATE OR LOCAL ENTITIES. (a) A  
12 county, municipality, or other political subdivision of the state,  
13 including a public corporation, may, with or without consideration:

14 (1) lend or donate money to a district;

15 (2) provide that all or part of the taxes or funds  
16 available to the subdivision or required by law to be used by the  
17 subdivision for airport purposes shall be transferred or paid  
18 directly to a district;

19 (3) cause water, sewer, or drainage facilities or any  
20 other facilities that the subdivision is empowered to provide to be  
21 furnished adjacent to or in connection with an airport or air  
22 navigation facility;

23 (4) donate, sell, convey, transfer, or lease to a  
24 district any land, property, franchise, grant, easement, license,  
25 or lease that the subdivision owns;

26 (5) donate, sell, convey, or lease an airport, airport  
27 property, or any interest in an airport or airport property owned by

1 the subdivision to a district;

2 (6) donate, transfer, assign, sell, or convey to a  
3 district any right, title, or interest that the subdivision has in a  
4 lease, contract, agreement, license, or property;

5 (7) furnish, dedicate, close, pave, repair, install,  
6 grade, regrade, plan, or replan streets, roads, roadways, and  
7 walks:

8 (A) from established streets or roads to an  
9 airport or air navigation facility; or

10 (B) abutting or adjacent to an airport or air  
11 navigation facility;

12 (8) take any other action that is necessary or  
13 convenient to aid and cooperate with a district in the planning,  
14 undertaking, construction, or operation of an airport or air  
15 navigation facility; and

16 (9) furnish, at the request of a district, fire and air  
17 crash equipment and personnel to properly operate the equipment at  
18 an airport or aircraft landing area owned, operated, or under the  
19 jurisdiction of the district or train district personnel in fire,  
20 crash, and rescue.

21 (b) All transfers of land, licenses, easements, or other  
22 property are subject to the continuing right of a utility to  
23 maintain existing facilities in those locations and to be  
24 reimbursed for any required relocation, removal, or adjustment of  
25 those facilities.

26 Sec. 27.003. APPLICATION OF OTHER LAW. An airport district  
27 created under this chapter is not an airport authority under

1 Section 12, Article IX, Texas Constitution.

2 [Sections 27.004-27.050 reserved for expansion]

3 SUBCHAPTER B. CREATION AND EXPANSION

4 Sec. 27.051. INCORPORATION. (a) A district may be  
5 organized as a public corporation under this chapter.

6 (b) At least three natural persons shall file with the  
7 governing body of one or more counties or municipalities an  
8 application in writing for permission to incorporate a public  
9 corporation under this chapter and shall attach to the application  
10 a proposed form of articles of incorporation for the corporation.

11 (c) If each governing body with which the application is  
12 filed adopts a resolution approving the form of the articles of  
13 incorporation and authorizing the formation of a public  
14 corporation, the applicants under Subsection (b) become the  
15 incorporators of and shall incorporate the district as a public  
16 corporation under this chapter using the form of the articles  
17 approved.

18 Sec. 27.052. ADDITIONAL COUNTIES OR MUNICIPALITIES. An  
19 additional county or municipality may become part of a district if  
20 each additional county or municipality and each county or  
21 municipality in the district adopts a resolution consenting to the  
22 inclusion of the additional county or municipality in the district.

23 Sec. 27.053. INCLUSION IN DISTRICT. On the inclusion of a  
24 county or municipality in a district, either initially or as an  
25 additional member, all rights, contracts, obligations, and  
26 property, both real and personal, of a municipality or county used  
27 for or in relation to transportation by air shall vest in the

1 district created under this subchapter unless otherwise specified  
2 by the resolution including the municipality or county in the  
3 district.

4 Sec. 27.054. STATE JOINING AIRPORT DISTRICT. The governor,  
5 on behalf of the state, may authorize the state to join in the  
6 creation of a district under this subchapter or to join an existing  
7 district created under this subchapter.

8 Sec. 27.055. CONTENTS OF CERTIFICATE OF INCORPORATION. The  
9 certificate of incorporation of a district shall state:

10 (1) the name and county of residence of each person  
11 forming the district;

12 (2) the name of the district, which must include the  
13 words "airport district";

14 (3) the duration of the district or, if the duration is  
15 perpetual, the fact that the district is of perpetual duration;

16 (4) the names of the governmental entities in the  
17 district and the date on which the:

18 (A) governing body of the county or municipality  
19 adopted the resolution authorizing the incorporation of the  
20 district or consented to the inclusion of the county or  
21 municipality in the district; or

22 (B) governor authorized the state to join in the  
23 creation of the district or the existing district;

24 (5) the proposed location in this state of the  
25 principal office of the district; and

26 (6) any other matters relating to the district that  
27 the incorporators choose to insert and that are not inconsistent

1 with this chapter or the laws of this state.

2 Sec. 27.056. INCORPORATION; EXECUTION AND FILING OF  
3 ARTICLES. (a) The articles of incorporation of a district shall:

4 (1) be signed and acknowledged by the incorporators;  
5 and

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

8 (b) A district shall file its articles of incorporation,  
9 with the documents required to be attached under Subsection (a),  
10 with the secretary of state.

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

14 (1) come into existence;

15 (2) constitute a public corporation under the name  
16 listed in the certificate; and

17 (3) have all the rights and powers given to a district  
18 under this chapter.

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

21 [Sections 27.057-27.100 reserved for expansion]

22 SUBCHAPTER C. BOARD OF DIRECTORS; ADMINISTRATION

23 Sec. 27.101. BOARD OF DIRECTORS. (a) The governing body  
24 of a district is a board with at least five but not more than nine  
25 members appointed as follows:

26 (1) if the state alone authorizes a district, the  
27 members shall be elected by the governor, the lieutenant governor,

1 and the speaker of the house of representatives with the total  
2 number of members set out in the articles of incorporation of the  
3 district;

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

8 (3) in all other cases:

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

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

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

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

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

27 (d) If the state joins in the creation of a district under



1 this chapter or joins an existing district created under this  
2 chapter, the state is entitled to the number of board members agreed  
3 on by the authorizing governmental entities and the state, but is  
4 entitled to at least one board member. The governor shall appoint  
5 each board member representing the state.

6 Sec. 27.102. VACANCY; REMOVAL. (a) Except as provided by  
7 Subsection (b), if a board member resigns, dies, or becomes  
8 incapable or ineligible to act as a board member, a successor to  
9 serve the unexpired portion of the board member's term shall be  
10 elected in the same manner provided by Section 27.101 as the board  
11 member whose unexpired term the successor is filling.

12 (b) If a vacancy in the office of the additional member  
13 elected under Section 27.101(a)(3)(C) continues for more than 30  
14 days, the governor shall, on the request of any governmental entity  
15 that elected the member, appoint a successor.

16 (c) A board member may be removed from office.

17 Sec. 27.103. ELIGIBILITY. An officer of the state, a  
18 county, or a municipality is not eligible to serve as a board  
19 member.

20 Sec. 27.104. TERMS. (a) The term of office of a board  
21 member is as set out in the articles of incorporation of a district.

22 (b) Board members serve staggered terms so that the term of  
23 at least one member expires each year.

24 Sec. 27.105. QUORUM. (a) Except as provided by Subsection  
25 (b), a majority of the board members constitutes a quorum for the  
26 transaction of business.

27 (b) A meeting of a board may be adjourned by a majority of

1 the board members present or may be adjourned by a single board  
2 member if the member is the only board member present at the  
3 meeting.

4 (c) A vacancy on the board does not impair the right of a  
5 quorum to exercise all the powers and duties of a district.

6 Sec. 27.106. MEETINGS. (a) A board shall hold regular  
7 monthly meetings and any other meeting as provided for in the bylaws  
8 of the district.

9 (b) A board may hold a special meeting at the call of the  
10 chair of the district or two board members.

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

13 (d) At the request of a board member, the vote on a question  
14 before the board shall be taken by yeas and nays and entered on the  
15 record. All board proceedings shall be reduced to writing by the  
16 secretary of the district and open to board members and to the  
17 public at all times. Copies of the proceedings, when certified by  
18 the secretary of a district under its seal, are admissible in a  
19 court as evidence of the matters certified in the proceedings.

20 Sec. 27.107. COMPENSATION. A board member is not entitled  
21 to receive compensation but is entitled to reimbursement for actual  
22 and necessary expenses.

23 Sec. 27.108. OFFICERS. (a) The board shall elect from the  
24 board members a chair, a vice chair, a secretary, and any other  
25 officer the board considers necessary, for a term of one year.

26 (b) A treasurer or any other officer a board considers  
27 necessary is not required to be a board member. The officer may be

1 appointed by the board for a term determined by the board.

2 (c) The offices of secretary and treasurer may be held by  
3 the same person.

4 [Sections 27.109-27.150 reserved for expansion]

5 SUBCHAPTER D. POWERS AND DUTIES

6 Sec. 27.151. GENERAL POWERS. A district may:

7 (1) have succession by the district's corporate name  
8 for the duration of time specified in the articles of  
9 incorporation;

10 (2) sue and be sued in the district's own name in civil  
11 suits and actions, except actions in tort against the district;

12 (3) adopt and make use of a corporate seal;

13 (4) adopt and alter bylaws for the regulation and  
14 conduct of the district's affairs and business;

15 (5) acquire, receive, take, and hold, by purchase,  
16 gift, lease, devise, or other means, property, regardless of  
17 whether in one or more counties or within or outside the corporate  
18 limits of an authorizing governmental entity, and manage the  
19 property, including developing undeveloped property owned, leased,  
20 or controlled by the district;

21 (6) execute a contract or other instrument;

22 (7) enter on land, water, and premises for the  
23 purposes of making surveys, soundings, and examinations;

24 (8) plan, establish, develop, acquire, construct,  
25 enlarge, improve, maintain, equip, operate, regulate, and protect  
26 an airport and air navigation facility, including the:

27 (A) acquisition, construction, installation,

1 equipment, maintenance, and operation at, in connection with, or in  
2 furtherance of the use at an airport of sanitary and storm sewage  
3 systems and water, electric, and gas systems, buildings, hangars,  
4 and other facilities for:

5 (i) airlines, United States military  
6 aircraft, and general aviation aircraft; or

7 (ii) the comfort, use, and accommodation of  
8 air travelers; and

9 (B) purchase and sale of supplies, goods, and  
10 commodities incident to the operation of an airport property;

11 (9) construct, acquire, establish, improve, extend,  
12 enlarge, reconstruct, equip, maintain, repair, and operate a  
13 heliport, an aerial aircraft landing, loading, or storage area, and  
14 a transportation terminal;

15 (10) construct, acquire, establish, improve, extend,  
16 enlarge, reconstruct, equip, maintain, and repair a building,  
17 structure, or facility that is suitable for use as a manufacturing  
18 plant, industrial plant, retail shopping area, park, or exhibit, or  
19 for the conduct of lawful business at, on, or adjacent to an airport  
20 or aircraft landing area owned or operated by the district;

21 (11) lease a building, structure, or facility  
22 described in Subdivision (10) to a tenant under terms approved by  
23 the district;

24 (12) for compensation, furnish or supply on an airport  
25 or aircraft landing area owned or operated by or under the  
26 jurisdiction of the district, to persons and aircraft, goods,  
27 commodities, area facilities, and services convenient or useful to

1 the owners, operators, and users of aircraft and to persons at the  
2 airport or aircraft landing area, including food, lodging, shelter,  
3 drinks, confections, reading matter, oil, gasoline, jet fuel,  
4 motors, engines, aircraft, aircraft parts and equipment, space in  
5 buildings, space for buildings and structures, and the services of  
6 mechanics and instructors;

7 (13) confer on any person, for compensation, the  
8 privilege or concession of supplying on an airport or aircraft  
9 landing area owned or operated by or under the jurisdiction of the  
10 district, all of the items to be furnished or supplied under  
11 Subdivision (12);

12 (14) acquire, including by eminent domain, establish,  
13 construct, expand, own, control, equip, improve, maintain,  
14 operate, and regulate a satellite airport or landing field for the  
15 use of aircraft in the state;

16 (15) acquire, including by purchase, gift, devise,  
17 lease, or eminent domain proceedings, an existing airport and air  
18 navigation facility with the consent of the county, municipality,  
19 or other governmental entity of the state that owns or controls the  
20 airport and air navigation facility;

21 (16) issue interest-bearing bonds payable from the  
22 limited sources available under this chapter;

23 (17) pledge for payment of bonds any revenues and  
24 funds from which the bonds are made payable;

25 (18) enter into a contract, lease, or other agreement  
26 incidental to or necessary for the accomplishment of any purpose  
27 for which the district was organized;

1           (19) exercise the power of eminent domain with respect  
2 to property, including airspace, air navigation easements,  
3 structures, obstructions to flight, and property already devoted to  
4 public use, that reasonably may be necessary for the construction,  
5 extension, maintenance, operation, protection, enlargement,  
6 improvement, or preservation of an airport or airport facility or  
7 sanitary or storm sewage systems or water, electric, or gas systems  
8 on, adjacent to, or in connection with or for the furtherance of the  
9 use of an airport, aircraft landing area, or other property owned by  
10 or operated by the district;

11           (20) appoint, employ, contract with, and compensate  
12 officers, employees, and agents, including engineers, security  
13 officers and guards, attorneys, consultants, fiscal advisers, and  
14 other employees the district may require;

15           (21) fix, establish, collect, and alter landing fees,  
16 tolls, rents, and other charges for the use of an airport, landing  
17 area, building, structure, facility, or other property owned or  
18 controlled by the district;

19           (22) adopt and enforce rules governing the use of an  
20 airport, landing area, or airport facility owned or controlled by  
21 the district;

22           (23) provide for insurance, including use and  
23 occupancy insurance, as determined by the board;

24           (24) invest funds of the district that the board  
25 determines are not presently needed for its corporate purposes in:

26                   (A) a direct general obligation of the United  
27 States;

1                   (B) an obligation that is unconditionally  
2 guaranteed as to both principal and interest by the United States;  
3 or

4                   (C) bonds of the state, a county, or a  
5 municipality;

6                   (25) contract with the state, a county, a  
7 municipality, a public corporation, an agency, a department, or  
8 another political subdivision of this state if the board determines  
9 that the contract accomplishes the purposes for which the district  
10 was established;

11                   (26) sell and convey property that is obsolete, worn  
12 out, or no longer needed or useful;

13                   (27) receive and accept for the construction,  
14 extension, improvement, maintenance, or operation of an airport or  
15 airport facility money, property, labor, or other thing of value  
16 from any source, including grants from the United States, the  
17 state, or any political subdivision of the state;

18                   (28) purchase services, equipment, and supplies  
19 necessary or convenient for the exercise of any power of the  
20 district;

21                   (29) enter into a management agreement with a county  
22 or municipality for the management by the district of an airport,  
23 air navigation facility, or other facility useful to the district;

24                   (30) require the relocation, removal, or other  
25 adjustment of public utility facilities to accommodate a project of  
26 the district, only if the district reimburses the public utility  
27 for the cost of the relocation, removal, or other adjustment,

1 including the value of any easement or other associated property  
2 right; and

3 (31) take any other action necessary or convenient to  
4 carry out the purposes of this chapter or the exercise of a power  
5 granted under this chapter.

6 Sec. 27.152. ACQUISITION OR OPERATION OF CERTAIN AIRPORTS.

7 A district may acquire or operate an airport located in the  
8 district's jurisdiction that is not served by an air carrier  
9 engaged in scheduled "interstate air commerce," as defined by 14  
10 C.F.R. Section 1.1, on or before the effective date of the Act  
11 enacting this chapter.

12 Sec. 27.153. ZONING. (a) A district is exempt from  
13 municipal or county zoning laws, ordinances, and regulations.

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

19 Sec. 27.154. LIMIT ON EMINENT DOMAIN POWER. A district may  
20 not acquire by eminent domain real property or rights:

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

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

27 Sec. 27.155. MUNICIPAL VOTE REQUIRED FOR MUNICIPAL



1 AIRPORTS. Before a district may own, acquire, construct, or  
2 operate an airport or an airport facility within the corporate  
3 limits of a municipality, a majority of the governing body of the  
4 municipality must vote in favor of the proposed airport or airport  
5 facility.

6 Sec. 27.156. PEACE OFFICERS. The district may employ  
7 security officers who have obtained a peace officer license issued  
8 by the Commission on Law Enforcement Officer Standards and  
9 Education.

10 [Sections 27.157-27.200 reserved for expansion]

11 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; TAX EXEMPTIONS

12 Sec. 27.201. TAX EXEMPTION; BONDS, PROPERTY, INCOME.

13 (a) Bonds issued by a district and the income on the bonds are  
14 exempt from all state taxation.

15 (b) All property and income of a district are exempt from  
16 all state, county, municipal, and other local taxation.

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

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

26 Sec. 27.203. FUNDING. (a) A district is authorized to  
27 accept, receive, disburse, and expend federal money, state money,

1 and any other money made available by grant or loan to accomplish a  
2 district purpose.

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

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

9 [Sections 27.205-27.250 reserved for expansion]

10 SUBCHAPTER F. BONDS

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

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

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

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

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

26 (2) bond form and denominations;

27 (3) bond tenor, payable in installments, and at times

1 not to exceed 40 years from the date of issue;

2 (4) place of issue; and

3 (5) rate of interest.

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

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

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

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

19 (f) A public hearing is not required for the issuance of  
20 bonds by a district.

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

25 Sec. 27.253. NOTICE; CHALLENGES. (a) On the adoption of a  
26 resolution providing for the issuance of bonds, a district may  
27 publish, once a week for two consecutive weeks, in a newspaper that

1 is distributed in the county in which the principal office of the  
2 district is located, notice in substantially the following form at  
3 the end of which shall be printed the name and title of either the  
4 chair or secretary of the district:

5 "\_\_\_\_\_ , a public corporation of the State of Texas,  
6 on the \_\_\_\_ day of \_\_\_\_\_ authorized the issuance of  
7 \$\_\_\_\_\_ principal amount of revenue bonds of the  
8 corporation for purposes authorized in the Act of the  
9 Legislature of Texas under which the corporation was  
10 organized. Any action or proceeding questioning the  
11 validity of the bonds, or the pledge and any  
12 instruments securing the bonds, or the proceedings  
13 authorizing the bonds, must be commenced within 20  
14 days after the first publication of this notice."

15 (b) An action or proceeding in a court to set aside or  
16 question the proceedings for the issuance of bonds referred to in a  
17 notice under Subsection (a) or to contest the validity of the bonds  
18 or the validity of the pledge and any instruments made to secure the  
19 bonds must be commenced before the 31st day after the date of first  
20 publication of the notice.

21 (c) After the 30-day period described under Subsection (b)  
22 expires:

23 (1) a right of action or defense questioning or  
24 attacking the validity of the proceedings, bonds, pledge, or  
25 instruments may not be asserted; and

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

1       Sec. 27.254. EXECUTION AND DELIVERY. (a) Bonds shall be  
2 signed by the chair or vice chair and by the secretary or treasurer  
3 of a district. The signature of one of the officers whose  
4 signatures will appear on the bonds may be imprinted or otherwise  
5 reproduced.

6       (b) The seal of a district must be affixed onto the bonds or  
7 a facsimile of the seal of a district must be imprinted or otherwise  
8 reproduced on the bonds.

9       (c) Coupons must be signed by the chair or vice chair and by  
10 the secretary or treasurer of a district. The signature of the  
11 secretary or treasurer may be imprinted or otherwise reproduced.

12       (d) Delivery of bonds executed as provided under this  
13 section is valid regardless of any changes in officers or in the  
14 district seal after the signing and sealing of the bonds.

15       Sec. 27.255. SECURITY. (a) At the discretion of a  
16 district, bonds may be issued under and secured by an indenture  
17 between the district and a trustee. A trustee may be a private  
18 person or corporation, including a trust company or bank having  
19 trust powers.

20       (b) In an indenture or resolution providing for the issuance  
21 of bonds, the district may:

22               (1) pledge, for payment of the principal of and the  
23 interest on bonds, district revenue;

24               (2) assign, as security for payment, a lease,  
25 franchise, permit, or contract; and

26               (3) mortgage a property.

27       (c) A pledge of revenue is valid from the time it is made.

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

7 (1) the county in which the principal office of the  
8 district is located; or

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

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

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

14 (2) the principal amount of bonds issued;

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

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

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

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

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

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

1           (4) the creation and maintenance of special funds from  
2 revenue of the district;

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

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

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

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

14           (2) may compel performance of a duty of the board and  
15 officers of the district; and

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

19           (A) operation and maintenance of the property of  
20 the district covered by the indenture; and

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

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

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

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

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

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

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

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

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

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

27           Sec. 27.257. REFUNDING BONDS. (a) A district may at any



1 time issue refunding bonds for the purpose of:

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

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

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

12 (c) Refunding may be effected:

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

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

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

27 Sec. 27.258. LOCAL GOVERNMENT INVESTMENT. A governing body

1 of a county or municipality may invest idle or surplus money held in  
2 its treasury in district bonds.

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

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

11 [Sections 27.260-27.300 reserved for expansion]

12 SUBCHAPTER G. WITHDRAWAL OR DISSOLUTION

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

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

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

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

27 (1) vest in the authorizing governmental entities as

1 provided by the articles of incorporation; or

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

5 SECTION 3. EFFECTIVE DATE. This Act takes effect  
6 immediately if it receives a vote of two-thirds of all the members  
7 elected to each house, as provided by Section 39, Article III, Texas  
8 Constitution. If this Act does not receive the vote necessary for  
9 immediate effect, this Act takes effect September 1, 2005.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 433 passed the Senate on May 5, 2005, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 433 passed the House on May 20, 2005, by the following vote: Yeas 139, Nays 0, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor