

By: Wentworth

S.B. No. 433

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the authorization of airport authorities and the  
3 issuance of bonds and exercise of eminent domain by the  
4 authorities.

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

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

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

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

17 (2) financing the cost of the activities listed under  
18 Subdivision (1) of this subsection by the issuance of bonds or other  
19 obligations of an authority payable from the income of the  
20 authority and otherwise secured to the extent permitted by law  
21 without the incurrence of debt by the state or by a political  
22 subdivision; and

23 (3) promoting and facilitating transportation by air  
24 from or to points located within the state, to the benefit and

1 general welfare of the state, including its political subdivisions  
2 and inhabitants.

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

5 CHAPTER 27. AIRPORT AUTHORITIES

6 SUBCHAPTER A. GENERAL PROVISIONS

7 Sec. 27.001. DEFINITIONS. In this chapter:

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

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

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

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

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

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

5           (5) "Authority" means a public corporation organized  
6 under this chapter.

7           (6) "Board" means the board of directors of an  
8 authority.

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

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

15           (1) lend or donate money to an authority;

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

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

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

27           (5) donate, sell, convey, or lease an airport, airport

1 property, or any interest in an airport or airport property owned by  
2 the subdivision to an authority;

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

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

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

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

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

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

22 [Sections 27.003-27.050 reserved for expansion]

23 SUBCHAPTER B. CREATION AND EXPANSION

24 Sec. 27.051. INCORPORATION. (a) An authority may be  
25 organized as a public corporation under this chapter.

26 (b) At least three natural persons shall file with the  
27 governing body of one or more counties or municipalities an

1 application in writing for permission to incorporate a public  
2 corporation under this chapter and shall attach to the application  
3 a proposed form of articles of incorporation for the corporation.

4 (c) If each governing body with which the application is  
5 filed adopts a resolution approving the form of the articles of  
6 incorporation and authorizing the formation of a public  
7 corporation, the applicants under Subsection (b) become the  
8 incorporators of and shall incorporate the authority as a public  
9 corporation under this chapter using the form of the articles  
10 approved.

11 Sec. 27.052. ADDITIONAL COUNTIES OR MUNICIPALITIES. An  
12 additional county or municipality may become part of an authority  
13 if each additional county or municipality and each county or  
14 municipality in the authority adopts a resolution consenting to the  
15 inclusion of the additional county or municipality in the  
16 authority.

17 Sec. 27.053. INCLUSION IN AUTHORITY. On the inclusion of a  
18 county or municipality in an authority, either initially or as an  
19 additional member, all rights, contracts, obligations, and  
20 property, both real and personal, of a municipality or county used  
21 for or in relation to transportation by air shall vest in the  
22 authority created under this subchapter unless otherwise specified  
23 by the resolution including the municipality or county in the  
24 authority.

25 Sec. 27.054. STATE JOINING AIRPORT AUTHORITY. The  
26 governor, on behalf of the state, may authorize the state to join in  
27 the creation of an authority under this subchapter or to join an

1 existing authority created under this subchapter.

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

4 (1) the name and county of residence of each person  
5 forming the authority;

6 (2) the name of the authority, which must include the  
7 words "airport authority";

8 (3) the duration of the authority or if the duration is  
9 perpetual, the fact that the authority is of perpetual duration;

10 (4) the names of the governmental entities in the  
11 authority and the date on which the:

12 (A) governing body of the county or municipality  
13 adopted the resolution authorizing the incorporation of the  
14 authority or consented to the inclusion of the county or  
15 municipality in the authority; or

16 (B) governor authorized the state to join in the  
17 creation of an authority or an existing authority;

18 (5) the proposed location in this state of the  
19 principal office of the authority; and

20 (6) any other matters relating to the authority that  
21 the incorporators choose to insert and that are not inconsistent  
22 with this chapter or the laws of this state.

23 Sec. 27.056. INCORPORATION; EXECUTION AND FILING OF  
24 ARTICLES. (a) The articles of incorporation of an authority shall:

25 (1) be signed and acknowledged by the incorporators;  
26 and

27 (2) have attached a certified copy of each of the

1 resolutions described by Section 27.051.

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

5 (c) When a certificate of incorporation is issued by the  
6 secretary of state after the filing of the articles and attached  
7 documents, the authority referred to in the certificate shall:

8 (1) come into existence;

9 (2) constitute a public corporation under the name  
10 listed in the certificate; and

11 (3) have all the rights and powers given to an  
12 authority under this chapter.

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

15 [Sections 27.057-27.100 reserved for expansion]

16 SUBCHAPTER C. BOARD OF DIRECTORS; ADMINISTRATION

17 Sec. 27.101. BOARD OF DIRECTORS. (a) The governing body of  
18 an authority is a board with at least five but not more than nine  
19 members appointed as follows:

20 (1) if the state alone authorizes an authority, the  
21 members shall be elected by the governor, the lieutenant governor,  
22 and the speaker of the house of representatives with the total  
23 number of members set out in the articles of incorporation of the  
24 authority;

25 (2) if the sole authorizing governmental entity is a  
26 county, the commissioners court of the county shall appoint the  
27 members with the number of members set out in the articles of

1 incorporation of the authority; and

2 (3) in all other cases:

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

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

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

13 (b) Each member appointed by a governing body of an  
14 authorizing governmental entity must reside in the authorizing  
15 governmental entity. The additional member elected under  
16 Subsection (a)(3)(C) must reside in any county electing the member.

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

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



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

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

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

12       Sec. 27.103. ELIGIBILITY. An officer of the state, a  
13 county, or a municipality is not eligible to serve as a board  
14 member.

15       Sec. 27.104. TERMS. (a) The term of office of a board  
16 member is as set out in the articles of incorporation of an  
17 authority.

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

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

23       (b) A meeting of a board may be adjourned by a majority of  
24 the board members present or may be adjourned by a single board  
25 member if the member is the only board member present at the  
26 meeting.

27       (c) A vacancy on the board does not impair the right of a

1 quorum to exercise all the powers and duties of an authority.

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

5 (b) A board may hold a special meeting at the call of the  
6 chair of the authority or two board members.

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

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

16 Sec. 27.107. COMPENSATION. A board member is not entitled  
17 to receive compensation but is entitled to reimbursement for actual  
18 and necessary expenses.

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

22 (b) A treasurer or any other officer a board considers  
23 necessary is not required to be a board member. The officer may be  
24 appointed by the board for a term determined by the board.

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

27 [Sections 27.109-27.150 reserved for expansion]

1                    SUBCHAPTER D. POWERS AND DUTIES

2            Sec. 27.151. GENERAL POWERS. An authority may:

3                    (1) have succession by the authority's corporate name  
4 for the duration of time specified in the articles of  
5 incorporation;

6                    (2) sue and be sued in the authority's own name in  
7 civil suits and actions, except actions in tort against the  
8 authority;

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

10                   (4) adopt and alter bylaws for the regulation and  
11 conduct of the authority's affairs and business;

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

18                   (6) execute a contract or other instrument;

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

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

24                         (A) acquisition, construction, installation,  
25 equipment, maintenance, and operation at, in connection with, or in  
26 furtherance of the use at an airport of sanitary and storm sewage  
27 systems and water, electric, and gas systems, buildings, hangars,

1 and other facilities for:

2 (i) airlines, U.S. military aircraft, and  
3 general aviation aircraft; or

4 (ii) the comfort, use, and accommodation of  
5 air travelers; and

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

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

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

18 (11) lease a building, structure, or facility  
19 described in Subdivision (10) to a tenant under terms approved by  
20 the authority;

21 (12) for compensation, furnish or supply on an airport  
22 or aircraft landing area owned or operated by or under the  
23 jurisdiction of the authority, to persons and aircraft, goods,  
24 commodities, area facilities, and services convenient or useful to  
25 the owners, operators, and users of aircraft and to persons at the  
26 airport or aircraft landing area, including food, lodging, shelter,  
27 drinks, confections, reading matter, oil, gasoline, jet fuel,

1 motors, engines, aircraft, aircraft parts and equipment, space in  
2 buildings, space for buildings and structures, and the services of  
3 mechanics and instructors;

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

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

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

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

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

22 (18) enter into a contract, lease, or other agreement  
23 incidental to or necessary for the accomplishment of any purpose  
24 for which the authority was organized;

25 (19) exercise the power of eminent domain with respect  
26 to property, including airspace, air navigation easements,  
27 structures, obstructions to flight, and property already devoted to

1 public use that reasonably may be necessary for the construction,  
2 extension, maintenance, operation, protection, enlargement,  
3 improvement, or preservation of an airport or airport facility or  
4 sanitary or storm sewage systems water, electric, and gas systems  
5 on, adjacent to, or in connection with or for the furtherance of the  
6 use of an airport, aircraft landing area, or other property owned by  
7 or operated by the authority;

8 (20) appoint, employ, contract with, and compensate  
9 officers, employees, and agents, including engineers, security  
10 officers and guards, attorneys, consultants, fiscal advisers, and  
11 other employees the authority may require;

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

16 (22) adopt and enforce rules governing the use of an  
17 airport, landing area, or airport facility owned or controlled by  
18 the authority;

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

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

23 (A) a direct general obligation of the United  
24 States;

25 (B) an obligation that is unconditionally  
26 guaranteed as to both principal and interest by the United States;

27 or

1                   (C) bonds of the state, a county, or a  
2 municipality;

3                   (25) contract with the state, a county, a  
4 municipality, a public corporation, an agency, a department, or  
5 other political subdivision of this state if the board determines  
6 that the contract accomplishes the purposes for which the authority  
7 was established;

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

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

15                   (28) purchase services, equipment, and supplies  
16 necessary or convenient for the exercise of any power of the  
17 authority;

18                   (29) enter into a management agreement with a county  
19 or municipality for the management by the authority of an airport,  
20 air navigation facility, or other facility useful to the authority;  
21 and

22                   (30) take any other action necessary or convenient to  
23 carry out the purposes of this chapter or the exercise of a power  
24 granted under this chapter.

25                   Sec. 27.152. ZONING. (a) An authority is exempt from  
26 municipal or county zoning laws, ordinances, and regulations.

27                   (b) An authority has the same zoning powers, for the zoning

1 of an airport in an unincorporated area owned or operated by the  
2 authority and the zoning of the unincorporated area lying within  
3 two miles of the boundaries of the airport, as a municipality that  
4 owns or operates an airport.

5 Sec. 27.153. LIMIT ON EMINENT DOMAIN POWER. An authority  
6 may not acquire by eminent domain real property or rights owned or  
7 held by a railroad or utility.

8 Sec. 27.154. MUNICIPAL VOTE REQUIRED FOR MUNICIPAL  
9 AIRPORTS. Before an authority may own, acquire, construct, or  
10 operate an airport or an airport facility within the corporate  
11 limits of a municipality, a majority of the governing body of the  
12 municipality must vote in favor of the proposed airport or airport  
13 facility.

14 Sec. 27.155. PEACE OFFICERS. The authority may employ  
15 security officers who have obtained a peace officer license issued  
16 by the Commission on Law Enforcement Officer Standards and  
17 Education.

18 [Sections 27.156-27.200 reserved for expansion]

19 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; TAX EXEMPTIONS

20 Sec. 27.201. TAX EXEMPTION; BONDS, PROPERTY, INCOME. (a)  
21 Bonds issued by an authority and the income on the bonds are exempt  
22 from all state taxation.

23 (b) All property and income of an authority are exempt from  
24 all state, county, municipal, and other local taxation.

25 (c) Subsection (b) does not exempt concessionaires,  
26 licensees, tenants, operators, or lessees of an authority from the  
27 payment of any taxes, including licenses or privilege taxes imposed



1 by the state, a county, or a municipality.

2 Sec. 27.202. TAX EXEMPTION; ACCESS TO AIRPORTS. A county or  
3 municipality may not require the payment of any tax or privilege  
4 license from a person for the reasonable use of public streets,  
5 roads, or highways leading to or from an airport or aircraft landing  
6 area owned or operated by or under the jurisdiction of an authority.

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

11 (b) Federal money accepted under this section shall be  
12 accepted and expended by an authority on terms prescribed by the  
13 United States that are not inconsistent with the laws of this state.

14 [Sections 27.204-27.250 reserved for expansion]

15 SUBCHAPTER F. BONDS

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

19 (b) The principal of and the interest on bonds is payable  
20 solely from and may be secured by a pledge of the revenue derived by  
21 an authority from the operation of authority airports, facilities,  
22 and other property.

23 (c) Bonds issued or contracts entered into by an authority  
24 under this chapter do not create debt of the state, a county, or a  
25 municipality and do not create a charge against the credit or taxing  
26 powers of the state, a county, or a municipality.

27 Sec. 27.252. BONDS ISSUED. (a) Board proceedings shall

1 determine how bonds are issued, including the following matters:

2 (1) whether the bonds are issued at any time and from  
3 time to time;

4 (2) bond form and denominations;

5 (3) bond tenor, payable in installments, and at times  
6 not to exceed 40 years from the date of issue;

7 (4) place of issue; and

8 (5) rate of interest.

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

15 (c) Bonds of an authority may be sold at public or private  
16 sale in the manner and from time to time as may be determined by the  
17 board.

18 (d) An authority may pay all reasonable expenses, premiums,  
19 fees, and commissions that the board determines are necessary or  
20 advantageous in connection with the authorization, sale, and  
21 issuance of bonds.

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

24 (f) A public hearing is not required for the issuance of  
25 bonds by an authority.

26 (g) Bonds issued under this chapter are negotiable  
27 instruments within the meaning of the negotiable instruments law of

1 this state if the bonds otherwise possess all the characteristics  
2 of a negotiable instrument under the law of this state.

3 Sec. 27.253. NOTICE; CHALLENGES. (a) On the adoption of a  
4 resolution providing for the issuance of bonds, an authority may  
5 publish, once a week for two consecutive weeks, in a newspaper that  
6 is distributed in the county in which the principal office of the  
7 authority is located, notice in substantially the following form at  
8 the end of which shall be printed the name and title of either the  
9 chair or secretary of the authority:

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

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

26 (c) After the 30-day period described under Subsection (b)  
27 expires:

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

4           (2) the validity of the proceedings, bonds, pledge, or  
5 instruments are not open to question in a court on any ground.

6           Sec. 27.254. EXECUTION AND DELIVERY. (a) Bonds shall be  
7 signed by the chair or vice chair and by the secretary or treasurer  
8 of an authority. The signature of one of the officers whose  
9 signatures will appear on the bonds may be imprinted or otherwise  
10 reproduced.

11           (b) The seal of an authority must be affixed onto the bonds  
12 or a facsimile of the seal of an authority must be imprinted or  
13 otherwise reproduced on the bonds.

14           (c) Coupons must be signed by the chair or vice chair and by  
15 the secretary or treasurer of an authority. The signature of the  
16 secretary or treasurer may be imprinted or otherwise reproduced.

17           (d) Delivery of bonds executed as provided under this  
18 section is valid regardless of any changes in officers or in the  
19 authority seal after the signing and sealing of the bonds.

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

25           (b) In an indenture or resolution providing for the issuance  
26 of bonds, the authority may:

27           (1) pledge, for payment of the principal of and the

1 interest on bonds, authority revenue;

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

4 (3) mortgage a property.

5 (c) A pledge of revenue is valid from the time it is made.  
6 Pledged revenue received after the pledge by an authority  
7 immediately becomes subject to the lien of the pledge without  
8 physical delivery or further act. The lien of the pledge is binding  
9 against a party having a claim of any kind against the authority,  
10 regardless of whether the party has actual notice of the lien, from  
11 the time a statement is filed in the office of the county clerk of:

12 (1) the county in which the principal office of the  
13 authority is located; or

14 (2) a county in which any part of the property, the  
15 revenue from which are pledged, is located.

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

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

19 (2) the principal amount of bonds issued;

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

21 (4) a brief description of property the revenue from  
22 which is pledged.

23 (e) In an indenture or resolution pledging revenue from an  
24 airport, building, or facility, an authority may include provisions  
25 customarily contained in instruments securing evidence of  
26 indebtedness, including provisions relating to:

27 (1) the collection, segregation, and application of

1 rental or other revenue due or to become due to the authority;

2 (2) the terms to be incorporated in a lease agreement  
3 pertaining to authority property;

4 (3) the maintenance and insurance of a building or  
5 structure owned by the authority;

6 (4) the creation and maintenance of special funds from  
7 revenue of the authority;

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

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

13 (f) If an authority defaults in payment of the principal of  
14 or interest on bonds or in an agreement included in an indenture  
15 securing the bonds, a holder of the bonds or any of the coupons, or  
16 the trustee under an indenture if authorized in the indenture:

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

19 (2) may compel performance of a duty of the board and  
20 officers of the authority; and

21 (3) is as a matter of right and regardless of the  
22 sufficiency of the security to the appointment of a receiver with  
23 all the powers of a receiver for the:

24 (A) operation and maintenance of the property of  
25 the authority covered by the indenture; and

26 (B) collection, segregation, and application of  
27 revenue from property of the authority covered by the indenture.

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

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

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

9           (2) the cost of labor, material, and supplies used in  
10 the construction, improvement, or enlargement, including  
11 architects' and engineers' fees and the cost of preparing contract  
12 documents and advertising for bids;

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

15           (4) the cost of landscaping the lands forming a part of  
16 an airport, facility, or property, and of constructing roads,  
17 sidewalks, curbs, gutters, utilities, and parking places in  
18 connection with an airport, facility, or other property;

19           (5) legal, fiscal, and recording fees and expenses  
20 incurred in connection with the authorization, sale, and issuance  
21 of bonds issued in connection with an airport, facility, or other  
22 property; and

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

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

5       Sec. 27.257. REFUNDING BONDS. (a) An authority may at any  
6 time issue refunding bonds for the purpose of:

7           (1) refunding the principal of and interest on  
8 outstanding bonds of the authority regardless of whether the  
9 principal and interest have matured at the time of the refunding;  
10 and

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

14       (b) Proceeds derived from the sale of refunding bonds may be  
15 used only for the purposes for which the refunding bonds were  
16 authorized to be issued.

17       (c) Refunding may be effected:

18           (1) by sale of the refunding bonds and the application  
19 of the proceeds; or

20           (2) by exchange of the refunding bonds for the bonds or  
21 interest coupons to be refunded, except that the holders of the  
22 bonds or coupons to be refunded may not be compelled without their  
23 consent to surrender their bonds or coupons for payment or exchange  
24 before the date on which they may be paid or redeemed by call of the  
25 authority under their respective provisions.

26       (d) If an authority issues bonds for the purpose of  
27 refunding the principal of and interest on any of its bonds or for



1 any other purpose for which it is authorized to issue bonds, this  
2 section applies only to the portion of the combined issue  
3 authorized for refunding purposes, and the rest of this subchapter  
4 applies to the remaining portion of the combined issue.

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

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

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

16 [Sections 27.260-27.300 reserved for expansion]

17 SUBCHAPTER G. WITHDRAWAL OR DISSOLUTION

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

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

26 Sec. 27.302. DISSOLUTION. (a) If an authority does not  
27 have outstanding bonds, the authority may be dissolved on the

1 filing of articles of dissolution with the secretary of state by  
2 each member of the authority.

3 (b) On issue of a certificate of dissolution by the  
4 secretary of state, an authority dissolves. On dissolution, all  
5 rights, titles, and interests of the authority in property:

6 (1) vest in the authorizing governmental entities as  
7 provided by the articles of incorporation; or

8 (2) if not provided for in the articles of  
9 incorporation, vest in the authorizing governmental entities  
10 equally.

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