GOVERNMENT CODE

TITLE 9. PUBLIC SECURITIES

SUBTITLE J. SPECIFIC AUTHORITY FOR MUNICIPALITIES TO ISSUE SECURITIES

CHAPTER 1503. OBLIGATIONS FOR MUNICIPAL AIRPORTS

SUBCHAPTER A. REVENUE BONDS FOR AIRPORTS

Sec. 1503.001. AUTHORITY TO ISSUE REVENUE BONDS. (a) A municipality by ordinance may issue revenue bonds to:

(1) establish, improve, enlarge, extend, or repair:

(A) an airport of the municipality; or

(B) a building, improvement, landing field, or other facility or service the municipality considers necessary, desirable, or convenient for the efficient operation and maintenance of an airport; or

(2) acquire land for an airport.

(b) The municipality shall issue the bonds in the manner provided by Subchapter C.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.002. BONDS PAYABLE FROM REVENUE. Bonds issued under this subchapter must be payable from all or a designated part of the revenue from the airport for which the bonds are issued, as provided in the ordinance authorizing the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.003. PLEDGE OF TAX FOR OPERATION AND MAINTENANCE EXPENSES; PROCEEDS. (a) In addition to or instead of the pledge of revenue and income of the airport authorized by Subchapter C, a municipality may impose and pledge to the payment of the operation and maintenance expenses of the airport a continuing annual ad valorem tax at a rate sufficient for that purpose, as provided in the ordinance authorizing the issuance of bonds under this subchapter.

(b) A tax under this section:

(1) must be imposed at a rate within any limit

contained in the municipal charter; and

(2) may not be used for the payment of the principal of or interest on the bonds.

(c) The proceeds of a tax pledged under this section shall be used annually, to the extent required by or provided in the ordinance authorizing the bonds, for the operation and maintenance of the airport.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.004. CONTENTS OF ORDINANCE AUTHORIZING BONDS. (a) The ordinance authorizing the issuance of bonds under this subchapter may:

(1) provide for the flow of funds and the establishment and maintenance of an interest and sinking fund, reserve fund, or other fund;

(2) make additional covenants relating to the bonds and pledged revenue and the operation and maintenance of the improvement or facility the revenue of which is pledged, including providing for the operation or lease of all or part of the improvement or facility and the use or pledge of money derived from operation contracts and leases; or

(3) provide that the municipality will pay all or certain costs of operating and maintaining the airport from the proceeds of a tax imposed under Section 1503.003.

(b) The ordinance may:

(1) prohibit the further issuance of additional bonds or other obligations payable from the pledged revenue; or

(2) reserve the right to issue additional bonds secured by a pledge of and payable from the revenue on a parity with, or subordinate to, the lien and pledge in support of the bonds being issued, subject to any condition provided by the ordinance.

(c) The ordinance may contain other provisions and covenants.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.005. ADOPTION AND EXECUTION OF DOCUMENTS. A municipality may adopt or have executed any other proceeding or

instrument necessary or convenient for the issuance of bonds under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.006. MATURITY. A bond issued under this subchapter must mature not later than 40 years after its date.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.007. SIGNATURES. A bond issued under this subchapter must be signed by the mayor of the municipality and countersigned by the secretary or clerk of the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.008. SALE OF BONDS. A municipality may sell bonds issued under this subchapter under the terms determined by the governing body of the municipality to be the most advantageous and reasonably obtainable.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.009. INVESTMENT OF BOND PROCEEDS AND FUNDS. (a) The bond proceeds, until they are needed for the purpose for which the bonds were issued, may be invested in direct obligations of the United States, placed on time deposit, or both.

(b) Money in an interest and sinking fund, reserve fund, or any other fund established or provided for in the ordinance authorizing the bonds may be invested in the manner and in the securities as provided in that ordinance.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.010. REFUNDING BONDS. (a) A municipality by ordinance may issue revenue refunding bonds to refund original bonds or refunding bonds issued under this subchapter or Subchapter C.

(b) The comptroller shall register the refunding bonds on the surrender and cancellation of the bonds to be refunded.

(c) In lieu of issuing bonds to be registered on the surrender and cancellation of the bonds to be refunded, the

municipality, in the ordinance authorizing the issuance of the refunding bonds, may provide for the sale of the refunding bonds and the deposit of the proceeds at a place at which the bonds to be refunded are payable. In that case, the refunding bonds may be issued in an amount sufficient to pay the interest on the bonds to be refunded to their maturity date or option date, and the comptroller shall register the refunding bonds without the surrender and cancellation of the bonds to be refunded.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.011. APPLICABILITY OF OTHER LAW. Except to the extent of a conflict or inconsistency with this subchapter, Subchapter C applies to bonds issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER B. BONDS AND WARRANTS FOR AIRPORTS IN MUNICIPALITIES WITH POPULATION OF MORE THAN 40,000

Sec. 1503.051. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality with a population of more than 40,000.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.052. DEFINITION. In this subchapter, "airport" includes all land and any building or other improvement necessary or convenient to establish or operate an airport, including land or an improvement necessary to:

(1) assemble or manufacture aircraft for military use or another governmental purpose; or

(2) provide housing or office space for employees necessary or incidental to such purposes.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.053. AUTHORITY TO ISSUE BONDS AND WARRANTS. (a) A municipality may borrow money and may issue bonds and warrants to finance all or part of the cost of acquiring, constructing, improving, enlarging, extending, or repairing an airport.

(b) Warrants may be authorized under this subchapter by ordinance. A majority of all of the members of the governing body of the municipality, at the meeting at which the ordinance is introduced, may adopt the ordinance. The ordinance takes effect immediately.

(c) A municipality that issues warrants under this subchapter must comply with the provisions of Chapter 252, Local Government Code, relating to bidders, notice of intention to issue the warrants, and the right to a referendum. Except as provided by that chapter, an election is not necessary to authorize the issuance of warrants under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.054. PLEDGE OF REVENUE. In addition to taxes, a municipality may pledge to the timely payment of the principal of and interest on warrants issued under this subchapter all or part of the receipts derived from the operation of the airport, including income, rent, revenue, and tolls.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.055. MATURITY. Warrants issued under this subchapter must mature annually in such amounts so that the aggregate amount of principal and interest due in each year is substantially equal over a period not to exceed 30 years after their date.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.056. LIMIT ON AMOUNT OF WARRANTS. A municipality may not issue warrants under this Subchapter in an aggregate amount in excess of $125,000.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.057. SALE OF WARRANTS. A municipality may sell warrants issued under this subchapter at a public or private sale.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.058. ACTION TO COLLECT WARRANTS; EVIDENCE. In

any action brought to enforce the collection of warrants issued under this subchapter that have been approved by the attorney general and registered by the comptroller, the certificate of the attorney general or a certified copy of the certificate shall be admitted as evidence of the validity of the warrants and the coupons attached to the warrants.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.059. AUTHORITY TO IMPOSE TAX. (a) A municipality that issues warrants under this subchapter shall annually impose a tax in an amount sufficient to pay when due the principal of and interest on the warrants. The tax shall be imposed and paid in the same manner as other taxes of the municipality.

(b) If the warrants are additionally secured by a pledge of the receipts derived from the operation of the airport for which the warrants are issued, the municipality may reduce the tax imposed under this section by the amount of money available that is pledged to the payment of the principal of and interest on the warrants.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.060. CHARGES FOR SERVICE OR FACILITY. (a) The governing body of a municipality that issues warrants under this subchapter shall prescribe by ordinance and collect a reasonable rate, rent, or other charge for the service or facility furnished by the airport for which the warrants are issued.

(b) The charges under Subsection (a) must be in an amount that will produce revenue sufficient to:

(1) pay when due the principal of and interest on all warrants for which the revenue has been pledged, including reserves; and

(2) provide for all expenses of operation and maintenance of the airport for which the warrants were issued, including reserves.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.061. INCONSISTENCY WITH OTHER LAW OR MUNICIPAL CHARTER. To the extent of an inconsistency between this subchapter

and another law or a municipal charter, this subchapter controls.
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER C. REVENUE BONDS FOR AIRPORTS IN MUNICIPALITIES WITH POPULATION OF MORE THAN 70,000

Sec. 1503.101. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality with a population of more than 70,000.
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.102. AUTHORITY TO ISSUE REVENUE BONDS. (a) In this section, "improvement" includes the construction or enlargement of a hangar or a related building for use by a tenant or concessionaire of an airport, including a person, firm, or corporation who furnishes repairs or other services to air carriers.

(b) The governing body of a municipality by ordinance may issue revenue bonds for improving, enlarging, extending, or repairing its airport.
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.103. PLEDGE OF REVENUE. (a) Bonds issued under this subchapter must be secured by a pledge of all or a designated part of the revenue from the operation of the airport for which the bonds are issued, including rents for any hangar or building, as prescribed in the ordinance authorizing the bonds.

(b) To the extent that the revenue from the airport is pledged for the payment of outstanding revenue bonds, the pledge securing the bonds is inferior to the previous pledge.
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.104. LIEN ON AIRPORT. Subject to a limitation contained in a previous pledge, if any, and in addition to the pledge of revenue under Section 1503.103, the governing body of the municipality may give a lien on all or part of the physical property of the airport.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.105. BONDS NOT PAYABLE FROM TAXES. A municipality may not use proceeds of a tax to pay the principal of or interest on:

(1) bonds issued under this subchapter; or

(2) bonds issued to refund bonds issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.106. MATURITY. A bond issued under this subchapter must mature not later than 30 years after its date.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.107. CHARGES FOR SERVICES; RESERVES. If the governing body of a municipality pledges the revenue of a property or facility of an airport to the payment of bonds issued under this subchapter, the governing body shall impose and collect a charge for services rendered in connection with the use of the property or facility in an amount at least sufficient to:

(1) provide for the maintenance and operation expenses of the property or facility;

(2) pay the principal of and interest on the bonds as required by the ordinance authorizing the bonds; and

(3) provide any reserve fund required by the ordinance authorizing the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.108. REFUNDING BONDS. A municipality may issue refunding bonds to be exchanged for or to provide money to redeem bonds issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.109. PLEDGE AND USE OF PROCEEDS OF TAX BY MUNICIPALITIES WITH POPULATION OF 125,000 OR MORE. (a) This section applies only to a home-rule municipality that:

(1) has a population of 125,000 or more; and

(2) operates for airport purposes real property that is owned, leased, or controlled by the municipality.

(b) A municipality that issues bonds under this subchapter or that issues bonds to refund bonds issued under this subchapter may impose and pledge to the payment of the operation and maintenance expenses of the airport all or part of the proceeds of an ad valorem tax authorized by Section 22.051, Transportation Code, to supplement the pledge of revenue for payment of the operation and maintenance expenses and principal of and interest on the bonds.

(c) A municipality shall use annually the proceeds of a tax pledged under Subsection (b) to the extent required by the ordinance authorizing the issuance of the bonds to assure the efficient operation and maintenance of the airport.

(d) In the proceedings authorizing the issuance of bonds, a municipality may covenant that the municipality will pay certain costs of operating and maintaining the airport for which the bonds were issued, as specified in the proceedings, from the proceeds of the tax prescribed by Subsection (b).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.110. PLEDGE AND USE OF PROCEEDS OF TAX BY MUNICIPALITIES WITH POPULATION OF 200,000 OR MORE. (a) This section applies only to a home-rule municipality that:

(1) has a population of 200,000 or more; and

(2) owns real property acquired for airport purposes that is leased, wholly or partly, to an airport operating company or corporation.

(b) A municipality that issues bonds under this subchapter to acquire improvements constructed by an airport operating company or corporation or to further improve its airport, or that issues bonds to refund bonds issued under this subchapter for those purposes, may impose and pledge to the payment of the operation and maintenance expenses of the airport all or part of the proceeds of an ad valorem tax authorized by Section 22.051, Transportation Code, in the manner provided by Section 1503.109.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER D. ENCUMBRANCE OF AIRPORTS IN MUNICIPALITIES WITH POPULATION OF MORE THAN 160,000

Sec. 1503.151. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality with a population of more than 160,000.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.152. PLEDGE OF INCOME. A municipality may pledge the income from its airport and anything the municipality acquires relating to the airport to secure the payment of money to:

(1) purchase the airport; or

(2) construct, improve, enlarge, extend, or repair a permanent improvement, including a building, repair shop, or other structure.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.153. ENCUMBRANCE OF AIRPORT. A municipality may encumber its airport and anything the municipality acquires relating to the airport to secure the payment of money to:

(1) purchase the airport; or

(2) construct, improve, enlarge, extend, or repair a permanent improvement, including a building, repair shop, or other structure.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.154. GRANT OF FRANCHISE. As additional security for the encumbrance, a municipality that encumbers an airport under Section 1503.153 may provide in the encumbrance for a grant, to the purchaser under sale or foreclosure, of a franchise to operate the airport and the improvements situated on the airport for a term not to exceed 30 years from the date of the purchase, subject to all laws regulating same then in force.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.023, eff. Sept. 1, 2001.

Sec. 1503.155. OBLIGATION NOT DEBT. An obligation described by Section 1503.152 or 1503.153:

(1) may be a charge only on the property encumbered;

(2) is not a debt of the municipality; and

(3) may not be included in determining the power of the municipality to issue bonds for any purpose authorized by law.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.156. AUTHORITY TO ISSUE NOTES AND WARRANTS WITHOUT ELECTION. (a) A municipality may issue notes or warrants in an amount not to exceed $100,000 for the purposes described by this subchapter without an election.

(b) To the extent of a conflict between this section and a municipal charter, this section controls.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER E. ADDITIONAL POWERS OF MUNICIPALITIES WITH POPULATION OF 1.9 MILLION OR MORE

Sec. 1503.201. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality with a population of 1.9 million or more.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 669, Sec. 27, eff. Sept. 1, 2001.

Sec. 1503.202. COMPETITIVE BIDS AND PAYMENT OR PERFORMANCE BONDS NOT REQUIRED. (a) A municipality that issues revenue bonds to finance the construction or acquisition of a building, improvement, or facility at an airport owned and operated by the municipality may spend all or part of the bond proceeds without inviting, advertising for, or otherwise requiring competitive bids for constructing or acquiring the building, improvement, or facility or requiring or obtaining payment bonds or performance bonds in connection with the construction or acquisition of the building, improvement, or facility if:

(1) the building, improvement, or facility is leased by the municipality to a private entity under a lease agreement under which the lessee is:

(A) obligated to maintain the building, improvement, or facility solely at the lessee's expense; and

(B) unconditionally obligated, for the term of the bonds, to make payments of net rent that are pledged to the payment of the bonds in an amount and at a time that is sufficient to provide for the timely payment of principal, interest, redemption premiums, and other expenses arising in connection with the payment of the bonds; and

(2) the bonds:

(A) provide by their terms that the bonds:

(i) are payable solely from net rent as prescribed by Subsection (a)(1)(B); and

(ii) may not be repaid under any circumstances from proceeds of a tax; and

(B) do not create or provide for the creation of a lien on real property owned by the municipality.

(b) This subchapter does not affect the obligation of a municipality to obtain competitive bids or require a payment bond or performance bond in connection with a contract for the construction of a building, improvement, or facility if the contract is awarded by the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1503.203. PAYMENT OF PREVAILING WAGE RATES. An expenditure of or agreement to spend bond proceeds covered by this subchapter for the construction of a building, improvement, or facility must be conditioned on the payment of not less than the rate of per diem wages for work of a similar character in the municipality as determined by the governing body of the municipality under Chapter 2258.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.