Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF CERTAIN PERSONS [ELDERLY OR DISABLED PERSON].

(a) Except as provided by Section 26.10(b), if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.13(c) or (d) or 11.132, the amount of the tax due on the property for the tax year is calculated as if the individual [person] qualified for the exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year.

(b) If an individual [person] qualifies for an exemption under Section 11.13(c) or (d) or 11.132 with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the assessor for each taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the person who paid the tax the amount by which the payment exceeded the tax due.

SECTION 7. Subsection (d-1), Section 403.302, Government Code, is amended to read as follows:

(d-1) For purposes of Subsection (d), a residence homestead that receives an exemption under Section 11.131 or 11.132, Tax Code, in the year that is the subject of the study is not considered to be taxable property.

SECTION 8. Section 11.132, Tax Code, as added by this Act, applies only to a tax year beginning on or after January 1, 2014.

SECTION 9. This Act takes effect January 1, 2014, but only if the constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, authorizing the legislature to provide for an exemption from ad valorem taxation of all or part of the market value of the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

Passed the Senate on May 1, 2013: Yeas 31, Nays 0; the Senate concurred in House amendment on May 24, 2013: Yeas 31, Nays 0; passed the House, with amendments, on May 21, 2013: Yeas 146, Nays 0, two present not voting.

Approved May 27, 2013.

Effective January 1, 2014, upon approval of constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013.

CHAPTER 139
H.B. No. 1642
AN ACT
relating to the Port of Houston Authority.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subtitle A, Title 5, Special District Local Laws Code, is amended by adding Chapter 5007 to read as follows:

CHAPTER 5007. PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 5007.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Port of Houston Authority of Harris County, Texas.

(2) "Executive director" means the executive director of the authority.
That all right, title and interest of the State of Texas, to all lands hereinafter in this section described, to wit:

All islands and lands owned by the State of Texas, many of which are subject to overflow, known as Barnes Island, Alexander Island, Goat Island, Diamond Island and Hog Island in San Jacinto River above Lynchburg [Lynchemburg], and certain accretions formed by dredged material excavated from the channel and forming land attached to or near said Alexander

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Island, Hog Island between Goose Creek and Morgan Point, Atkinson Island, and all the
submerged lands lying and being situated under the waters of Buffalo Bayou, San Jacinto
River, White Oak Bayou, Bray's Bayou, Simms Bayou, Vinces Bayou, Hunting Bayou, Greens
Bayou, Carpenters Bayou, Old River, Lost River, Goose Creek and Cedar Bayou, and all
other streams within the authority [Harris County Navigation District] tributary to the
Houston Ship Channel, so far up said streams as the State may own same, together with all
lands lying and being situated under the waters of Old River, Burnett's Bay, Crystal Lake,
Scott's Bay, Peggy's Lake, Black Duck Bay, Tabbs Bay and San Jacinto Bay, and all other
tidal flats or overflow land adjacent to or appurtenant to the above mentioned streams within
the limits above mentioned except Mitchell's Bay and any area between said bay and the
Houston Ship Channel, as now or hereafter located, is hereby granted to the authority
[Harris County Houston Ship Channel Navigation District], or its successors, for public
purposes and for the development of commerce only, in accordance with the following
provisions and stipulations herein contained; provided that inasmuch as it is the purpose of
this section [Act] to grant said lands to the public agency which is developing the Port of
Houston, upon the creation by legislation of other public agency which shall supersede the
authority [said navigation district] as the public agency developing the Port of Houston, the
title to said lands shall be transferred from the authority [navigation district] to such public
agency, either municipal or State, so provided, such public agency being referred to herein as
the successors of the authority [navigation district].

(b) [See-4.] The authority [navigation district], or its successors, is hereby granted the
right, power and authority to authorize, establish, construct, purchase, own, maintain, equip,
regulate, operate and lease wharves, piers, docks, dry docks, marine ways and all other
structures and appliances for facilitating or accommodating [accommodating] commerce or
navigation, and to dredge out channels, slips and turning basins, and to fill in space between
the main land and islands and to fill areas for wharves, piers, docks, dry docks, marine ways
and for all other structures and appliances for facilitating and accommodating [accommodating]
commerce and navigation, having first secured a permit from the Government of the United
States of America therefor, and to construct, or cause or authorize to be constructed on said
wharves, piers, docks, dry docks, marine ways and other structures and appliances for
facilitating and accommodating [accommodating] commerce and navigation, or on lands so filled
in, any and all elevators, warehouses, bunkers, railway terminals and sidetracks, or any other
facilities or aids whatsoever to navigation or commerce. Said lands shall be used by the
authority [navigation district], or its successors, solely for the establishment, improvement
and conduct of an harbor and for the construction, maintenance and operation thereon of any
facilities or aids whatsoever to the same, and the authority [said navigation district], or its
successors, shall not at any time, grant, convey, give or alien said lands or any part thereof, to
any individual, firm or corporation for any purpose whatsoever; provided, that the authority
[said navigation district], or its successors, may grant franchises thereon for limited periods of
time for wharves, and other public uses and purposes, and may lease said lands or any part
thereof for limited periods for purposes consistent with this chapter [Act], but no wharves,
piers or structures of any kind shall be constructed on said lands by anyone save the
authority [navigation district], except under a franchise granted by the authority [said
navigation district], and in a manner first prescribed by and approved of by the authority [said
navigation district] or its successors.

(c) [See-3.] For the purpose of carrying out the provisions of this section [Act], the
authority [navigation district], or its successors, is hereby granted the right, power and
authority to abate and remove any and all encroachments or structures of any kind now or
hereafter existing on said property, save such as may have been constructed under permit
from the United States War Department, or other proper Federal authority, and shall have
the right to bring such suit or suits as may be necessary to carry out the provisions of this
section [Act] to the same extent and as fully and completely as the right to bring such a suit
or suits existed in the State prior to the passage hereof.

(d) [See-4.] The purposes and provisions of this section [Act], and the grants, rights and
privileges, thereunder to the authority [Harris County Houston Ship Channel Navigation
District], shall not affect, curtail or abridge the rights or privileges of riparian owners of lands
abutting upon the islands and lands subject to overflow, and lands lying under the streams,
bays and lakes herein described or referred to, as the same existed under the Common Law
or the Constitution or Statutes of Texas as of June 14, 1927 [at the time this Act shall become in force and effect], or to deprive riparian land owners of access to such streams, channels or waters.

(e) [See -5-] The State of Texas, may at any time, place the operation of the [said] facilities under Subsection (b) under the supervision of the Railroad Commission of Texas, to insure reasonable wharfage and storage charges.

(f) [See -6-] The right is hereby expressly reserved by the State of Texas to erect on the lands herein conveyed such wharves, piers and buildings for State purposes as may hereafter be authorized by law.

(g) [See -7-] All mines and mineral rights, including oil and gas in and under said lands, together with the right to enter there on for the purpose of development, and the granting of permits to excavate sand, shell or marl and to collect the tax on same, are hereby expressly reserved to the State of Texas; provided necessary or proper access to the lands hereby ceded, together with all improvements heretofore made, or to be made, under any mineral leases issued by the State in connection with mineral rights herein reserved are made a condition of this grant, and are covenants running with the ceded lands; provided further, that leases hereafter made by the State, or operations thereunder in connection with reserved mineral rights shall not interfere with the improvements made, or to be made in the development of the ship channel by the [authority] [said navigation district], or franchise holders thereunder.

Sec. 5007.005 [8]. RIGHTS OF WAY; EASEMENTS. Nothing in this chapter [Act] shall prohibit the [authority] [Navigation District] or its successors from granting to the United States of America such rights-of-way or easements as may be required by it for the construction of channels, basins, dumping grounds, or other allied purposes in connection with any work voluntarily undertaken by the Federal Government, or at the request of the [authority] [navigation district] or its successors.

SECTION 4. Sections 1, 2, 3, 4, and 5A, Chapter 117, Acts of the 55th Legislature, Regular Session, 1957, are transferred to Subchapter A, Chapter 5007, Special District Local Laws Code, as added by this Act, redesignated as Sections 5007.005, 5007.006, 5007.008, 5007.009, and 5007.010, Special District Local Laws Code, and amended to read as follows:

Sec. 5007.006 [9]. REVENUE OBLIGATIONS; CERTAIN POWERS; FEES AND CHARGES; GRAIN ELEVATORS; TAXATION EXEMPTION; REFUNDING BONDS; CERTAIN BOND PROVISIONS. (a) The [authority] [Harris County Houston Ship Channel Navigation District of Harris County, Texas], in addition to all other powers conferred by law, is hereby given authority and shall hereafter have power in the manner hereinafter provided to acquire, purchase, construct, enlarge, extend, repair, maintain, operate, or develop channels and turning basins, wharves, docks, warehouses, grain elevators, bunkering facilities, railroads, floating plants[,] and facilities, lightering facilities and towing facilities, bulk handling facilities, and everything appurtenant thereto, together with all other facilities or aids incident to or useful in the operation or development of the [authority's] [District's] ports and waterways or in aid of navigation and commerce thereon.

(b) The [port commission] [Board of Navigation and Canal Commissioners of said District] may covenant to and shall prescribe fees and charges to be collected for the use of those improvements and facilities of the [authority] [District] (the net revenues of which improvements and facilities are pledged, as hereinafter provided), which fees and charges shall be reasonable and equitable and fully sufficient to produce revenues adequate to pay, and said [port commission] [Board of Navigation and Canal Commissioners] shall cause to be paid:

(1) All expenses necessary to the operation, replacement and maintenance of said improvements and facilities. Such operating and maintenance expenses payable from current revenues shall include the cost of the acquisitions of properties and materials necessary to repair, replace and maintain said improvements and facilities in good condition and operate them efficiently, wages and salaries paid to the employees of the [authority] [District] in that connection, and such other expenses as may be necessary to the efficient operation of said improvements and facilities.

(2) The annual or semiannual interest upon any obligations issued hereunder and payable out of the revenues of said improvements and facilities.
(3) The amount required to be paid annually into the sinking fund for the payment of any obligations issued hereunder and payable out of the revenues of said improvements and facilities.

(4) The amount or amounts required to be paid in reserve funds or other funds as may be provided for in the proceedings authorizing such obligations, to secure the payment of the obligations issued pursuant to the provisions hereof.

(b-1) Revenues which may be received in excess of those required for the purposes listed in the above Subsection (b) subparagraphs (1), (2), (3), and (4), may be used by the port commission [Board of Navigation and Canal Commissioners] to pay the cost of any other authority [District] improvements or for any other lawful purpose.

(c) The port commission [Board of Navigation and Canal Commissioners of said District] may borrow money from any department or agency of the United States, or from any other source, and in evidence thereof issue the notes, warrants, certificates of indebtedness, negotiable bonds, or other forms of obligation of the authority [such District] (hereinafter referred to as "obligations") payable solely out of the revenues to be derived from said improvements and facilities for any or all of the purposes set forth in Subsection (a) [Section 1(a) of this Act].

(d) Such obligations shall not constitute an indebtedness or pledge of the credit of the authority [such District], and the holders thereof shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and such obligations shall contain a recital to that effect. All obligations issued hereunder shall be in registered or coupon form, and if in coupon form may be registerable as to principal only, or as to both principal and interest, shall bear interest at a rate not to exceed the amount allowed by law [six per cent (6%) per annum], payable annually or semiannually, and shall be in such denominations and shall mature serially or at one time not more than forty (40) years from their date in such manner as may be provided by the port commission [Board of Navigation and Canal Commissioners]. Principal of and interest on such obligations shall be made payable at any place or places within or without the State of Texas, and in the discretion of the port commission [Board of Navigation and Canal Commissioners] such obligations may be made callable and/or refundable at the option of the port commission [said Board] prior to maturity at such premium or premiums as the port commission [Board] shall determine. Such obligations shall be signed by the manual or facsimile signatures of the Chairman and executive director [Secretary] of the port commission [Board of Navigation and Canal Commissioners] as may be provided in the proceedings authorizing said obligations, and the interest coupons attached thereto may also be executed by the facsimile signatures of such officers. Such obligations shall be sold in such manner and at such times as the port commission [Board of Navigation and Canal Commissioners] shall determine to be expedient and necessary to the interests of the authority [District], provided, that in no event shall such obligations be sold for a price which will result in an interest yield therefrom of more than the amount allowed by law [six per cent (6%), payable annually or semiannually] computed to maturity according to standard bond tables in general use by banks and insurance companies. Any premium or premiums provided for the call or refunding of any bonds issued pursuant to this Section [4] shall not be included in the computation of the maximum interest yield on such bonds. In the event of the officers whose signatures are on such obligations or coupons shall cease to be such officers before the delivery of such obligations to the purchaser, such signature or signatures, nevertheless, shall be valid and sufficient for all purposes. All obligations issued hereunder shall constitute negotiable instruments under Chapter 3, Business & Commerce Code [within the meaning of the Negotiable Instruments Law of the State of Texas].

(e) Any obligations issued hereunder may be issued payable from and secured by the pledge of all the revenues derived from the operation of the improvements and facilities of the authority [District], exclusive of any revenues derived from taxation or assessments, or may be payable from and secured by the pledge of only such revenues as may be derived from the operation of the improvements and facilities acquired with the proceeds of the sale of such obligations, or may be payable from and secured by the pledge of a specified part of the revenues derived from the operation of the improvements and facilities of the authority [District], all as may be provided in the proceedings authorizing the issuance of such obligations.
(f) In the resolution or order adopted by the port commission [Board of Navigation and
Canal—Commissioners] authorizing the issuance of any obligations hereunder, the port
commission [said Board] may provide for the flow of funds, the establishment and mainte-
nance of the interest and sinking fund, reserve, and other funds, and may provide for such
additional covenants with respect to the obligations and the pledged revenues and the
operation, maintenance, and upkeep of those improvements and facilities (the income of which
is pledged), including provision for the leasing of all or part of said improvements and
facilities and the use or pledge of moneys derived from leases thereon, as it may deem
appropriate. Said resolution or order may also prohibit the further issuance of obligations
payable from the pledged net revenues, or may reserve the right to issue additional bonds to
be secured by a pledge of and payable from said net revenues on a parity with, or subordinate
to, the lien and pledge in support of the obligations being issued, subject to such conditions as
are set forth in said resolution or order. Such resolution may contain a provision appropriat-
ing out of the bond proceeds an amount sufficient to pay the interest which will accrue on
such obligations during the period of construction of the improvements and facilities covered
by such obligations. Such resolution or order may contain other provisions and covenants, as
in the opinion of the port commission [said Board] may be necessary or desirable to insure
marketability of the obligations, provided that such provisions and covenants are not
prohibited by the Constitution of Texas or by this chapter [Act]; and the port commission
[Board] may adopt and cause to be executed any other proceedings or instruments necessary
and/or convenient in the issuance of said obligations.

(g) The authority [Said District] may adopt plans for the construction or refinancing of a
grain elevator or elevators, to be paid for by the issuance and sale of obligations payable from
and secured by a pledge of revenues to be derived from the operation of said grain elevator
and further secured by a trust indenture, or by a deed of trust on the physical properties of
such improvement; and during the time any such improvement is encumbered by the pledge
of such revenues and the lien upon its physical properties, in the proceedings authorizing the
bonds or the indenture, may vest its management and control in a Board of Trustees, to be
named in such resolution or indenture, consisting of not less than five (5) nor more than nine
(9) members. The compensation of the members of such Board of Trustees shall be fixed by
such resolution or indenture, but shall not exceed one percent (1%) of the gross receipts of
such improvement in any one (1) year. The terms of office of the members of such Board of
Trustees, their powers and duties, including the power to fix fees and charges for the use of
such improvements, and the manner of exercising same, the manner of the selection of their
successors, and all matters pertaining to their duties and the organization of such Board of
Trustees shall be specified in such resolution or indenture. Any such Board of Trustees may
adopt bylaws regulating the procedure of the Board and fixing the duties of its officers, but
the bylaws shall not contain any provision in conflict with the covenants and provisions
contained in the resolution authorizing the bonds or the indenture. In all matters wherein
the resolution or indenture are silent as to the powers, duties, obligations and procedure of
the Board, the laws and rules governing the port commission [governing body of such
District] shall control the Board of Trustees in so far as applicable. The Board may be
created by the resolution or indenture, and in that event shall have all or any of the powers
and authority which could be exercised by the port commission [governing body of the
District] in so far as the management and operation of any such improvement is concerned.
By the terms of any such resolution or indenture the port commission [governing board of
any such District] may make provision for later supplementing such resolution or indenture
so as to vest the management and control of such grain elevator in a Board of Trustees
having the powers, rights and duties herein conferred or imposed.

(h) Any resolution or order authorizing the issuance of obligations hereunder may provide
that the revenues from which such obligations are to be paid and which are pledged to the
payment of such obligations shall from month to month as the same shall accrue and be
received, be set apart and placed in the interest and sinking fund, reserve fund, and other
funds established in said resolution or order, and disbursed in the manner hereinabove
provided.

(i) Any holder of obligations issued hereunder or of coupons originally attached thereto,
may either at law or in equity, by suit, action, mandamus or other proceeding, enforce and
compel performance of all duties required by this chapter [Act] to be performed by the port
insurance covering the use and occupancy of such property as is customarily carried by such
companies operating similar properties, and to carry with insurers of good standing such
water or flood, and also from any other hazards customarily insured against by private
of such obligations, insured with insurers of good standing against loss or damage by fire,
keep all of the improvements and facilities, the revenues of which are pledged to the payment
issued hereunder under the terms of which
enter into an agreement or agreements with the purchaser or purchasers of any obligations
proceeds of such sale.

the depository of
out pursuant to such terms and conditions as may be so agreed upon, it being expressly
commission

and registered by the Comptroller, they shall thereafter be incontestable for any cause except
examination and approval, as in the case of bonds, and after the Attorney General has
and the record relating to their issuance, may, at the option of the
and additionally secured by an indenture or deed of trust as provided by this
chapter
franchise hereunder. Any obligations issued pursuant to the provisions of this
authority
for forgery or fraud.

any such indenture or deed of trust may contain such terms and provisions as the
port commission [Board of Navigation and Canal Commissioners] shall deem proper and
shall be enforceable in the manner provided by the laws of Texas for the enforcement of other
mortgages and encumbrances. Under any such sale ordered pursuant to the provisions of
such mortgage or encumbrance, the purchaser or purchasers at such sale, and his or their
successors or assigns, shall be vested with a permit or franchise conforming to the provisions
stipulated in the indenture or deed of trust to maintain and operate the improvements,
facilities and properties purchased at such sale with like powers and privileges as may
theretofore have been enjoyed by the authority [District] in the operation of said improve-
ments, facilities and properties. The purchaser or purchasers of such improvements, facilities
and properties at any such sale, and his or their successors and assigns, may operate said
improvements, facilities and properties as provided in the last above sentence or may at their
option remove all or any part or parts of said improvements, facilities and properties for
diversion to other purposes. The provisions of Sections 61.165, and 61.168, Water
Code [Articles 8240, 8241, 8243, Revised Civil Statutes, 1925], and Chapter 134, Acts 1935,
44th Legislature, Regular Session, as amended, and any other Statutes relating to the
authorization or execution of mortgages and encumbrances or the granting of franchises or
leases shall not be applicable to the authorization or execution of any mortgage or encum-
brance entered into pursuant to the provisions of this chapter [Act], nor to the granting of any
franchise hereunder.

Any obligations issued pursuant to the provisions of this chapter [Act] and additionally secured by an indenture or deed of trust as provided by this subsection
[Section 14], whether such obligations are notes or certificates of indebtedness or otherwise,
and the record relating to their issuance, may, at the option of the port commission [Board of
Navigation and Canal Commissioners], be submitted to the Attorney General of Texas for his
examination and approval, as in the case of bonds, and after the Attorney General has
approved the same, such obligations shall be registered by the Comptroller of Public
Accounts of Texas; and after such obligations have been approved by the Attorney General
and registered by the Comptroller, they shall thereafter be incontestable for any cause except
for forgery or fraud.

The proceeds of the sale of any obligations issued hereunder may be deposited in such
bank or banks as may be agreed upon between the purchaser at such sale and the port
commission [Board of Navigation and Canal Commissioners], and may be deposited and paid
out pursuant to such terms and conditions as may be so agreed upon, it being expressly
provided that the Statutes of Texas pertaining to the deposit of [Navigation District] funds in
the depository of the authority [such District] shall not be applicable to the deposit of the
proceeds of such sale.

The port commission [Board of Navigation and Canal Commissioners] is authorized to
enter into an agreement or agreements with the purchaser or purchasers of any obligations
issued hereunder under the terms of which the port commission [such Board] shall agree to
keep all of the improvements and facilities, the revenues of which are pledged to the payment
of such obligations, insured with insurers of good standing against loss or damage by fire,
water or flood, and also from any other hazards customarily insured against by private
companies operating similar properties, and to carry with insurers of good standing such
insurance covering the use and occupancy of such property as is customarily carried by such

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private companies. The cost of such insurance shall be budgeted as maintenance and operation expense and such insurance shall be carried for the benefit of the holders of such obligations.

(m) The authority [Said District], in addition to the other powers hereinafter set out, shall have general power and authority to make and enter into all contracts, leases and agreements necessary or convenient to the carrying out of any of the powers granted in this chapter [Act], which contracts, leases or agreements may be entered into with any person, real or artificial, any corporation, municipal, public or private, and the government or governmental agency, including those of the United States and the State of Texas. Any and all contracts, leases or agreements entered into pursuant hereto shall be approved by resolution or order of the port commission [Board of Navigation and Canal Commissioners of such District], and shall be executed by the Chairman and attested by the executive director [Secretary] thereof.

(n) Any obligations issued pursuant to the provisions of this section [Act] shall be exempt from taxation by the State of Texas or by any municipal corporation, county, or other political subdivision or taxing district of the State.

(o) The port commission [Board of Navigation and Canal Commissioners] shall have the power to issue obligations of the authority [District] for the purpose of refunding any outstanding obligations payable out of the revenues of the authority [District] and accrued interest thereon. Such refunding obligations may be issued to refund more than one series of issues of outstanding obligations and combine the pledges for the outstanding obligations for the security of the refunding obligations, and such refunding obligations may be secured by other and additional revenues, provided that such refunding will not impair the contract rights of the holders of any of the outstanding obligations which are not to be refunded.

(o-1) Such refunding obligations shall be authorized, shall be executed, and shall mature as is provided herein for original obligations, and shall bear interest at the same or lower rate than that of the obligations refunded unless it is shown mathematically that a saving will result in the total amount of interest to be paid. Refunding bonds issued hereunder shall be approved by the Attorney General of Texas as in the case of other bonds issued hereunder, and shall be registered by the Comptroller of Public Accounts upon surrender and cancellation of the bonds to be refunded, but in lieu thereof, the resolution or order authorizing their issuance may provide that they shall be sold and the proceeds thereof deposited in the place or places where the original bonds are payable, in which case the refunding bonds may be issued in an amount sufficient to pay the interest on the original bonds to their option or maturity date, and the Comptroller shall register them without the surrender and cancellation of the original bonds. The port commission [Board of Navigation and Canal Commissioners] may combine refunding bonds and new bonds in one issue, in which event the provisions of this subsection and Subsection [Section] (o) shall apply to those bonds of the combined issue which are designated in the resolution or order as the refunding bonds.

(p) After any bonds have been authorized by the authority [District] hereunder, such bonds and the record relating to their issuance shall be submitted to the Attorney General of Texas for his examination as to the validity thereof, and after the Attorney General has approved the same, such bonds shall be registered by the Comptroller of Public Accounts of Texas. After such bonds have been approved by the Attorney General and registered by the Comptroller, they shall thereafter be incontestable for any cause except for forgery or fraud.

(q) All bonds issued hereunder shall be and are hereby declared to be, and to have all the qualifications of, negotiable instruments under Chapter 3, Business & Commerce Code [the Negotiable Instruments Law of the State of Texas], and all such bonds shall be and are hereby declared to be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians, for State funds and retirement system funds (without limiting the generalization of the foregoing, including the Permanent School Fund of Texas, and funds of retirement systems created under the Constitution and laws of the State of Texas), and for the sinking funds of cities, towns, villages, counties, school districts, or other governmental agencies, political corporations or subdivisions of the State of Texas. Such bonds shall be eligible to secure the deposit of any and all public funds of the State of Texas, and any and all public funds of cities, towns, villages, counties, school districts, or other governmental agencies, political corporations or subdivisions of the State of Texas; and such bonds shall be lawful and sufficient
security for said deposits to the extent of their face value when accompanied by all unmatured
coupons appurtenant thereto.

(r) This Section [4], without reference to other Statutes of the State of Texas, shall
constitute full authority for the authorization and issuance of obligations hereunder and for
the accomplishment of all things herein authorized to be done, and no proceedings relating to
the authorization or issuance of such obligations or the doing of such things shall be necessary
except such as are herein required, and neither the Bond and Warrant Law of 1931 or any
other provisions of the Laws of the State of Texas, pertinent to the authorization or issuance
of obligations, the operation and maintenance of ports, canals and waterways, the granting of
franchise, permits, or leases, the right to elections or referendum petitions, shall in anywise
impede or restrict the carrying out of the acts authorized to be done hereunder or acts done
pursuant hereto.

Sec. 5007.007 [3]. CONVERSION OF AUTHORITY [DISTRICT] AND TAX SUPPORTED
OBLIGATIONS; CERTAIN POWERS AND DUTIES; ELECTIONS; REFUNDING BONDS;
MAINTENANCE TAX; ASSESSMENT OF TAXES. (a) Effective and operative January 1, 1958, the authority [Port of Houston Authority of Harris County,
Texas] is hereby converted to a navigation district operating under the provisions of Section
59 of Article XVI, Constitution of Texas, and after that [said] date the authority [said
Authority] will operate under Section 59 of Article XVI [and this Section 2 of this Act]
provided, that neither said Constitutional Provision nor this Section 2 shall apply to said
Authority until said effective date.

(a-1) The authority is [said Authority will thereafter be] empowered and authorized to
exercise, in addition to all powers conferred by this section [Act], all powers conferred upon
the authority [said Authority] by the law or laws under which it was organized, and, in
addition, shall have all of the powers and jurisdiction conferred upon Districts originally
organized under Article XVI, Section 59, of the Constitution of Texas, and after that [said] date,
particularly Subchapters B, H and K, Chapter 60, Water Code, and Sections 60.034 through
60.042, 61.075, 61.076, 61.082, 61.112, 61.115 through 61.117, 61.151 through 61.168, 61.172
through 61.174, and 61.176, Water Code, as amended, and Articles 8248, 8249, 8250, 8251,
8252, 8254, 8255, 8256, 8257, and 8258, Revised Civil Statutes of Texas, 1925, as
amended, as well as [Chapter 90, Acts, 1945, Forty-ninth Legislature, Regular Session, Page
130, as amended;] Chapter 6, Acts, 1941, Forty-seventh Legislature, Page 8, as amended;
Chapter 176, Acts, 1955, Forty-fifth Legislature, Page 554; Chapter 217, Acts, 1949, Fifty-
first Legislature, Page 407; provided, that if there is any conflict or inconsistency between
said laws or any of them, and this chapter [Act], then to the extent of conflict or inconsistency,
the provisions of this chapter [Act] shall govern.

(a-2) If the authority [Authority] makes a contract under which another entity performs
for the authority [Authority] any work in which the authority [Authority] may engage under
Subsection (a) of Section 5007.006(a) [1 of this Act], the authority [Authority] may require
that a minimum of 25 percent of the work be performed by the contractor and, notwithstanding
any other law to the contrary, may establish financial criteria for the surety companies
that provide payment and performance bonds.

The Port Commission of said Authority shall be a seven (7) commissioner board. Two (2)
Port Commissioners shall be appointed by a majority of the city council of the City of
Houston, and two (2) Port Commissioners shall be appointed by a majority of the Harris
County Commissioners Court. One (1) Port Commissioner shall be appointed by a majority
of the governing bodies of municipalities located adjacent to the Houston Ship Channel that
have a population of 100,000 or more but less than 1,000,000 according to the most recent
federal census. One (1) Port Commissioner shall be appointed by a majority of the Harris
County Mayors' and Councils' Association. The Port Commissioner appointed by the Harris
County Mayors' and Councils' Association must be a resident of a municipality in Harris
County that is located adjacent to the Houston Ship Channel and has a population of less
than 100,000 according to the most recent federal census. The chairman of the commission
shall be appointed by the city council of the City of Houston and the Harris County
Commissioners Court. The city council and the commissioners court shall each have five votes in the
selection of the chairman of the commission. A majority of each governing body shall
determine how the votes for that body will be cast. Except as specifically provided by this
the Port Commissioners shall continue to be selected and shall hold office as provided by Sections 61.159 through 61.159, Water Code. Any act or thing authorized to be done by said Port Commission by provisions of this Act or by provision of any of the aforementioned laws and legislative acts may be done and performed by the General Manager of said Authority (or other person authorized to act in his place and stead) when so authorized by general or special rule, regulation, order, resolution or other direction of the Port Commission. The Navigation Board of said Authority is hereby defined and shall be composed of the County Judge and County Commissioners of Harris County, Texas, the Mayor and Council members of the City of Houston, Texas, and the members of the Harris County Mayors' and Councils' Association.

(b) If the port commission [Navigation and Canal Commissioners of said District] shall from time to time determine to make further construction or improvements by the issuance of tax bonds or that additional tax bond funds are required with which to maintain the existing improvements, they shall certify to the Commissioners Court of Harris County the necessity for an additional bond issue or issues stating the amount required, the purposes of the same, the maximum rate of interest of said bonds, and the time for which they are to run. A certified copy of an order or resolution adopted by the port commission [Board of Navigation and Canal Commissioners], setting forth such information, shall constitute sufficient certification in this regard. The Commissioners Court at a regular or special meeting, shall order an election to vote on the proposition of the issuance of bonds and the levy of taxes as hereinafter provided. Said order shall specify the maximum amount of bonds to be issued, their maximum maturity date, and the maximum rate of interest. The ballots for such election shall contain words substantially as follows: "For the issuance of bonds and levy of tax in payment thereof"; "Against the issuance of bonds and levy of tax in payment thereof"; and said ballot shall conform to the requirements of the provisions of the Constitution of Texas, Chapter 9 of Title 128, Revised Civil Statutes, 1925, and all other Statutes of Texas applicable thereto. Any and all limitations, statutory or otherwise, restricting the amount of bonds that may be issued by the authority [District] are hereby removed.

(c) When any election is held under this chapter [Act], notice thereof shall be given for not less than thirty (30) days prior thereto, stating the time, places of holding the same, the proposition or propositions to be voted upon, and the purposes thereof, and shall contain a substantial copy of the election order. Such notices shall be posted by the County Clerk in five (5) public places in said County, one (1) of which shall be at the Courthouse door, and four (4) of which shall be posted within the limits of the authority [said Navigation District]. No other notice of election shall be necessary. The authority [This District], being presently a county-wide district, and so long as it remains such, the regular voting or election precincts established by the Commissioners Court for county-wide elections shall be the voting or election precincts for all such bond elections.

(d) [Only duly qualified resident electors of said District who own taxable property within said District and who have duly rendered the same for taxation shall be entitled to vote at said elections. Every person who offers to vote in any such election who is not known by the election officials to possess said qualifications shall take the following oath before the Presiding Judge of the polling place where he offers to vote, and the Presiding Judge is authorized to administer the same: "I do solemnly swear (or affirm) that I am a duly qualified resident elector of Harris County Houston Ship Channel Navigation District of Harris County, Texas, and that I own taxable property in said District which has been duly rendered for taxation, and that I have not voted before at this election."

(e) The Commissioners Court shall canvass the returns of said election, and if a majority of those voting at the election vote in favor of the issuance of the bonds and the levy of the tax in payment thereof, then the Commissioners Court shall authorize the issuance of such bonds and levy taxes to pay the interest on and principal of such bonds, as hereinafter provided. In canvassing such returns and declaring the result of any such election, a simple resolution or order of said Commissioners Court shall be satisfactory.

(e) [5] Bonds so authorized at an election may be issued in one or more installments, and when the port commission [Board of Navigation and Canal Commissioners] shall have determined the amount of bonds to be issued in a particular series or issue, the port commission [said Board] shall adopt a resolution or order setting forth the amount of bonds
then to be issued, and a certified copy of such resolution or order shall be furnished the Commissioners Court. Thereupon, said Commissioners Court, at a regular or special meeting, shall adopt an order authorizing and directing the issuance of bonds for the authority [such District] in the amount so certified.

(f) (g) All tax bonds of the authority [District] shall be issued in the name of the authority [District], shall be signed by the County Judge and attested by the County Clerk, and shall have the seal of the Commissioners Court impressed thereon; provided, that the order authorizing the issuance of such bonds may provide for the bonds to be signed by the facsimile signatures of said County Judge and County Clerk, either or both, and for the seal on the bonds to be a printed facsimile seal of the Commissioners Court; and provided further that the interest coupons attached to said bonds may also be executed by the facsimile signatures of said officers. The County Treasurer shall register such bonds and shall keep a record thereof, and evidence of such registration may be shown on the bonds by the manual or facsimile signature of said County Treasurer. Such bonds shall be issued in such denominations, shall be payable at such time or times not exceeding forty (40) years from their date or dates, and shall bear interest at a rate or rates not to exceed the amount allowed by law [six percent (6%) per annum], all as may be determined by said Commissioners Court.

(g) (h) The port commission [Board of Navigation and Canal Commissioners] shall sell such bonds for the best price possible and in no event for less than their face value and accrued interest thereon. Such bonds may be sold either prior to, simultaneous with, or after the adoption of the order by the Commissioners Court authorizing the issuance of such bonds; and if such bonds are sold either prior to or simultaneous with the adoption of said order by the Commissioners Court, then such order shall contain a provision confirming the sale of such bonds. All moneys received from the sale of such bonds shall be deposited with the County Treasurer to the credit of the authority [District], and shall be expended only for the bond purpose and incidental expenses in connection therewith. No additional bond shall be required of the County Treasurer or of any officer or official of the authority [District] for the handling of the bond proceeds.

(h) (i) All such bonds, and the record of proceedings pertaining thereto, shall be submitted to the Attorney General of Texas for his examination as to the validity thereof, and after the Attorney General has approved the same, such bonds shall be registered by the Comptroller of Public Accounts of Texas. When such bonds have been approved by the Attorney General, registered by the Comptroller, and delivered to the purchasers, they shall thereafter be incontestable for any cause except for forgery or fraud.

(i) (j) When bonds have been issued, the Commissioners Court shall levy and cause to be assessed and collected taxes annually sufficient to pay the interest on such bonds, to provide a sinking fund to redeem said bonds as they mature, and to pay the cost of collection of such taxes.

(j) (k) The Commissioners Court shall have the power to issue bonds to refund outstanding bonds of the authority [District] and accrued interest thereon, and the provisions of this Section [2] relating to the issuance of voted bonds shall apply to the issuance of refunding bonds, except that no election therefor shall be necessary. Refunding bonds shall bear interest at the same or lower rate than the bonds to be refunded unless it is shown mathematically that a saving will result in the total amount of interest to be paid. Such bonds shall be approved by the Attorney General as in the case of original bonds, and shall be registered by the Comptroller upon surrender and cancellation of the bonds to be refunded, but in lieu thereof, the order authorizing their issuance may provide that they shall be sold and the proceeds thereof deposited in the place or places where the bonds to be refunded are payable, in which case the refunding bonds may be issued in an amount sufficient to pay the principal of the bonds to be refunded and the interest on such bonds to their option or maturity date, and the Comptroller shall register them without the surrender and cancellation of the bonds to be refunded. All refunding bonds, after they have been approved by the Attorney General and registered by the Comptroller, shall be incontestable for any cause except for forgery or fraud.

(k) (l) The Commissioners Court may, upon the request of the port commission [Board of Navigation and Canal Commissioners], invest the sinking fund created for the benefit of
any bonds issued hereunder, in such county, municipal, district, or other bonds required by
tax to be approved by the Attorney General of Texas.

\(l\) (m) The Commissioners Court shall be authorized to levy and cause to be assessed and
collected for the maintenance, operation and upkeep of the authority [said District] and the
facilities, properties, and improvements of the authority [said District], whether heretofore or
hereafter constructed or acquired and whether constructed or acquired under the provisions
of this chapter [Act] or otherwise, an annual tax not to exceed ten cents (10c) on each One
Hundred Dollars ($100) valuation of taxable property within the authority [said District];
provided that the levying of such tax shall be first submitted to the qualified taxpaying voters
of the authority [said District] called and held as herein provided for bond elections and the
proposition shall be adopted by a majority vote of those voting at the election.

\(m\) The Commissioners Court shall at the time of levy of taxes for County purposes each
year levy and cause to be assessed and collected said maintenance tax within such voted limit
of ten cents (10c) as has been determined by the port commission [Board of Navigation and
Canal Commissioners].

\(n\) The port commission [Board of Navigation and Canal Commissioners of said District]
shall provide all necessary additional books for the use of the Assessor and Collector of taxes
and the Clerk of the Commissioners Court of Harris County, Texas. The Tax Assessor of
said Harris County shall be charged with the assessment of all property for taxation within
the authority [said District] and when ordered to do so by the Commissioners Court of Harris
County shall assess all property within the authority [said District] and list the
same for taxation in the books or rolls furnished him for said purposes, and return said books
or rolls at the same time when he returns the other books or rolls of the State and County
Taxes for correction and approval to the Commissioners Court of said County, and if said
Court shall find said books or rolls correct they shall approve the same, and in all matters
pertaining to the assessment of property for taxation in the authority [said District], the Tax
Assessor and Board of Equalization of said County shall be authorized to act and shall be
governed by the laws of Texas for assessing and equalizing property for State and County
Taxes, except as herein provided. All taxes authorized to be levied by this chapter [Act] shall
be a lien upon the property upon which said taxes are assessed, and said taxes may be paid
and shall mature and be paid at the time provided by the laws of this State for the payment
of State and County Taxes; and all the penalties provided by the laws of this State for the
nonpayment of State and County Taxes shall apply to all taxes authorized to be levied by this
chapter [Act]. The Tax Collector of Harris County shall be charged with the assessment rolls
of the authority [said District], and is required to make collection of all taxes
levied and assessed against the property in said County and promptly pay over the same to
the Treasurer of the authority [District]. The Tax Assessor—Collector shall receive for such
services such compensation as the port commission [Board of Navigation and Canal Commissioners of
said District] and said Commissioners Court shall agree upon; and such compensation shall
be paid to the Officers' Salary Fund of the County. The bond of such Assessor—Collector
shall stand as security for the proper performance of his duties as Tax Assessor—Collector of
the authority [such District]; or, if in the judgment of the port commission [Board of Navigation and
Canal Commissioners of such District] it be necessary, an additional bond payable to the
authority [such District] may be required, and in all matters pertaining to the collection of
taxes levied under the provisions of this chapter [Act], the Tax Collector shall be authorized
to act and shall be governed by the laws of the State of Texas for the collection of State and
County Taxes, except as herein provided; and suits may be brought for the collection of said
taxes and the enforcement of the tax liens created by this chapter [Act]. It shall be the duty
of the Tax Collector to make a certified list of all delinquent property upon which the
navigation tax has not been paid, and return the same to the County Commissioners Court,
which shall proceed to have the same collected by the sale of such delinquent property in the
same manner, both by suit and otherwise, as now or may be provided for the sale of property
for the collection of State and County Taxes; and, at the sale of any property for any
delinquent tax, the port commission [Board of Navigation and Canal Commissioners] may become the
purchasers of the same for the benefit of the authority [Navigation District]. Should said
Tax Assessor and Collector fail or refuse to comply with the order of said Commissioners
Court requiring him to assess and list for taxation all the property in the authority [such
Navigation District], or fail or refuse to give such additional bond or security as herein
provided, he shall be suspended from further discharge of his duties by the Commissioners Court of said County, and he shall be removed from office in the mode prescribed by law for the removal of county officers.

(o) The County Treasurer of Harris County shall be treasurer of the authority [said Navigation District], and it shall be his duty to open an account of all moneys received by him belonging to the authority [such District] and all amounts paid out by him. He shall deposit the funds of the authority [said District] in such depository or depositories as may be designated by the port commission [Navigation and Canal Commissioners] in the manner provided by law for the selection of a county depository, and such depository so selected shall be the depository of the authority [said district] for a period of two (2) years and until its successor is selected and qualified. Should the port commission [Navigation and Canal Commissioners] fail or refuse to select a depository such depository shall be selected in like manner by the Commissioners Court. The depository of the authority on April 29, 1957, [said district at the effective date of this Act] shall continue to be the depository of the authority [district] until its successor is selected and qualified as herein provided. He shall pay out no money except upon the conditions provided for in this chapter [Act], and he shall carefully preserve on file all orders for the payment of money; and, as often as required by the said Commissioners Court, he shall render a correct account to them of all matters pertaining to the financial condition of the authority [district]. The County Treasurer shall execute a good and sufficient bond, payable to the port commissioners [Navigation and Canal Commissioners of such district] and to their successors in office for the benefit of the authority [said district] in an amount to be fixed by the port commission [Navigation and Canal Commissioners], such bond to be conditioned for the faithful performance of his duties as treasurer of the authority [such district] and to be approved by the port commission [said Navigation and Canal Commissioners]; provided whenever any bonds are issued by the authority [such navigation district] the County Treasurer before receiving the proceeds of sale thereof shall execute additional good and sufficient bond payable to the port commission [Navigation and Canal Commissioners of said district] in an amount to be fixed by the port commission [Navigation and Canal Commissioners], which bond shall likewise be conditioned and approved as aforesaid, but such additional bond shall not be required after such Treasurer shall have properly disbursed the proceeds of such bond issue; and the County Treasurer shall be allowed such compensation for his services as treasurer of the authority [such navigation district] as may be determined by the port commission [said Navigation and Canal Commissioners], and such compensation shall be paid to the Officers' Salary Fund of the County.

(p) The authority [Harris County Houston Ship Channel Navigation District of Harris County, Texas] shall acquire, purchase, lease, maintain, repair and operate facilities and equipment for preventing, detecting, controlling and fighting fires on or adjacent to the waterways, channels and turning basins within its jurisdiction and for the protection of life and property from damage by fire and explosion. The authority [District] shall promulgate and enforce ordinances, rules and regulations for the promotion of the safety of life and property on or adjacent to the waterways, channels and turning basins within its jurisdiction from damages by fire and explosion thereon in the manner provided by Subchapter D, Chapter 60, Water Code [Chapter 486, Acts of the 57th Legislature, Regular Session, 1961, as amended]. The powers and functions herein authorized may be exercised both within and without the corporate limits of any city, town or village situated within the boundaries of the authority [District]. This chapter [Act] shall be cumulative of all other laws on the subject but in the event of conflict between this chapter [Act] and any law of this state or any charter provision or ordinance of any such city, town or village relating to the subject matter of this chapter [Act], the provisions of this chapter [Act] shall control.

(q) The authority [Harris County Houston Ship Channel Navigation District of Harris County, Texas] is authorized to acquire, purchase, construct, enlarge, extend, repair, maintain, operate, or develop traffic control facilities and everything appurtenant thereto, together with all other facilities or aids incident to or useful in the operation or development of the authority's [district's] ports and waterways or in aid of navigation and commerce thereon. The traffic control facilities shall be financed out of available revenue and shall not utilize bond revenue funds.
Sec. 5007.008 [3]. REFUNDING OF BONDS HERETOFORE VOTED. The Commissioners Court shall have the power to issue bonds of the authority [District] to refund bonds of the authority [District] which have heretofore been voted and which are outstanding at the time of the adoption of the refunding bond order, and no election therefor shall be necessary. Such refunding bonds shall mature serially or otherwise in not to exceed forty (40) years from their date, and shall bear interest at the same or lower rate than the bonds to be refunded unless it is shown mathematically that a saving will result in the total amount of interest to be paid. Such refunding bonds shall be approved by the Attorney General of Texas, and shall be registered by the Comptroller of Public Accounts of Texas upon surrender and cancellation of the bonds to be refunded, but in lieu thereof, the order authorizing their issuances may provide that they shall be sold and the proceeds thereof deposited in the place or places where the bonds to be refunded are payable, in which case the refunding bonds may be issued in an amount sufficient to pay the principal of the bonds to be refunded and the interest on such bonds to their option or maturity date, and the Comptroller shall register them without the surrender and cancellation of the bonds to be refunded. All such refunding bonds, after they have been approved by the Attorney General and registered by the Comptroller, shall be incontestable for any cause except for forgery or fraud.

Sec. 5007.009 [4]. CONSTRUCTION OF CHAPTER [ACT]. This chapter [Act] shall be cumulative of other laws, and shall be liberally construed to effectuate the purposes set forth herein. It is hereby found and declared that all property in the authority [District], both real and personal, is benefited by the authority [District] and by the improvements and facilities constructed or acquired under this chapter [Act]. It is expressly provided that nothing in this chapter [Act] shall be construed to amend, repeal, or affect the laws relating to pilots, pilotage, their appointment, or their remuneration.

Sec. 5007.010 [5A]. NAME AND TITLE CHANGES. (a) The name of the Harris County Houston Ship Channel Navigation District of Harris County, Texas, is changed to the Port of Houston Authority of Harris County, Texas.

(b) The name of the Board of Navigation and the Canal Commissioners of the authority is changed to the port commission, and the title of each member is port commissioner.

(c) The title of general manager of the authority is changed to executive director.

SECTION 5. Chapter 5007, Special District Local Laws Code, as added by this Act, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. ADMINISTRATION AND PLANNING

Sec. 5007.201. CONFLICT OF LAWS. To the extent of a conflict between this subchapter and any other law, including Subchapter A, this subchapter prevails.


Sec. 5007.203. SUNSET REVIEW. (a) The authority is subject to review under Chapter 325, Government Code (Texas Sunset Act), as if it were a state agency but may not be abolished under that chapter. The review shall be conducted as if the authority were scheduled to be abolished September 1, 2017.

(b) The review must assess the authority's governance, management, and operating structure, and the authority's compliance with legislative requirements.

(c) The authority shall pay the cost incurred by the Sunset Advisory Commission in performing a review of the authority under this section. The Sunset Advisory Commission shall determine the cost, and the authority shall pay the amount promptly on receipt of a statement from the Sunset Advisory Commission detailing the cost.

(d) This section expires September 1, 2019.

Sec. 5007.204. GOVERNING BODY; APPOINTMENT; TERMS; VACANCY. (a) The authority is governed by a port commission of seven port commissioners appointed as follows:
(1) two port commissioners appointed by a majority of the city council of the City of Houston;
(2) two port commissioners appointed by a majority of the Harris County Commissioners Court;
(3) one port commissioner appointed by the city council of the City of Pasadena, who must reside in the city of Pasadena;
(4) one port commissioner appointed by a majority of the Harris County Mayors' and Councils' Association, who must be a resident of a municipality in Harris County that is located adjacent to the Houston Ship Channel and has a population of less than 100,000; and
(5) the chair of the port commission, appointed as described by Section 5007.205.

(b) Sections 61.159(a) and (d) and 61.160, Water Code, apply to the authority.

(c) The port commissioners serve staggered two-year terms that expire on February 1.

(d) A person is not eligible for appointment to the port commission if the person has previously served the equivalent of at least 12 full years on the port commission.

(e) Of the two port commissioners each appointed under Subsections (a)(1) and (2), one serves a term expiring in an even-numbered year and one serves a term expiring in an odd-numbered year. The port commissioner appointed under Subsection (a)(3) serves a term expiring in an odd-numbered year. The port commissioner appointed under Subsection (a)(4) serves a term expiring in an even-numbered year.

(f) Not later than the 45th day after the date on which a term expires or on which a vacancy begins, the appointing entity must appoint a new port commissioner. If the appointing entity fails to make the appointment before the 45th day, the office is considered an open position and the person serving in that position is ineligible for reappointment to fill the position, and:

(1) if the appointing entity is the city council of the City of Houston, the city council of the City of Pasadena, or the Harris County Mayors' and Councils' Association, the Harris County Commissioners Court shall appoint a port commissioner to fill the position; or
(2) if the appointing entity is the Harris County Commissioners Court, the city council of the City of Houston shall appoint a port commissioner to fill the position.

(g) If a second appointing entity under Subsection (f)(1) or (2) fails to make an appointment before the 90th day after the date on which the term expires or the vacancy begins:

(1) the office is considered an open position and the person serving in that position is ineligible for reappointment to fill the position; and
(2) the governor shall appoint a port commissioner to fill the position with the advice and consent of the senate.

(h) If a vacancy occurs through death, resignation, or other reason, the vacancy shall be filled in the manner provided for making the original appointment and in accordance with Subsections (f) and (g).

(i) The governor may appoint a port commissioner under Subsection (g) only if the appointing entity under Subsection (f) fails to make an appointment within the period described by this section, and any subsequent appointment must be made by the appropriate appointing entity.

Sec. 5007.205. APPOINTMENT OF CHAIR; TERM. (a) The City of Houston mayor and city council and the Harris County Commissioners Court shall jointly appoint the chair of the port commission in January of odd-numbered years. The term of the chair expires on February 1 of each odd-numbered year.

(b) If the mayor, city council, and commissioners court do not make an appointment within the period specified by this section, the governor shall appoint the chair of the port commission with the advice and consent of the senate. The governor may appoint the chair only if the original appointing entities fail to make an appointment within the period described by this section, and any subsequent appointment must be made by the appointing entities.
(c) The person appointed as the chair of the port commission must comply with the qualifications described by Section 61.160, Water Code.

(d) On the second Monday of January in each odd-numbered year, the City of Houston mayor and city council, the Harris County commissioners, and the Harris County judge shall hold a joint meeting to appoint the chair of the port commission at the headquarters of the authority.

(e) In the meeting held under Subsection (d):

(1) each city council member and the mayor shall have one vote; and

(2) each county commissioner and the county judge shall have the mixed-fraction number of votes equal to the sum of the number of city council members plus the mayor divided by the sum of the number of county commissioners plus the county judge.

(f) The presence of individuals with a majority of the total potential votes is required to establish a quorum at the meeting. A separate quorum from each group, representing the city and the county, is not required. The chair must be appointed by at least a majority of the total potential votes, in any combination.

(g) In the event of a tie, the city council, mayor, county commissioners, and county judge have three calendar days to deliberate, convene a meeting, and revote. The period may be extended to allow for compliance with Chapter 551, Government Code, as it applies to the notice requirement for an open meeting. If a second vote results in a tie:

(1) the office of the chair of the port commission is considered an open position and the person serving as the chair is not eligible for reappointment to fill the position; and

(2) the governor shall appoint the chair as provided by Subsection (b).

Sec. 5007.206. NAVIGATION BOARD. The navigation board of the authority is composed of the county judge and county commissioners of Harris County, the mayor and city council members of the City of Houston, and the members of the Harris County Mayors' and Councils' Association.

Sec. 5007.207. CONFLICT OF INTEREST. (a) In this section, "Texas trade association" means a cooperative and voluntarily joined statewide association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(b) A person may not be a port commissioner and may not be an authority employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in a field relating to maritime commerce, the members of which are regulated by the authority; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in a field relating to maritime commerce, the members of which are regulated by the authority.

(c) A person may not be a port commissioner or act as the general counsel to the port commission or the authority if the person is required to register as a lobbyist under Chapter 305, Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the authority.

(d) A person may not be a port commissioner if the person or an individual related to the person in the first degree of consanguinity or affinity, as determined under Chapter 573, Government Code:

(1) is employed by or participates in the management of a business entity or other organization regulated by or receiving money from the authority; or

(2) uses or receives a substantial amount of tangible goods, services, or money from the authority other than compensation or reimbursement authorized by law for port commission membership, attendance, or expenses.
Sec. 5007.208. FILING OF FINANCIAL STATEMENT BY PORT COMMISSIONERS. (a) A port commissioner shall file the financial statement required of state officers under Subchapter B, Chapter 572, Government Code, with:

(1) the authority; and
(2) the Texas Ethics Commission.

(b) Subchapter B, Chapter 572, Government Code:

(1) applies to a port commissioner subject to this section as if the port commissioner were a state officer; and
(2) governs the contents of, timeliness of filing, public inspection of, and civil and criminal penalties relating to a statement filed under this section.

Sec. 5007.209. PORT COMMISSIONER TRAINING. (a) A person who is appointed to and qualifies for office as a port commissioner may not vote, deliberate, or be counted as a port commissioner in attendance at a meeting of the port commission until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

(1) the legislation that created the authority;
(2) the programs, functions, policies, rules, and budget of the authority;
(3) the results of the most recent formal audit of the authority;
(4) the duties of the port commission as the board of pilot commissioners for Harris County ports under Chapter 66, Transportation Code;
(5) the requirements of laws relating to open meetings, public information, administrative procedure, financial disclosure, and conflicts of interest; and
(6) any applicable ethics policies adopted by the port commission or the Texas Ethics Commission.

(c) A person appointed to the port commission is entitled to reimbursement for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

Sec. 5007.210. REMOVAL FROM OFFICE. (a) It is a ground for removal from the port commission that a port commissioner:

(1) does not have at the time of taking office the qualifications required by Section 5007.204;
(2) does not maintain during service on the port commission the qualifications required by Section 5007.204;
(3) is ineligible for membership under Section 5007.207;
(4) cannot, because of illness or disability, discharge the port commissioner's duties for a substantial part of the port commissioner's term;
(5) commits malfeasance in office; or
(6) is absent from more than half of the regularly scheduled port commission meetings that the port commissioner is eligible to attend during a calendar year without an excuse approved by a majority vote of the port commission.

(b) The validity of an action of the port commission is not affected by the fact that it is taken when a ground for removal of a port commissioner exists.

(c) If the executive director has knowledge that a potential ground for removal exists, the executive director shall notify the chair of the port commission of the potential ground. The chair shall then notify the entity that appointed the port commissioner that a potential ground for removal exists. If the potential ground for removal involves the chair, the executive director shall notify the next highest ranking officer of the port commission, who shall then notify the entities who appointed the chair that a potential ground for removal exists.

Sec. 5007.211. PORT COMMISSION POLICIES. (a) The port commission shall adopt detailed policies that document its governance practices and make those policies available on the authority's website.
(b) The port commission shall develop and implement policies that clearly separate the policymaking responsibilities of the port commission and the management responsibilities of the executive director and the other employees of the authority.

(c) The port commission shall distribute a copy of all policies adopted under this subchapter to each port commissioner and authority employee not later than the third business day after the date the person begins employment or a term as port commissioner.

Sec. 5007.212. EXECUTIVE DIRECTOR. (a) The port commission shall appoint an executive director of the authority. The port commission shall prescribe the duties and compensation of the executive director. The port commission may delegate to the executive director full authority to manage and operate the affairs of the authority subject only to orders of the port commission.

(b) The port commission shall delegate to the executive director the authority to employ all persons necessary for the proper handling of the business and operation of the authority and to determine the compensation to be paid to all employees, other than the executive director or the chief audit executive employed under Section 5007.226(c).

(c) The executive director shall execute a bond for $10,000 conditioned on the faithful performance of the executive director's duties and other conditions as required by the authority. The bond must be recorded in a record kept for that purpose in the authority's office.

(d) The port commission by general or special rule, regulation, order, resolution, or other direction may authorize the executive director or another person authorized to act instead of the executive director to perform any act on behalf of the port commission.

Sec. 5007.213. STANDARDS OF CONDUCT; ETHICS POLICY. (a) A port commissioner or an authority employee should not:

1. accept or solicit any gift, favor, or service that might reasonably tend to influence the port commissioner or employee in the discharge of official duties or that the port commissioner or employee knows or should know is being offered with the intent to influence the port commissioner's or employee's official conduct;

2. accept other employment or engage in a business or professional activity that the port commissioner or employee might reasonably expect would require or induce the port commissioner or employee to disclose confidential information acquired by reason of the official position;

3. accept other employment or compensation that could reasonably be expected to impair the port commissioner's or employee's independence of judgment in the performance of the port commissioner's or employee's official duties;

4. make personal investments that could reasonably be expected to create a substantial conflict between the port commissioner's or employee's private interest and the public interest; or

5. intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the port commissioner's or employee's official powers or performed the port commissioner's or employee's official duties in favor of another.

(b) The port commission shall adopt a written ethics policy for the port commissioners and authority employees consistent with the standards prescribed by Subsection (a).

Sec. 5007.214. ETHICS AFFIRMATION AND HOTLINE. (a) A port commissioner or an authority employee shall annually affirm the port commissioner's or employee's adherence to the ethics policy adopted under Section 5007.213.

(b) The port commission shall establish and operate a telephone hotline that enables a person to call the hotline number, anonymously or not anonymously, to report alleged fraud, waste, or abuse or an alleged violation of the ethics policy adopted under Section 5007.213.

Sec. 5007.215. COMPLAINTS. (a) The authority shall maintain a system to promptly and efficiently act on complaints filed with the authority. The authority shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.
(b) The authority shall make information available to the public, including on the authority’s website, describing its procedures for complaint investigation and resolution.

(c) The authority shall periodically notify the complaint parties of the status of the complaint until final disposition.

(d) The authority shall develop a standard form and a procedure for submitting complaints to the authority and shall make that form and procedure available on the authority’s website. The authority shall also make available on its website clear information about what a person making a complaint should expect after the complaint is filed, including timelines for response and resolution.

(e) The authority shall compile detailed statistics and analyze trends on complaint information, including:

(1) the nature of the complaints;
(2) the disposition of the complaints; and
(3) the length of time to resolve complaints.

(f) Authority staff shall report the information compiled under Subsection (e) to senior management as designated by the executive director and the port commission on a regular basis.

Sec. 5007.216. PUBLIC INVOLVEMENT POLICY. The port commission shall develop and implement a policy that provides a structure for public involvement. The policy must include:

(1) a clear and detailed description of how the authority will seek to actively engage stakeholders;
(2) specific actions the authority will take to meet or exceed the requirements of laws related to open meetings; and
(3) strategies that include use of the authority’s website to make available clear, updated information on issues of public concern.

Sec. 5007.217. WHISTLEBLOWER POLICY. The port commission shall adopt a whistleblower policy consistent with Chapter 554, Government Code.

Sec. 5007.218. EXPENSE POLICY. The port commission shall adopt an expense policy that includes:

(1) spending guidelines for meals, lodging, and entertainment, including a process for handling and documenting exceptions to the guidelines if business needs require an exception;
(2) clear expense report protocols, including:
   (A) the use of cash advances;
   (B) the separation of reports from port commissioners and authority employees; and
   (C) clear lines of accountability for the submission of reports; and
(3) a prohibition on the use of authority funds for a meal for a port commissioner or an authority employee that is not part of approved travel for authority business or part of a business-related function with outside parties.

Sec. 5007.219. PROMOTION AND DEVELOPMENT FUND. (a) In this section, “promotion and development fund” means a fund created and managed under Subchapter H, Chapter 60, Water Code.

(b) The port commission shall adopt clear, complete policy and procedures to govern the use of the promotion and development fund. The policy and procedures must include:

(1) provisions limiting acceptable uses of promotion and development fund money to uses with a direct tie to the mission of the authority;
(2) a consistent budget process;
(3) a process for requesting sponsorship funds by port commissioners, authority employees, and outside groups;
(4) an approval process for each type of expenditure from the promotion and development fund, including:

(A) the level of approval or notification required for authority employees, applicable task forces, and the port commission; and

(B) a requirement that each approved expenditure must include a description of:

(i) the expected impact of the expenditure; and

(ii) how the expenditure is consistent with the strategic direction for promotion and development fund money as adopted by the port commission;

(5) a procedure for handling exceptions to the policy, including a requirement that an exception be subject to the same reporting requirements as other approved expenditures from the promotion and development fund;

(6) a provision for evaluating the policy’s effectiveness and having the port commission adopt updates to the policy as needed at regularly scheduled public meetings; and

(7) requirements for regular tracking of all expenditures from the promotion and development fund and reporting of the expenditures to the port commission and to the public by making the reports available on the authority’s website.

(c) A report described by Subsection (b)(7) must include detailed information about:

(1) travel by port commissioners;

(2) special uses of the authority’s resources, including the use of any public tour vessels and the associated costs, sorted by authority division;

(3) sponsorship and similar spending; and

(4) total expenditures from the promotion and development fund, including year-to-date summary information by category of expenditure.

Sec. 5007.220. PLANNING DEFINITIONS. For the purposes of Sections 5007.221, 5007.222, 5007.224, and 5007.225:

(1) “Long-range plan” means the plan developed under Section 5007.221.

(2) “Mid-range plan” means the plan developed under Section 5007.222.

(3) “One-year capital plan” means the plan developed under Section 5007.224.

(4) “Staff” means one or more authority employees and does not include a port commissioner.

Sec. 5007.221. LONG-RANGE PLANNING. (a) Appropriate staff shall develop a long-range plan containing:

(1) a mission and values statement;

(2) an assessment of the authority’s state as of the date of the plan;

(3) an assessment of the projected operating environment over the course of the long-range plan;

(4) a discussion of high-level goals, strategies, and priorities;

(5) a scheme for ongoing evaluation of progress toward stated goals, including performance measures; and

(6) other strategic planning elements, as considered appropriate by the staff or port commission.

(b) The port commission shall establish a planning horizon of at least 10 years for the long-range plan.

(c) The staff shall identify and collaborate with stakeholders to obtain input on the long-range plan.

(d) The port commission may amend and shall adopt the plan and any updates to the plan in an open meeting.

(e) The staff shall provide annual progress updates according to performance measures developed under Subsection (a)(5). The staff shall present a report on the annual progress to the port commission.
(f) The staff shall complete a comprehensive reevaluation and update of the long-range plan at least every five years, or more frequently if the port commission finds that conditions warrant a more frequent update.

Sec. 5007.222. MID-RANGE PLANNING. (a) Appropriate staff shall develop a mid-range plan consistent with the long-range plan. The mid-range plan must include:

(1) a five-year financial forecast addressing the financial needs and financing options of the authority for the five-year period, with information about the relative cost of the options;

(2) a five-year capital plan, including a preliminary analysis and prioritization of projects; and

(3) other detailed action plans as the port commission or staff finds necessary to achieve the goals of the mid-range plan or long-range plan.

(b) The staff shall present the mid-range plan in an open meeting of the port commission. The port commission is not required to adopt a mid-range plan.

Sec. 5007.223. BUDGET. The port commission shall annually adopt a budget for the authority in an open meeting.

Sec. 5007.224. ONE-YEAR CAPITAL PLAN. (a) Appropriate staff shall develop a one-year capital plan, including associated financing, that is integrated with the budget of the authority.

(b) The port commission shall adopt the one-year capital plan in an open meeting.

(c) The port commission shall establish and document a detailed process for the analysis and approval of a project proposed for inclusion in the one-year capital plan. A project may be included in the one-year capital plan only if it is approved in accordance with that process.

Sec. 5007.225. PUBLIC ACCESS TO BUDGET AND PLANNING INFORMATION. (a) The port commission shall post on the authority’s website and otherwise make available to the public the authority’s most recently adopted budget and any plan adopted by the port commission at an open meeting, including the long-range plan, mid-range plan, one-year capital plan, and updates to that budget or those plans.

(b) The port commission may redact sensitive business information from the plans made publicly available under this section.

Sec. 5007.226. INTERNAL AUDIT. (a) The port commission shall establish an internal audit procedure consistent with the purposes, duties, and standards for state agency internal audit procedures under Chapter 2102, Government Code.

(b) The port commission shall create an internal audit task force consisting of port commissioners.

(c) The port commission only shall hire and may fire or suspend a chief audit executive, who shall report to the internal audit task force. The chief audit executive shall coordinate all audit activity, including:

(1) compliance reviews;

(2) reviews of internal controls;

(3) audits by the county auditor of Harris County;

(4) contracted audits;

(5) performance reviews; and

(6) investigations of alleged fraud, waste, abuse, or ethics violations reported under Section 5007.211(b).

(d) The chief audit executive shall monitor the authority’s compliance with statutory requirements governing use of the promotion and development fund, as defined by Section 5007.219(a).

(e) The port commission shall create, approve, and make available on the authority’s website a risk-based annual audit plan.

(f) The port commission shall make internal audits available on request to:
Sec. 5007.227. HARRIS COUNTY AUDITOR. (a) The county auditor of Harris County may conduct a financial audit of the authority as part of an annual, county-wide risk assessment and audit plan. An audit performed under this subsection must be conducted in accordance with generally accepted auditing standards as prescribed by:

(1) the American Institute of Certified Public Accountants;
(2) the Governmental Accounting Standards Board;
(3) the United States Government Accountability Office; or
(4) any other professionally recognized entity that prescribes auditing standards.

(b) The county auditor of Harris County may not conduct an operational audit of the authority or any audit that exceeds the scope of the audit described in Subsection (a).

(c) The authority shall reimburse the county auditor of Harris County for an audit conducted under Subsection (a), according to standard rates agreed to by the authority and the county before an audit is scheduled or performed. The rates shall be updated periodically.

(d) Sections 60.204(c) and 61.174(b) and (c), Water Code, do not apply to the authority.

Sec. 5007.228. ACCEPTANCE OF GIFTS. (a) In this section, “gift” means a gift, grant, donation, or bequest of money or property accepted under Section 60.124, Water Code, that has a value of $500 or more.

(b) The authority may accept a gift only if, not later than the 90th day after the date the port commission receives the gift, the port commission, in an open meeting, acknowledges the acceptance of the gift.

(c) For a gift accepted under Subsection (b), the authority must record the name of the donor, a description of the gift, and a statement of the purpose of the gift in the minutes of the port commission.

SECTION 6. The following provisions are repealed:

(1) Sections 2, 3, 4, 5, 6, and 7a, Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927;
(2) Section 9, Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927, as added by Section 22, Chapter 1027, Acts of the 82nd Legislature, Regular Session, 2011;
(3) Section 9, Chapter 97, Acts of the 40th Legislature, 1st Called Session, 1927, as added by Section 1.10, Chapter 1232, Acts of the 82nd Legislature, Regular Session, 2011;
(4) Sections 2 and 3, Chapter 86, Acts of the 49th Legislature, Regular Session, 1945;
(5) Sections 5, 6, and 7, Chapter 117, Acts of the 55th Legislature, Regular Session, 1957;
(6) Sections 2 and 3, Chapter 186, Acts of the 57th Legislature, Regular Session, 1961;
(7) Section 2, Chapter 43, Acts of the 62nd Legislature, Regular Session, 1971; and

SECTION 7. (a) If a port commissioner of the Port of Houston Authority of Harris County, Texas, serving on the effective date of this Act has served before that date the equivalent of at least 12 full years on the port commission, that port commissioner's term expires on October 1, 2013.

(b) For a term that expires under Subsection (a) of this section, not later than October 2, 2013, the appropriate entity shall make an appointment as described by Section 5007.204, Special District Local Laws Code, as added by this Act, to a term as provided by Subsection (d) of this section.

(c) If a port commissioner, including the chair of the port commission, serving on the effective date of this Act has not served before that date the equivalent of 12 full years on the port commission, that person is reappointed to a term as provided in Subsection (d) of this section.
(d) The initial term for a person appointed or reappointed under Subsection (b) or (c) of this section shall be designated by the appropriate appointing entity in accordance with Sections 5007.204(e) and 5007.205(a), Special District Local Laws Code, as added by this Act. For purposes of the initial appointments or reappointments made under this section:

1. a term that ends in an even-numbered year expires February 1, 2016; and
2. a term that ends in an odd-numbered year expires February 1, 2015.

(e) A person is not eligible for an initial appointment or reappointment under Subsection (b) or (c) of this section, or for any appointment to the port commission after the effective date of this Act, if the person has served the equivalent of at least 12 full years on the port commission before the effective date of this Act.

(f) Notwithstanding Section 5007.204(d), Special District Local Laws Code, as added by this Act, the person serving as chair on the effective date of this Act may not be reappointed as the chair after the sixth anniversary of the first date on which the person was appointed as chair.

SECTION 8. (a) Not later than December 1, 2013, the port commissioners of the Port of Houston Authority of Harris County, Texas, shall adopt the policies, plans, and procedures necessary to implement Subchapter B, Chapter 5007, Special District Local Laws Code, as added by this Act.

(b) Notwithstanding Section 5007.211, Special District Local Laws Code, as added by this Act, all policies adopted by the port commission of the Port of Houston Authority of Harris County, Texas, shall be distributed to:

1. each port commissioner and authority employee who holds the office of commissioner or is employed by the authority on October 2, 2013, not later than December 1, 2013;
2. each employee hired after October 2, 2013, not later than the third business day after the date the person begins employment with the authority or December 1, 2013, whichever is later; and
3. each port commissioner whose term of office begins after October 2, 2013, not later than the third business day after the date the person qualifies for office or December 1, 2013, whichever is later.

SECTION 9. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 10. This Act takes effect September 1, 2013.

Passed by the House on April 12, 2013: Yeas 133, Nays 0, 1 present, not voting; the House concurred in Senate amendments to H.B. No. 1642 on May 9, 2013: Yeas 62, Nays 44, 28 present, not voting; passed by the Senate, with amendments, on May 8, 2013: Yeas 28, Nays 2.

Filed without signature May 24, 2013.

Effective September 1, 2013.