

seeking to enforce or recover upon any such contract or instrument, knowing it to be such, whether the same shall have been executed within or without this Commonwealth: Provided, however, That this section shall not apply to the payment, satisfaction, settlement, or compromise of any causes of action which are not abolished or barred by this act, or any contracts or instruments heretofore executed, or to the bona fide holder in due course of any negotiable instrument which may be executed hereafter.

Penalty.

Section 7. Any person who shall violate any of the provisions of this act shall be guilty of a misdemeanor, and, upon conviction therefor, shall be punishable by a fine of not less than one hundred dollars (\$100.00) nor more than one thousand dollars (\$1,000.00), or imprisonment for a term of not less than one year nor more than five years, in the discretion of the court.

Constitutional provision.

Section 8. Each section and provision of this act shall be construed separately, and the invalidity of any section or provision thereof shall not affect the validity of the remaining sections or provisions. This act shall be liberally construed to effectuate the object thereof.

Repeals.

Section 9. All laws and parts of laws in conflict with any provision of this act are hereby repealed to the extent of such conflict, but in all other respects this act shall be deemed supplemental to existing laws.

When effective.

Section 10. This act shall become effective immediately upon final enactment.

APPROVED—The 22d day of June, A. D. 1935.

GEORGE H. EARLE

No. 190

AN ACT

To promote the welfare of the people of the Commonwealth; creating a General State Authority as a body corporate and politic with power to construct, improve, and operate projects, and to lease the same, and to fix and collect fees, rentals, and charges for the use thereof; authorizing and regulating the issuance of bonds by said Authority, and providing for the payment of such bonds, and the rights of the holders thereof; and to enter into agreements with the Government of the United States or any Federal agency; and authorizing the Department of Property and Supplies to grant, assign, convey, or lease to the Authority lands of the Commonwealth and interests therein, and to acquire lands therefor; granting the right of eminent domain; and providing that no debt of the Commonwealth shall be incurred in the exercise of any of the powers granted by this act.

“General Authority Act.”

Section 1. Be it enacted, &c., That this act may be cited as the General State Authority Act of one thousand nine hundred and thirty-five.”

Section 2. Definitions.—The following terms, whenever used or referred to in this act, shall have the following meanings, except in those instances where the context clearly indicates otherwise:

Definitions.

(a) The term "Authority" shall mean the body politic and corporate created by this act.

(b) The term "Department" shall mean the Department of Property and Supplies as the same exists under The Administrative Code of one thousand nine hundred and twenty-nine, or as it may exist by amendment of said code.

(c) The term "project" shall mean any structure, facility, or undertaking which the Authority is authorized to construct, improve, maintain, or operate under the provisions of this act.

(d) The term "Board" shall mean the governing body of the Authority.

(e) The term "person" shall mean and include natural persons, firms, associations, corporations, business trusts, partnerships, and public bodies.

(f) The term "Federal agency" shall mean and include the United States of America, the President of the United States of America, the Federal Emergency Administrator of Public Works, and any department of, or corporation, agency, or instrumentality heretofore or hereafter created, designated, or established by the United States of America.

(g) The term "bonds" shall mean and include the notes, bonds, and other evidences of indebtedness or obligations which the Authority is authorized to issue pursuant to section 4 (i) of this act.

(h) The term "construction" shall mean and include acquisition and construction, and the term "to construct" shall mean and include to acquire and to construct all in such manner as may be deemed desirable.

(i) The term "improvement" shall mean and include extension, enlargement, and improvement, and the term "to improve" shall mean and include to extend, to enlarge, and to improve all in such manner as may be deemed desirable.

Section 3. General State Authority.—The Governor of the State, the State Treasurer, the Auditor General, the Secretary of Internal Affairs, the Secretary of Property and Supplies, and the President pro tempore of the Senate and their respective successors in office, and two citizens of Pennsylvania, one to be appointed by the Governor, and one by the President pro tempore of the Senate, are hereby created a body corporate and politic, constituting a public corporation and governmental instrumentality by the name of "The General State Authority." Said members of the Authority shall be entitled to no compensation for their services as members, but shall be entitled to reimbursement for all nee-

Members of
the corporation
known as
"The General
State
Authority."

essary expenses incurred in connection with the performance of their duties as members. Any vacancy happening among the appointed members of the Authority shall be filled by appointment by the Governor or President pro tempore of the Senate making the original appointment.

Purpose and powers of the Authority.

Section 4. Purposes and Powers; General.—The Authority is created for the purpose of constructing, improving, maintaining, and operating sewers, sewer systems, and sewage treatment works for State institutions, public buildings for the use of the Commonwealth at the seat of the State government, State arsenals, armories, and military reserves, State airports and landing fields, State tuberculosis sanatoria, additions to present State hospitals, normal schools, teachers colleges, penal or correctional institutions, State highways, and bridges, tunnels, and traffic circles on State highways, swimming pools, and lakes on State-owned land, and low head dams and improvements to river embankments (any and all the foregoing being herein called "projects"): Provided, however, That no project shall be begun after the expiration of two (2) years from the effective date of this act: And provided further, That the purpose and intent of this act being to benefit the people of the Commonwealth by, among other things, increasing their commerce and prosperity, and not to unnecessarily burden or interfere with existing business by the establishment of competitive enterprises, none of the powers granted hereby shall be exercised in the construction, improvement, maintenance, extension, or operation of any project or projects which in whole or in part shall duplicate or compete with existing enterprises serving substantially the same purposes, and the Authority is hereby granted and shall have and may exercise all powers necessary or convenient for the carrying out of the aforesaid purposes, including, but without limiting the generality of the foregoing, the following rights and powers:

(a) To have existence for a period of thirty-two years as a corporation.

(b) To sue and be sued, implead and be impleaded, complain and defend in all courts.

(c) To adopt, use, and alter at will a corporate seal.

(d) To acquire, purchase, hold, lease as lessee, and use any property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of the Authority, and (without limitation of the foregoing) to lease from the department any property, real, personal, or mixed, or any interest therein, now owned, or hereafter acquired, by the Commonwealth of Pennsylvania, with the approval of the Governor, for a term not exceeding ninety-nine years, at a nominal rental or at such annual rental

as may be determined and, with the approval of the Governor, to lease as lessor to the Commonwealth of Pennsylvania and any city, county, or other political subdivision, or any agency, department, or public body of the Commonwealth, any project at any time constructed by the Authority, and any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired by the Authority.

(e) To acquire by purchase, lease, or otherwise, and to construct, improve, maintain, repair, and operate projects.

(f) To make by-laws for the management and regulation of its affairs.

(g) To appoint officers, agents, employes, and servants; to prescribe their duties and to fix their compensation.

(h) To fix, alter, charge, and collect rates, rentals, and other charges for the use of the facilities of, or for the services rendered by, the Authority or projects thereof, at reasonable rates, to be determined by it, for the purpose of providing for the payment of the expenses of the Authority, the construction, improvement, repair, maintenance, and operation of its facilities and properties, the payment of the principal of and interest on its obligations, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such obligations.

(i) To borrow money, make and issue negotiable notes, bonds, and other evidences of indebtedness or obligations (herein called "bonds") of the Authority, and to secure the payment of such bonds, or any part thereof, by pledge or deed of trust of all or any of its revenues, rentals, and receipts, and to make such agreements with the purchasers or holders of such bonds or with others in connection with any such bonds, whether issued or to be issued, as the Authority shall deem advisable, and in general to provide for the security for said bonds and the rights of the holders thereof.

(j) To make contracts of every name and nature, and to execute all instruments necessary or convenient for the carrying on of its business.

(k) Without limitation of the foregoing, to borrow money and accept grants from, and to enter into contracts, leases or other transactions with, any Federal agency.

(l) To have the power of eminent domain.

(m) To pledge, hypothecate, or otherwise encumber all or any of the revenues or receipts of the Authority as security for all or any of the obligations of the Authority.

(n) To do all acts and things necessary or convenient to carry out the powers granted to it by this act or any other acts.

Proviso.

Provided, however, that the Authority shall have no power at any time or in any manner to pledge the credit or taxing power of the Commonwealth or any of its cities, counties, or other political subdivisions, nor shall any of its obligations or debts be deemed to be obligations of the Commonwealth or of any of its cities, counties, or political subdivisions, nor shall the Commonwealth or any city, county, or political subdivision thereof be liable for the payment of principal of or interest on such obligations.

Bonds of the Authority.

Section 5. Purposes and Powers; Bonds.—The bonds of the Authority, hereinabove referred to and authorized to be issued, shall be authorized by resolution of the board, and shall be of such series, bear such date or dates, mature at such time or times not exceeding thirty years from their respective dates, bear interest at such rate or rates not exceeding six per centum per annum, payable semi-annually, be in such denominations, be in such form, either coupon or fully registered without coupons, carry such registration exchangeability and interchangeability privileges, be payable in such medium of payment and at such place or places, be subject to such terms of redemption at such prices not exceeding one hundred five per centum of the principal amount thereof, and be entitled to such priorities in the revenues, rentals, or receipts of such Authority as such resolution or resolutions may provide. The bonds shall be signed by such officers as the Authority shall determine, and coupon bonds shall have attached thereto interest coupons bearing the facsimile signature of the treasurer of the Authority, all as may be prescribed in such resolution or resolutions. Any such bonds may be issued and delivered, notwithstanding that one or more of the officers signing such bonds, or the treasurer whose facsimile signature shall be upon the coupons or any thereof, shall have ceased to be such officer or officers at the time when such bonds shall actually be delivered.

Said bonds may be sold at public or private sale, for such price or prices as the Authority shall determine, provided that the interest cost to maturity of the money received for any issue of said bonds shall not exceed six per centum per annum. Pending the preparation of the definitive bonds, interim receipts may be issued to the purchaser or purchasers of such bonds, and may contain such terms and conditions as the Authority may determine.

Any resolution or resolutions authorizing any bonds may contain provisions which shall be part of the contract with the holders thereof as to—(a) pledging the full faith and credit of the Authority (but not of the Commonwealth or any county or other political subdivision thereof) for such obligations, or restricting the same to all or any of the revenues, rentals, or receipts

of the Authority from all or any projects or properties, (b) the construction, improvement, operation, extension, enlargement, maintenance, and repair of any project or projects and the duties of the Authority with reference thereto, (c) the terms and provisions of the bonds, (d) limitations on the purposes to which the proceeds of the bonds then or thereafter to be issued, or of any loan or grant by the United States may be applied, (e) the rate of tolls, rentals, and other charges for use of the facilities of or for the services rendered by the Authority, including limitations upon the power of the Authority to modify any leases or other agreements pursuant to which any tolls, rentals, or other charges are payable, (f) the setting aside of reserves or sinking funds and the regulation and disposition thereof, (g) limitations on the issuance of additional bonds, (h) the terms and provisions of any deed or trust or indenture securing the bonds or under which the same may be issued, and (i) any other or additional agreements with the holders of the bonds.

The Authority may enter into any deeds of trust, indentures or other agreements with any bank or trust company or other person or persons in the United States having power to enter into the same, including any Federal agency, as security for such bonds, and may assign and pledge all or any of the revenues, rentals, or receipts of the Authority thereunder. Such deed of trust, indenture or other agreement may contain such provisions as may be customary in such instruments or as the Authority may authorize, including (but without limitation) provisions as to—(i) the construction, improvement, operation, maintenance, and repair of any project or projects and the duties of the Authority with reference thereto, (ii) the application of funds and the safeguarding of funds on hand or on deposit, (iii) the rights and remedies of said trustee and the holders of the bonds (which may include restrictions upon the individual right of action of such bondholders), and (iv) the terms and provisions of the bonds or the resolutions authorizing the issuance of the same.

Said bonds shall have all the qualities of negotiable instruments under the law merchant and the negotiable instruments law of the Commonwealth of Pennsylvania.

Section 6. Remedies of Bondholders.—The rights and the remedies, herein conferred upon or granted to the bondholders, shall be in addition to and not in limitation of any rights and remedies lawfully granted to such bondholders by the resolution or resolutions providing for the issuance of bonds, or by any deed of trust, indenture or other agreement under which the same may be issued. In the event that the Authority shall default in the payment of principal of or interest on any of the bonds after said principal or interest shall

Remedies
granted to
bondholders
to enforce
their rights.

become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the Authority shall fail or refuse to comply with the provisions of this act, or shall default in any agreement made with the holders of the bonds, the holders of twenty-five per centum in aggregate principal amount of the bonds then outstanding, by instrument or instruments filed in the office of the recorder of deeds of the county, and proved or acknowledged in the same manner as a deed to be recorded, may (except as such right may be limited under the provisions of any deed of trust, indenture or other agreement as aforesaid) appoint a trustee to represent the bondholders for the purposes herein provided. Such trustee and any trustee under any deed of trust, indenture or other agreement may, and, upon written request of the holders of twenty-five per centum (or such other percentage as may be specified in any deed of trust, indenture or other agreement aforesaid) in principal amount of the bonds then outstanding, shall in his or its own name—

(a) by mandamus or other suit, action, or proceeding at law or in equity enforce all rights of the bondholders, including the right to require the Authority to collect rates, rentals, and other charges, adequate to carry out any agreement as to or pledge of the revenues or receipts of the Authority, and to require the Authority to carry out any other agreements with or for the benefit of the bondholders, and to perform its and their duties under this act;

(b) bring suit upon the bonds;

(c) by action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the bondholders;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders;

(e) by notice in writing to the Authority, declare all bonds due and payable, and if all defaults shall be made good, then with the consent of the holders of twenty-five per centum (or such other percentage as may be specified in any deed of trust, indenture or other agreement aforesaid) of the principal amount of the bonds then outstanding, to annul such declaration and its consequences.

Any trustee, whether appointed as aforesaid or acting under a deed of trust, indenture, or other agreement and whether or not all bonds have been declared due and payable, shall be entitled as of right to the appointment of a receiver, who may (to the same extent that the Authority itself could so do) enter and take possession of the facilities of the Authority, or any parts thereof, the revenues, rentals, or receipts from which

Trustee
entitled to
appointment
of a receiver.

are or may be applicable to the payment of the bonds so in default, and operate and maintain the same, and collect and receive all rentals and other revenues thereafter arising therefrom in the same manner as the Authority might do, and shall deposit all such moneys in a separate account, and apply the same in such manner as the court shall direct. In any suit, action or proceeding by the trustees, the fees, counsel fees, and expenses of the trustee and of the receiver, if any, and all costs and disbursements allowed by the court, shall be a first charge on any revenues and receipts derived from the facilities of the Authority, the revenues or receipts from which are or may be applicable to the payment of the bonds so in default. Said trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the bondholders in the enforcement and protection of their rights.

In addition to all other rights and all other remedies, any holder of bonds of the Authority shall have the right by mandamus or other suit, action, or proceeding at law or in equity to enforce his rights against the Authority, including the right to require the Authority to collect fees, rentals, and other charges adequate to carry out any agreement as to or pledge of such fees, rentals, or other charges, or income revenues and receipts, and to require the Authority to carry out any of its covenants and agreements with the bondholders, and to perform its and their duties under this act.

Section 7. Governing Body.—The powers of the Authority shall be exercised by a governing body consisting of the members of the Authority acting as a board. Within ninety days after this act shall become effective, the board shall meet and organize by electing from their number a president and secretary. At the first regular meeting in each year thereafter, they shall elect from their number a president and secretary.

Governing board.

Six members shall constitute a quorum of the board for the purpose of organizing the Authority and conducting the business thereof and for all other purposes, and all action shall only be taken by vote of a majority of the members of the Authority, unless in any case the by-laws shall require a larger number. The board shall have full authority to manage the properties and business of the Authority, and to prescribe, amend, and repeal by-laws, rules, and regulations governing the manner in which the business of the Authority may be conducted, and the powers granted to it may be exercised and embodied. The board shall fix and determine the number of officers, agents, and employes of the Authority and their respective compensation and duties, and may delegate to one or more of their number or to one

Quorum.

Powers of the board.

or more of said officers, agents, or employes such powers and duties as it may deem proper.

Moneys of the Authority shall be paid to treasurer, and deposited by him in banks.

Section 8. Moneys of the Authority.—All moneys of any Authority, from whatever source derived, shall be paid to the treasurer of the Authority. Said moneys shall be deposited in the first instance by the treasurer in one or more banks or trust companies, in one or more special accounts, and each of such special accounts shall be continuously secured by a pledge of direct obligations of the United States of America, of the Commonwealth, or of the county, having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance on deposit in such account. Such securities shall either be deposited with the treasurer or be held by a trustee or agent satisfactory to the Authority. All banks and trust companies are authorized to give such security for such deposits. The moneys in said accounts shall be paid out on the warrant or other order of the treasurer of the Authority, or of such other person or persons as the Authority may authorize to execute such warrants or orders. The Department of Revenue of the Commonwealth, and its legally authorized representatives, are hereby authorized and empowered from time to time to examine the accounts and books of the Authority, including its receipts, disbursements, contracts, leases, sinking funds, investments, and any other matters relating to its finances, operation, and affairs.

Warrants.

Section 9. Grant of Lands by Department to Authority.—The department shall have power and authority, with the approval of the Governor, to grant, assign, convey to the Authority with or without consideration any lands, easements, or rights in lands now owned by the Commonwealth of Pennsylvania or hereafter acquired by it, needed or convenient for the corporate purposes of the Authority, or to lease to the Authority for a term, not exceeding ninety-nine years, at a nominal or such other rental as may be determined, any or all such lands, easements, or rights in lands.

Power to acquire land.

Section 10. Acquisition of Lands.—The department shall have power and authority, with the approval of the Governor, to acquire title in the name of the Commonwealth of Pennsylvania to any additional lands or interest in lands which may be required for the corporate purposes of the Authority, and payment therefor shall be made by the department. The power hereby conferred upon the department shall not limit or restrict the power of the Authority itself to acquire lands or interests in lands in the name of the Authority.

Section 11. Competition in Award of Contracts.—If any project or any portion thereof or any improvement thereof shall be constructed pursuant to a contract and the estimated cost thereof exceeds five

hundred dollars, such contract shall be awarded to the lowest responsible bidder after advertisement for bids. The Authority may make rules and regulations for the submission of bids and the construction or improvement of any project or portion thereof. No contract shall be entered into for construction or improvement of any project, or portion thereof, or for the purchase of materials, unless the contractor shall give an undertaking with a sufficient surety or sureties approved by the Authority, and in an amount fixed by the Authority, for the faithful performance of the contract. All construction contracts shall provide, among other things, that the person or corporation entering into such contract with the Authority will pay for all materials furnished and services rendered for the performance of the contract, and that any person or corporation furnishing such materials or rendering such services may maintain an action to recover for the same against the obligor in the undertaking as though such person or corporation was named therein, provided the action is brought within one year after the time the cause of action accrued. Nothing in this section shall be construed to limit the power of the Authority to construct any project, or portion thereof, or any addition, betterment, or extension thereto, directly by the officers, agents, and employees of the Authority or otherwise than by contract.

Subject to the aforesaid, the Authority may (but without intending by this provision to limit any powers of such Authority) enter into and carry out such contracts, or establish or comply with such rules and regulations concerning labor and materials and other related matters in connection with any project, or portion thereof, as the Authority may deem desirable, or as may be requested by any Federal agency that may assist in the financing of such project or any part thereof.

Section 12. Acquisition of Lands.—The Authority shall have the power to acquire by purchase or eminent domain proceedings, either the fee or such right, title, interest, or easement in such lands, as the Authority may deem necessary, for any of the purposes mentioned in this act: Provided, however, That no lands, interest in lands or property of a public service company, or property used as a burial ground or place of public worship, or a dwelling house and the reasonable curtilage thereto, shall be appropriated by virtue of power of eminent domain hereby conferred. The right of eminent domain shall be exercised by the Authority in the manner provided by law for the exercise of such right by the Commonwealth.

Proviso.

Section 13. Use of Projects.—The use of the facilities of the Authority and the operation of its business shall be subject to the rules and regulations from time

Proviso.

to time adopted by the Authority: Provided, however, That the Authority shall not be authorized to do anything which will impair the security of the holders of the obligations of the Authority or violate any agreements with them or for their benefit.

Section 14. Limitation of Powers.—The Commonwealth does hereby pledge to and agree with any person, firm, or corporation, or Federal agency subscribing to or acquiring the bonds to be issued by the Authority for the construction, extension, improvement, or enlargement of any project or part thereof, that the Commonwealth will not limit or alter the rights hereby vested in the Authority until all bonds at any time issued, together with the interest thereon, are fully met and discharged. The Commonwealth does further pledge to and agree with the United States and any other Federal agency that in the event that any Federal agency shall construct or contribute any funds for the construction, extension, improvement, or enlargement of any project, or any portion thereof, the Commonwealth will not alter or limit the rights and powers of the Authority in any manner which would be inconsistent with the continued maintenance and operation of the project or the improvement thereof, or which would be inconsistent with the due performance of any agreements between the Authority and any such Federal agency, and the Authority shall continue to have and may exercise all powers herein granted, so long as the same shall be necessary or desirable for the carrying out of the purposes of this act and the purposes of the United States in the construction or improvement or enlargement of any project or such portion thereof.

Section 15. Exemption from Taxation.—The effectuation of the authorized purposes of the Authority, created under this act, shall and will be in all respects for the benefit of the people of the Commonwealth for the increase of their commerce and prosperity and for the improvement of their health and living conditions, and since the Authority will be performing essential governmental functions in effectuating such purposes, the bonds issued by the Authority, their transfer, and the income therefrom (including any profits made on the sale thereof), shall at all times be free from taxation, other than inheritance and estate taxation within the Commonwealth of Pennsylvania.

Section 16. Constitutional Construction.—The provisions of this act shall be severable, and if any of the provisions thereof shall be held unconstitutional, such decisions shall not affect the validity of any of the remaining provisions of this act. It is hereby declared as the legislative intent that this act would have been adopted had such unconstitutional provision not been included therein.

Section 17. Effective Date of Act.—This act shall take effect immediately upon its final enactment. When effective.

APPROVED—The 28th day of June, A. D. 1935.

GEORGE H. EARLE

No. 191

AN ACT

Providing, for a limited period of time, for the incorporation, as bodies corporate and politic, of "Authorities" for municipalities; defining the same; prescribing the rights, powers, and duties of such Authorities; authorizing such Authorities to acquire, construct, improve, maintain, and operate projects, and to borrow money and issue bonds therefor; providing for the payment of such bonds, and prescribing the rights of the holders thereof; conferring the right of eminent domain on such Authorities; authorizing such Authorities to enter into contracts with and to accept grants from the Federal Government or any agency thereof; and for other purposes.

Section 1. Be it enacted, &c., That this act may be cited as the "Municipality Authorities Act of one thousand nine hundred and thirty-five." "Municipality
Authorities
Act."

Section 2. Definitions.—The following terms, whenever used or referred to in this act, shall have the following meanings, except in those instances where the context clearly indicates otherwise: Definitions.

(a) The term "Authority" shall mean a body politic and corporate created pursuant to this act.

(b) The term "Board" shall mean the governing body of an Authority.

(c) The term "bonds" shall mean and include the notes, bonds, and other evidence of indebtedness or obligations which each Authority is authorized to issue pursuant to section 4(i) of this act.

(d) The term "municipal authority" shall mean the body or board authorized by law to enact ordinances or resolutions for the particular municipality.

(e) The term "construction" shall mean and include acquisition and construction, and the term "to construct" shall mean and include to acquire and to construct all in such manner as may be deemed desirable.

(f) The term "municipality" shall mean any county, city, town, borough, or township of the Commonwealth of Pennsylvania.

(g) The term "Federal agency" shall mean and include the United States of America, the President of the United States of America, the Federal Emergency Administrator of Public Works, and any department of or corporation, agency, or instrumentality heretofore or hereafter created, designated, or established by the United States of America.