

## No. 58

## AN ACT

## SB 626

Implementing the provisions of section 10 of Article IX of the Constitution of Pennsylvania relating to the borrowing of money by municipalities, authorizing the issuance and sale of general obligation non-debt bonds as herein defined and the refunding of such bonds; authorizing the determination of general obligation bonds as not constituting debt for certain purposes; regulating the keeping and using of sinking funds, imposing duties upon the Department of Community Affairs and powers and duties upon the corporate authorities and officers of municipalities.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short Title.—This act shall be known and may be cited as “The General Obligation Non-debt Bond Act.”

Section 2. Definitions.—The following words and phrases whenever used in this act shall have the following meanings unless the context clearly indicates otherwise:

(1) “Corporate authorities,” the body or board authorized by law to enact ordinances or adopt resolutions for the particular municipality.

(2) “Department,” the Department of Community Affairs of the Commonwealth of Pennsylvania.

(3) “General obligation bond,” any bond for the payment of which a municipality may be required to levy a tax and issued pursuant to the act of June 25, 1941 (P.L.159), known as the “Municipal Borrowing Law,” as amended or pursuant to any law supplemental thereto.

(4) “General obligation non-debt bond,” any bond for the payment of which a municipality may be required to levy a tax but which shall be excluded in the determination of the debt of the municipality as having been issued and sold to finance a self-liquidating or self-supporting project.

(5) “Improvement,” the extension, enlargement or alteration of any project.

(6) “Municipality,” a county, city, borough and incorporated town, township or any similar general purpose unit of government which shall hereafter be created by the General Assembly. The word does not include a city of the first-class or a county of the first class.

(7) “Ordinance,” an ordinance in the case of municipalities having the power to adopt ordinances and a resolution in the case of all other municipalities. Notwithstanding any law to the contrary, where an ordinance is required or authorized to be adopted by the provisions of this act the same shall become effective, in the case of cities and boroughs, when the same has been passed finally by the council and has been approved by the mayor or has been passed over his veto, and, in the case

of all other municipalities, such an ordinance shall become effective when the same has been adopted or passed finally by the corporate authorities of the municipality. Where an ordinance is authorized or required to be adopted by the provisions of this act the ordinance or proposed ordinance or summary thereof shall be published in a newspaper or newspapers of general circulation, not exceeding two, published in the municipality, and, if no such newspaper shall be published therein, then such notice shall be given in a newspaper of general circulation circulating generally in said municipality. Such ordinance or proposed ordinance or a summary shall be published once before or after the ordinance becomes effective, as above provided. No other publication or notice of any such ordinance shall be required under the provisions of any other law.

(8) "Project," any structure, public works, undertaking or facility which a municipality is authorized by law to construct, acquire, improve, lease, operate and maintain or contract for its operation and maintenance, and for the rental, use and services of which a municipality is empowered to and does fix, charge and collect from users, lessees or contractors, rates, charges, rentals, tolls and fees of sufficient amount to make such project self-liquidating or self-supporting.

(9) "Self-liquidating or self-supporting," the operation or leasing, or contracting for the operation of a project in such manner as to produce therefrom revenues from users or donors of sufficient amount to pay the annual cost of operation and maintenance of the project and to pay all interest and sinking fund charges on the bonds issued and sold to finance such project as well as any State taxes assumed by the municipality to be paid on said bonds.

Section 3. Purpose of Act.—It is the intent of this act to regulate the manner of borrowing money by the issue of general obligation non-debt bonds by municipalities and to impose limits and conditions on such borrowing in certain cases. Nothing in this act shall be construed to enlarge or curtail the purposes for which any municipality may otherwise now or hereafter be authorized to borrow money. This act shall exclusively provide for the authorization, issue and sale of general obligation non-debt bonds and their authorization, issue and sale shall not be subject to any other act, but this act does not prevent the financing of projects under other applicable statutes.

Section 4. Authority to Issue General Obligation Non-debt Bonds.—Any municipality authorized by law to construct, acquire or improve any project is hereby authorized and empowered to borrow money therefor by the issue and sale of general obligation non-debt bonds, at one time or from time to time, to provide funds for the payment of the cost of such construction, acquisition, or improvement. The corporate authorities of the municipality shall have power to authorize the issue and sale of sufficient additional general obligation non-debt bonds as may be necessary to provide for the interest, taxes and sinking fund charges accrued thereon

until the project has been completed and has been in operation for not exceeding one year.

**Section 5. General Obligation Non-debt Bonds Not to Be Considered Debt.**—Except as otherwise provided in this act at any time when the debt of the municipality shall be required to be determined for any purpose as provided by law, general obligation non-debt bonds issued in accordance with this act shall be excluded therefrom and shall not be considered a debt within the meaning of section 10 of Article IX of the Constitution.

**Section 6. Determination That the Project Is Self-liquidating or Self-supporting, Engineering Certification.**—Prior to the issue and sale of any general obligation non-debt bonds for any project the corporate authorities of the municipality shall first authorize and receive from qualified registered engineers of established reputation with regard to the type of project then being financed a feasibility study and report setting forth:

(1) The estimated cost of the construction, acquisition or improvement of the project.

(2) The principal amount of the general obligation non-debt bonds to be issued, the dates of the maturity thereof and, if any such bonds are outstanding for such project, the principal amount thereof outstanding.

(3) The amount of the interest and sinking fund charges for each year during the life of the bonds to be issued and of any bonds then outstanding.

(4) The estimated gross revenue from such project for each year during the life of such bonds, from which shall be deducted for each year the total estimated cost of operation and maintenance and State taxes assumed on such bonds in order to determine the net revenue for each such year; and certifying that upon completion of the project and for a period of years equal to the life of the general obligation non-debt bonds then being issued and for those then outstanding the estimated gross revenues which the municipality will receive from such project will be sufficient to pay all the estimated cost of operation and maintenance of the project and the interest and sinking fund charges on the bonds as well as any State taxes assumed by the municipality to be paid thereon.

Where the municipality has received a feasibility study and report containing the certification herein prescribed, the project described in such study and report shall be deemed to be self-liquidating or self-supporting. Such project shall be deemed to continue to be self-liquidating or self-supporting until the construction, acquisition or improvement of such project has been completed and the project has been in operation for a period of one year following such completion.

**Section 7. Annual Determination of Self-liquidation or Self-support.**—One year after the completion of construction, acquisition or improvement of any project where general obligation non-debt bonds have been issued and sold to finance the cost of such construction, acquisition or improvement each year thereafter and as a part of the proceedings of each

issue of general obligation bonds of the municipality, unless such issue occurs within sixty days after the filing of a certificate hereunder, the corporate authorities of such municipality shall authorize and receive from its engineers appointed for such purpose a report and certification setting forth the extent to which the project is at the time self-liquidating or self-supporting. The corporate authorities shall by resolution adopt the report and certification and thereafter at any time that the indebtedness of the municipality is being determined for any purpose as authorized by law, such certification shall be reflected in and made a part of such determination and the general obligation non-debt bonds issued and outstanding for such project shall be excluded from the indebtedness of the municipality only to the extent that the project has been certified to be self-liquidating or self-supporting.

Any certification made in the manner herein prescribed which reveals that a project is not at the time totally self-liquidating or self-supporting shall in no way affect the validity and enforceability of any general obligation non-debt bonds previously issued under this act and then outstanding for the project nor shall such certification be considered as affecting the contractual relations existing between the municipality and the holder of any such general obligation non-debt bonds.

Any act enacted in implementation of section 10 of Article IX of the Constitution and prescribing the debt limits of municipalities shall not affect the validity of any general obligation non-debt bonds issued as in this act provided even though at the time of any annual certification as in this section required the project in question is certified to be not totally self-liquidating or self-supporting.

Section 8. Ordinance Authorizing Issue and Sale of General Obligation Non-debt Bonds.—(a) The corporate authorities of a municipality where they are authorized to undertake a project to be financed by general obligation non-debt bonds may by their ordinance, the vote thereon to be duly recorded upon the minutes of such municipality, authorize and direct the issuance and sale of such bonds of the municipality in sums not less than one thousand dollars (\$1000) each, bearing interest at a rate or rates per annum as shall be fixed by the corporate authorities in addition to any taxes, the payment of which may be assumed by such municipality payable at such time as may be stated therein and the principal to be payable at a period or periods not exceeding forty years from the date of said bonds.

(b) An ordinance to authorize the issuance of general obligation non-debt bonds shall not take effect unless it has received the affirmative vote of a majority of all the members constituting the body adopting the ordinance.

(c) An ordinance authorizing the issuance of general obligation non-debt bonds shall provide for and set forth:

(1) The purpose for which the general obligation non-debt bonds are to be issued;

(2) The maximum amount of general obligation non-debt bonds to be issued;

(3) The rate or rates of interest or the maximum rate or rates of interest the general obligation non-debt bonds shall bear, and, in the latter case, the actual rate of interest shall thereafter be fixed by resolution of the corporate authorities of the municipality;

(4) The date of maturity of each bond, and, if said bonds are to be callable prior to maturity, the date the terms and conditions of such call feature;

(5) The estimated period of usefulness of the project for which the general obligation non-debt bonds are to be issued, except in the case of general obligation non-debt bonds issued for refunding purposes as may be authorized under section 11 of this act;

(6) The nature and source of revenues, rates, charges, rentals, tolls and fees specially pledged to the payment of principal and interest on such general obligation non-debt bonds and the pledge of such revenues, rates, charges, rentals, tolls and fees to the payment of principal and interest on such general obligation non-debt bonds;

(7) The sinking fund to be established as provided in section 12 of this act for the payment of interest, taxes and sinking fund charges payable on said bonds;

(8) That the bonds are general obligation non-debt bonds of the municipality and to the extent that the project for which such bonds are being issued is determined to be self-liquidating or self-supporting shall not be included as a part of the debt of the municipality at any time as such debt is being determined for any purpose as authorized by law;

(9) That the bonds are general obligations of the municipality and shall pledge the full faith and credit thereof;

(10) That at any time that the project is certified not to be totally self-liquidating or self-supporting as provided in section 7 of this act and so long as such general obligation non-debt bonds shall remain unpaid the municipality covenants to make payment out of its sinking fund or any other of its revenues or funds at such time and in such annual amounts specified in such covenant as shall be sufficient for the payment of the interest thereon and the principal thereof when due; and

(11) The officer or officers who shall prepare, verify and file the statement required by section 14 of this act.

Section 9. Certain Procedure Required.—General obligation non-debt bonds authorized, issued and sold under the authority of this act shall either be payable in annual installments or in whole or in part in other than annual installments. If the bonds are payable in annual installments, the first maturity shall be not later than five years after the date of the bonds. If the bonds are payable in other than annual installments, there shall be annual sinking fund payments for such years as bonds do not

mature, to be applied annually to the retirement of bonds prior to the stated maturity or maturities thereof, and such sinking fund payments or a maturity payment shall begin not later than five years after the date of the bonds.

The maturities of the bonds so issued shall not exceed forty years, or the estimated period of usefulness of the project for which such bonds shall be issued, whichever is earlier. The period of usefulness shall be stated in the ordinance authorizing such bonds, and when so stated shall be conclusive. The bonds may be sold at either public or private sale for such price or prices as the municipality shall determine.

Section 10. Redemption of General Obligation Non-debt Bonds Prior to Maturity.—Any general obligation non-debt bonds issued pursuant to this act may be made callable in whole or in part at par, or at par and a premium or premiums, at any time or upon such interest date or dates as may be specified in the ordinance. When general obligation non-debt bonds have been made callable they shall state on their face the date on which, or subsequent to which, such call may be made and the method of giving notice thereof and the terms upon which such bonds may be called. Such notice shall specify, if less than all the bonds are to be called for redemption, the numbers of the bonds to be called and the place where such bonds shall be presented by the holders thereof for redemption. Interest shall cease to run on all bonds specified in said notice after the date fixed in said notice as the callable date.

Whenever the municipality shall call for redemption less than the whole amount of any issue of general obligation non-debt bonds remaining outstanding, the bonds to be called shall be those last maturing of such issue.

Section 11. Refunding General Obligation Non-debt Bonds.—Each municipality issuing general obligation non-debt bonds shall have the power, subject to the terms of the bond ordinance, to refund any general obligation non-debt bonds, whether the bonds to be refunded have or have not matured, when in the opinion of the corporate authorities of the municipality it is expedient to do so. Refunding general obligation non-debt bonds may be exchanged for outstanding general obligation non-debt bonds or sold and the proceeds applied to the purchase and payment of general obligation non-debt bonds. Such refunding bonds shall not be issued except as general obligation non-debt bonds subject to the same proof of the self-liquidating nature of the issue by engineer's certificate as required in the case of an original issue, and the latest stated maturity date of such refunding bonds shall not exceed forty years from the date of the original issue.

Section 12. Creation, Management and Investment of Sinking Funds. Every municipality hereafter issuing any general obligation non-debt bonds shall forthwith establish and thereafter, maintain so long as any such bonds remain outstanding and unpaid a separate sinking fund for each project for which such bonds are issued.

It shall be the duty of the treasurer of each municipality to deposit into each sinking fund during each fiscal year not less than the amount of moneys specified in the bond ordinance and received from the project to which the sinking fund relates and to credit to such sinking fund the earnings and other income appertaining thereto. But nothing in this section or this act shall be deemed to limit the power of the corporate authorities:

(1) To appropriate moneys from the General Fund for the payment of principal, interest or taxes on any general obligation non-debt bonds through the sinking fund or otherwise, or

(2) To direct the treasurer or other fiscal officer to pay into the sinking fund the amount required for interest, principal, taxes or any of them out of any moneys in their hands not irrevocably pledged to any other purpose where such is necessary to cure any deficiency in the sinking fund.

The money or other assets in the sinking fund shall be applied to the payment of any taxes covenanted to be paid on the general obligation non-debt bonds for the payment of which such fund was created, to the payment of interest on such bonds and to the payment of the principal of such bonds at their maturity or earlier redemption. Any moneys in the sinking fund not needed for the time being for any of the above purposes may be invested in obligations issued by the United States of America and the general obligation bonds of the Commonwealth of Pennsylvania or any political subdivision thereof, prime commercial paper or in deposits or certificates of deposit in and of banking institutions or in shares of building and loan associations or Federal savings and loan associations, the deposits or shares of which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, respectively, and which deposits or shares shall at no time exceed the maximum amount so insured. The moneys and other assets held in the sinking fund shall not be used for any other purpose, except for such other investment purposes as may be specifically authorized by law.

Any investments including bonds of the municipality held in the sinking fund may be sold at any time by the body, board or commission having the management and control of such sinking fund.

Section 13. Application of General Obligation Non-debt Bond Proceeds.—The proceeds of the sale of general obligation non-debt bonds shall be used for the project specified in the ordinance authorizing said bonds. If for any reason any part of the proceeds is not applied to, or is not necessary for, such project, such unexpended part of the proceeds shall be paid into the sinking fund for such issue of bonds. Until applied to the cost of the project the proceeds of such bonds may be invested temporarily in obligations issued by the United States of America, and general obligations of the Commonwealth of Pennsylvania or any political subdivision thereof, prime commercial paper or placed in one or more

banks or banks and trust companies in one or more special accounts or certificates of deposit thereof, and each of such special accounts to the extent the same is not insured shall be continuously secured by a pledge of direct obligations of the United States of America, or of the Commonwealth, or of any of its political subdivisions, 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 of the municipality, or be held by a trustee or agent satisfactory to the corporate authorities of the municipality. All banks or banks and trust companies are authorized to give such security for such deposits.

The cost of preparing, issuing and marketing general obligation non-debt bonds shall be deemed to be one of the purposes for which the bonds are issued.

Each municipality shall keep such accounts as will readily show the proceeds of each issue of general obligation non-debt bonds hereafter marketed and the application of the proceeds thereof.

**Section 14. Statement to Be Prepared and Filed with the Department; Engineer's Certification.**—Before delivering any general obligation non-debt bonds it shall be the duty of the officer or officers authorized by the ordinance authorizing such bonds to prepare and file with the department a statement setting forth:

- (1) The name of the municipality issuing such bonds;
- (2) A description of the project for which such bonds are being issued;
- (3) The principal amount of the general obligation non-debt bonds being issued;
- (4) The interest rate or rates which such bonds shall bear;
- (5) The date of the bonds and the schedule of maturities thereof;
- (6) The principal amount of any general obligation non-debt bonds previously issued for the project and the principal amount of such bonds at the time outstanding;
- (7) The gross outstanding indebtedness, the net indebtedness and the maximum debt-incurring capacity of the municipality, all determined in such manner as provided by law; and
- (8) That part of the net outstanding indebtedness incurred with the consent of the electors of the municipality and that part of such net indebtedness incurred by the corporate authorities of the municipality without the consent of its electors.

The officer or officers preparing and filing such statement shall make and append thereto his or their oath of the truth of the facts therein stated.

With the filing of each statement as in this section provided the same shall be accompanied by a copy, in verified form, of the engineering certification as filed with the municipality in compliance with section 6 of this act.

With each annual determination of self-liquidation or self-support of the



project as required by section 7 of this act a copy, in verified form, of the engineer's certification concerning the same shall likewise be filed by the municipality with the department for the department's use at any such time as it shall be required to determine the outstanding indebtedness of the municipality for any purpose as required by law.

**Section 15. General Obligation Bonds Not to Be Considered Debt under Certain Circumstances.**—Where a municipality shall have issued and sold general obligation bonds for the purpose of paying the cost of constructing, acquiring or improving a project and such project shall be determined to be self-liquidating or self-supporting in the manner provided in section 7 of this act, such general obligation bonds shall not be considered a debt of the municipality within the meaning of section 10 of Article IX of the Constitution at any time when the debt of the municipality shall be required to be determined for any purpose.

The determination that such general obligation bonds shall not at the time be considered a debt of the municipality within the meaning of section 10 of Article IX of the Constitution shall be made by resolution of the corporate authorities of the municipality on the certification of the engineer as filed with the municipality as required in section 7 of this act.

Upon such determination the municipality shall file with the department and with the clerk of the court of common pleas of the county wherein the municipality is located the resolution of determination and a statement, with such changes therein as may be appropriate, as required in section 14 of this act. With the filing of such resolution and statement the same shall be accompanied by a copy in verified form, of the engineering certification as filed with the municipality in compliance with section 7 of this act. The department and the clerk of the court of common pleas shall affix such resolution, statement and certification to the original record of proceedings whereunder the general obligation bonds were initially authorized and issued and the same shall thereafter be a part thereof.

Where a project has been determined to be self-liquidating or self-supporting for purposes of this section 15, such project shall thereafter be subject to the requirements of section 7 of this act as to annual determination of self-liquidation and self-support.

The determination as in this section 15 provided that general obligation bonds shall not be considered a debt of the municipality within the meaning of section 10 of Article IX of the Constitution shall not be construed as affecting the contractual relations existing between the municipality and the holder of any bonds.

**Section 16. Qualities of General Obligation Non-debt Bonds.**—All general obligation non-debt bonds issued by any municipality under the authority of this act shall have all the qualities of negotiable instruments under the law merchant and the Uniform Commercial Code of the Commonwealth of Pennsylvania.

Section 17. *Periodic Issue of General Obligation Non-debt Bonds.*—The corporate authorities of any municipality shall have power to authorize the issue and sale of general obligation non-debt bonds from time to time as the work of construction, acquisition or improvement of a project proceeds.

Section 18. *Investment of Sinking Fund Moneys in General Obligation Non-debt Bonds.*—It shall be lawful for any municipality issuing general obligation non-debt bonds under the provisions of this act to invest the sinking fund moneys of the municipality in such bonds provided such bonds are stated to mature on or prior to the date when such sinking fund moneys are to be applied to the payment or redemption of general obligation non-debt bonds.

Section 19. *Default in Payment of Principal and Interest; Rights of Bondholders.*—In addition to the rights and remedies granted to bondholders by the ordinance providing for the issue of general obligation non-debt bonds in the event the municipality shall default in the payment of principal of, or interest on, any such bonds after the same shall have become due, whether at maturity or upon call for redemption, and said default shall continue for a period of thirty days, or in the event the municipality shall fail or refuse to comply with the provisions of this act or shall default in any agreement made with the bondholders, then the holders of twenty-five per cent in aggregate principal amount of the bonds then outstanding by instrument filed in the office of the recorder of deeds of the county where the municipality is situate, and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the bondholders for the purpose herein provided. Such trustee may, and upon written request of the holders of twenty-five per cent in principal amount of the bonds then outstanding, shall in his or its own name:

(1) 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 municipality to collect revenues, rates, tolls, rentals and charges adequate to carry out any agreement as to, or pledge of, the revenues or receipts from the project, to require the municipality to comply with the covenant required to be made pursuant to clause (10) of subsection (c) of section 8 of this act with regard to payment of the bonds and to require the municipality to carry out any other agreements with, or for the benefit of, the bondholders and to perform its duties.

(2) Bring suit upon the bonds.

(3) By action or suit in equity require the municipality to account as if it were the trustee of an express trust for the bondholders.

(4) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of bondholders.

(5) By notice in writing to the municipality declare all bonds due and payable and, if defaults shall be made good, then, with the consent of the

holders of twenty-five per cent of the principal amount of the bonds then outstanding, to annul such declaration and its consequences.

The court of common pleas of the county shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of the bondholders.

In any suit, action or proceeding by the trustee the fees, counsel fees and expenses of the trustee shall be a charge on the revenue or receipts derived from the project, the revenues or receipts from which are or may be applicable to the payment of the bonds so in default.

Any such trustee shall in addition to the foregoing have and possess all of the powers necessary or appropriate for the exercise of any of the functions specifically set forth or incident to the general representation of the bondholders in the enforcement and protection of their rights.

**Section 20. Conversion and Reissuance of Bonds.**—Whenever any municipality shall have any outstanding general obligation non-debt bonds which the holder desires to convert from coupon bonds into fully registered bonds or from fully registered bonds into coupon bonds, or if any bonds shall be lost or completely destroyed or defaced or partially destroyed or defaced, the municipality may in its discretion by resolution of its corporate authorities authorize the conversion and reissuance of said bonds under the signatures of the officials in office at the time of the adoption of such resolution and under the following conditions:

(1) In the case of the conversion of coupon bonds into fully registered bonds the same may be authorized to be done by the removal and cancellation of the coupons attached thereto and the execution by a duly authorized officer of the municipality of a certificate written or printed on the back of the bonds which shall include (i) date of registration; (ii) name of registered owner; (iii) such other information as the corporate authorities deem necessary.

(2) In case of the conversion of fully registered bonds into coupon bonds the same may be authorized to be done either (i) by attaching to said bonds new coupons for unmatured interest in the same form and tenor as those originally authorized and the execution by a duly authorized officer of the municipality of a certificate of such conversion written, printed or stamped on the back of the bond, or (ii) by the preparation, execution and substitution of new bonds and coupons.

(3) In the case of bonds defaced or partially destroyed the resolution (i) may authorize the officers of the municipality in office at the time of the adoption of such resolution to reexecute such bonds and impress the seal of the municipality thereon, or (ii) may authorize the preparation, execution and substitution of new bonds, and, in the case of coupon bonds, of coupons.

(4) In the case of bonds lost or completely destroyed the resolution may authorize the preparation, execution and substitution of new bonds, and, in the case of coupon bonds, of coupons. Before the adoption of such resolution the owner of said bonds shall furnish to the corporate authorities

of the municipality (i) proof of ownership; (ii) proof of loss or destruction; (iii) bond with corporate surety satisfactory to the said corporate authorities to indemnify the municipality against all loss, cost, damage or expense which may thereafter be suffered by said municipality by reason of a claim of any person or persons based on the original bond or bonds supposed to have been lost or destroyed.

(5) In all cases where new bonds or coupons are to be executed and substituted for old bonds, the new bonds and new coupons shall be in the form and tenor of the old bonds and coupons and the cost of conversion or reconversion and of the preparation, execution and substitution of such bonds and coupons shall be borne by the persons requesting such reconversion or reissuance of said bonds and coupons and shall be paid to the municipality prior to the delivery of the new bonds or coupons.

(6) The resolution authorizing such conversion, reconversion or reissuance shall set forth the date, maturities, interest rate, denomination, numbers of the old and new bonds, the name of the holder or holders thereof, and that the cost of preparing and issuing the new bonds shall be borne and paid by the persons requesting the conversion, reconversion or reissuing.

**Section 21. Bank as Registrar or Transfer Agent.**—In all cases where any municipality shall make provision for complete registration of any general obligation non-debt bond issue and the conversion and reconversion of said bonds, it may appoint a bank or trust company as registrar or transfer agent of the municipality and provide for the registration and transfer of bonds of the municipality by such registrar or transfer agent.

**Section 22. Temporary Obligations.**—In all cases where any municipality has authorized and sold an issue of general obligation non-debt bonds and the purchaser or purchasers thereof desire to receive delivery of the whole or any part thereof, and the municipality is unable to make such delivery due to delay in the preparation and execution of definitive bonds, such municipality may prepare and, upon receipt of the purchase price, deliver temporary obligations for the whole or any part of said issue of bonds to the purchaser or purchasers.

Such temporary general obligation non-debt bonds shall be in such denomination or denominations as may be agreed upon and shall be similar to the form and tenor of definitive bonds of the same issue but with such omissions, modifications or additions as may be desirable or appropriate. Such temporary bonds shall be exchangeable for other temporary bonds and for definitive bonds, when ready, of the same issue and series, of like aggregate principal amounts, whether of the same or different denominations, and when surrendered for exchange shall be accompanied by all unmatured coupons, if any appertaining thereto, and, if registered, shall be accompanied by written instruments of transfer in form approved by the corporate authorities of such municipality duly

executed by the registered owner in person or by his attorney duly authorized in writing. All temporary bonds surrendered in exchange for other temporary bonds or for definitive bonds shall be cancelled.

Temporary general obligation non-debt bonds issued in accordance with the provisions of this section shall be executed in the same manner as the ordinance provides for the execution of the definitive bonds.

Section 23. Effective Date.—This act shall take effect immediately.

APPROVED—The 6th day of March, A. D. 1970.

RAYMOND P. SHAFER

The foregoing is a true and correct copy of Act of the General Assembly No. 58.



*Joseph P. Kelly II*  
Secretary of the Commonwealth.