

## 1972 SPECIAL SESSION NO. 1

No. 4

AN ACT

HB 10

Implementing the provisions of clause (1) of subsection (a) of section 7 of Article VIII of the Constitution of the Commonwealth of Pennsylvania authorizing the incurring of debt for the rehabilitation of areas affected by the Great Storm and Floods of September, 1971 and June, 1972 through urban redevelopment assistance; imposing duties upon the Governor, the Auditor General and State Treasurer; prescribing the procedures for the issuance, sale and payment of general obligations bonds, the funding of debt and refunding of bonds; exempting said bonds from State and local taxation; creating certain funds; and making an appropriation.

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

Section 1. **Borrowing of Money Authorized.**—Pursuant to the provisions of clause (1) of subsection (a) of section 7 of Article VIII of the Constitution of the Commonwealth of Pennsylvania, the Commonwealth is hereby authorized and directed to borrow, from time to time, money not exceeding in the aggregate the sum of one hundred million dollars (\$100,000,000), as may be found necessary to carry out the rehabilitation of areas affected by the Great Storm and Floods of September, 1971 and June, 1972 through urban redevelopment assistance.

Section 2. **General Obligation Bonds Authorized.**—The indebtedness herein authorized shall be incurred from time to time and shall be evidenced by one or more series of general obligation bonds of the Commonwealth in such aggregate principal amount for each series as the Governor, Auditor General and State Treasurer shall determine, but the latest stated maturity date shall not exceed thirty years from the date of the bond first issued for each such series.

Section 3. **Disposition and Use of Proceeds.**—(a) The proceeds from the sale of bonds issued pursuant to the provisions of this act shall be paid to the State Treasurer and be held in a separate fund to be known as the Disaster Relief Fund.

(b) The moneys in the Disaster Relief Fund are hereby specifically dedicated to meeting the costs of rehabilitation of areas affected by the September, 1971 and June, 1972 disaster, for urban redevelopment assistance. The moneys shall be paid by the State Treasurer to the Department of Community Affairs to pay costs at such time as the department certifies the same to be legally due and payable.

(c) Pending their application to the purposes authorized, moneys held or deposited by the State Treasurer may be invested and reinvested as are other funds in the custody of the State Treasurer in the manner provided by law. All earnings received from the investment or deposit of such funds shall be paid into the State Treasury to the credit of the account in the Disaster Relief Fund to which such funds were originally deposited.

Section 4. Issuance of Bonds; Interest; Maturity.—(a) When bonds are issued from time to time, the bonds of each issue shall constitute a separate series to be designated by the issuing officials or may be combined for sale as one series with other general obligation bonds of the Commonwealth. Each series of bonds shall bear such rate or rates of interest as may be determined by the issuing officials. Such bonds shall be issued in such denominations and in such form or forms, whether coupon or registered as to both principal and interest, and with or without such provisions for interchangeability as the issuing officials may determine. In case interest coupons are attached, they shall contain the facsimile signature of the State Treasurer.

(b) Except as otherwise set forth in the provisions of this act, the terms and conditions of issue, redemption and maturity, and time of payment of interest, shall be as the issuing officials shall specify. The issuing officials shall provide for the amortization of the bonds in substantial and regular amounts over the term of the debt: Provided, That the first retirement of principal shall be stated to mature prior to the expiration of a period of time equal to one-tenth of the time from the date of the first obligation issue to evidence such debt to the date of the expiration of the term of the debt. Retirements of principal shall be regular and substantial if made in annual or semi-annual amounts whether by stated serial maturities or by mandatory sinking fund retirements computed in accordance with either a level annual debt service plan, as nearly as may be, or upon the equal annual maturities plan. The issuing officials are hereby authorized to carry out the provisions of this act relating to the issuance of bonds and shall determine all matters in connection therewith subject to the provisions hereof. All principal received from the repayment of loans made pursuant to this act shall be applied to the redemption of the bonds issued hereunder and interest received on such loans shall be applied to the interest payable on such bonds.

(c) All bonds issued under the authority of this act shall bear the facsimile signatures of the issuing officials and a facsimile of the Great Seal of the Commonwealth of Pennsylvania, and shall be countersigned by two duly authorized officers of a duly authorized loan and transfer agent of the Commonwealth.

Section 5. Direct Obligations, Exemption From Taxation; Means of Payment.—All bonds issued in accordance with the provisions of this act shall be direct obligations of the Commonwealth of Pennsylvania, and the full faith and credit of the Commonwealth are hereby pledged for the payment of the interest thereon as the same shall become due and the payment of the principal thereof at maturity. All bonds issued under the provisions of this act shall be exempt from taxation for State and local purposes. The principal of and interest on such bonds shall be payable in lawful money of the United States of America.

Section 6. Sale of Bonds.—(a) Whenever bonds are issued in accordance with this act, they shall be offered for sale at not less than ninety-eight per cent of the principal amount thereof and accrued interest and shall be sold by the issuing officials to the highest and best bidder or bidders after due public advertisement on such terms and conditions and upon such open competitive bidding as the issuing officials shall direct. The manner and times of advertising shall be prescribed by the issuing officials.

(b) Any portion of any bond issue so offered and not sold or subscribed for may be disposed of by private sale by the issuing officials in such manner and at such prices, not less than ninety-eight per cent of the principal amount thereof and accrued interest, as the Governor shall direct. No commission shall be allowed or paid for the sale of any bonds issued under the authority of this act.

(c) Until permanent bonds can be prepared, the issuing officials may in their discretion issue in lieu of such permanent bonds, temporary bonds in such form and with such privileges as to registration and exchange for permanent bonds as may be determined by the issuing officials.

Section 7. Disaster Relief Redemption Fund.—(a) All bonds issued under the authority of this act shall be paid at maturity and all interest due from time to time after July 1, 1972, on such bonds and on all notes issued under the provisions of this act shall be paid by the Board of Finance and Revenue of the Commonwealth from a separate fund to be known as the Disaster Relief Redemption Fund. The General Assembly shall appropriate annually the moneys necessary to pay the aforesaid interest on said bonds and notes and the principal of said bonds and notes at maturity for which other provision is not made. All moneys so appropriated and repayment of all loans, together with interest thereon, shall be paid into the Disaster Relief Redemption Fund by the State Treasurer. All of such moneys so received prior to the date for disbursement thereof shall be invested by the Board of Finance and Revenue pending disbursement in such securities as are provided by law for the investment of surplus moneys of the Commonwealth.

(b) The investment of such moneys and the accumulations thereon in the Disaster Relief Redemption Fund shall be devoted to and be used exclusively for the payment of the interest accruing on such bonds and notes and for the redemption of such bonds and notes at maturity or upon the redemption date, if called for prior redemption. The Board of Finance and Revenue is authorized at any time to use any of such funds for the purchase and retirement of all or any part of the bonds issued under the provisions of this act: Provided, That no purchase shall be made which will reduce the moneys in the Disaster Relief Redemption Fund below the amount necessary to pay all principal and interest still to become due in the fiscal year of such purchase. In the event that all or any part of said bonds shall be purchased by the Commonwealth, they shall be cancelled

and returned to the State Treasurer, as cancelled and paid bonds and thereafter all payments of interest thereon shall cease and the cancelled bonds and coupons shall be destroyed within two years after cancellation in the presence of the issuing officials or their duly authorized representatives. A certificate evidencing the destruction, satisfactory to the duly authorized loan and transfer agent of the Commonwealth, shall be furnished to it. All cancelled bonds and coupons shall be so mutilated as to make the cancelled bonds and coupons nonnegotiable.

Section 8. Funding Bonds.—The issuing officials subject to the provisions of any bond resolution or trust indenture are hereby authorized to issue funding bonds for the purpose of refunding any obligations then outstanding, to provide funds to redeem and retire such outstanding obligations with accrued interest and any premium payable thereon, at maturity or any call date. The issuance of such funding bonds, the maturities and other details thereof, the rights of the holders thereof, and the duties of the issuing officials in respect to the same shall be governed by the foregoing provisions of this act in so far as the same may be applicable.

Section 9. Reporting Requirements.—The State Treasurer shall determine and report to the Budget Secretary by November of each year the amount of money necessary for the payment of interest on outstanding obligations and the principal of such obligations, if any, for the following fiscal year and the times and amounts of such payments.

Section 10. Registration of Bonds.—The Auditor General shall prepare the necessary registry books to be kept in the office of the duly authorized loan and transfer agent of the Commonwealth for the registration of any bonds of the Commonwealth at the request of the owner thereof according to the terms and conditions of issue specified by the issuing officials. All bonds which are issued without interest coupons attached shall be registered in the registry books kept by the duly authorized loan and transfer agent of the Commonwealth.

Section 11. Voting Requirements.—Whenever in this act any action is to be taken or decision made by the issuing officials, and the three officers shall not be able to agree unanimously, the action or decision of the Governor and either the Auditor General or State Treasurer shall be binding and final.

Section 12. Appropriation of Moneys.—The net proceeds of the sale of the obligations herein authorized are hereby appropriated from the Disaster Relief Fund to the Department of Community Affairs to defray the costs of rehabilitation of areas affected by the September, 1971 and June, 1972 disaster through urban redevelopment assistance. After reserving or paying the expenses of the sale of the obligation, the State Treasurer shall pay the moneys as required and certified by the Governor.

Section 13. 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 provisions not been included therein.

Section 14. Effective Date.—This act shall take effect immediately.

APPROVED—The 5th day of October, A. D. 1972.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly No. 4.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive style with a large, prominent initial "C".

*Secretary of the Commonwealth.*