

No. 1982-314

## AN ACT

HB 1276

Amending the act of July 5, 1947 (P.L.1217, No.498), entitled "An act to promote the education and educational facilities of the people of the Commonwealth of Pennsylvania; creating a State Public School Building 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 school districts to enter into contracts to lease; 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; granting the right of eminent domain; increasing the powers and duties of the Department of Public Instruction; and providing that no debt of the Commonwealth shall be incurred in the exercise of any of the powers granted under this act; and making an appropriation to said Authority to pay expenses incident to its formation," authorizing Present Worth Method of soliciting bids for the public sale of bonds; authorizing the Authority to engage in refinancing and private sale of bonds and making a repeal.

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

Section 1. Section 2, act of July 5, 1947 (P.L.1217, No.498), known as the "State Public School Building Authority Act," is amended by adding a clause to read:

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:

\* \* \*

(i) *"Present Worth Method" shall mean the semiannual rate, compounded semiannually, necessary to discount to present worth as of the date of the bonds or notes the amounts payable on each interest payment date and on each stated maturity or earlier mandatory redemption date so that the aggregate of such amounts will equal the purchase price offered therefor exclusive of interest accrued to the date of delivery. The present worth interest cost shall be stated in terms of an annual percentage rate and shall be that rate of interest which is twice the semiannual rate so ascertained.*

Section 2. The first paragraph of section 4 of the act, amended July 18, 1967 (P.L.175, No.50), is amended to read:

Section 4. Purposes and General Powers.—The Authority is created for the purpose of *acquiring, financing, refinancing*, constructing, improving, *furnishing, equipping*, maintaining and operating buildings for public school and educational broadcasting facilities[, and *furnishing and equipping the same*] for use as a part of the public school system of the Commonwealth of Pennsylvania under the jurisdiction of the

Department of **[Public Instruction] Education**. The Authority also shall have for its purpose the *acquiring, financing, refinancing*, construction, improvement, *furnishing, equipping*, maintenance and operation of community college buildings.

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Section 3. Clauses (h), (i) and (j.1) of the second paragraph of section 4 of the act, clauses (h) and (i) amended April 20, 1949 (P.L.636, No.142) and clause (j.1) added August 24, 1963 (P.L.1191, No.498), are amended to read:

Section 4. Purposes and General Powers.—\* \* \*

The Authority is hereby granted and shall have and may exercise all the 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:

\* \* \*

(h) To fix, alter, charge and collect 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, not provided for by appropriation by the Commonwealth, or otherwise, the *acquiring, financing, refinancing*, construction, improvement, repair, equipping and furnishing, maintenance and operation of *projects and* 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 for the purpose of **[paying] financing or refinancing** the cost of any project, make and issue negotiable notes, bonds, refunding bonds and other evidences of indebtedness or obligations (hereinafter 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.1) To enter into contracts with the board of school directors of any school district, the members of which school board are members of any nonprofit community corporation having a Federal Communications Commission license for educational broadcasting stations, for the purpose of *acquiring, financing, refinancing*, constructing, improving, *furnishing, equipping*, maintaining and operating these facilities as a part of the public school system of the Commonwealth of Pennsylvania.

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Section 4. Subsection (a) of section 6 of the act, amended May 17, 1968 (P.L.124, No.65) and October 22, 1969 (P.L.277, No.113), is amended to read:

Section 6. Purposes and Powers; Bonds.—(a) 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 forty (40) years from their respective dates, bear interest at such rate or rates [not exceeding six per centum per annum, except that for a period of one year following the effective date of this act, the interest rate may exceed six per centum per annum but shall not exceed seven 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 the Authority as such resolution or resolutions may provide. The interest on bonds issued [with an interest rate of between six and seven per centum] shall be paid during the term for which the bonds were issued. The bonds shall bear the facsimile signatures of the Governor and the President of the Authority, together with a facsimile of the corporate seal and the manual signature of the secretary and treasurer in attestation thereof, 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 any of the aforesaid persons signing such bonds or whose facsimile signature shall be upon the bonds or coupons shall have ceased to hold their respective offices at the time when such bonds shall actually be delivered.

Said bonds shall be sold *as the Authority shall determine, at private sale or* to the highest responsible bidder or bidders after public notice by advertisement [once a week for three weeks in not less than six (6) or more than twelve (12) newspapers of large general circulation in different parts of the Commonwealth, the first advertisement to be published not less than fifteen (15) days before the day fixed for the opening of bids]; the notice shall contain a general description of the bonds, the manner, place and time of the sale, or the time limit for the receipt of proposals, the name of the officer to whom bids or proposals shall be delivered, and a statement of the highest net interest cost *or highest interest cost computed by the Present Worth Method, whichever is specified*, acceptable to the Authority]: **Provided, That any of said bonds may be sold to the State Employees' Retirement Board, the State Employees' Retirement Fund, or to the School Employees' Retirement Board, or to any other custodial board or fund, without advertisement or competitive bidding: Provided further, That nothing in this act shall prevent the Authority from issuing obligations, without advertisement or competitive bidding, to provide funds to cover the cost to the Authority of acquiring or con-**

**structing projects, which obligations shall bear a stated maturity date not to exceed two (2) years from date of issue thereof and which shall be convertible into bonds to be issued by the Authority, without advertisement or competitive bidding, if an issue of bonds, the proceeds of which are to be used for the payment of the obligations, first shall have been advertised for sale as provided in this act and no bid complying with terms and conditions of the advertisement shall have been received. Where bonds shall be advertised for sale and no bid complying with the terms and conditions of the advertisement has been received, then it shall be lawful for the Authority to sell such bonds, or others in lieu thereof, at private sale]. For the purposes of this section, net interest cost shall be determined by ascertaining the total amount of interest payable with respect to the bonds, computed from the date of the bonds to the stated maturity dates thereof, plus the amount of any discount from the principal amount of the bond or less the amount of any premium in excess of the principal amount of the bonds. [The net interest cost to maturity of the money received for any issue of bonds, whether sold at public or private sale, shall not exceed six per centum per annum or seven per centum per annum for any issue of bonds issued within a one (1) year period from the effective date of this amendatory act.] 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.**

Such bonds are hereby made securities in which all officers of the State and its political subdivisions and municipal officers and administrative departments, boards and commissions of the Commonwealth, all banks, bankers, savings banks, trust companies, saving and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations, and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees, and other fiduciaries, and all other persons whatsoever who now or may hereafter be authorized to invest in bonds or other obligations of the Commonwealth, may properly and legally invest any funds, including capital, belonging to them or within their control, and said bonds or other securities or obligations are hereby made securities which may properly and legally be deposited with, and received by, any State or municipal officers or agency of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may hereafter be authorized by law.

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Section 5. Section 6.2 of the act is repealed.

Section 6. This act shall take effect immediately.

APPROVED—The 17th day of December, A. D. 1982.

DICK THORNBURGH