

No. 1985-85

AN ACT

SB 826

Amending the act of June 11, 1941 (P.L.113, No.54), entitled "An act authorizing cities of the first class which have issued or may hereafter issue bonds to redeem the same and issue and sell new bonds therefor," further providing for refunding bonds upon or prior to maturity, for the sale of bonds at private or public sale at less than par and in an amount necessary to refund the bonds and for tax exempt treatment of the bonds; further providing that under certain conditions the bonds not be deemed outstanding debts of such cities and providing that such a city may sell bonds or other securities at private sale; providing that the provisions hereof shall apply to all borrowings and the issuance of bonds or other securities therefor, whenever authorized; and making a repeal.

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

Section 1. The title and sections 1 and 2 of the act of June 11, 1941 (P.L.113, No.54), entitled "An act authorizing cities of the first class which have issued or may hereafter issue bonds to redeem the same and issue and sell new bonds therefor," are amended to read:

AN ACT

Authorizing cities of the first class which have issued or may hereafter issue bonds to redeem the same and issue and sell new bonds therefor; *further providing that a city of the first class may sell bonds or other securities, except as provided herein, issued by it at public sale or at a private negotiated sale, at, above or below their par value plus accrued interest, as shall be determined by the authorities of the city; and providing that the provisions hereof shall apply to all borrowings and the issuance of bonds or other securities therefor, whenever authorized.*

Section 1. In all cases where any city of the first class has by virtue of any general or special act of Assembly issued, or may hereafter issue, bonds, with or without interest coupons attached, to secure any indebtedness of any such city, which bonds may have matured but remain unpaid and uncanceled, or are about to mature and become payable, or whenever any such city shall have [the option] *determined* to redeem or pay any *or all of* such bonds *upon or prior to maturity*, or whenever holders of any such bonds of any such city which may not have matured or become redeemable are willing to surrender the whole or any part of any issue thereof, it shall be lawful for any such city for the purpose of redeeming or paying off *upon, prior to, or after maturity* any or all such bonds payable, redeemable or offered for redemption as aforesaid, *including interest, premium and costs of issuance, redemption or payment*, to issue and sell either registered or coupon bonds[, bearing interest at a rate not exceeding the rate specified in the bonds to be redeemed and paid, and] payable at any time not exceeding forty (40) years after the date of issuance thereof, and not exceeding in the aggregate the amount of the bonds

[so redeemed or paid] *necessary to accomplish the refunding*, and the said bonds so issued and sold in accordance with the provisions of this act shall be exempt from taxation[, except for State purposes] *to the same extent as provided in section 1303 of the act of July 12, 1972 (P.L. 781, No. 185), known as the "Local Government Unit Debt Act"*: Provided, however, That such new bonds shall not mature later than fifty (50) years from the date of issuance of the original bonds: And provided further, That all assets in the sinking fund, if any, for the redemption of the issue of bonds proposed to be refunded shall first be applied to the payment, as far as applicable, of the principal of such bonds, and the balance of such issue only shall be *paid or* redeemed by the issue of new bonds.

Section 2. When any such city shall borrow money and shall issue and sell new bonds for the purpose of redeeming or paying off bonds theretofore issued and proposed to be refunded the authorities of such city [shall] *may* sell the same *at, above or below par, either at a private negotiated sale or a public sale* to the highest responsible bidder after public notice by advertisement [once a week for three (3) successive weeks] in at least one newspaper of general circulation published in the county in which such city shall be situated: **Provided, That no bid for such bonds at less than their par value shall be accepted: And provided further, That where bonds shall be advertised for sale as provided in this act and no bids have been received then it shall be lawful for such city to sell the same at private sale at not less than par and accrued interest: And provided further, That it shall be lawful for such cities to sell such bonds to the sinking fund commissioners thereof without advertisement at not less than par, whenever in the opinion of the mayor, the city controller and the city solicitor, or a majority of them, such sale without advertisement may seem proper or advisable, and the sinking fund commission shall thereupon be duly authorized to purchase the said bonds as aforesaid.] *at least one time not less than ten (10) nor more than thirty (30) days prior to the date fixed for opening bids. Notwithstanding any act of Assembly to the contrary, for the purpose of determining the outstanding net debt of the city, the bonds to be refunded shall no longer be deemed to be outstanding obligations of the city:***

(I) *when the city shall have deposited with a bank, bank and trust company, or trust company funds:*

(i) *which are represented by demand deposits, interest-bearing time accounts, savings deposits or certificates of deposit, or noncallable obligations of the United States or of this Commonwealth, in each case subject to withdrawal, maturing or payable at the option of the holder at or prior to the dates needed for disbursement, provided such deposits or accounts, whether deposited by the city or any depository, are insured or secured as public deposits with securities having a market value equal to the principal amount thereof;*

(ii) *which are irrevocably pledged for the payment of such obligations; and*

(iii) *which are sufficient, together with the interest to disbursement date payable with respect thereto, if also pledged, to meet such obligations in full; and*

(2) when the city shall have called for redemption the bonds that it determines to call and shall have met all notice requirements or given irrevocable instructions to give such notice.

Section 2. The act is amended by adding a section to read:

Section 2.1. When any city of the first class, having authority so to do, shall borrow money and issue bonds or other securities therefor, except in the case of the giving of notes for temporary loans as may be authorized by law and except in the case of the issuance of bonds or other securities under the act of October 18, 1972 (P.L.955, No.234), known as "The First Class City Revenue Bond Act," the authorities thereof may sell the same at, above or below their par value plus accrued interest either at a private negotiated sale or a public sale to the highest responsible bidder, as shall be determined by the authorities of such city, after public notice by advertisement of either the official invitation for bids or of the availability of the official invitation for bids in at least one newspaper of general circulation published in such city at least one time not less than ten (10) days nor more than thirty (30) days prior to the date fixed for opening bids. Before the authorities of such city shall make any private sale of bonds or securities, the legislative body of such city shall adopt by a vote of a majority of the members thereof a resolution finding that a private sale is in the best financial interest of the city. This section shall apply to all borrowings and the issuance of bonds or other securities therefor, whether heretofore or hereafter authorized.

Section 3. The act of July 10, 1981 (P.L.219, No.69), entitled "An act providing that a city of the first class shall sell bonds or other securities, except as provided herein, issued by it at public sale after not less than one public notice for such price, at, above or below their par value plus accrued interest, as shall be determined by the authorities of the city and providing that such a city may sell bonds or other securities at private sale when no conforming bid has been received at a prior public sale; and providing that the provisions hereof shall apply to all borrowings and the issuance of bonds or other securities therefor, whenever authorized," is repealed.

Section 4. This act shall take effect immediately.

APPROVED—The 8th day of December, A. D. 1985.

DICK THORNBURGH