

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1174 Session of
1995

INTRODUCED BY BUTKOVITZ, DeWEESE, L. I. COHEN, ITKIN, THOMAS,
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LEDERER, KELLER, O'BRIEN AND CORRIGAN, MARCH 14, 1995

AS REPORTED FROM COMMITTEE ON URBAN AFFAIRS, HOUSE OF
REPRESENTATIVES, AS AMENDED, MARCH 15, 1995

AN ACT

1 Amending the act of May 2, 1945 (P.L.382, No.164), entitled "An
2 act providing for the incorporation as bodies corporate and
3 politic of "Authorities" for municipalities, counties and
4 townships; prescribing the rights, powers and duties of such
5 Authorities heretofore or hereafter incorporated; authorizing
6 such Authorities to acquire, construct, improve, maintain and
7 operate projects, and to borrow money and issue bonds
8 therefor; providing for the payment of such bonds, and
9 prescribing the rights of the holders thereof; conferring the
10 right of eminent domain on such Authorities; authorizing such
11 Authorities to enter into contracts with and to accept grants
12 from the Federal Government or any agency thereof; and
13 conferring exclusive jurisdiction on certain courts over
14 rates," further providing for investment of authority funds.

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

17 Section 1. Section 7.1 of the act of May 2, 1945 (P.L.382,
18 No.164), known as the Municipality Authorities Act of 1945,
19 added July 10, 1981 (P.L.221, No.70), is amended to read:

20 Section 7.1. Investment of Authority Funds.--A. The board
21 shall have the power to:

22 (a) make investment of Authority sinking funds in the manner
23 provided for local government units by the act of July 12, 1972

1 (P.L.781, No.185), known as the "Local Government Unit Debt
2 Act";

3 (b) make investment of moneys in the general fund and in
4 special funds of the Authority other than the sinking funds as
5 authorized by this section; and

6 (c) liquidate any such investment, in whole or in part, by
7 disposing of securities or withdrawing funds on deposit. Any
8 action taken to make or to liquidate any investment shall be
9 made by the officers designated by action of the board.

10 B. The board shall invest Authority funds consistent with
11 sound business practice.

12 C. The board shall provide for an investment program subject
13 to restrictions contained in this act and in any other
14 applicable statute and any rules and regulations adopted by the
15 board.

16 D. Authorized types of investments for Authority funds shall
17 be:

18 (a) United States Treasury bills.

19 (b) Short-term obligations of the United States Government
20 or its agencies or instrumentalities.

21 (c) Deposits in savings accounts or time deposits or share
22 accounts of institutions insured by the Federal Deposit
23 Insurance Corporation or the Federal Savings and Loan Insurance
24 Corporation or the National Credit Union Share Insurance Fund to
25 the extent that such accounts are so insured, and, for any
26 amounts above the insured maximum, provided that approved
27 collateral as provided by law therefore shall be pledged by the
28 depository.

29 (d) Obligations of the United States of America or any of
30 its agencies or instrumentalities backed by the full faith and

1 credit of the United States of America, the Commonwealth of
2 Pennsylvania or any of its agencies or instrumentalities backed
3 by the full faith and credit of the Commonwealth, or of any
4 political subdivision of the Commonwealth of Pennsylvania or any
5 of its agencies or instrumentalities backed by the full faith
6 and credit of the political subdivision.

7 (e) Shares of an investment company registered under the
8 Investment Company Act of 1940, whose shares are registered
9 under the Securities Act of 1933, provided that the only
10 investments of that company are in the authorized investments
11 for Authority funds listed in clauses (a) through (d).

12 (f) Investments not specifically authorized by this
13 subsection if the investments do not exceed ten per centum of
14 Authority funds and if the investments are made in the same
15 financial instruments as investments WHICH MAY BE MADE by the <—
16 State Employees' Retirement Fund. This clause shall only apply
17 to a board in a county of the first class, second class or
18 second class A or in a city of the first class, second class,
19 second class A or third class.

20 E. In making investments of Authority funds, the board shall
21 have authority:

22 (a) To permit assets pledged as collateral under subsection
23 D(c), to be pooled in accordance with the act of August 6, 1971
24 (P.L.281, No.72), entitled "An act standardizing the procedures
25 for pledges of assets to secure deposits of public funds with
26 banking institutions pursuant to other laws; establishing a
27 standard rule for the types, amounts and valuations of assets
28 eligible to be used as collateral for deposits of public funds;
29 permitting assets to be pledged against deposits on a pooled
30 basis; and authorizing the appointment of custodians to act as

1 pledgees of assets."

2 (b) To combine moneys from more than one fund under
3 Authority control for the purchase of a single investment,
4 provided that lack of the funds combined for the purpose shall
5 be accounted for separately in all respects and that earnings
6 from the investment are separately and individually computed and
7 recorded, and credited to the accounts from which the investment
8 was purchased.

9 (c) To join with one or more other political subdivisions
10 and municipal authorities in accordance with the act of July 12,
11 1972 (P.L.762, No.180), referred to as the Intergovernmental
12 Cooperation Law, in the purchase of a single investment,
13 provided that the requirements of clause (b) on separate
14 accounting of individual funds and separate computation,
15 recording and crediting of the earnings therefrom are followed.
16 Section 2. This act shall take effect in 60 days.