

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2609 Session of  
1998

INTRODUCED BY KAISER, STEVENSON, READSHAW, WALKO, HARHAI, WAUGH,  
ARMSTRONG, MAHER, TRAVAGLIO, GEORGE, BELARDI, JAMES,  
GIGLIOTTI, FLEAGLE, PESCI, LEDERER, WILT, M. COHEN, LUCYK,  
VAN HORNE, CORRIGAN, WOJNAROSKI, ROBINSON, ORIE, BELFANTI,  
BENNINGHOFF, MICHLOVIC, TRELLO, McILHINNEY AND E. Z. TAYLOR,  
MAY 11, 1998

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MAY 11, 1998

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 by certain authorities.

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

18 Section 1. Subsections B and D of section 7.1 of the act of  
19 May 2, 1945 (P.L.382, No.164), known as the Municipality  
20 Authorities Act of 1945, amended July 11, 1996 (P.L.651,  
21 No.110), are amended to read:

22 Section 7.1. Investment of Authority Funds.--\* \* \*

1 B. [The] Except as provided for in subsection F, the board  
2 shall invest Authority funds consistent with sound business  
3 practice and the standard of prudence applicable to the State  
4 Employees' Retirement System set forth in 71 Pa.C.S. § 5931(a)  
5 (relating to management of fund and accounts).

6 \* \* \*

7 D. [Authorized] Except as provided for in subsection F,  
8 authorized types of investments for Authority funds shall be:

9 (a) United States Treasury bills.

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

12 (c) Deposits in savings accounts or time deposits or share  
13 accounts of institutions insured by the Federal Deposit  
14 Insurance Corporation or the Federal Savings and Loan Insurance  
15 Corporation or the National Credit Union Share Insurance Fund to  
16 the extent that such accounts are so insured, and, for any  
17 amounts above the insured maximum, provided that approved  
18 collateral as provided by law therefore shall be pledged by the  
19 depository.

20 (d) Obligations of the United States of America or any of  
21 its agencies or instrumentalities backed by the full faith and  
22 credit of the United States of America, the Commonwealth of  
23 Pennsylvania or any of its agencies or instrumentalities backed  
24 by the full faith and credit of the Commonwealth, or of any  
25 political subdivision of the Commonwealth of Pennsylvania or any  
26 of its agencies or instrumentalities backed by the full faith  
27 and credit of the political subdivision.

28 (e) Shares of an investment company registered under the  
29 Investment Company Act of 1940, whose shares are registered  
30 under the Securities Act of 1933, provided that the only

1 investments of that company are in the authorized investments  
2 for Authority funds listed in clauses (a) through (d).

3 (f) Sovereign debt, provided that the instruments are dollar  
4 denominated and backed by the full faith and credit of the  
5 sovereign government, that said investments do not exceed more  
6 than two per centum of the market value of the Authority's  
7 assets at the time of investment, that the maturity of the  
8 instruments does not exceed fifteen years, that the obligations  
9 are permitted investments of the State Employees' Retirement  
10 System and that it is established that the issuer had issued  
11 such sovereign debt over a period of at least thirty years and  
12 has not defaulted on the payment either of principal or interest  
13 on its obligations. This clause shall only apply to a board in a  
14 county of the first class, second class or second class A or in  
15 a city of the first class, second class, second class A or third  
16 class.

17 \* \* \*

18 F. Notwithstanding any other provision of this section, in  
19 the investment of Authority funds by any Pennsylvania Municipal  
20 Authority engaged in providing emergency medical services and  
21 related services pursuant to the act of July 3, 1985 (P.L.164,  
22 No.45), known as the "Emergency Medical Services Act," the board  
23 shall be governed solely by the exercise of that degree of  
24 judgement, skill and care under the circumstances then  
25 prevailing which persons of prudence, discretion and  
26 intelligence, who are familiar with such matters, exercise in  
27 the management of their own affairs.

28 Section 2. This act shall take effect immediately.