

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1276 Session of
1981

INTRODUCED BY FREIND, GALLAGHER AND COLAFELLA, APRIL 22, 1981

REFERRED TO COMMITTEE ON STATE GOVERNMENT, APRIL 22, 1981

AN ACT

1 Amending the act of July 5, 1947 (P.L.1217, No.498), entitled
2 "An act to promote the education and educational facilities
3 of the people of the Commonwealth of Pennsylvania; creating a
4 State Public School Building Authority as a body corporate
5 and politic with power to construct, improve and operate
6 projects and to lease the same and to fix and collect fees,
7 rentals and charges for the use thereof; authorizing school
8 districts to enter into contracts to lease; authorizing and
9 regulating the issuance of bonds by said Authority; and
10 providing for the payment of such bonds and the rights of the
11 holders thereof; granting the right of eminent domain;
12 increasing the powers and duties of the Department of Public
13 Instruction; and providing that no debt of the Commonwealth
14 shall be incurred in the exercise of any of the powers
15 granted under this act; and making an appropriation to said
16 Authority to pay expenses incident to its formation,"
17 authorizing Present Worth Method of soliciting bids for the
18 public sale of bonds; authorizing the Authority to engage in
19 refinancing and private sale of bonds and making a repeal.

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

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

25 Section 2. Definitions.--The following terms whenever used
26 or referred to in this act shall have the following meanings,

1 except in those instances where the context clearly indicates
2 otherwise:

3 * * *

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

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

16 Section 4. Purposes and General Powers.--The Authority is
17 created for the purpose of acquiring, financing, refinancing,
18 constructing, improving, furnishing, equipping, maintaining and
19 operating buildings for public school and educational
20 broadcasting facilities[, and furnishing and equipping the same]
21 for use as a part of the public school system of the
22 Commonwealth of Pennsylvania under the jurisdiction of the
23 Department of [Public Instruction] Education. The Authority also
24 shall have for its purpose the acquiring, financing, refinancing
25 construction, improvement, furnishing, equipping, maintenance
26 and operation of community college buildings.

27 * * *

28 Section 3. Clauses (h), (i) and (j.1) of the second
29 paragraph of section 4 of the act, clauses (h) and (i) amended
30 April 20, 1949 (P.L.636, No.142) and clause (j.1) added August

1 24, 1963 (P.L.1191, No.498), are amended to read:

2 Section 4. Purposes and General Powers.--* * *

3 The Authority is hereby granted and shall have and may
4 exercise all the powers necessary or convenient for the carrying
5 out of the aforesaid purposes, including but without limiting
6 the generality of the foregoing, the following rights and
7 powers:

8 * * *

9 (h) To fix, alter, charge and collect rentals, and other
10 charges for the use of the facilities of, or for the services
11 rendered by, the Authority or projects thereof, at reasonable
12 rates to be determined by it for the purpose of providing for
13 the payment of the expenses of the Authority, not provided for
14 by appropriation by the Commonwealth, or otherwise, the
15 acquiring, financing, refinancing, construction, improvement,
16 repair, equipping and furnishing, maintenance and operation of
17 projects and its facilities and properties, the payment of the
18 principal of, and interest on, its obligations, and to fulfill
19 the terms and provisions of any agreements made with the
20 purchasers or holders of any such obligations;

21 (i) To borrow money for the purpose of [paying] financing or
22 refinancing the cost of any project, make and issue negotiable
23 notes, bonds, refunding bonds and other evidences of
24 indebtedness or obligations (hereinafter called "bonds"), of the
25 Authority, and to secure the payment of such bonds, or any part
26 thereof, by pledge or deed of trust of all, or any of its
27 revenues, rentals and receipts, and to make such agreements with
28 the purchasers or holders of such bonds, or with others in
29 connection with any such bonds, whether issued or to be issued
30 as the Authority shall deem advisable, and in general to provide

1 for the security for said bonds and the rights of the holders
2 thereof;

3 * * *

4 (j.1) To enter into contracts with the board of school
5 directors of any school district, the members of which school
6 board are members of any nonprofit community corporation having
7 a Federal Communications Commission license for educational
8 broadcasting stations, for the purpose of acquiring, financing,
9 refinancing, constructing, improving, furnishing, equipping,
10 maintaining and operating these facilities as a part of the
11 public school system of the Commonwealth of Pennsylvania.

12 * * *

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

16 Section 6. Purposes and Powers; Bonds.--(a) The bonds of
17 the Authority, hereinabove referred to and authorized to be
18 issued, shall be authorized by resolution of the board, and
19 shall be of such series, bear such date or dates, mature at such
20 time or times, not exceeding forty (40) years from their
21 respective dates, bear interest at such rate or rates [not
22 exceeding six per centum per annum, except that for a period of
23 one year following the effective date of this act, the interest
24 rate may exceed six per centum per annum but shall not exceed
25 seven per centum per annum,] payable semi-annually, be in such
26 denominations, be in such form, either coupon or fully
27 registered without coupons, carry such registration,
28 exchangeability and interchangeability privileges, be payable in
29 such medium of payment, and at such place or places, be subject
30 to such terms of redemption, at such prices not exceeding one

1 hundred five per centum of the principal amount thereof, and be
2 entitled to such priorities in the revenues, rentals or receipts
3 of the Authority as such resolution or resolutions may provide.
4 The interest on bonds issued [with an interest rate of between
5 six and seven per centum] shall be paid during the term for
6 which the bonds were issued. The bonds shall bear the facsimile
7 signatures of the Governor and the President of the Authority,
8 together with a facsimile of the corporate seal and the manual
9 signature of the secretary and treasurer in attestation thereof,
10 and coupon bonds shall have attached thereto interest coupons
11 bearing the facsimile signature of the treasurer of the
12 Authority, all as may be prescribed in such resolution or
13 resolutions. Any such bonds may be issued and delivered
14 notwithstanding that any of the aforesaid persons signing such
15 bonds or whose facsimile signature shall be upon the bonds or
16 coupons shall have ceased to hold their respective offices at
17 the time when such bonds shall actually be delivered.

18 Said bonds shall be sold as the Authority shall determine, at
19 private sale or to the highest responsible bidder or bidders
20 after public notice by advertisement [once a week for three
21 weeks in not less than six (6) or more than twelve (12)
22 newspapers of large general circulation in different parts of
23 the Commonwealth, the first advertisement to be published not
24 less than fifteen (15) days before the day fixed for the opening
25 of bids]; the notice shall contain a general description of the
26 bonds, the manner, place and time of the sale, or the time limit
27 for the receipt of proposals, the name of the officer to whom
28 bids or proposals shall be delivered, and a statement of the
29 terms and conditions of sale, which shall include a statement of
30 the highest net interest cost or highest interest cost computed

1 by the Present Worth Method, whichever is specified, acceptable
2 to the Authority[: Provided, That any of said bonds may be sold
3 to the State Employees' Retirement Board, the State Employees'
4 Retirement Fund, or to the School Employees' Retirement Board, or
5 to any other custodial board or fund, without advertisement or
6 competitive bidding: Provided further, That nothing in this act
7 shall prevent the Authority from issuing obligations, without
8 advertisement or competitive bidding, to provide funds to cover
9 the cost to the Authority of acquiring or constructing projects,
10 which obligations shall bear a stated maturity date not to
11 exceed two (2) years from date of issue thereof and which shall
12 be convertible into bonds to be issued by the Authority, without
13 advertisement or competitive bidding, if an issue of bonds, the
14 proceeds of which are to be used for the payment of the
15 obligations, first shall have been advertised for sale as
16 provided in this act and no bid complying with terms and
17 conditions of the advertisement shall have been received. Where
18 bonds shall be advertised for sale and no bid complying with the
19 terms and conditions of the advertisement has been received,
20 then it shall be lawful for the Authority to sell such bonds, or
21 others in lieu thereof, at private sale]. For the purposes of
22 this section, net interest cost shall be determined by
23 ascertaining the total amount of interest payable with respect
24 to the bonds, computed from the date of the bonds to the stated
25 maturity dates thereof, plus the amount of any discount from the
26 principal amount of the bond or less the amount of any premium
27 in excess of the principal amount of the bonds. [The net
28 interest cost to maturity of the money received for any issue of
29 bonds, whether sold at public or private sale, shall not exceed
30 six per centum per annum or seven per centum per annum for any

1 issue of bonds issued within a one (1) year period from the
2 effective date of this amendatory act.] Pending the preparation
3 of the definitive bonds, interim receipts may be issued to the
4 purchaser or purchasers of such bonds, and may contain such
5 terms and conditions as the Authority may determine.

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

25 * * *

26 Section 5. Section 6.2 of the act is repealed.

27 Section 6. This act shall take effect immediately.