

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2006 Session of 2003

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WILT, OCTOBER 16, 2003

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 16, 2003

AN ACT

1 Providing for intergovernmental cooperation in cities of the
2 second class; establishing an intergovernmental authority;
3 providing for financing, for bankruptcy and for sovereign
4 immunity; making an appropriation; and making a repeal.

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

22 CHAPTER 1
23 GENERAL PROVISIONS

24 Section 101. Short title.

25 This act shall be known and may be cited as the
26 Intergovernmental Cooperation Authority Act for Cities of the
27 Second Class.

28 Section 102. Purpose and legislative intent.

29 (a) Policy.--It is hereby declared to be a public policy of
30 the Commonwealth to exercise its retained sovereign powers with

1 regard to taxation and matters of Statewide concern in a manner
2 calculated to foster the fiscal integrity of cities of the
3 second class to assure that these cities provide for the health,
4 safety and welfare of their citizens; pay principal and interest
5 owed on their debt obligations when due; meet financial
6 obligations to their employees, vendors and suppliers; and
7 provide for proper financial planning procedures and budgeting
8 practices. The inability of a city of the second class to
9 provide essential services to its citizens as a result of a
10 fiscal emergency is hereby determined to affect adversely the
11 health, safety and welfare not only of the citizens of that
12 municipality but also of other citizens in this Commonwealth.

13 (b) Legislative intent.--

14 (1) It is the intent of the General Assembly to:

15 (i) provide cities of the second class with the
16 legal tools with which such cities can perform essential
17 municipal services; and

18 (ii) foster sound financial planning and budgetary
19 practices for cities of the second class, which cities
20 shall be charged with the responsibility to exercise
21 efficient and accountable fiscal practices, such as:

22 (A) increased managerial accountability;

23 (B) consolidation or elimination of inefficient
24 city programs and authorities;

25 (C) reevaluation of tax-exemption policies with
26 regard to real property taxes;

27 (D) increased collection of existing tax
28 revenues;

29 (E) privatization of appropriate city services;

30 (F) sale of city assets as appropriate;

1 (G) improvement of procurement practices,
2 including competitive bidding procedures; and
3 (H) review of compensation and benefits of city
4 employees; and
5 (iv) exercise its powers consistent with the rights
6 of citizens to home rule and self-government.

7 (2) The General Assembly further declares that this
8 legislation is intended to remedy the apparent fiscal
9 emergency confronting cities of the second class through the
10 implementation of sovereign powers of the Commonwealth. To
11 safeguard the rights of the citizens to the electoral process
12 and home rule, the General Assembly intends to exercise its
13 power in an appropriate manner with the elected officers of
14 cities of the second class.

15 Section 103. Legislative findings.

16 It is hereby determined and declared as a matter of
17 legislative finding that:

18 (1) Cities of the second class have encountered
19 recurring financial difficulties which may affect the
20 performance of necessary municipal services to the detriment
21 of the health, safety and general welfare of residents of
22 such cities.

23 (2) It is critically important that cities of the second
24 class maintain their creditworthiness.

25 (3) Due to the economic and social interrelationship
26 among all citizens in our economy, the fiscal integrity of
27 cities of the second class is a matter of concern to
28 residents of the entire Commonwealth, and the financial
29 problems of such cities have a direct and negative effect on
30 the entire Commonwealth.

1 (4) Because cities of the second class consume a
2 substantial proportion of the products of Pennsylvania's
3 farms, factories, manufacturing plants and service
4 enterprises, economic difficulties confronting cities of the
5 second class detrimentally affect the economy of the
6 Commonwealth as a whole and become a matter of Statewide
7 concern.

8 (5) Because residents of cities of the second class
9 contribute a substantial proportion of all Commonwealth tax
10 revenues, a disruption of the economic and social life of
11 such cities may have a significant detrimental effect upon
12 Commonwealth revenues.

13 (6) The financial difficulties of cities of the second
14 class can best be addressed and resolved by cooperation
15 between governmental entities.

16 (7) The Constitution of Pennsylvania grants
17 municipalities authority to cooperate with other governmental
18 entities in the exercise of any function or responsibility.

19 (8) The Commonwealth retains certain sovereign powers
20 with respect to cities of the second class, among them the
21 powers to authorize and levy taxes, to authorize the
22 incurring of indebtedness and to provide financial assistance
23 that may be necessary to assist cities in solving their
24 financial problems.

25 (9) The Commonwealth may attach conditions to grants of
26 authority to incur indebtedness or assistance to cities of
27 the second class in order to ensure that deficits are
28 eliminated and access to capital markets is achieved and
29 maintained.

30 (10) Such conditions shall be incorporated into

1 intergovernmental cooperation agreements between the
2 Commonwealth or its instrumentalities and cities of the
3 second class.

4 (11) Cities of the second class and the Commonwealth
5 will benefit from the creation of an independent authority
6 composed of members experienced in finance and management
7 which may advise such cities, the General Assembly and the
8 Governor concerning solutions to fiscal problems cities of
9 the second class may face.

10 (12) The creation of such an authority will allow such
11 cities to continue to provide the necessary municipal
12 services for their residents and to contribute to the economy
13 of the Commonwealth.

14 Section 104. Definitions.

15 The following words and phrases when used in this act shall
16 have the meanings given to them in this section unless the
17 context clearly indicates otherwise:

18 "Assisted city." A city of the second class which receives
19 assistance from the Intergovernmental Cooperation Authority for
20 Cities of the Second Class. The term includes any municipal
21 authority, other authority or other corporate entity which
22 performs a governmental function on behalf of the city or to
23 which the city has power of appointment or has pledged or
24 designated revenues.

25 "Authority." The Intergovernmental Cooperation Authority for
26 Cities of the Second Class established in section 201.

27 "Board." The governing board of the Intergovernmental
28 Cooperation Authority for Cities of the Second Class.

29 "City." A city of the second class.

30 "City account." A trust fund held for the exclusive benefit

1 of an assisted city.

2 "Corporate entity." A municipal authority, other authority
3 or other corporate entity which performs a governmental function
4 on behalf of the city or to which the city has power of
5 appointment or has pledged or designated revenues.

6 "Deficit." Such negative fund balance in any principal
7 operating fund or funds of a city or corporate entity existing
8 or projected to exist as of the close of a fiscal year, as may
9 be more specifically identified, calculated and set forth in an
10 intergovernmental cooperation agreement or financial plan of an
11 assisted city described in section 210.

12 "Federal agency." The United States, the President of the
13 United States and any department or corporation, agency or
14 instrumentality created, designated or established by the United
15 States.

16 "Governing body." The legislative body of a city.

17 "Government agency." The Governor, departments, boards,
18 commissions, authorities and other officers and agencies of
19 State government, including those which are not subject to the
20 policy supervision and control of the Governor, any political
21 subdivision, municipal or other local authority, and any officer
22 or agency of any such political subdivision or local authority,
23 but the term does not include any court or other officer or
24 agency of the unified judicial system or the General Assembly or
25 its officers and agencies.

26 "Intergovernmental cooperation agreement." Any agreement
27 made by the authority and a city under the provisions of section
28 203(d).

29 "Party officer." The following members or officers of any
30 political party:

- (1) a member of a national committee;
- (2) a chairman, vice chairman, secretary, treasurer or counsel of a State committee or member of the executive committee of a State committee;
- (3) a county chairman, vice chairman, counsel, secretary or treasurer of a county committee; or
- (4) a chairman, vice chairman, counsel, secretary, treasurer or ward leader of a city or municipal committee.

"Public official." Any elected or appointed official or employee in the executive, legislative or judicial branch of the Commonwealth or any political subdivision thereof, provided that it shall not include members of advisory boards that have no authority to expend public funds other than reimbursement for personal expense or to otherwise exercise the power of the Commonwealth or any political subdivision thereof. The term shall not include any appointed official who receives no compensation other than reimbursement for actual expenses.

CHAPTER 2

INTERGOVERNMENTAL COOPERATION AUTHORITY FOR

CITIES OF THE SECOND CLASS

Section 201. Authority established.

A body corporate and politic to be known as the Intergovernmental Cooperation Authority for Cities of the Second Class is established as a public authority and instrumentality of the Commonwealth, exercising public powers of the Commonwealth as an agency and instrumentality. The exercise by the authority of the powers conferred by this act is hereby declared to be and shall for all purposes be deemed and held to be the performance of an essential public function.

Section 202. Governing board.

1 (a) Composition of board.--

2 (1) The powers and duties of the authority shall be
3 exercised by a governing board composed of five members:

4 (i) One member shall be appointed by the President
5 pro tempore of the Senate.

6 (ii) One member shall be appointed by the Minority
7 Leader of the Senate.

8 (iii) One member shall be appointed by the Speaker
9 of the House of Representatives.

10 (iv) One member shall be appointed by the Minority
11 Leader of the House of Representatives.

12 (v) One member shall be selected by majority vote of
13 the members appointed under subparagraphs (i) through
14 (iv).

15 (vi) The Secretary of the Budget and the director of
16 finance of each assisted city shall serve as ex officio
17 members of the board. The ex officio members may not
18 vote, shall not be counted for purposes of establishing a
19 quorum and may designate in writing a representative of
20 their respective offices to attend meetings of the board
21 on their behalf.

22 (2) All members and designees must have substantial
23 experience in finance or management.

24 (3) All members of the board must be residents of this
25 Commonwealth and, except the Secretary of the Budget or his
26 designee, must either be residents of the assisted city or
27 have their primary places of business or employment in that
28 city.

29 (b) Term.--Appointing authorities shall appoint the initial
30 members of the board within ten days of the effective date of

1 this act, and the appointed members shall select a member under
2 subsection (a)(1)(v) at the initial organizational meeting of
3 the board. The term of a board member shall begin on the date of
4 the appointment or selection. A member's term shall be
5 coterminous with that of the appointing authority, and the term
6 of the member selected under subsection (a)(1)(v) shall be two
7 years from the date of selection, provided that a member's term
8 shall continue until a replacement is appointed or selected. An
9 appointed board member shall serve at the pleasure of the
10 member's appointing authority, and the member selected under
11 subsection (a)(1)(v) may be removed upon a majority vote of the
12 appointed members. Whenever a vacancy occurs among the appointed
13 members on the board, whether prior to or on the expiration of a
14 term, the appointing authority who originally appointed the
15 board member whose seat has become vacant shall appoint a
16 successor member within 30 days of the vacancy. If a vacancy
17 occurs with respect to the board member selected under
18 subsection (a)(1)(v), the appointing members of the board shall
19 select a successor member within 30 days of the vacancy. A
20 member appointed by an appointing authority, or selected under
21 subsection (a)(1)(v), to fill a vacancy occurring prior to the
22 expiration of a term shall serve the unexpired term.

23 (c) Organization.--The appointees of the President pro
24 tempore of the Senate and the Speaker of the House of
25 Representatives shall set a date, time and place for the initial
26 organizational meeting of the board within five days of the
27 appointment of the initial members of the board. The initial
28 organizational meeting shall be held within ten days of the
29 appointment of the initial members of the board. The member
30 selected under subsection (a)(1)(v) shall serve as chairperson.

1 The members shall elect such other officers as they may
2 determine. A member may hold more than one office of the board
3 at any time.

4 (d) Meetings.--After the initial organizational meeting, the
5 board shall meet as frequently as it deems appropriate but at
6 least once during each quarter of the fiscal year. In addition,
7 a meeting of the board shall be called by the chairperson if a
8 request for a meeting is submitted to the chairperson by at
9 least two members of the board. A majority of the board shall
10 constitute a quorum for the purpose of conducting the business
11 of the board and for all other purposes. All actions of the
12 board shall be taken by a majority of the board. The provisions
13 of 65 Pa.C.S. Ch. 7 (relating to open meetings) shall apply to
14 the board.

15 (e) Expenses.--A member shall not receive compensation or
16 remuneration, but shall be entitled to reimbursement for all
17 reasonable and necessary actual expenses.

18 (f) Employees and agents.--The board shall fix and determine
19 the number of employees of the authority and their respective
20 compensation and duties. The board may contract for or receive
21 the loan of services of persons in the employ of other
22 government agencies, and other government agencies shall be
23 authorized to make such employees available. The board may
24 retain an executive director. The board may hire an independent
25 general counsel to the authority and may engage consultants and
26 contract for other professional services. The board may delegate
27 to the executive director such powers of the board as the board
28 deems necessary to carry out the purposes of the authority,
29 subject in every case to the supervision and control of the
30 board.

1 (g) Public officials and party officers.--

2 (1) Except for the Secretary of the Budget and the
3 director of finance of an assisted city, neither members of
4 the board nor the executive director shall seek or hold a
5 position as any other public official within this
6 Commonwealth or as a party officer while in the service of
7 the authority. Members of the board and the executive
8 director shall not seek election as public officials or party
9 officers for one year after their service with the authority.
10 Members of the board and the executive director may serve as
11 appointive public officials any time after their periods of
12 service with the authority.

13 (2) Employees and agents of the authority shall not seek
14 or hold other positions as public officials or party officers
15 while in the employ of the authority. The authority may
16 receive the loan of services of persons in other government
17 agencies in accordance with subsection (f), notwithstanding
18 that such persons are public officials. Employees of the
19 authority shall not seek election as public officials or
20 party officers for one year after leaving the employ of the
21 authority.

22 (h) Statutes applying to authority.--

23 (1) The provisions of the following acts shall apply to
24 the authority:

25 (i) The act of June 21, 1957 (P.L.390, No.212),
26 referred to as the Right-to-Know Law.

27 (ii) Except as set forth in paragraph (2), the act
28 of July 19, 1957 (P.L.1017, No.451), known as the State
29 Adverse Interest Act.

30 (iii) The act of October 4, 1978 (P.L.883, No.170),

referred to as the Public Official and Employee Ethics
Law.

(iv) The provisions of 65 Pa.C.S. Ch. 7 (relating to
open meetings).

(2) Notwithstanding the provisions of the State Adverse
Interest Act, the Secretary of the Budget and the director of
finance of each assisted city shall, while serving as ex
officio members of the board, also serve in their official
capacities with respect to the negotiation and execution of
intergovernmental cooperation agreements and other agreements
between an assisted city and the authority.

(i) Advisory committees.--To assist in the performance of
its duties, the board may appoint advisory committees comprised
of professionals engaged in municipal management and finance or
other experts as it may deem necessary. The members of any
advisory committee must reside within an assisted city or a
county within the statistical metropolitan area in which the
assisted city is located. The provisions of subsection (g) shall
be applicable to members of an advisory committee; however, the
board may allow city council to designate a liaison from city
council to serve on an advisory committee.

Section 203. Powers and duties.

(a) General powers and duties.--The authority is established
for the purposes, without limitation, by itself or by agreement
in cooperation with others, of assisting cities in solving their
budgetary and financial problems.

(b) Specific duties.--The authority shall have the powers
and its duties shall be:

(1) To assist cities in achieving financial stability in
any manner consistent with the purposes and powers described

1 by this act.

2 (2) To assist cities in avoiding defaults, eliminating
3 and financing deficits, maintaining sound budgetary practices
4 and avoiding the interruption of municipal services.

5 (3) To negotiate intergovernmental cooperation
6 agreements with cities containing such terms and conditions
7 as will enable such cities to eliminate and avoid deficits,
8 maintain sound budgetary practices and avoid interruption of
9 municipal services.

10 (4) To make annual reports within 120 days after the
11 close of the assisted city's fiscal year, commencing with the
12 fiscal year ending December 31, 2003, to the Governor and the
13 General Assembly describing the city's financial condition
14 and the authority's progress with respect to restoring the
15 financial stability of assisted cities and achieving balanced
16 budgets for assisted cities. Such reports shall be filed with
17 the Governor, with the presiding officers of the Senate and
18 the House of Representatives, with the chairperson and
19 minority chairperson of the Appropriations Committee of the
20 Senate and the chairperson and the minority chairperson of
21 the Appropriations Committee of the House of Representatives
22 and with the governing body, mayor and controller of the
23 assisted city.

24 (c) Specific powers.--In addition to the powers and duties
25 set forth elsewhere in this act, the authority shall have the
26 specific powers:

27 (1) To obtain copies of all reports regarding the
28 revenues, expenditures, budgets, deficits, costs, plans,
29 operations, estimates and any other financial or budgetary
30 matters of an assisted city.

1 (2) To obtain additional reports on the above matters in
2 such form as are deemed necessary by the authority.

3 (3) To make factual findings concerning an assisted
4 city's budgetary and fiscal affairs.

5 (4) To make recommendations to an assisted city
6 concerning its budgetary and fiscal affairs. Recommendations
7 under this paragraph may include:

8 (i) Consolidation or merger of services performed by
9 an assisted city, school, county or other surrounding
10 municipality.

11 (ii) Consolidation of public safety services.

12 (iii) Appropriate staffing levels of city
13 departments and corporate entities.

14 (iv) Cooperative agreements or contractual
15 arrangements between health care facilities licensed by
16 the Department of Health.

17 (v) Financial or contractual obligations of the
18 assisted city.

19 (vi) Contributions of nonprofit or charitable
20 organizations which receive the benefit of municipal
21 services provided by the assisted city.

22 (vii) Reduction or restructuring of debt
23 obligations.

24 (viii) Cooperative agreements between the assisted
25 city and the county in which it is located or
26 municipalities which border on the assisted city.

27 (ix) Cooperative agreements between the assisted
28 city and the school district serving the residents of the
29 assisted city.

30 (x) Collective bargaining agreements and other

contracts of the assisted city.

(xi) Elimination, sale or transfer of assisted city services or property.

(xii) Implementation of cost-saving measures by the assisted city.

(xiii) Increased managerial accountability.

(xiv) Performance of government operations and delivery of municipal services.

(xv) Reevaluation of tax-exemption policies and practices with regard to real property taxation within the assisted city.

(xvi) Improvements in procurement practices.

(xvii) Implementation of user fees for services, including sewage, water treatment and refuse collection.

(xviii) Privatization and competitive bidding of appropriate assisted city services.

(xix) Increased collection of fines and costs relating to parking violations or violations of other city ordinances.

(xx) To recommend, when appropriate, filing for bankruptcy under 11 U.S.C. Ch. 9 (relating to adjustment of debts of municipalities).

(xxi) Consideration of reports and proposals published and made available to the public.

(5) To make recommendations to the Governor and the General Assembly regarding legislation or resolutions which relate to an assisted city's fiscal stability.

(6) To exercise powers of review concerning the budgetary and fiscal affairs of the assisted city consistent with this act and the city's home rule charter or other

1 optional plan of government.

2 (7) To receive revenues from any source, directly or by
3 assignment, pledge or otherwise.

4 (8) To sue and be sued, implead and be impleaded,
5 interplead, complain and defend in all courts.

6 (9) To adopt, use and alter at will a corporate seal.

7 (10) To make bylaws for the management and regulation of
8 its affairs and adopt rules, regulations and policies in
9 connection with the performance of its functions and duties
10 which, notwithstanding any other provision of law to the
11 contrary, shall not be subject to review pursuant to the act
12 of June 25, 1982 (P.L.633, No.181), known as the Regulatory
13 Review Act.

14 (11) To make and enter into contracts and other
15 instruments necessary or convenient for the conduct of its
16 business and the exercise of the powers of the authority.

17 (12) To appoint officers, agents, employees and servants
18 and to prescribe their duties and to fix their compensation
19 as set forth in section 202(f).

20 (13) To retain counsel and auditors to render such
21 professional services as the authority deems appropriate. The
22 authority shall not be considered either an executive agency
23 or an independent agency for the purpose of the act of
24 October 15, 1980 (P.L.950, No.164), known as the Commonwealth
25 Attorneys Act, but shall possess the same status for such
26 purpose as the Auditor General, State Treasurer and the
27 Pennsylvania Public Utility Commission, except that the
28 provisions of section 204(b) and (f) of the Commonwealth
29 Attorneys Act shall not apply to the authority;
30 notwithstanding 42 Pa.C.S. Ch. 85 (relating to matters

1 affecting government units), the authority, through its legal
2 counsel, shall defend actions brought against the authority
3 or its members, officers, officials and employees when acting
4 within the scope of their official duties.

5 (14) To cooperate with any Federal agency or government
6 agency.

7 (15) To acquire, by gift or otherwise, purchase, hold,
8 receive, lease, sublease and use any franchise, license,
9 property, real, personal or mixed, tangible or intangible or
10 any interest therein. However, the authority shall be
11 absolutely limited in its power to acquire real property
12 under this act to real property that will be used only for
13 the office space in which the authority will conduct its
14 daily business. An assisted city may provide office space to
15 the authority at no cost as part of an intergovernmental
16 cooperation agreement.

17 (16) To sell, transfer, convey and dispose of any
18 property, real, personal or mixed, tangible or intangible or
19 any interest therein.

20 (17) To enter into contracts for group insurance and to
21 contribute to retirement plans for the benefit of its
22 employees and to enroll its employees in an existing
23 retirement system of a government agency.

24 (18) To accept, purchase or borrow equipment, supplies,
25 services or other things necessary or convenient to the work
26 of the authority from other government agencies, and all
27 government agencies are authorized to sell, lend or grant to
28 the authority such equipment, supplies, services or other
29 things necessary or convenient to the work of the authority.

30 (19) To invest any funds held by the authority as set

1 forth in section 213.

2 (20) To receive and hold assets, moneys and funds from
3 any source, including, but not limited to, appropriations,
4 grants, gifts.

5 (21) To procure insurance, guarantees and sureties the
6 authority determines necessary or desirable for its purposes.

7 (22) To pledge the credit of the authority as the
8 authority determines necessary or desirable for its purposes.

9 (23) To do all acts and things necessary or convenient
10 for the promotion of its purposes and the general welfare of
11 the authority and to carry out the powers granted to it by
12 this act or any other acts.

13 (d) Intergovernmental cooperation agreements.--The authority
14 shall have the power and its duty shall be to enter into and to
15 implement fully such intergovernmental cooperation agreements
16 with cities as are approved by a majority of the board. The
17 following shall apply:

18 (1) A city may enter into an intergovernmental
19 cooperation agreement in which it, consistent with this act,
20 covenants to cooperate or agree in the exercise of any
21 function, power or responsibility with, or delegate or
22 transfer any function, power or responsibility to, the
23 authority upon the adoption by the governing body of such
24 city of an ordinance authorizing and approving the
25 intergovernmental cooperation agreement.

26 (2) An ordinance that authorizes a city to enter into an
27 intergovernmental cooperation agreement with the authority
28 shall specify:

29 (i) the purpose and objectives of the agreement;

30 (ii) the conditions of the agreement; and

1 (iii) the term of the agreement, including
2 provisions relating to its termination.

3 (e) Limitation.--Notwithstanding any purpose or general or
4 specific power granted by this act or any other act, whether
5 express or implied, the authority shall have no power to pledge
6 the credit or taxing powers of the Commonwealth.

7 Section 204. Term of existence.

8 The authority shall exist for a term of at least seven years.
9 If, after seven years, an assisted city has had annual operating
10 budgets and five-year financial plans approved by the board for
11 at least the three immediately preceding years, the Secretary of
12 Community and Economic Development shall certify that the
13 authority is no longer needed; and the provisions of this
14 chapter will no longer be in effect 90 days following that
15 certification. Upon termination of the authority, records and
16 documents of the authority shall be transferred to the director
17 of finance of the city. The authority shall submit a final
18 report on its activities and the financial condition of the city
19 and its corporate entities to the Governor and General Assembly
20 within 60 days of its termination.

21 Section 205. Fiscal year.

22 The fiscal year of the authority shall be the same as the
23 fiscal year of the Commonwealth.

24 Section 206. Annual budget of authority.

25 (a) Budget.--Before March 1 of each year, the authority
26 shall adopt a budget by a majority of the board setting forth in
27 reasonable detail the projected expenses of operation of the
28 authority for the ensuing fiscal year, including the salary and
29 benefits of the executive director and any other employees of
30 the authority, and the projected revenues of the authority to be

1 derived from investment earnings and any other moneys of the
2 authority which are estimated to be available to pay the
3 operating expenses set forth in the budget. A copy of the
4 authority's budget shall be submitted to the Governor and to the
5 General Assembly. The authority or its designated
6 representatives may be afforded an opportunity to appear before
7 the Governor and the Appropriations Committee of the Senate and
8 the Appropriations Committee of the House of Representatives
9 regarding the authority's budget.

10 (b) Limit on operating expenses.--Following the submission
11 of the authority's budget to the Governor and the General
12 Assembly and any hearing held by an appropriations committee
13 under subsection (a), the General Assembly, by concurrent
14 resolution with presentment to the Governor, in accordance with
15 section 9 of Article III of the Constitution of Pennsylvania,
16 may limit the operating expenses of the authority. In that
17 event, it shall be unlawful for the authority to spend more for
18 operating expenses than the limit established for that fiscal
19 year by the concurrent resolution. If the General Assembly does
20 not adopt a concurrent resolution prior to May 30, the
21 authority's budget shall be deemed approved for that fiscal
22 year.

23 (c) Funding.--After July 1, 2005, upon request of the
24 authority and pursuant to the limits established in subsection
25 (b), the city shall annually fund the budget of the authority,
26 including its reasonable and necessary expenses and costs
27 incurred for consultants engaged by the board to carry out its
28 duties.

29 (d) Examination of books.--The chairperson and minority
30 chairperson of the Appropriations Committee of the Senate and

1 the chairperson and minority chairperson of the Appropriations
2 Committee of the House of Representatives shall have the right
3 at any time to examine the books, accounts and records of the
4 authority.

5 Section 207. Annual report to be filed; annual audits.

6 The authority shall file an annual report with the
7 chairperson and the minority chairperson of the Appropriations
8 Committee of the Senate and chairperson and the minority
9 chairperson of the Appropriations Committee of the House of
10 Representatives, which shall make provisions for the accounting
11 of revenues and expenses. The authority shall have its books,
12 accounts and records audited annually in accordance with
13 generally accepted auditing standards by an independent auditor
14 who shall be a certified public accountant, and a copy of his
15 audit report shall be attached to and be made a part of the
16 authority's annual report. A concise financial statement shall
17 be published annually in the Pennsylvania Bulletin.

18 Section 208. Limit on city borrowing.

19 The city and its corporate entities may not borrow or receive
20 funds for any lawful purpose unless the city has entered into an
21 intergovernmental cooperation agreement with the authority and
22 there is an approved financial plan in effect.

23 Section 209. Budget proposal by authority.

24 For any fiscal year beginning after December 31, 2004, the
25 authority shall submit a proposal for a balanced operating
26 budget and capital budget to the mayor or chief executive
27 officer and the governing body of the assisted city at least 100
28 days prior to the beginning of the fiscal year of the assisted
29 city. The budget and finance departments of the assisted city
30 shall work in cooperation with the authority to formulate the

1 proposal. The mayor or chief executive officer and the governing
2 body of the assisted city shall not pass a budget prior to the
3 receipt of a balanced budget proposal from the authority.

4 Section 210. Financial plan of an assisted city.

5 (a) Requirement of a financial plan.--An assisted city shall
6 develop, implement and periodically revise a financial plan as
7 described in this section.

8 (b) Elements of plan.--The financial plan shall include:

9 (1) Projected revenues and expenditures of the principal
10 operating fund or funds of the assisted city for five fiscal
11 years consisting of the current fiscal year and the next four
12 fiscal years.

13 (2) Plan components that will:

14 (i) eliminate any projected deficit for the current
15 fiscal year and for subsequent fiscal years;

16 (ii) restore to special fund accounts money from
17 those accounts used for purposes other than those
18 specifically authorized;

19 (iii) balance the current fiscal year budget and
20 subsequent budgets in the financial plan through sound
21 budgetary practices, including, but not limited to,
22 reductions in expenditures, improvements in productivity,
23 increases in revenues or a combination of these steps;

24 (iv) provide procedures to avoid a fiscal emergency
25 condition in the future; and

26 (v) enhance the ability of the assisted city to
27 access short-term and long-term credit markets.

28 (c) Standards for formulation of plan.--

29 (1) All projections of revenues and expenditures in a
30 financial plan shall be based on reasonable and appropriate

1 assumptions and methods of estimation, all such assumptions
2 and methods to be consistently applied. The financial plan of
3 an assisted city shall not include projected revenue that in
4 order to be collected requires the enactment by the General
5 Assembly of new taxing powers for the assisted city.

6 (2) All revenue and appropriation estimates shall be in
7 accordance with accounting standards applicable to cities as
8 promulgated by the Government Accounting Standards Board.
9 Revenue estimates shall recognize revenues in the accounting
10 period in which they become both measurable and available.
11 Estimates of city-generated revenues shall be based on
12 current or proposed tax rates, historical collection patterns
13 and generally recognized econometric models. Estimates of
14 revenues to be received from the State government shall be
15 based on historical patterns, currently available levels or
16 on levels proposed in a budget by the Governor. Estimates of
17 revenues to be received from the Federal Government shall be
18 based on historical patterns, currently available levels or
19 on levels proposed in a budget by the President or in a
20 congressional budget resolution. Nontax revenues shall be
21 based on current or proposed rates, charges or fees,
22 historical patterns and generally recognized econometric
23 models. Appropriation estimates shall include, at a minimum,
24 all obligations incurred during the fiscal year and estimated
25 to be payable during the fiscal year or in the 24-month
26 period following the close of the current fiscal year and all
27 obligations of prior fiscal years not covered by encumbered
28 funds from prior fiscal years. Any deviations from these
29 standards of estimating revenues and appropriations proposed
30 to be used by an assisted city shall be specifically

disclosed and shall be approved by a majority of the board.

(3) All cash flow projections shall be based upon reasonable and appropriate assumptions as to sources and uses of cash, including, but not limited to, reasonable and appropriate assumptions as to the timing of receipt and expenditure thereof, and shall provide for operations of the assisted city to be conducted within the resources so projected. All estimates shall take due account of the past and anticipated collection, expenditure and service demand experience of the assisted city and of current and projected economic conditions.

(d) Form of plan.--Each financial plan shall, consistent with the requirements of an assisted city's home rule charter or optional plan of government:

(1) be in such form and shall contain:

(i) for each of the first two fiscal years covered by the financial plan, such information as shall reflect an assisted city's total expenditures by fund and by lump sum amount for each board, commission, department or office of an assisted city; and

(ii) for the remaining three fiscal years of the financial plan, such information as shall reflect an assisted city's total expenditures by fund and by lump sum amount for major object classification;

(2) include projections of all revenues and expenditures for five fiscal years, including, but not limited to, projected capital expenditures and short-term and long-term debt incurrence and cash flow forecasts by fund for the first year of the financial plan;

(3) include a schedule of projected capital commitments

1 of the assisted city and proposed sources of funding for such
2 commitments; and

3 (4) be accompanied by a statement describing, in
4 reasonable detail, the significant assumptions and methods of
5 estimation used in arriving at the projections contained in
6 such plan.

7 (e) Annual submission of plan.--An assisted city shall
8 develop, and the authority shall review and act upon, an initial
9 five-year financial plan as soon as practicable after the
10 effective date of this act. During each subsequent fiscal year,
11 the mayor or chief executive officer of each assisted city
12 shall, at least 70 days prior to the beginning of its fiscal
13 year or on such other date as the authority may approve upon the
14 request of the assisted city, prepare and submit its proposed
15 five-year plan. At the same time the plan is submitted, the
16 mayor or chief executive officer shall also submit to the
17 authority:

18 (1) the mayor's or chief executive officer's proposed
19 annual operating budget and capital budget which shall be
20 consistent with the first year of the financial plan and
21 which shall be prepared in accordance with the assisted
22 city's home rule charter or other optional plan of
23 government; and

24 (2) a statement by the mayor or chief executive officer
25 that such budget:

26 (i) is consistent with the financial plan;

27 (ii) contains funding adequate for debt service
28 payments, legally mandated services and lease payments
29 securing bonds of other government agencies; and

30 (iii) is based upon reasonable and appropriate

1 assumptions and methods of estimation.

2 (f) Authority review and approval of plan.--

3 (1) The authority shall promptly review each financial
4 plan, proposed operating budget and capital budget submitted
5 by the assisted city. In conducting such review, the
6 authority shall request from the city controller of the
7 assisted city an opinion or certification prepared in
8 accordance with generally accepted auditing standards, with
9 respect to the reasonableness of the assumptions and
10 estimates in the financial plan. The city controller and
11 other elected officials shall comply with any such request
12 from the authority. Not more than 30 days after submission of
13 a financial plan and proposed operating budget, the authority
14 shall determine whether:

15 (i) the financial plan projects balanced budgets,
16 based upon reasonable assumptions as described in this
17 section, for each year of the plan; and

18 (ii) the proposed operating budget and capital
19 budget are consistent with the proposed financial plan.

20 If the authority determines that these criteria are
21 satisfied, the authority shall approve such financial plan by
22 a majority vote.

23 (2) The authority shall not be bound by any opinions or
24 certifications of the city controller of the assisted city
25 issued pursuant to this subsection.

26 (3) If the authority fails to take any action within 30
27 days on a financial plan, the financial plan as submitted
28 shall be deemed approved. However, if during the 30 days a
29 written request by two members of the authority board for a
30 meeting and vote on the question of approval of the financial

1 plan has been submitted to the chairperson and a meeting and
2 vote do not take place, the financial plan shall be deemed
3 disapproved.

4 (g) Authority disapproval of plan.--

5 (1) If the authority disapproves the proposed financial
6 plan, the authority shall, when it notifies an assisted city
7 of its decision, state in writing in reasonable detail the
8 reasons for such disapproval, including the amount of any
9 estimated budget imbalance.

10 (2) The assisted city shall submit a revised financial
11 plan to the authority within 15 days of such disapproval,
12 which revised plan eliminates the budget imbalance. Not more
13 than 15 days after the submission of such revised financial
14 plan, the authority shall determine whether the revised plan
15 satisfies the criteria set forth in subsection (f)(1). If the
16 authority determines that these criteria are satisfied, the
17 authority shall approve such financial plan by a majority
18 vote. If the authority shall not so approve the financial
19 plan, then the authority shall, in accordance with section
20 211(e), certify the assisted city's noncompliance with the
21 financial plan to the Secretary of the Budget, the President
22 pro tempore of the Senate and the Speaker of the House of
23 Representatives.

24 (h) Revisions to plan.--

25 (1) The plan shall be revised on an annual basis to
26 include the operating budget for the next fiscal year and to
27 extend the plan for an additional fiscal year. In addition,
28 the mayor or chief executive officer of a city shall, within
29 90 days of assuming office, propose revisions to the
30 financial plan or certify to the authority that he or she

1 adopts the existing plan. An assisted city may, during the
2 course of a fiscal year, submit proposed revisions to the
3 financial plan and shall submit a proposed revision for any
4 amendment to the city's operating or capital budget.

5 (2) The authority shall review each proposed revision
6 within 20 days of its submission. The authority shall approve
7 the revision if it will not, based on reasonable assumptions,
8 cause the plan to become imbalanced. Proposed revisions shall
9 become part of the financial plan upon the approval of a
10 majority of the authority board, unless some other method of
11 approval is permitted by authority rules and regulations
12 approved by a majority or pursuant to an agreement with the
13 city contained in an intergovernmental cooperation agreement.
14 If the authority fails to take action within 20 days on a
15 proposed revision, such submission shall be deemed approved
16 unless a written request for a meeting and vote has been made
17 in accordance with subsection (f)(3) in which event, if a
18 meeting and vote does not take place, the proposed revision
19 shall be deemed disapproved.

20 (3) If the governing body of a city adopts a budget
21 inconsistent with an approved financial plan, the assisted
22 city shall submit the enacted budget to the authority as a
23 proposed revision to the plan. The authority shall review the
24 proposed revision within 30 days of its submission, in
25 accordance with the criteria set forth in subsection (f) and
26 the approval process set forth in paragraph (2).

27 (i) Supplemental reports.--Within 45 days of the end of each
28 fiscal quarter, or monthly if a variation from the financial
29 plan has been determined in accordance with section 211(c), the
30 mayor or chief executive officer of an assisted city shall

1 provide the authority with reports describing actual or current
2 estimates of revenues and expenditures compared to budgeted
3 revenues and expenditures for such period reflected in its cash
4 flow forecast. Each report required under this section shall
5 indicate any variance between actual or current estimates and
6 budgeted revenues, expenditures and cash for the period covered
7 by such report. An assisted city shall also provide periodic
8 reports on debt service requirements in conformity with section
9 211(b).

10 (j) Effect of plan upon contracts and collective bargaining
11 agreements.--

12 (1) A contract or collective bargaining agreement in
13 existence in an assisted city prior to the approval by the
14 authority of a financial plan submitted pursuant to this
15 section shall remain effective after approval of such plan
16 until such contract or agreement expires.

17 (2) After the approval by the authority of a financial
18 plan submitted pursuant to this section, an assisted city
19 shall execute contracts and collective bargaining agreements
20 in compliance with such plan. If an assisted city executes a
21 contract or a collective bargaining agreement which is not in
22 compliance with the plan, the contract or agreement shall not
23 be void or voidable solely by reason of such noncompliance,
24 but the assisted city shall submit to the authority a
25 proposed revision to the plan which demonstrates that
26 revenues sufficient to pay the costs of the contract or
27 collective bargaining agreement will be available in the
28 affected fiscal years of the plan.

29 (k) Effect of plan upon certain arbitration awards.--

30 (1) After the approval by the authority of a financial

1 plan submitted pursuant to this section, any determination of
2 a board of arbitration established pursuant to the provisions
3 of the act of June 24, 1968 (P.L.237, No.111), referred to as
4 the Policemen and Firemen Collective Bargaining Act,
5 providing for an increase in wages or fringe benefits of any
6 employee of an assisted city under the plan, in addition to
7 considering any standard or factor required to be considered
8 by applicable law, shall take into consideration and accord
9 substantial weight to:

10 (i) the approved financial plan; and

11 (ii) relevant market factors, such as the financial
12 situation of the assisted city, inflation, productivity,
13 size of work force and pay and benefit levels in
14 economically and demographically comparable political
15 subdivisions.

16 (2) Such determination shall be in writing and a copy
17 thereof shall be forwarded to each party to the dispute and
18 the authority. Any determination of the board of arbitration
19 which provides for an increase in wages or fringe benefits of
20 any employee of an assisted city shall state with specificity
21 in writing all factors which the board of arbitration took
22 into account in considering and giving substantial weight to
23 the factors referred to in paragraph (1).

24 (3) Any party to a proceeding before a board of
25 arbitration may appeal to the court of common pleas to
26 review:

27 (i) consideration under paragraph (1); or

28 (ii) failure of the board of arbitration to issue a
29 determination under paragraph (2).

30 (4) An appeal under paragraph (3) must be commenced not

1 later than 30 days after the issuance of a final
2 determination by the board of arbitration.

3 (5) The decision of the board of arbitration shall be
4 vacated and remanded to the board of arbitration if the court
5 finds:

6 (i) that the board of arbitration failed to take
7 into consideration and accord substantial weight to the
8 factors referred to in paragraph (1); or

9 (ii) that the board of arbitration has failed to
10 issue a determination under paragraph (2).

11 (6) If, after the exhaustion of all appeals, the final
12 arbitration award is not in compliance with the approved
13 financial plan, the award shall not be void or voidable
14 solely by reason of such noncompliance, but the assisted city
15 shall submit to the authority a proposed revision to the plan
16 which demonstrates that revenues sufficient to pay the costs
17 of the award will be available in the affected fiscal years
18 of the plan.

19 Section 211. Powers and duties of authority with respect to
20 financial plans.

21 (a) Formulation and approval of plan.--To advance the
22 financial recovery of each assisted city, the authority shall
23 require the assisted city to submit a five-year financial plan
24 in accordance with section 210. With regard to the formulation
25 of such plan, the authority shall:

26 (1) Consult with an assisted city as it prepares the
27 financial plan.

28 (2) Prescribe the form of the financial plan.

29 (3) Prescribe the supporting information required in
30 connection with such plan, such information to include at a

1 minimum:

2 (i) debt service payments due or projected to be due
3 during the relevant fiscal years;

4 (ii) payments for legally mandated services included
5 in the plan and due or projected to be due during the
6 relevant fiscal years; and

7 (iii) a statement in reasonable detail of the
8 significant assumptions and methods of estimation used in
9 arriving at the projections in the plan.

10 (4) Exercise any rights of approval or disapproval and
11 issue such recommendations as are authorized by this act in
12 accordance with the standards for formulation of the plan set
13 forth in section 210(c).

14 (b) Authority functions after plan is approved.--After a
15 financial plan has been approved, the authority shall:

16 (1) Receive and review:

17 (i) the financial reports submitted by the mayor or
18 chief executive officer of a city under section 210(i);

19 (ii) reports concerning the debt service
20 requirements on all bonds, notes of the assisted city and
21 lease payments of the assisted city securing bonds or
22 other government agencies for the following quarter,
23 which reports shall be in such form and contain such
24 information as the authority shall determine, and which
25 shall be issued no later than 60 days prior to the
26 beginning of the quarter to which they pertain, and shall
27 be updated immediately upon each issuance of bonds or
28 notes, by the assisted city or execution of a lease
29 securing bonds of another government agency, after the
30 date of such report to reflect any change in debt service

requirements as a result of such issuance; and

(iii) any additional information provided by the assisted city concerning changed conditions or unexpected events which may affect the assisted city's adherence to the financial plan. The reports described in subparagraph (ii) shall be certified by the city controller.

(2) Determine, on the basis of information and reports described in paragraph (1), whether an assisted city has adhered to the financial plan.

(c) Variation from the plan.--If the authority determines, based upon reports submitted by an assisted city under subsection (b) or independent audits, examinations or studies of the assisted city's finances obtained under subsection (i)(3), that an assisted city's actual revenues and expenditures vary from those estimated in the financial plan, the authority shall require the city to provide such additional information as the authority deems necessary to explain the variation. The authority shall take no action with respect to an assisted city for departures from the financial plan in a fiscal quarter if:

(1) the city provides a written explanation for the variation that the authority deems reasonable;

(2) the city proposes remedial action which the authority believes will restore the assisted city's overall compliance with the financial plan;

(3) information provided by the city in the immediately succeeding quarterly financial report demonstrates that the assisted city is taking such remedial action and otherwise complying with the plan; and

(4) the assisted city submits monthly supplemental reports in accordance with section 210(i) until it regains

1 compliance with the financial plan.

2 (d) Authority may make recommendations.--The authority may
3 at any time issue recommendations as to how an assisted city may
4 achieve compliance with the financial plan and shall provide
5 copies of such recommendations to the mayor or chief executive
6 officer and the governing body of the city and to the officials
7 named in section 203(b)(5).

8 (e) When Commonwealth shall withhold funds.--

9 (1) The authority shall certify to the Secretary of the
10 Budget an assisted city's noncompliance with the financial
11 plan during any period when the authority has determined by
12 the vote of a majority that the assisted city has not adhered
13 to the plan and has not taken acceptable remedial action
14 during the next quarter following such departure from the
15 plan.

16 (2) The authority shall certify to the Secretary of the
17 Budget that an assisted city is not in compliance with the
18 plan if the assisted city:

19 (i) has no financial plan approved by the authority,
20 or has failed to provide requested documents or has
21 failed to file a financial plan with the authority;

22 (ii) has failed to file mandatory revisions to the
23 plan or reports as required by section 210(h), (i), (j)
24 or (k); or

25 (iii) has not been compelled to file a financial
26 plan, a mandatory revision to the plan or a report
27 through a mandamus action authorized under subsection
28 (j).

29 (3) If the authority certifies that an assisted city is
30 not in compliance with the financial plan under paragraph (1)

1 or (2), the Secretary of the Budget shall notify the city
2 that such certification has been made and that each grant,
3 loan, entitlement or payment to the assisted city by the
4 Commonwealth shall be suspended pending compliance with the
5 financial plan. Funds withheld shall be held in escrow by the
6 Commonwealth until compliance with the plan is restored as
7 set forth in paragraph (4). Funds held in escrow pursuant to
8 this subsection shall not lapse pursuant to section 621 of
9 the act of April 9, 1929 (P.L.177, No.175), known as The
10 Administrative Code of 1929, or any other law.

11 (4) The authority shall, by majority vote, determine
12 when the conditions which caused an assisted city to be
13 certified as not in compliance with the financial plan have
14 ceased to exist and shall promptly notify the Secretary of
15 the Budget of such vote. The Secretary of the Budget shall
16 thereupon release all funds held in escrow, together with all
17 interest and income earned thereon during the period held in
18 escrow, and the disbursements of amounts in the city account
19 shall resume.

20 (f) Exemptions.--Notwithstanding the provisions of
21 subsection (e), the following shall not be withheld from an
22 assisted city:

23 (1) funds granted or allocated to an assisted city
24 directly from an agency of the Commonwealth or from the
25 Federal Government for distribution by the Commonwealth after
26 the declaration of a disaster resulting from a catastrophe;
27 and

28 (2) pension fund payments required by law.

29 (g) Effect of Commonwealth's failure to disburse funds.--The
30 provisions of subsection (e) shall not apply and an assisted

1 city shall not be found to have departed from the financial plan
2 due to the Commonwealth's failure to pay any money, including
3 payment of Federal funds distributed by or through the
4 Commonwealth, due to the assisted city from moneys appropriated
5 by the General Assembly.

6 (h) Assisted city to determine expenditure of available
7 funds.--Nothing in this act shall be construed to limit the
8 power of an assisted city to determine, from time to time,
9 within available funds of the assisted city, the purposes for
10 which expenditures are to be made by the assisted city and the
11 amounts of such expenditures then permitted under the financial
12 plan of the assisted city.

13 (i) Documents and examinations to be reviewed or undertaken
14 by the authority.--The authority shall:

15 (1) receive from an assisted city and review the
16 reports, documents, budgetary and financial planning data and
17 other information prepared by or on behalf of such assisted
18 city and which are to be made available to the authority
19 under this act;

20 (2) inspect and copy such books, records and information
21 of an assisted city as the authority deems necessary to
22 accomplish the purposes of this act; and

23 (3) conduct or cause to be conducted such independent
24 audits, examinations or studies of an assisted city's
25 finances as the authority deems appropriate.

26 (j) Remedies of authority for failure of an assisted city to
27 file financial plans and reports.--In the event that an assisted
28 city shall fail to file with the authority any financial plan,
29 revision to a financial plan, report or other information
30 required to be filed with the authority pursuant to this act,

1 the authority, in addition to all other rights which the
2 authority may have at law or in equity, shall have the right by
3 mandamus to compel the assisted city and the officers, employees
4 and agents thereof to file with the authority the financial
5 plan, revision to a financial plan, report or other information
6 which the assisted city has failed to file. The authority shall
7 give the assisted city written notice of the failure of the
8 assisted city to file and of the authority's intention to
9 initiate an action under this subsection and shall not initiate
10 such an action earlier than ten days after the giving of such
11 notice.

12 Section 212. Limitation on assisted cities to file petition for
13 relief under Federal bankruptcy law.

14 (a) Bankruptcy filing approval.--Notwithstanding any other
15 provision of law, no city or assisted city shall be authorized
16 to file a petition for relief under 11 U.S.C. Ch. 9 (relating to
17 adjustment of debts of a municipality), unless such petition has
18 been submitted to, and such filing has been approved in writing
19 by the Governor. The Governor is designated, in accordance with
20 11 U.S.C. § 109(c)(2) (relating to who may be a debtor), as the
21 organization of the Commonwealth which shall have power to
22 approve or disapprove the filing of any such petition of a city
23 or assisted city, and to approve or disapprove any plan of
24 readjustment of the debts of such city or assisted city
25 prepared, filed and submitted with the petition to the court, as
26 provided under 11 U.S.C. Ch. 9.

27 (b) Review of bankruptcy petition.--

28 (1) When any such petition shall be submitted to the
29 Governor for approval, accompanied with a proposed plan of
30 readjustment of the debts of a city, the Governor shall make

1 a careful and thorough investigation of the financial
2 condition of such city, of its assets and liabilities, of its
3 sinking fund, and whether the affairs thereof are managed in
4 a careful, prudent and economic manner in order to ascertain
5 whether the presentation of such petition is justified, or
6 represents an unjust attempt by such city to evade payment of
7 some of its contractual obligations, and, if the Governor
8 believes that such petition should be approved, whether the
9 plan of readjustment submitted will be helpful to the
10 financial condition of the city and is feasible and, at the
11 same time, fair and equitable to all creditors.

12 (2) The Governor shall also, prior to giving his
13 approval, ascertain the amount, if any, of the obligations of
14 any such petitioning city which is held by any agency or
15 agencies of the State government as trust funds and shall,
16 before approving any such petition and plan of readjustment,
17 consult with and give every such agency an opportunity to be
18 heard and the privilege to examine the findings of the
19 Governor resulting from the investigation required to be made
20 under this act, and shall likewise hear any other creditor of
21 such city, whether resident in or outside this Commonwealth,
22 who shall apply therefor.

23 (3) The Governor, if he approves a petition, shall, before
24 giving his approval, require such modification in the
25 proposed plan for readjusting the debts as to him appears
26 proper.

27 Section 213. Investment of funds.

28 Funds of the authority which are not required for immediate
29 use may be invested in obligations of an assisted city or in
30 obligations of the Federal Government or of the Commonwealth or

1 obligations which are legal investments for Commonwealth funds.
2 However, no money may be invested in obligations issued by or
3 obligations guaranteed by an assisted city without the approval
4 of a majority of the board.

5 Section 214. Sovereign immunity.

6 Members of the board shall not be liable personally for any
7 obligations of the authority. It is hereby declared to be the
8 intent of the General Assembly that the authority created by
9 this act and its members, officers, officials and employees
10 shall enjoy sovereign and official immunity, as provided in 1
11 Pa.C.S. § 2310 (relating to sovereign immunity reaffirmed;
12 specific waiver), and shall remain immune from suit except as
13 provided by and subject to the provisions of 42 Pa.C.S. §§ 8501
14 (relating to definitions) through 8528 (relating to limitations
15 on damages).

16 CHAPTER 7

17 MISCELLANEOUS PROVISIONS

18 Section 701. Appropriation.

19 The sum of \$500,000 is hereby appropriated from the General
20 Fund to the Intergovernmental Cooperation Authority for Cities
21 of the Second Class as a continuing appropriation for the
22 purpose of providing operating funds for the Intergovernmental
23 Cooperation Authority for Cities of the Second Class. This
24 appropriation shall lapse June 30, 2005.

25 Section 702. General rights and prohibitions.

26 Nothing in this act shall limit the rights or impair the
27 obligations of any assisted city to comply with the provisions
28 of any contract in effect on the effective date of this act or
29 shall in any way impair the rights of the obligees of any
30 assisted city with respect to any such contract.

1 Section 703. Nondiscrimination.

2 The authority shall comply in all respects with the
3 nondiscrimination and contract compliance plans used by the
4 Department of General Services to assure that all persons are
5 accorded equality of opportunity in employment and contracting
6 by the authority and its contractors, subcontractors, assignees,
7 lessees, agents, vendors and suppliers.

8 Section 704. Construction of act.

9 (a) Liberal construction.--The provisions of this act
10 providing for security for and rights and remedies of obligees
11 of the authority shall be liberally construed to achieve the
12 purposes stated and provided for by this act.

13 (b) Severability.--If any provision of the title or any
14 chapter, section or clause of this act, or the application
15 thereof to any person, party, corporation, public or private,
16 shall be judged invalid by a court of competent jurisdiction,
17 such order or judgment shall be confined in its operation to the
18 controversy in which it was rendered and shall not affect or
19 invalidate the remainder of any provision of the title or any
20 chapter or any section or clause of this act, or the application
21 of any part thereof to any other person, party, corporation,
22 public or private, or circumstance, and, to this end, the
23 provisions of the title or any chapter, section or clause of
24 this act hereby are declared to be severable. It is hereby
25 declared as the legislative intent that this act would have been
26 adopted had any provision declared unconstitutional not been
27 included herein.

28 Section 705. Limitation of authority powers.

29 Except as provided in section 211(i), nothing contained in
30 this act shall be construed to confer upon the authority any

1 powers with respect to a school district.

2 Section 706. Repeals and suspensions.

3 (a) Partial.--The provisions of the Municipalities Financial
4 Recovery Act are suspended as to cities of the second class
5 until the termination of the authority established by this act.

6 (b) General.--All other acts or parts of acts are repealed
7 insofar as they are inconsistent with this act.

8 Section 707. Effective date.

9 This act shall take effect immediately.