

AMENDMENTS TO SENATE BILL NO. 342

Sponsor: SENATOR EICHELBERGER

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1 Amend Bill, page 1, lines 2 and 3, by striking out "in
2 municipal authorities, providing for interest rate risk and
3 interest cost management; and,"

4 Amend Bill, page 1, line 3, by inserting after "in"
5 miscellaneous provisions regarding

6 Amend Bill, page 1, lines 5 through 7, by striking out "; and
7 expanding the scope of provisions relating" in line 5 and all of
8 lines 6 and 7 and inserting

9 , for qualified interest rate management agreements and for
10 financial reporting and providing for interest rate risk and
11 interest cost management in first class cities and counties;
12 and making editorial changes.

13 Amend Bill, page 1, lines 10 through 19; page 2, lines 1
14 through 5; by striking out all of said lines on said pages and
15 inserting

16 Section 1. The definitions of "independent financial
17 advisor," "interest rate management plan" and "qualified
18 interest rate management agreement" in section 8002(c) of Title
19 53 of the Pennsylvania Consolidated Statutes are amended to
20 read:

21 Amend Bill, page 2, by inserting between lines 14 and 15

22 "Independent financial advisor." A person or entity
23 experienced in the financial aspects and risks of interest rate
24 management agreements who is retained by a local government unit
25 to advise the local government unit with respect to a qualified
26 interest rate management agreement. The independent financial
27 advisor may not be the other party or an affiliate or agent of
28 the other party on a qualified interest rate management
29 agreement with respect to which the independent financial

1 advisor is advising a local government unit. For purposes of
2 [sections 8281(b)(2)] section 8281.3(b)(2) and (e)(5) (relating
3 to qualified interest rate management agreements), the
4 independent financial advisor may be retained by a public
5 authority.

6 Amend Bill, page 4, lines 5 through 30; pages 5 through 8,
7 lines 1 through 30; page 9, lines 1 through 10; by striking out
8 all of said lines on said pages and inserting

9 "Qualified interest rate management agreement." An
10 agreement, including a confirmation evidencing a transaction
11 effected under a master agreement, entered into by a local
12 government unit in accordance with and fulfilling the
13 requirements of section [8281] 8281.3 (relating to qualified
14 interest rate management agreements), which agreement in the
15 judgment of the local government unit is designed to manage
16 interest rate risk or interest cost of the local government unit
17 on any debt a local government unit is authorized to incur under
18 this subpart, including, but not limited to, swaps, interest
19 rate caps, collars, corridors, ceiling and floor agreements,
20 forward agreements, float agreements and other similar
21 arrangements which in the judgment of the local government unit
22 will assist the local government unit in managing the interest
23 rate risk or interest cost of the local government unit.

24 * * *

25 Section 2. Section 8281 of Title 53 is repealed:
26 [§ 8281. Qualified interest rate management agreements.

27 (a) General rule.--

28 (1) Except as set forth in paragraph (4),
29 notwithstanding any other law to the contrary, a local
30 government unit may negotiate and enter into qualified
31 interest rate management agreements consistent with the
32 provisions of this subchapter.

33 (2) The local government unit must authorize and award
34 by resolution each qualified interest rate management
35 agreement or any confirmation of a transaction. The
36 resolution is subject to section 8003(a) and (b) (relating to
37 advertisement and effectiveness of ordinances) but may be
38 valid and effective for all purposes immediately upon
39 adoption or as otherwise provided in the resolution.

40 (3) A local government unit has the power to contract
41 for insurance covering the risks of nonpayment of amounts due
42 under qualified interest rate management agreements.

43 (4) The authority granted in this subchapter shall not
44 apply to any local government unit which has been declared
45 distressed by the Department of Community and Economic
46 Development.

47 (b) Requirements for resolution.--The resolution authorizing
48 and awarding a qualified interest rate management agreement or

1 authorizing a transaction under the agreement must include in
2 the resolution or as an appendix to the resolution all of the
3 following:

4 (1) A copy of the qualified interest rate management
5 agreement or confirmation of the transaction under the
6 qualified interest rate management agreement in substantially
7 the form to be executed pursuant to the resolution.

8 (2) The interest rate management plan meeting the
9 requirements under this subpart:

10 (i) adopted by the local government unit; or

11 (ii) if the local government unit is incurring
12 indebtedness under this chapter which has or will be
13 issued to a public authority that has entered into or
14 will enter into an interest rate management agreement
15 meeting the requirements of a qualified interest rate
16 management agreement under this subpart, adopted by that
17 public authority.

18 (3) A statement of the manner of the award of the
19 qualified interest rate management agreement under subsection
20 (e).

21 (c) Contents of qualified interest rate management
22 agreements.--In addition to other provisions approved by the
23 local government unit, a qualified interest rate management
24 agreement must contain all of the following:

25 (1) The covenant of the local government unit to make
26 payments required by the qualified interest rate management
27 agreement and the covenants authorized by section 8282
28 (relating to covenant to pay amounts due under qualified
29 interest rate management agreements).

30 (2) The notional amount of the qualified interest rate
31 management agreement and the principal amount of bonds or
32 notes or lease rental debt, or portions of the notional or
33 principal amounts, issued or to be issued by the local
34 government unit under this subpart or guaranteed by the local
35 government unit under this subpart, to which the agreement
36 relates.

37 (3) The term of any qualified interest rate management
38 agreement, which must not exceed the latest maturity date of
39 the bonds or notes referenced in the qualified interest rate
40 management agreement.

41 (4) A provision requiring the termination of the
42 agreement if all debt to which the qualified interest rate
43 management agreement relates is no longer outstanding.

44 (5) The maximum annual interest rate which the local
45 government unit may pay thereunder.

46 (6) A provision that the maximum net payments by fiscal
47 year of a local government unit shall not exceed the maximum
48 interest rate specified in the qualified interest rate
49 management agreement for:

50 (i) periodic scheduled payments, not including any
51 termination payments, due under the qualified interest

1 rate management agreement; and
2 (ii) the interest on the bonds or notes to which the
3 qualified interest rate management agreement relates.
4 (7) The source of payment of the payment obligations of
5 the local government unit, which must be either general
6 revenues or revenues specifically identified in the
7 agreement.
8 (8) A provision addressing the actions to be taken if
9 the credit rating of the other party changes.
10 (9) A provision that periodic scheduled payments due
11 under the qualified interest rate management agreement and
12 debt service due on the related bonds or notes or payments
13 due under the related instrument evidencing lease rental debt
14 or guaranty of the local government unit shall be senior in
15 right and priority of payment to termination payments due
16 under the qualified interest rate management agreement.
17 (d) Other provisions of the qualified interest rate
18 management agreement.--The qualified interest rate management
19 agreement may include:
20 (1) A covenant to include any termination payment or
21 similar payment for a qualified interest rate management
22 agreement in its current budget at any time during a fiscal
23 year or in a budget adopted in a future fiscal year.
24 (2) A provision that the following shall be equally and
25 ratably payable and secured under the applicable covenants
26 authorized in section 8282:
27 (i) Periodic scheduled payments due under the
28 qualified interest rate management agreement; and
29 (ii) Any of the following to which the agreement
30 relates:
31 (A) the debt service due on the bonds or notes;
32 (B) payment under an instrument evidencing lease
33 rental debt; or
34 (C) payment under a guaranty of the local
35 government unit.
36 (3) A provision that the qualified interest rate
37 management agreement may be terminated at the option of the
38 local government unit without cause but that the qualified
39 interest rate management agreement may not be terminated at
40 the option of the other party to the qualified interest rate
41 management agreement without cause.
42 (e) Award of qualified interest rate management
43 agreements.--
44 (1) The local government unit shall establish a process
45 for selecting other parties before entering into a qualified
46 interest rate management agreement.
47 (2) The local government unit shall establish
48 qualifications for other parties before entering into a
49 qualified interest rate management agreement. The
50 qualifications shall include a rating for the other party of
51 at least the third highest rating category from a nationally

1 recognized rating agency.

2 (3) A qualified interest rate management agreement must
3 be awarded by public sale, private sale by negotiation or
4 private sale by invitation.

5 (4) The local government unit shall select the qualified
6 interest rate management agreement which the local government
7 unit determines is in its best financial interest. The
8 qualified interest rate management agreement selected must
9 contain financial terms and conditions which in the opinion
10 of the independent financial advisor to the local government
11 unit are fair and reasonable to the local government unit as
12 of the date of award.

13 (5) The local government unit may satisfy the
14 requirements of paragraph (4) by obtaining a finding from an
15 independent financial advisor to the public authority that
16 the financial terms and conditions of the agreement are fair
17 and reasonable to the public authority as of the date of the
18 award if all of the following apply:

19 (i) The local government unit is incurring
20 indebtedness under this chapter which has or will be
21 issued to a public authority.

22 (ii) In connection with the incurring of debt under
23 subparagraph (i), the local government unit will become
24 obligated for all or a portion of the public authority's
25 costs under an interest rate management agreement.]

26 Section 3. Title 53 is amended by adding sections to read:

27 § 8281.1. Definition.

28 As used in this subchapter, the term "local government unit"
29 means:

30 (1) A county, city, borough, incorporated town,
31 township, school district or any unit created by joint action
32 of two or more local government units which is authorized to
33 be created by law and granted the power to issue bonds or
34 incur debt.

35 (2) An authority formed prior to the effective date of
36 this section by two or more local government units for the
37 sole purpose of providing loan programs.

38 (3) An authority as defined in section 5602 (relating to
39 definitions) and a school district of the first class
40 presently operating under a home rule charter or home rule
41 charter supplement.

42 The term does not include a city or county of the first class or
43 any unit of local government which has not been granted by
44 statute the power to issue bonds or incur debt.

45 § 8281.2. Application of subchapter.

46 Only a local government unit may enter into an interest rate
47 management agreement, unless otherwise authorized to do so in
48 subchapter G (relating to interest rate risk and interest cost
49 management in first class cities and counties).

50 § 8281.3. Qualified interest rate management agreements.

51 (a) General rule.--

1 (1) Except as set forth in paragraph (4),
2 notwithstanding any other law to the contrary, a local
3 government unit may negotiate and enter into qualified
4 interest rate management agreements consistent with the
5 provisions of this subchapter. A local government unit may
6 only authorize a qualified interest rate management agreement
7 under this subchapter.

8 (2) The local government unit must authorize and award
9 by resolution each qualified interest rate management
10 agreement or any confirmation of a transaction. The
11 resolution is subject to section 8003(a) and (b) (relating to
12 advertisement and effectiveness of ordinances) but may be
13 valid and effective for all purposes immediately upon
14 adoption or as otherwise provided in the resolution.

15 (3) A local government unit has the power to contract
16 for insurance covering the risks of nonpayment of amounts due
17 under qualified interest rate management agreements.

18 (4) The authority granted in this subchapter shall not
19 apply to any local government unit which has been declared
20 distressed by the Department of Community and Economic
21 Development.

22 (5) No payments for consulting, advising, brokering or
23 similar fees incurred to enter into the interest rate
24 management agreements shall be made to or on behalf of a
25 local government unit by the other party to a qualified
26 interest rate management agreement except periodic scheduled
27 payments and termination payments and except if payments are
28 disclosed in conformity with this act and are acknowledged by
29 the local government unit.

30 (6) Periodic scheduled payments on a qualified interest
31 rate management agreement must commence not later than three
32 years after the date of execution of any confirmation
33 associated with the qualified interest rate management
34 agreement.

35 (7) At the time a qualified interest rate management
36 agreement is entered into, the sum of the notional amount
37 thereof and all other qualified interest rate management
38 agreements entered into or guaranteed, and then in effect of
39 a local government unit, shall not exceed 50% of the total
40 principal amount of the aggregate nonelectoral debt plus
41 lease rental debt capacity of the local government unit then
42 outstanding.

43 (8) Scheduled periodic payments and termination payments
44 received by a local government unit on a qualified interest
45 rate management agreement shall be deposited in a payment
46 account to pay periodic swap payments or to pay principal and
47 interest on the debt related to the qualified interest rate
48 management agreement.

49 (9) The scheduled expiration date of a qualified
50 interest rate management agreement shall not exceed 10 years
51 from the date of the related confirmation unless the

1 qualified interest rate management agreement contains a
2 provision allowing the local government unit to terminate the
3 same at any time, or at periodic intervals as shown in the
4 confirmation, after 10 years from the date of the related
5 confirmation without making a termination payment.

6 (b) Requirements for resolution.--The resolution authorizing
7 and awarding a qualified interest rate management agreement or
8 authorizing a transaction under the agreement must include in
9 the resolution or as an appendix to the resolution all of the
10 following:

11 (1) A copy of the qualified interest rate management
12 agreement or confirmation of the transaction under the
13 qualified interest rate management agreement in substantially
14 the form to be executed pursuant to the resolution.

15 (2) The interest rate management plan meeting the
16 requirements under this subpart:

17 (i) approved by the local government unit not less
18 than 10 days prior to the date of the resolution; or

19 (ii) if the local government unit is incurring
20 indebtedness under this chapter which has or will be
21 issued to a public authority that has entered into or
22 will enter into an interest rate management agreement
23 meeting the requirements of a qualified interest rate
24 management agreement under this subpart, approved by that
25 public authority not less than 10 days prior to the date
26 of the resolution.

27 (3) A statement of the manner of the award of the
28 qualified interest rate management agreement under subsection
29 (e).

30 (c) Contents of qualified interest rate management
31 agreements.--In addition to other provisions approved by the
32 local government unit, a qualified interest rate management
33 agreement must contain all of the following:

34 (1) The covenant of the local government unit to make
35 payments required by the qualified interest rate management
36 agreement and the covenants authorized by section 8282
37 (relating to covenant to pay amounts due under qualified
38 interest rate management agreements).

39 (2) The notional amount of the qualified interest rate
40 management agreement and the principal amount of bonds or
41 notes or lease rental debt, or portions of the notional or
42 principal amounts, issued or to be issued by the local
43 government unit under this subpart or guaranteed by the local
44 government unit under this subpart, to which the agreement
45 relates.

46 (3) The term of any qualified interest rate management
47 agreement, which must not exceed the latest maturity date of
48 the bonds or notes referenced in the qualified interest rate
49 management agreement.

50 (4) A provision requiring the termination of the
51 agreement when all debt to which the qualified interest rate

1 management agreement relates is no longer outstanding.

2 (5) The maximum annual interest rate which the local
3 government unit may pay thereunder.

4 (6) A provision that the maximum net payments by fiscal
5 year of a local government unit shall not exceed the maximum
6 interest rate specified in the qualified interest rate
7 management agreement for:

8 (i) periodic scheduled payments, not including any
9 termination payments, due under the qualified interest
10 rate management agreement; and

11 (ii) the interest on the bonds or notes to which the
12 qualified interest rate management agreement relates.

13 (7) The source of payment of the payment obligations of
14 the local government unit, which must be either general
15 revenues or revenues specifically identified in the
16 agreement.

17 (8) A provision addressing the actions to be taken if
18 the credit rating of the other party changes.

19 (9) A provision that periodic scheduled payments due
20 under the qualified interest rate management agreement and
21 debt service due on the related bonds or notes or payments
22 due under the related instrument evidencing lease rental debt
23 or guaranty of the local government unit shall be senior in
24 right and priority of payment to termination payments due
25 under the qualified interest rate management agreement.

26 (10) A certification by the other party to the qualified
27 interest rate management agreement in which the other party
28 does all of the following:

29 (i) Acknowledges and agrees that the local
30 government unit which is entering into the qualified
31 interest rate management agreement under this subpart is
32 a political subdivision of the Commonwealth.

33 (ii) Acknowledges that it has read this subpart.

34 (iii) Acknowledges and agrees that a local
35 government unit may only enter into a qualified interest
36 rate management agreement to manage interest rate risk or
37 interest cost of the local government unit on debt of the
38 local government unit.

39 (iv) Certifies that, in executing the transactions
40 under the qualified interest rate management agreement,
41 it has complied in all material aspects with the
42 applicable rules and regulations of the Commodity Futures
43 Trading Commission, the Securities and Exchange
44 Commission and the Municipal Securities Rulemaking Board
45 to which it is subject.

46 (v) Certifies that it acted in good faith and made
47 full and fair disclosure of the material facts and any
48 conflicts of interest regarding the qualified interest
49 management agreement.

50 (vi) Represents and warrants that the rate or rates
51 used to calculate amounts payable by the local government

1 unit pursuant to the qualified interest rate management
2 agreement is comparable to the rate or rates that it
3 would have quoted to receive from or pay to, as
4 applicable, a similarly situated counterparty to enter
5 into a reasonably comparable qualified interest rate
6 management agreement taking into full account the terms
7 and conditions of the qualified interest rate management
8 agreement.

9 (vii) Acknowledges and agrees that it will notify
10 the department in writing promptly upon its receipt of a
11 termination payment by the local government unit,
12 including the date and amount of the payment and the
13 identity of the qualified interest rate management
14 agreement under which the payment was made.

15 (d) Other provisions of the qualified interest rate
16 management agreement.--The qualified interest rate management
17 agreement may include:

18 (1) A covenant to include any termination payment or
19 similar payment for a qualified interest rate management
20 agreement in its current budget at any time during a fiscal
21 year or in a budget adopted in a future fiscal year.

22 (2) A provision that the following shall be equally and
23 ratably payable and secured under the applicable covenants
24 authorized in section 8282:

25 (i) Periodic scheduled payments due under the
26 qualified interest rate management agreement.

27 (ii) Any of the following to which the agreement
28 relates:

29 (A) the debt service due on the bonds or notes;

30 (B) payment under an instrument evidencing lease
31 rental debt; or

32 (C) payment under a guaranty of the local
33 government unit.

34 (3) A provision that the qualified interest rate
35 management agreement may be terminated at the option of the
36 local government unit without cause but that the qualified
37 interest rate management agreement may not be terminated at
38 the option of the other party to the qualified interest rate
39 management agreement without cause.

40 (e) Award of qualified interest rate management
41 agreements.--

42 (1) The local government unit shall establish a process
43 for selecting other parties before entering into a qualified
44 interest rate management agreement.

45 (2) The local government unit shall establish
46 qualifications for other parties before entering into a
47 qualified interest rate management agreement. The
48 qualifications shall include a rating for the other party of
49 at least the third highest rating category from a nationally
50 recognized rating agency.

51 (3) A qualified interest rate management agreement must

1 be awarded by public sale, private sale by negotiation or
2 private sale by invitation.

3 (4) The local government unit shall select the qualified
4 interest rate management agreement which the local government
5 unit determines is in its best financial interest. The
6 qualified interest rate management agreement selected must
7 contain financial terms and conditions which in the opinion
8 of the independent financial advisor to the local government
9 unit are fair and reasonable to the local government unit as
10 of the date of award.

11 (5) The local government unit may satisfy the
12 requirements of paragraph (4) by obtaining a finding from an
13 independent financial advisor to the public authority that
14 the financial terms and conditions of the agreement are fair
15 and reasonable to the public authority as of the date of the
16 award if all of the following apply:

17 (i) The local government unit is incurring
18 indebtedness under this chapter which has or will be
19 issued to a public authority.

20 (ii) In connection with the incurring of debt under
21 subparagraph (i), the local government unit will become
22 obligated for all or a portion of the public authority's
23 costs under an interest rate management agreement.

24 Amend Bill, page 10, lines 25 through 30; page 11, lines 1
25 through 8; by striking out all of said lines on said pages and
26 inserting

27 Section 4. Chapter 82 of Title 53 is amended by adding a
28 subchapter to read:

29 SUBCHAPTER G
30 INTEREST RATE RISK AND INTEREST COST MANAGEMENT
31 IN FIRST CLASS CITIES AND COUNTIES

32 Sec.

33 8291. Scope of subchapter.

34 8292. Definitions.

35 8293. Interest rate management agreement requirements.

36 8294. Notice and retention of records.

37 8295. Financial reporting.

38 § 8291. Scope of subchapter.

39 Notwithstanding Subchapter F (relating to interest rate risk
40 and interest cost management), this subchapter shall apply to
41 interest rate management agreements in cities and counties of
42 the first class.

43 § 8292. Definitions.

44 The following words and phrases when used in this subchapter
45 shall have the meanings given to them in this section unless the
46 context clearly indicates otherwise:

47 "Contracting authority." Any of the following that enter
48 into an interest rate management agreement under this

1 subchapter:

2 (1) A city of the first class.

3 (2) A county of the first class.

4 (3) A municipal authority created by a city of the first
5 class under Chapter 56 (relating to municipal authorities) by
6 an entity listed under paragraph (1) or (2).

7 "Department." The Department of Community and Economic
8 Development of the Commonwealth.

9 "Interest rate management agreement." An agreement,
10 including a confirmation evidencing a transaction effected under
11 a master agreement, entered into by a contracting authority in
12 accordance with and fulfilling the requirements of section 8293
13 (relating to interest rate management agreement requirements),
14 which agreement in the judgment of the contracting authority is
15 designed to manage interest rate risk or interest cost of the
16 contracting authority on any debt or other debt-related
17 obligations a contracting authority is authorized to incur,
18 including, but not limited to, swaps, interest rate caps,
19 collars, corridors, ceiling and floor agreements, forward
20 agreements, float agreements and other similar arrangements
21 which in the judgment of the contracting authority will assist
22 the contracting authority in managing the interest rate risk or
23 interest cost of the contracting authority.

24 § 8293. Interest rate management agreement requirements.

25 (a) General rule.--Notwithstanding any other law to the
26 contrary, any interest rate management agreement entered into by
27 a contracting authority shall comply with the provisions of this
28 section.

29 (b) Requirements.--The following requirements shall apply:

30 (1) A contracting authority shall authorize and award by
31 resolution each interest rate management agreement or any
32 confirmation of a transaction.

33 (2) No payments shall be made to or on behalf of a
34 contracting authority by the other party to an interest rate
35 management agreement except periodic scheduled payments,
36 termination payments and attorney fees and other consultant
37 fees incurred in connection with entering into an interest
38 rate management agreement.

39 (3) Periodic scheduled payments on an interest rate
40 management agreement must commence not later than three years
41 after the date of the confirmation associated with the
42 interest rate management agreement.

43 (4) The index or basis used for calculating the periodic
44 scheduled payments receivable by the contracting authority on
45 an interest rate management agreement shall be substantially
46 similar to the index or basis used for calculating the
47 interest due on the associated debt or other debt-related
48 obligations of the contracting authority.

49 (5) At the time an interest rate management agreement is
50 entered into, the sum of the notional amount thereof, without
51 duplication for the notional amount of any offsetting

1 transactions, and all other interest rate management
2 agreements entered into or guaranteed, and then in effect of
3 a contracting authority, shall not exceed 30% of the total
4 principal amount of the aggregate general obligation debt and
5 other debt-related obligations payable from or supported by
6 its general fund then outstanding. If an interest rate
7 management agreement is payable from or supported by another
8 specified fund or revenues, the limitation shall apply based
9 solely on interest rate management agreements and debt and
10 other debt-related obligations payable from or supported by
11 the specified fund or revenues.

12 (6) Scheduled periodic payments and termination payments
13 received by a contracting authority on an interest rate
14 management agreement shall be deposited in a payment account
15 to:

16 (i) Pay periodic swap payments or to pay principal
17 and interest on the debt or debt-related obligations
18 related to the interest rate management agreement.

19 (ii) If the interest rate management agreement
20 described under subparagraph (i) has been terminated and
21 none of the related debt or debt-related obligations are
22 outstanding, pay periodic swap payments on interest rate
23 management agreements or principal and interest on debt
24 or debt-related obligations payable from or supported by
25 the same fund or revenues as the interest rate management
26 agreement described under subparagraph (i).

27 (iii) If all of the interest rate management
28 agreements described under subparagraph (ii) have been
29 terminated and no debt or debt-related obligations
30 described under subparagraph (ii) are outstanding, pay
31 any other obligations of the contracting authority.

32 (7) The scheduled expiration date of an interest rate
33 management agreement shall not exceed 10 years from the date
34 of the related confirmation unless the interest rate
35 management agreement contains a provision allowing the
36 contracting authority to terminate the same at any time after
37 10 years from the date of the related confirmation without
38 making a termination payment.

39 (8) An interest rate management agreement shall contain
40 a certification by the other party to the interest rate
41 management agreement in which the other party does all of the
42 following:

43 (i) Acknowledges that the contracting authority
44 which is entering into the interest rate management
45 agreement under this subchapter is a political
46 subdivision of this Commonwealth or a municipal authority
47 created under Chapter 56 (relating to municipal
48 authorities) by a city of the first class or a county of
49 the first class.

50 (ii) Acknowledges that it has read this subchapter.

51 (iii) Acknowledges that a contracting authority may

1 only enter into an interest rate management agreement to
2 manage interest rate risk or interest cost of the
3 contracting authority on debt or other debt-related
4 obligations of the contracting authority.

5 (iv) Acknowledges and agrees that it will notify the
6 department, in writing, promptly upon the payment to the
7 other party of a termination payment by the contracting
8 authority, including the date and amount of the payment
9 and the identity of the interest rate management
10 agreement under which the payment was made.

11 § 8294. Notice and retention of records.

12 (a) Notice.--Within 15 days following the adoption of a
13 resolution authorizing an interest rate management agreement, a
14 contracting authority shall file with the department certified
15 copies of the resolution, including any appendix to the
16 resolution, together with an itemized statement of all attorney
17 fees, consultant fees and any other costs expected to be paid on
18 behalf of a contracting authority by the other party to
19 such interest rate management agreement.

20 (b) Records.--The department shall keep copies of all
21 documents filed with the department under this section as long
22 as an interest rate management agreement is in effect.

23 § 8295. Financial reporting.

24 A contracting authority which has entered into an interest
25 rate management agreement shall include in its annual financial
26 statements information with respect to each interest rate
27 management agreement it has authorized or entered into,
28 including any information required pursuant to any statement
29 issued by the Governmental Accounting Standards Board.

30 Section 5. The following shall apply:

31 (1) The amendment or addition of 53 Pa.C.S. §§ 8002(c),
32 8281.1, 8281.2 and 8281.3:

33 (i) Shall apply to all qualified interest rate
34 management agreements entered into on or after the
35 effective date of this section.

36 (ii) Shall not apply to an amendment, termination or
37 novation of a qualified interest rate management
38 agreement where the qualified interest rate management
39 agreement was entered into prior to the effective date of
40 this section, unless the term of the qualified interest
41 rate management agreement is extended and the qualified
42 interest rate management agreement continues to be in
43 effect on or after the effective date of this section.

44 (2) The addition of 53 Pa.C.S. Ch. 82 Subch. G:

45 (i) Shall apply to all interest rate management
46 agreements entered into by a contracting authority on or
47 after the effective date of this section.

48 (ii) Shall not apply to any amendment, termination
49 or novation of an interest rate management agreement if
50 the interest rate management agreement was entered into
51 prior to the effective date of this section if the term

1 of the interest rate management agreement is not
2 extended.

3 (iii) Notwithstanding any other provision of law,
4 shall apply to an interest rate management agreement
5 entered into by any of the following:

6 (A) A city of the first class.

7 (B) A county of the first class.

8 (C) A municipal authority created under 53

9 Pa.C.S. Ch. 56 by an entity listed under clause (A)

10 or (B).

11 Section 6. This act shall take effect in 60 days.