

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1100

Session of
1987

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RITTER, PISTELLA, BATTISTO AND BOWLEY, APRIL 21, 1987

SENATOR FISHER, ENVIRONMENTAL RESOURCES AND ENERGY, IN SENATE,
AS AMENDED, OCTOBER 27, 1987

AN ACT

1 ~~Providing for the establishment, implementation and~~ <—
2 ~~administration of the Pennsylvania Infrastructure Investment~~
3 ~~Authority; imposing powers and duties on a board of trustees;~~
4 ~~transferring the rights, powers, duties and obligations of~~
5 ~~the Water Facilities Loan Board to the Pennsylvania~~
6 ~~Infrastructure Investment Authority; providing for the~~
7 ~~issuance of notes and bonds; providing for financial~~
8 ~~assistance and for a comprehensive water facilities plan; and~~
9 ~~making repeals.~~

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11 ~~Section 1. Short title.~~
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~~The General Assembly finds and declares that:~~

~~(1) The health of millions of citizens of this Commonwealth is at risk due to substandard and deteriorated water supply and sewage disposal systems.~~

~~(2) Many water and sewage systems in this Commonwealth are aging, outmoded, inadequate, deteriorating and operating above capacity, and many areas have to limit their growth solely due to lack of proper water supply and sewage disposal.~~

~~(3) The economic revitalization of this Commonwealth is being stifled by a lack of clean water and adequate sewage facilities.~~

~~(4) Financing of water and sewage projects at affordable cost is not currently available in many areas of this Commonwealth.~~

~~(5) In order to assist in financing projects to protect the health and safety of the citizens of this Commonwealth and to promote the economic development of Pennsylvania, the General Assembly has determined that it is necessary to establish the Pennsylvania Infrastructure Investment Authority and to provide funding of the authority programs.~~

~~Section 3. Definitions.~~

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

~~"Authority." The Pennsylvania Infrastructure Investment Authority.~~

~~"Board." The board of directors of the authority.~~

~~"Bonds." Bonds, notes or other evidences of indebtedness issued by the authority pursuant to this act.~~

~~"Eligible cost." The cost of all labor, materials, machinery and equipment, lands, property, rights and easements, plans and specifications, surveys or estimates of costs and revenues, engineering and legal services, and all other expenses necessary or incident to the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of a project.~~

~~"Governmental unit." Any agency of the Commonwealth or any county, municipality or school district, or any agency, instrumentality, authority or corporation thereof, or any public body having local or regional jurisdiction or power.~~

~~"Partnership." The Pennsylvania Economic Development Partnership established by the act of _____, 19____ (P.L.____, No.____).~~

~~"Project." The eligible costs associated with the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of any facility or system, whether publicly or privately owned, for the collection, treatment or disposal of wastewater, including industrial waste, or for the supply, treatment, storage or distribution of drinking water.~~

~~"Secretary." The Secretary of the Pennsylvania Economic Development Partnership.~~

~~"Water Facilities Loan Board." The board established under 32 Pa.C.S. § 7504 (relating to Water Facilities Loan Board). Section 4. Pennsylvania Infrastructure Investment Authority; board of directors.~~

~~(a) Establishment. There is hereby established a body corporate and politic, with corporate succession, to be known as the Pennsylvania Infrastructure Investment Authority. The~~

1 ~~authority is constituted an instrumentality of the Commonwealth,~~
2 ~~and the exercise by the authority of the powers conferred by~~
3 ~~this act shall be deemed and held to be a public and essential~~
4 ~~governmental function.~~

5 ~~(b) Membership. The authority shall consist of an 11 member~~
6 ~~board of directors composed of the Governor, the majority and~~
7 ~~minority leaders of the Senate, the majority and minority~~
8 ~~leaders of the House of Representatives, the Secretary of the~~
9 ~~Pennsylvania Economic Development Partnership, the Secretary of~~
10 ~~Community Affairs, the Secretary of Environmental Resources, the~~
11 ~~Secretary of General Services, the Secretary of the Budget and~~
12 ~~the Chairman of the Pennsylvania Public Utility Commission.~~

13 ~~(c) Officers. The Governor shall be the chairman and chief~~
14 ~~executive officer of the authority. The board shall biannually~~
15 ~~elect a vice chairman. The board shall select a secretary and~~
16 ~~treasurer who need not be members of the board, and the same~~
17 ~~person may be selected to serve as both secretary and treasurer.~~

18 ~~(d) Vesting of powers. The powers of the authority shall be~~
19 ~~vested in the board in office from time to time, and eight~~
20 ~~members of the board shall constitute a quorum at any meeting.~~
21 ~~Action may be taken and motions and resolutions adopted by the~~
22 ~~authority by the affirmative vote of at least seven members of~~
23 ~~the board. No vacancy on the board shall impair the right of a~~
24 ~~quorum of the members of the board to exercise the powers and~~
25 ~~perform the duties of the authority.~~

26 ~~(e) Designees. Each member of the board may designate~~
27 ~~someone to represent him at meetings of the board. Each designee~~
28 ~~may lawfully vote and otherwise act on behalf of the member of~~
29 ~~the board for whom he constitutes the designee. The designation~~
30 ~~shall be in writing delivered to the authority and shall~~

~~continue in effect until revoked or amended in writing delivered to the authority.~~

~~(f) Services. Research, investigation and other services necessary for the operation of the board shall be carried out from resources and by employees from the various executive departments represented on the board. All applicable Commonwealth departments and agencies shall cooperate with, and provide assistance to, the board, which may, at its discretion, provide financial reimbursement.~~

~~(g) Dissolution. The authority may be dissolved by law, provided that the authority has no bonds or other debts or obligations outstanding or that provision has been made for the payment or retirement of all such bonds, debts and obligations. Upon any dissolution of the authority, all property, funds and assets of the authority shall be vested in the Commonwealth.~~

~~Section 5. Revenues of authority.~~

~~(a) Sources of revenues. The authority may receive money from sources of revenue, including, but not limited to, the following:~~

~~(1) State funds appropriated to the authority.~~

~~(2) Federal funds appropriated to or granted to the authority.~~

~~(3) Proceeds from the sale of bonds of the authority authorized under section 7.~~

~~(4) Proceeds from the sale of bonds issued on or after the effective date of this act from the remaining unused authorization from the act of July 12, 1981 (P.L.263, No.88), entitled "An act authorizing the incurring of indebtedness, with approval of the electors, of \$300,000,000 for the repair, construction, reconstruction, rehabilitation,~~

1 ~~extension and improvement of community water supply systems,~~
2 ~~and for the repair, reconstruction or rehabilitation of flood~~
3 ~~control facilities, dams and port facilities and providing~~
4 ~~the allotment of proceeds from borrowing hereunder," approved~~
5 ~~by the electorate on November 3, 1981.~~

6 ~~(5) Proceeds from the sale of bonds issued for site~~
7 ~~development under the provisions of Article XVI B of the act~~
8 ~~of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.~~

9 ~~(6) Proceeds from the sale of any other Commonwealth~~
10 ~~general obligation bonds designated for the authority.~~

11 ~~(7) Proceeds from the sale of authority assets.~~

12 ~~(8) Repayment of loan principal.~~

13 ~~(9) Payment of interest on loans made by the authority.~~

14 ~~(10) Interest earned on the investments of authority~~
15 ~~moneys.~~

16 ~~(b) Control of revenues; investment of funds. The board~~
17 ~~shall have exclusive control and management of all moneys of the~~
18 ~~authority and full power to invest moneys not required for~~
19 ~~immediate use in any securities or other investments in which~~
20 ~~funds of the Commonwealth are authorized to be invested and in~~
21 ~~any other type of security or investment if, prior to the~~
22 ~~acquisition of the securities or investments, the board~~
23 ~~determines by resolution that such type of security or~~
24 ~~investment is in the best interests of the authority and the~~
25 ~~State Treasurer approves of such type of security or other~~
26 ~~investment.~~

27 ~~(c) General fund and other separate funds or accounts. The~~
28 ~~board shall establish a general fund from which it may authorize~~
29 ~~expenditures for any of the purposes of this act. The board may~~
30 ~~also establish revolving funds and accounts and other separate~~

~~funds and accounts when separate accounting for different sources of funds is required by State or Federal law or when otherwise determined by the board to be necessary or convenient.~~

~~(d) Loan repayment. Subject to any agreement with the holders of bonds, repayments of loan principal, together with any interest thereon, shall be deposited with the authority and credited to such fund or account as the board shall determine. Loans made by the Water Facilities Loan Board prior to the effective date of this act and repayment of the principal of and interest on those loans shall be controlled by the provisions of Title 32 of the Pennsylvania Consolidated Statutes (relating to forests, waters and State parks) and the regulations promulgated thereunder. The board shall maintain such separate funds and accounts as may be necessary for the deposit of payments made under authority or requirement of State or Federal law.~~

~~Section 6. Powers and duties of authority.~~

~~The authority shall have and may exercise all powers necessary or appropriate to carry out and effectuate the purposes of this act, including, but not limited to, the following:~~

~~(1) Conduct examinations and investigations and take testimony, under oath or affirmation, on any matter necessary to the determination and approval of project applications.~~

~~(2) Sue and be sued, implead and be impleaded, complain and defend in all courts.~~

~~(3) Adopt, use and alter at will a corporate seal.~~

~~(4) Make bylaws for the management and regulation of its affairs, and make and, from time to time, amend and repeal rules and regulations governing the administrative procedures and business of the authority.~~

1 ~~(5) Make contracts of every name and nature and execute~~
2 ~~all instruments necessary or convenient for the carrying on~~
3 ~~of its business.~~

4 ~~(6) Accept grants from and enter into contracts or other~~
5 ~~transactions with any Federal, State or local agency.~~

6 ~~(7) Take title by foreclosure or otherwise to any~~
7 ~~project or other property pledged, mortgaged, encumbered or~~
8 ~~otherwise available as security for a project financed in~~
9 ~~whole or in part by the board, whether by loan, loan~~
10 ~~guarantee or otherwise, where such acquisition is necessary~~
11 ~~to protect the interests of the board with respect to a~~
12 ~~project; pay all costs arising out of such acquisition from~~
13 ~~moneys held in the trust fund; and sell, transfer and convey~~
14 ~~all or any portion of any such project to any responsible~~
15 ~~buyer. The board may require a dedicated source of revenue to~~
16 ~~be available for repayment of any loan.~~

17 ~~(8) Provide financial assistance, including, but not~~
18 ~~limited to, loans, loan guarantees, bond guarantees and~~
19 ~~grants for projects fulfilling the purposes of this act.~~

20 ~~(9) Collect fees and charges, as the board determines to~~
21 ~~be reasonable, relating to activities undertaken in~~
22 ~~furtherance of the purposes of this act.~~

23 ~~(10) Borrow money and issue bonds and provide for the~~
24 ~~right of holders thereof in accordance with the provisions of~~
25 ~~this act.~~

26 ~~(11) Pledge, hypothecate or otherwise encumber all or~~
27 ~~any of the revenues or receipts of the authority as security~~
28 ~~for all or any of the bonds of the authority.~~

29 ~~(12) Receive appropriations and apply for and accept~~
30 ~~grants, gifts, donations, bequests and settlements from any~~

1 ~~public or private source.~~

2 ~~(13) Acquire, own, hold, construct, improve,~~
3 ~~rehabilitate, renovate, operate, maintain, sell, assign,~~
4 ~~exchange, lease, mortgage or otherwise dispose of real and~~
5 ~~personal property or any interest therein in the exercise of~~
6 ~~its powers and the performance of its duties under this act.~~

7 ~~(14) Procure insurance against any loss in connection~~
8 ~~with its property and other assets and operations in any~~
9 ~~amounts and from any insurers as it deems desirable.~~

10 ~~(15) Contract for the services of attorneys, accountants~~
11 ~~and financial experts and any other advisors, consultants and~~
12 ~~agents as may be necessary in its judgment, subject to the~~
13 ~~requirement that the chairman shall ensure that minority-~~
14 ~~owned or minority controlled firms shall have an opportunity~~
15 ~~to participate to a significant degree in the provision of~~
16 ~~any contractual services purchased by the authority.~~

17 ~~(16) Subject to any agreement with holders of its bonds,~~
18 ~~notes or other obligations, purchase bonds, notes and other~~
19 ~~obligations of the authority.~~

20 ~~(17) Subject to any agreement with holders of its bonds,~~
21 ~~notes or other obligations, obtain as security for payment of~~
22 ~~all or any part of the principal of and interest and premium~~
23 ~~on the bonds, notes and other obligations of the authority,~~
24 ~~lines of credit and letters of credit in any amounts and upon~~
25 ~~any terms as the authority may determine, and pay any fees~~
26 ~~and expenses required in connection therewith.~~

27 ~~(18) Do any act necessary or convenient to the exercise~~
28 ~~of the powers enumerated in this section or reasonably~~
29 ~~implied therefrom.~~

30 ~~(19) Serve as the Water Facilities Loan Board to satisfy~~

~~any outstanding bond obligation and loan liabilities.~~

~~(20) Assume all the rights, powers, duties, obligations and liabilities of the Water Facilities Loan Board.~~

~~(21) Repay the General Fund any or all debt service due to be paid in any fiscal year from bonds used to fund projects under this act.~~

~~(22) Prepare plans and reports and provide for public participation as deemed appropriate.~~

~~Section 7. Specific power to issue bonds.~~

~~(a) Principal amounts. The authority may issue its bonds, notes or other obligations in principal amounts as in the judgment of the authority shall be necessary to provide sufficient funds for any of its corporate purposes. Corporate purposes shall be deemed to include:~~

~~(1) The payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds issued by it, whether the bonds to be funded or refunded have or have not become due.~~

~~(2) The establishment or increase of reserves to secure or to pay the bonds or interest thereon.~~

~~(3) All other costs or expenses of the authority incident to and necessary to carry out its corporate purposes and powers.~~

~~(b) Negotiable instrument designation. Whether or not the bonds are of a form and character as to be negotiable instruments under the terms of Title 13 of the Pennsylvania Consolidated Statutes (relating to commercial code), the bonds are made negotiable instruments within the meaning of and for the purposes of Title 13, subject only to the provisions of the bonds for registration.~~

1 ~~(c) Resolution; terms of bonds. Bonds shall be authorized~~
2 ~~by resolution of the board, may be issued in one or more series~~
3 ~~and shall bear any date or dates, mature at any time or times~~
4 ~~not later than 35 years from the date of issuance thereof, bear~~
5 ~~interest at any rate or rates or at variable rates, be in any~~
6 ~~denomination or denominations, be in any form, either coupon or~~
7 ~~registered, carry any conversion or registration privileges,~~
8 ~~have any rank or priority, be executed in any manner, be payable~~
9 ~~from such sources in any medium of payment at any place or~~
10 ~~places within or without this Commonwealth, and be subject to~~
11 ~~any terms of redemption, purchase or tender by the authority or~~
12 ~~the holders thereof, with or without premium, as the resolution~~
13 ~~or resolutions may provide. A resolution of the authority~~
14 ~~authorizing the issuance of bonds may provide that the bonds be~~
15 ~~secured by a trust indenture between the authority and a~~
16 ~~trustee, vesting in the trustee any property, rights, powers and~~
17 ~~duties in trust consistent with the provisions of this act as~~
18 ~~the authority may determine. Such resolution may further provide~~
19 ~~for the acquisition of credit enhancement devices such as bond~~
20 ~~insurance, letters of credit or any other instruments to carry~~
21 ~~out the provisions of this section.~~

22 ~~(d) Public or private sale. Bonds may be sold at public or~~
23 ~~private sale at any price or prices and in any manner as the~~
24 ~~authority may determine, subject to the requirement that the~~
25 ~~chairman shall ensure that minority owned or minority controlled~~
26 ~~firms shall have an opportunity to participate to a significant~~
27 ~~degree in any bond sale activities.~~

28 ~~(e) No prior preconditions on bond issuance. Bonds may be~~
29 ~~issued under the provisions of this act without obtaining the~~
30 ~~consent of any department, division, board, bureau or agency of~~

~~the Commonwealth and without any other proceeding or the happening of any other conditions or other things than those proceedings, conditions or things which are specifically required by this act.~~

~~(f) Limitation on obligations. Bonds issued under the provisions of this act shall not be a debt or liability of the Commonwealth or of any of its political subdivisions other than the authority and shall not create or constitute any indebtedness, liability or obligation of the Commonwealth or of any political subdivision. All bonds shall be payable solely from revenues or funds pledged or available for their payment as authorized in this act, including the proceeds of any issue of bonds. Each bond shall contain on its face a statement to the effect that the authority is obligated to pay the principal thereof or the interest thereon only from its revenues, receipts or funds pledged or available for their payment as authorized in this act, that neither the Commonwealth nor any political subdivisions are obligated to pay the principal or interest, and that neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision is pledged to the payment of the principal of or the interest on the bonds.~~

~~(g) Nature of obligation and payment. Each issue of bonds may, if it is determined by the authority, be general obligations of the authority payable out of any revenues, receipts or funds of the authority, or special obligations payable out of particular revenues, receipts or funds, subject only to agreements with the holders of the bonds. Bonds may be secured by one or more of the following:~~

~~(1) Pledges of revenues and other receipts to be derived from the payment of the interest on and any principal of~~

1 ~~notes and bonds issued by one or more governmental units and~~
2 ~~purchased by the authority, and any other payment made to the~~
3 ~~authority pursuant to agreements with any governmental unit~~
4 ~~or a pledge or assignment of any notes and bonds of any~~
5 ~~governmental units, and the rights and interests of the~~
6 ~~authority therein.~~

7 ~~(2) Pledges of loan payments, rentals, other revenues to~~
8 ~~be derived from loan agreements, leases or other contractual~~
9 ~~arrangements with any person or entity, public or private, or~~
10 ~~a pledge or assignment of any such loan agreements, leases or~~
11 ~~other contractual arrangements, and the rights and interests~~
12 ~~of the authority therein.~~

13 ~~(3) Pledges of grants, subsidies, contributions,~~
14 ~~appropriations or other payments to be received from the~~
15 ~~Federal Government or any instrumentality thereof or from the~~
16 ~~Commonwealth, any Commonwealth agency or other governmental~~
17 ~~unit.~~

18 ~~(4) Pledges of all moneys, funds, accounts, securities~~
19 ~~and other funds, including the proceeds of the bonds.~~

20 ~~(5) Mortgages and security interests covering all or~~
21 ~~part of any project or other property of any person or~~
22 ~~entity, real or personal, then owned or thereafter to be~~
23 ~~acquired, or a pledge or assignment of mortgages and security~~
24 ~~interests made or granted to the authority by any person or~~
25 ~~entity, and the rights and interests of the authority~~
26 ~~therein.~~

27 ~~Section 8. Covenants and express conditions on obligations.~~

28 ~~In any resolution of the authority authorizing or relating to~~
29 ~~the issuance of bonds, the authority, in order to secure payment~~
30 ~~of the bonds, and, in addition to its other powers, may, by~~

~~provisions in the resolution which shall constitute covenants by the authority and contracts with the holders of the bonds, do the following:~~

~~(1) Secure the bonds.~~

~~(2) Make covenants against pledging all or part of its revenues or receipts to other parties.~~

~~(3) Make covenants limiting its right to sell, pledge or otherwise dispose of notes and bonds of governmental units, loan agreements of public or private persons or entities, or other property of any kind.~~

~~(4) Make covenants as to additional bonds to be issued, the limitations thereon, the terms and conditions thereof, and the custody, application, investment and disposition of the proceeds thereof.~~

~~(5) Make covenants as to the incurring of other debts by it.~~

~~(6) Make covenants as to the payment of principal of or interest on bonds, the sources and methods of the payment, the rank or priority of bonds with respect to liens or security interests or the acceleration of maturity of bonds.~~

~~(7) Provide for replacement of lost, stolen, destroyed or mutilated bonds.~~

~~(8) Make covenants as to the redemption, purchase or tender of bonds by the authority, or the holders thereof, and the privileges of exchanging them for other bonds.~~

~~(9) Make covenants to create or authorize the creation of special funds or accounts to be held in trust or otherwise for the benefit of holders of bonds, or of reserves for other purposes and as to the use, investment and disposition of moneys held in those funds, accounts or reserves.~~

1 ~~(10) Provide for the rights, liabilities, powers and~~
2 ~~duties arising upon the breach of a covenant, condition or~~
3 ~~obligation and prescribe the events of default and the terms~~
4 ~~and conditions upon which any or all of the bonds shall~~
5 ~~become or may be declared due and payable before maturity and~~
6 ~~the terms and conditions upon which the declaration and its~~
7 ~~consequences may be waived.~~

8 ~~(11) Vest in a trustee or trustees within or without~~
9 ~~this Commonwealth in trust any property, rights, powers and~~
10 ~~duties as the authority may determine. These may include any~~
11 ~~or all of the rights, powers and duties of any trustee~~
12 ~~appointed by the holders of bonds or notes, including rights~~
13 ~~with respect to the sale or other disposition of notes and~~
14 ~~bonds of governmental units and other instruments and~~
15 ~~security pledged pursuant to a resolution or trust indenture~~
16 ~~for the benefit of the holders of bonds and the right, by~~
17 ~~suit or action, to foreclose any mortgage pledged pursuant to~~
18 ~~the resolution of trust indenture for the benefit of the~~
19 ~~holders of the bonds, notes or other obligations, and to~~
20 ~~limit the right of the holders of any bonds to appoint a~~
21 ~~trustee under this act and to limit the rights, powers and~~
22 ~~duties of the trustee.~~

23 ~~(12) Pay the costs or expenses incident to the~~
24 ~~enforcement of the bonds or the provisions of the resolution~~
25 ~~authorizing the issuance of those bonds, or the trust~~
26 ~~indenture securing the bonds or any covenant or agreement of~~
27 ~~the authority with the holders of the bonds, notes or other~~
28 ~~obligations.~~

29 ~~(13) Limit the rights of the holders of any bonds to~~
30 ~~enforce any pledge or covenant securing bonds.~~

~~(14) Make covenants other than or in addition to the covenants authorized by this act of like or different character and make covenants to do or refrain from doing any acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or which, in the absolute discretion of the authority, will tend to make bonds more marketable, notwithstanding that the covenants, acts or things may not be enumerated herein.~~

~~Section 9. Nature and effect of pledges.~~

~~A pledge of revenues, receipts, moneys, funds or other property or instruments made by the authority shall be valid and binding from the time when the pledge is made. The revenues, receipts, moneys, funds or other property pledged and thereafter received by the authority shall be immediately subject to the lien or the pledge without its physical delivery or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether the parties have notice of the lien. Neither the resolution nor any other instrument by which a pledge under this section is created or evidenced need be filed or recorded except in the records of the authority.~~

~~Section 10. Financial assistance.~~

~~(a) Project priorities.—~~

~~(1) The authority may only provide financial assistance to projects which shall meet the following requirements:~~

~~(i) The project is necessary to ensure the health and safety of the citizens of this Commonwealth, or the project is necessary for the economic vitality of the area the project serves, or the project is necessary to~~

~~comply with Federal or State environmental laws or regulations.~~

~~(ii) The project, with this assistance, will proceed in an expeditious manner.~~

~~(iii) Financial assistance is necessary in order for the project to be completed in a reasonable amount of time.~~

~~(2) The board shall consult with the Department of Environmental Resources and the partnership in assigning priorities to each project. When necessary to comply with Federal law, priorities assigned by the Department of Environmental Resources shall be binding on the authority, but under no circumstances shall the authority be required by the Department of Environmental Resources to fund these prioritized projects.~~

~~(3) The board shall attempt to ensure that funds are always available for emergency situations which immediately threaten the health and safety of the residents of this Commonwealth and for economic development when the project must be completed in a short time period in order to attract or retain business within this Commonwealth.~~

~~(4) The board shall establish a program of assistance to water supply and sewage disposal systems serving communities with a population of 12,000 people, or less, or systems having hookups of 1,000 or less.~~

~~(b) Grants. Grants, except for those under the Community Facilities program, shall be made only when the board, in its sole discretion, determines that the financial condition of the recipient is such that repayment of a loan is unlikely and that the recipient will not be able to proceed with the project~~

~~without a grant. In considering grant applications, the authority may recommend, either before or after the determination of the board, that the recipient pursue other State grant programs, including, but not limited to, the Site Development program, the Federal Small Communities Block Grant program and the Federal Urban Development Action Grant program. Should the board determine that a grant is necessary from the authority, the board shall attempt to mix the grant funds with loan funds, if financially possible.~~

~~(c) Loans. Subject to any agreements with the holders of bonds, the board shall have the power to set interest rates and other terms applicable to loans in any manner it deems appropriate. The board may consider such factors as it deems relevant, including current market interest rates, the financial and economic distress of the area which the project serves, and the necessity to maintain the authority funds in a financially sound manner. Loans may be made based on the ability to repay the loan from future revenue to be derived from the project, by a mortgage or other property lien, or on any other fiscal matters which the authority deems appropriate. The board shall also have the power to provide loans at zero interest and deferred principal loans. In the event of a default on the repayment of a loan, the board may apply to the court of common pleas of the county where the project is located for the appointment of a receiver to assume operation and supervision of the facility under the supervision of the court.~~

~~(d) Limitation on annual assistance. The amount of assistance approved by the board under subsection (b) shall not in any fiscal year exceed the amount of interest earnings, State appropriations and any funds received specifically for grants~~

1 ~~which are deposited into the accounts of the authority.~~

2 ~~(c) Other assistance. The board shall have the power to use~~
3 ~~other methods of financial assistance, including, but not~~
4 ~~limited to, bond and loan guarantees, and may buy or insure~~
5 ~~bonds if the board deems this to be an appropriate method to~~
6 ~~accomplish the purposes of this act.~~

7 ~~(f) Limitation. Except for projects approved under~~
8 ~~subsection (a)(3) or under the Community Facilities program, the~~
9 ~~board shall not advance any grant or loan or any other funds to~~
10 ~~any person or entity in respect to any project until such~~
11 ~~project shall have been itemized and approved in a capital~~
12 ~~budget act. This limitation shall not prevent the board from~~
13 ~~approving projects which are subject to such later itemization~~
14 ~~and approval prior to funding such approved projects.~~

15 ~~(g) Containing education of operation. No agreement with~~
16 ~~individuals or entities shall be valid in the absence of an~~
17 ~~agreement by the individuals or entities seeking assistance~~
18 ~~under this act to assure that the system operators are~~
19 ~~participating or will participate in continuing education~~
20 ~~programs developed by the Department of Environmental Resources.~~
21 ~~If the board determines that the system operator of a system~~
22 ~~receiving assistance is not participating in continuing~~
23 ~~education programs, the board shall take all steps necessary to~~
24 ~~cease all financial assistance and recover all prior payments,~~
25 ~~including, but not limited to, the immediate repayment of any~~
26 ~~outstanding loans and interest and any grants.~~

27 ~~(h) Inspection of project and records.—~~

28 ~~(1) The applicant shall allow the authority and its~~
29 ~~successors, agents and representatives the right, at all~~
30 ~~reasonable times during construction and after completion of~~

1 ~~the project, to enter upon and inspect the project and to~~
2 ~~examine and make copies of the applicant's books, records,~~
3 ~~accounting data and other documents pertaining to the project~~
4 ~~and the financial condition of the applicant.~~

5 ~~(2) The applicant may be required by the board or its~~
6 ~~agent to have prepared independent audits of its financial~~
7 ~~documents and conditions and submit a certified copy of the~~
8 ~~audits to the board.~~

9 ~~(i) Financial analysis. The financial analysis used by the~~
10 ~~board to determine the need of all applicants for financial~~
11 ~~assistance shall include, but not be limited to, the following:~~

12 ~~(1) Fair and reasonable costs of wastewater treatment or~~
13 ~~of supplying drinking water incurred by comparable systems.~~

14 ~~(2) The incomes of affected ratepayers and their ability~~
15 ~~to pay increased rates necessary to complete the proposed~~
16 ~~projects.~~

17 ~~(3) Other sources of financing available to individuals~~
18 ~~or entities seeking assistance under this act.~~

19 ~~(4) A determination that any financial assistance~~
20 ~~provided by this act will not be used to supplant financial~~
21 ~~resources already available to the applicant.~~

22 ~~Section 11. Comprehensive water facilities plan.~~

23 ~~The Department of Environmental Resources shall prepare and~~
24 ~~submit to the authority a comprehensive plan for wastewater~~
25 ~~disposal and piped drinking water facilities in this~~
26 ~~Commonwealth. The plan should include, but not be limited to:~~

27 ~~(1) An inventory of the existing facilities located~~
28 ~~within this Commonwealth, including, but not limited to,~~
29 ~~identification of the type, capacity, location, current~~
30 ~~condition and year constructed.~~

~~(2) An inventory of drinking water and sewage construction needs.~~

~~(3) Identification of the major issues and problems that the Commonwealth must deal with in order to address its water infrastructure needs, including financial as well as nonfinancial issues.~~

~~(4) Recommendations for programs to encourage the construction of drinking water and sewage treatment facilities. This may include innovative financing mechanisms, alternative technology and ownership structures, and technical assistance.~~

~~(5) Identification of emerging issues, trends and problems that might affect these facilities.~~

~~The plan shall be updated at least every five years.~~

~~Section 12. Audits.~~

~~The accounts and books of the authority, including its receipts, disbursements, contracts, mortgages, investments and other matters relating to its finances, operation and affairs, shall be examined and audited by the Auditor General.~~

~~Section 13. Annual report.~~

~~The board shall provide the General Assembly with an annual report detailing all projects funded under section 10(a)(3) of this act and all projects receiving assistance from community facilities funds.~~

~~Section 14. Expedited approval of rate relief.~~

~~For the limited and special purpose of ensuring repayment of principal and interest on loans made pursuant to this act, the Pennsylvania Public Utility Commission shall approve such security issues, affiliated interest agreements and rate increase requests by applicants that are regulated utilities as~~

~~are necessary and appropriate. For this purpose, the Pennsylvania Public Utility Commission shall establish such expedited practices, procedures and policies as necessary to facilitate and accomplish repayment of the loans. Nothing in this act shall be construed as to require approval of rate increases greater than that necessary to accomplish the repayment of loans made pursuant to this act.~~

~~Section 15. Transfer of Water Facilities Loan Board.~~

~~(a) Removal of members. On the effective date of this act, all existing members of the Water Facilities Loan Board are removed from office.~~

~~(b) Board of directors to serve as Water Facilities Loan Board. For purposes of satisfying all outstanding obligations of the Water Facilities Loan Board and for purposes of collecting loan and interest repayments, the board established in section 4 shall constitute the membership of the Water Facilities Loan Board.~~

~~(c) Transfer of function. All remaining rights, powers, duties, obligations, liabilities, records and equipment of the Water Facilities Loan Board are transferred to the authority.~~

~~Section 16. Repeals.~~

~~(a) Absolute. The following acts or parts of acts are repealed:~~

~~The definitions of "community water supply system," "department," "flood control facility," "port facility," "project" and "water facility" in section 7502 and sections 7503, 7504(b), (d) and (e), 7506, 7510, 7511, 7512, 7513, 7514, 7515 and 7516 of Title 32 of the Pennsylvania Consolidated Statutes (relating to forests, waters and State parks).~~

~~(b) Limited. The following acts or parts of acts are~~

1 ~~repealed:~~

2 ~~(1) Any project itemized in a capital budget which was~~
3 ~~funded by current revenues without the use of bond~~
4 ~~obligations.~~

5 ~~(2) Sections 1, 1.1, 2 and 3 of the act of August 20,~~
6 ~~1953 (P.L.1217, No.339), entitled "An act providing for~~
7 ~~payments by the Commonwealth to municipalities which have~~
8 ~~expended money to acquire and construct sewage treatment~~
9 ~~plants in accordance with the Clean Streams Program and the~~
10 ~~act, approved the twenty second day of June, one thousand~~
11 ~~nine hundred thirty seven (Pamphlet Laws 1987), and making an~~
12 ~~appropriation," as applied to projects funded under the~~
13 ~~provisions of this act.~~

14 ~~(c) Inconsistent. All other acts and parts of acts are~~
15 ~~repealed insofar as they are inconsistent with this act.~~

16 ~~Section 17. Severability.~~

17 ~~The provisions of this act are severable. If any provision of~~
18 ~~this act or its application to any person or circumstance is~~
19 ~~held invalid, the invalidity shall not affect other provisions~~
20 ~~or applications of this act which can be given effect without~~
21 ~~the invalid provision or application.~~

22 ~~Section 18. Effective date.~~

23 ~~This act shall take effect in 90 days.~~

24 SECTION 1. PART IV OF TITLE 32 OF THE PENNSYLVANIA
25 CONSOLIDATED STATUTES IS AMENDED BY ADDING A CHAPTER TO READ:

26 CHAPTER 77

27 PENNSYLVANIA INFRASTRUCTURE INVESTMENT

28 SUBCHAPTER

29 A. GENERAL PROVISIONS

30 B. REFERENDUM

SUBCHAPTER A

GENERAL PROVISIONS

SEC.

7701. SHORT TITLE OF CHAPTER.

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7703. DEFINITIONS.

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7709. DEBT RETIREMENT.

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7711. LIMITS ON PROJECT FUNDING.

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7716. IMPLEMENTATION OF PROJECT.

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7718. EXPEDITED APPROVAL OF RATE RELIEF.

7719. COMPREHENSIVE WATER SUPPLY AND SEWAGE TREATMENT

FACILITIES PLAN.

7720. ANNUAL REPORT.

7721. TRANSFER OF WATER FACILITIES LOAN BOARD.

§ 7701. SHORT TITLE OF CHAPTER.

THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE

PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN ACT.

§ 7702. LEGISLATIVE FINDINGS AND DECLARATIONS.

THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

1 (1) THE HEALTH, SAFETY AND WELFARE OF THE CITIZENS OF
2 THIS COMMONWEALTH AND THE ECONOMIC DEVELOPMENT, EMPLOYMENT,
3 AGRICULTURE, INDUSTRY AND ENVIRONMENTAL QUALITY OF THE ENTIRE
4 COMMONWEALTH ARE AND WILL CONTINUE TO BE VITALLY AFFECTED BY
5 THE ADEQUACY AND EFFECTIVENESS OF WATER SUPPLY AND SEWAGE
6 TREATMENT SYSTEMS THROUGHOUT THIS COMMONWEALTH.

7 (2) MANY WATER SUPPLY AND SEWAGE TREATMENT SYSTEMS HAVE
8 EXPERIENCED SEVERE DIFFICULTIES COMPLYING WITH STATE AND
9 FEDERAL HEALTH AND SAFETY STANDARDS AND ARE NOT ADEQUATE TO
10 SERVE EFFECTIVELY THE PRESENT AND FUTURE NEEDS OF THE PEOPLE
11 OF THIS COMMONWEALTH.

12 (3) THE ECONOMIC REVITALIZATION OF THIS COMMONWEALTH IS
13 BEING HINDERED BY A LACK OF CLEAN WATER AND ADEQUATE SEWAGE
14 FACILITIES.

15 (4) ADEQUATE FINANCING OF NECESSARY ACQUISITION, REPAIR,
16 CONSTRUCTION, RECONSTRUCTION, REHABILITATION, EXTENSION,
17 EXPANSION AND IMPROVEMENT PROJECTS IS NOT AVAILABLE AT
18 PRESENT THROUGH EXISTING FINANCIAL ARRANGEMENTS UNDER TERMS
19 AND CONDITIONS WHICH WOULD ENABLE THE PROJECTS TO BE
20 IMPLEMENTED.

21 (5) THE COMMONWEALTH SHOULD ACT TO ASSIST IN FINANCING
22 PROJECTS TO PROTECT THE HEALTH AND SAFETY OF THE CITIZENS OF
23 THIS COMMONWEALTH AND TO PROMOTE THE CONTINUED ECONOMIC
24 DEVELOPMENT OF PENNSYLVANIA THROUGH THE FINANCING OF LOANS
25 FOR THE ACQUISITION, REPAIR, CONSTRUCTION, RECONSTRUCTION,
26 REHABILITATION, EXTENSION, EXPANSION AND IMPROVEMENT OF WATER
27 SUPPLY AND SEWAGE TREATMENT SYSTEMS.

28 (6) FOR THESE REASONS AND FOR THIS PURPOSE, LOANS SHALL
29 BE MADE TO PROVIDE FOR THESE PROJECTS, SUBJECT TO THE VOTERS
30 OF THIS COMMONWEALTH HAVING APPROVED BY REFERENDUM THE

1 INCURRING OF INDEBTEDNESS OF \$450,000,000, THROUGH THE SALE
2 OF GENERAL OBLIGATION BONDS BY THE COMMONWEALTH, AS WELL AS
3 THE UTILIZATION OF AVAILABLE FEDERAL FUNDS.

4 § 7703. DEFINITIONS.

5 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
6 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
7 CONTEXT CLEARLY INDICATES OTHERWISE:

8 "BOARD." THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN
9 BOARD ESTABLISHED BY THIS CHAPTER.

10 "DEPARTMENT." THE DEPARTMENT OF ENVIRONMENTAL RESOURCES OF
11 THE COMMONWEALTH.

12 "GOVERNMENTAL UNIT." ANY AGENCY OF THE COMMONWEALTH OR ANY
13 COUNTY, MUNICIPALITY OR SCHOOL DISTRICT, OR ANY AGENCY,
14 INSTRUMENTALITY, AUTHORITY OR CORPORATION THEREOF, OR ANY PUBLIC
15 BODY HAVING LOCAL OR REGIONAL JURISDICTION OR POWER.

16 "ISSUING OFFICIALS." THE GOVERNOR, THE AUDITOR GENERAL AND
17 THE STATE TREASURER.

18 "MUNICIPAL AUTHORITY." A BODY CORPORATE AND POLITIC CREATED
19 PURSUANT TO THE ACT OF JUNE 28, 1935 (P.L.463, NO.191), KNOWN AS
20 THE MUNICIPALITY AUTHORITIES ACT OF ONE THOUSAND NINE HUNDRED
21 AND THIRTY-FIVE, OR THE ACT OF MAY 2, 1945 (P.L.382, NO.164),
22 KNOWN AS THE MUNICIPALITY AUTHORITIES ACT OF 1945.

23 "MUNICIPALITY." A COUNTY, CITY, BOROUGH, INCORPORATED TOWN,
24 TOWNSHIP OR HOME RULE MUNICIPALITY.

25 "NOTES." TEMPORARY OBLIGATIONS ISSUED BY THE COMMONWEALTH
26 PURSUANT TO THIS CHAPTER IN ANTICIPATION OF BONDS, AND SHALL
27 INCLUDE RENEWAL NOTES.

28 "PROJECT." THE COMBINED ELIGIBLE COSTS CONTAINED IN A LOAN
29 APPLICATION FOR THE ACQUISITION, REPAIR, CONSTRUCTION,
30 RECONSTRUCTION, REHABILITATION, EXTENSION, EXPANSION OR

1 IMPROVEMENT OF ALL OR PART OF ANY FACILITY OR SYSTEM, WHETHER
2 PUBLICLY OR PRIVATELY OWNED, FOR THE COLLECTION, TREATMENT OR
3 DISPOSAL OF WASTEWATER, OR FOR THE SUPPLY, TREATMENT, STORAGE OR
4 DISTRIBUTION OF DRINKING WATER, WHICH THE BOARD HAS DETERMINED
5 TO BE ELIGIBLE FOR LOAN FINANCING UNDER SECTION 7713 (RELATING
6 TO APPLICATION REQUIREMENTS AND CRITERIA FOR OBTAINING LOAN).

7 "RENEWAL NOTES." NOTES, THE NET PROCEEDS OF WHICH ARE USED
8 TO PAY PRINCIPAL, ACCRUED INTEREST AND PREMIUM, IF ANY, OF
9 PREVIOUSLY ISSUED NOTES OR RENEWAL NOTES, AND WHICH EVIDENCE THE
10 SAME TEMPORARY BORROWING OF THE COMMONWEALTH AS THE NOTES OR
11 RENEWAL NOTES REPLACED.

12 "SECRETARY." THE SECRETARY OF ENVIRONMENTAL RESOURCES OF THE
13 COMMONWEALTH.

14 "SEWAGE TREATMENT SYSTEM." A SYSTEM OR FACILITY, OWNED BY
15 ONE OR MORE MUNICIPALITIES OR MUNICIPAL AUTHORITIES, FOR THE
16 COLLECTION, TREATMENT OR DISPOSAL OF SEWAGE OF A LIQUID NATURE,
17 EXCLUSIVE OF STORM WATER, WHICH SHALL INCLUDE SEWAGE TREATMENT
18 PLANTS, INTERCEPTOR AND OUTFALL SEWERS, TRUNK AND COLLECTION
19 SEWERS, PUMP STATIONS AND OVERFLOW CONTROL FACILITIES FOR
20 COMBINED SEWER SYSTEMS.

21 "WATER FACILITIES LOAN BOARD." THE BOARD ESTABLISHED UNDER
22 SECTION 7504 (RELATING TO WATER FACILITIES LOAN BOARD).

23 "WATER SUPPLY SYSTEM." A PUBLICLY OR PRIVATELY OWNED SYSTEM
24 OR FACILITY FOR THE PROVISION TO THE PUBLIC OF PIPED WATER FOR
25 HUMAN CONSUMPTION WHICH SERVES AT LEAST 15 SERVICE CONNECTIONS
26 USED BY YEAR-ROUND RESIDENTS OR REGULARLY SERVES AT LEAST 25
27 YEAR-ROUND RESIDENTS. A WATER SUPPLY SYSTEM INCLUDES WATER
28 SUPPLY DAMS, RESERVOIRS OR OTHER SOURCES AND ANY COLLECTION,
29 TREATMENT, STORAGE OR DISTRIBUTION FACILITIES.

30 § 7704. PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN BOARD.

1 (A) CREATION.--THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT
2 LOAN BOARD IS HEREBY CREATED AS A DEPARTMENTAL ADMINISTRATIVE
3 BOARD IN THE DEPARTMENT OF ENVIRONMENTAL RESOURCES.

4 (B) MEMBERSHIP.--THE BOARD SHALL BE COMPOSED OF 11 MEMBERS
5 AS FOLLOWS: THE SECRETARY OF ENVIRONMENTAL RESOURCES, WHO SHALL
6 SERVE AS CHAIRMAN; THE SECRETARY OF COMMERCE; THE SECRETARY OF
7 COMMUNITY AFFAIRS; THE SECRETARY OF GENERAL SERVICES; THE
8 SECRETARY OF THE BUDGET; TWO SENATORS, ONE EACH TO BE APPOINTED
9 BY THE PRESIDENT PRO TEMPORE OF THE SENATE AND THE MINORITY
10 LEADER OF THE SENATE; TWO MEMBERS OF THE HOUSE OF
11 REPRESENTATIVES, ONE EACH TO BE APPOINTED BY THE SPEAKER OF THE
12 HOUSE OF REPRESENTATIVES AND THE MINORITY LEADER OF THE HOUSE OF
13 REPRESENTATIVES; AND TWO PERSONS TO BE APPOINTED BY THE
14 GOVERNOR, ONE OF WHOM SHALL BE A REGISTERED ENGINEER IN THIS
15 COMMONWEALTH AND ONE OF WHOM SHALL BE A REPRESENTATIVE OF A
16 STATE LOCAL GOVERNMENT ASSOCIATION. EACH OF THE PUBLIC OFFICER
17 MEMBERS OF THE BOARD MAY APPOINT AN ALTERNATE TO SERVE ON THE
18 BOARD AND PERFORM THE DUTIES OF A MEMBER IN HIS ABSENCE.

19 (C) QUORUM.--A QUORUM FOR THE CONDUCT OF BUSINESS SHALL BE
20 AT LEAST SEVEN MEMBERS OF THE BOARD OR THEIR ALTERNATES AS SET
21 FORTH IN SUBSECTION (B).

22 (D) STAFF SERVICES.--EXCEPT AS OTHERWISE PROVIDED IN THIS
23 CHAPTER:

24 (1) THE DEPARTMENT SHALL PROVIDE TECHNICAL, FINANCIAL,
25 LEGAL AND OTHER STAFF SERVICES NECESSARY TO CARRY OUT THE
26 WORK OF THE BOARD WITH RESPECT TO WATER SUPPLY AND SEWAGE
27 TREATMENT SYSTEM PROJECTS.

28 (2) SUCH OTHER COMMONWEALTH AGENCIES AS MAY BE
29 APPROPRIATE SHALL COOPERATE WITH AND PROVIDE ASSISTANCE TO
30 THE BOARD, WHEN CALLED UPON TO PROVIDE SUCH SERVICES AS MAY

1 BE DEEMED NECESSARY.

2 § 7705. POWERS OF BOARD.

3 THE BOARD SHALL HAVE THE POWER:

4 (1) TO MAKE AND ALTER BYLAWS FOR THE MANAGEMENT OF ITS
5 AFFAIRS THROUGH THE ADOPTION OF REGULATIONS.

6 (2) TO ENTER INTO CONTRACTS OF ALL KINDS AND TO EXECUTE
7 ALL INSTRUMENTS NECESSARY OR CONVENIENT FOR CARRYING OUT ITS
8 OPERATIONS.

9 (3) TO ACCEPT GRANTS, SUBSIDIES AND LOANS FROM AND ENTER
10 INTO AGREEMENTS OR OTHER TRANSACTIONS WITH ANY FEDERAL OR
11 COMMONWEALTH AGENCY.

12 (4) TO BE A PARTY TO ANY ACTION IN ANY COURT CONCERNING
13 MATTERS AFFECTING THE BOARD, EXCEPT THAT NO PROVISIONS OF
14 THIS CHAPTER SHALL CONSTITUTE A WAIVER OF SOVEREIGN IMMUNITY
15 EXCEPT AS PROVIDED IN CHAPTER 85 OF TITLE 42 (RELATING TO
16 MATTERS AFFECTING GOVERNMENT UNITS).

17 (5) TO MAKE LOANS FOR THE ACQUISITION, REPAIR,
18 CONSTRUCTION, RECONSTRUCTION, REHABILITATION, EXTENSION,
19 EXPANSION AND IMPROVEMENT OF WATER SUPPLY AND SEWAGE
20 TREATMENT SYSTEMS IN ACCORDANCE WITH THE PROVISIONS OF THIS
21 CHAPTER.

22 (6) TO ADOPT ADMINISTRATIVE PROCEDURES RELATING TO THE
23 PROCESSING OF LOAN APPLICATIONS NECESSARY FOR IMPLEMENTING
24 THE PROVISIONS OF THIS CHAPTER.

25 (7) TO COOPERATE WITH FEDERAL, COMMONWEALTH AND LOCAL
26 AGENCIES IN ORDER TO ACCOMPLISH THE PURPOSES OF THIS CHAPTER
27 AS EXPEDITIOUSLY AS POSSIBLE.

28 (8) TO ACQUIRE OR TAKE TITLE BY FORECLOSURE TO ANY REAL
29 OR PERSONAL PROPERTY WHICH HAS BEEN PLEDGED AS SECURITY FOR A
30 LOAN GRANTED BY THE BOARD AND WHICH HAS BEEN DEFAULTED, AND

1 TO OPERATE OR DISPOSE OF THE PROPERTY IN ACCORDANCE WITH
2 SECTION 7717 (RELATING TO SUPERVISION OF PROJECT AND SECURITY
3 FROM DEFAULT). ALL COSTS ARISING OUT OF THE FORECLOSURE,
4 ACQUISITION OR OPERATION SHALL BE PAID FROM THE PENNSYLVANIA
5 INFRASTRUCTURE INVESTMENT LOAN FUND OR THE PENNSYLVANIA
6 INFRASTRUCTURE INVESTMENT REVOLVING LOAN FUND, DEPENDING UPON
7 WHICH FUND PROVIDES THE LOAN. ALL PROCEEDS OR REVENUES
8 RESULTING FROM FORECLOSURE, ACQUISITION OR OPERATION OF THE
9 PROPERTY SHALL BE DEPOSITED IN THE PENNSYLVANIA
10 INFRASTRUCTURE INVESTMENT LOAN FUND OR THE PENNSYLVANIA
11 INFRASTRUCTURE INVESTMENT REVOLVING LOAN FUND, DEPENDING UPON
12 WHICH FUND PROVIDES THE LOAN. ALL PROCEEDS OR REVENUES
13 RESULTING FROM THE SALE, LEASE OR DISPOSAL OF THE PROPERTY
14 SHALL BE DEPOSITED IN THE PENNSYLVANIA INFRASTRUCTURE
15 INVESTMENT REDEMPTION FUND OR THE PENNSYLVANIA INFRASTRUCTURE
16 INVESTMENT REVOLVING LOAN FUND, DEPENDING UPON WHICH FUND
17 PROVIDES THE LOAN, FOR THE PURCHASE OR RETIREMENT OF BONDS
18 AND PAYMENT OF INTEREST AND PREMIUM, IF ANY.

19 (9) TO MAKE REIMBURSEMENT TO THE DEPARTMENT OR TO ANY
20 AGENCY OF THE COMMONWEALTH FOR ADMINISTRATIVE EXPENSES
21 INCURRED IN THE PROVISION OF SERVICES IN CONNECTION WITH THE
22 PERFORMANCE OF DUTIES UNDER THIS CHAPTER.

23 (10) TO PREPARE PLANS AND REPORTS AND PROVIDE FOR PUBLIC
24 PARTICIPATION AS DEEMED APPROPRIATE.

25 (11) TO ADOPT AND, FROM TIME TO TIME, AMEND AND REPEAL
26 RULES AND REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS
27 CHAPTER.

28 (12) TO DO ALL OTHER THINGS NECESSARY AND CONVENIENT TO
29 CARRY OUT THE PURPOSES AND PROVISIONS OF THIS CHAPTER.

30 (13) TO SERVE AS THE WATER FACILITIES LOAN BOARD TO

1 SATISFY ANY OUTSTANDING BOND OBLIGATION AND LOAN LIABILITIES.

2 (14) TO ASSUME ALL THE RIGHTS, POWERS, DUTIES,
3 OBLIGATIONS AND LIABILITIES OF THE WATER FACILITIES LOAN
4 BOARD.

5 (15) TO TAKE SUCH ACTIONS AS ARE DEEMED NECESSARY TO
6 COMPLY WITH THE WATER QUALITY ACT OF 1987 (PUBLIC LAW 100-4,
7 101 STAT. 7).

8 § 7706. FUNDS CREATED.

9 THERE ARE HEREBY CREATED IN THE STATE TREASURY THE FOLLOWING
10 FUNDS:

11 (1) PENNSYLVANIA INFRASTRUCTURE INVESTMENT REVOLVING
12 LOAN FUND. INTO THIS FUND SHALL BE DEPOSITED ALL FEDERAL
13 FUNDS RECEIVED PURSUANT TO THE WATER QUALITY ACT OF 1987
14 (PUBLIC LAW 100-4, 101 STAT. 7) FOR THE PURPOSE OF
15 CAPITALIZING A STATE REVOLVING FUND FOR LOANS TO ACQUIRE,
16 REPAIR, CONSTRUCT, RECONSTRUCT, REHABILITATE, EXTEND, EXPAND
17 AND IMPROVE SEWAGE TREATMENT SYSTEM PROJECTS. IN ADDITION,
18 THOSE AMOUNTS FROM THE PROCEEDS OF BONDS TO BE ISSUED
19 PURSUANT TO SECTION 7707 (RELATING TO BORROWING AUTHORIZED)
20 THAT ARE NECESSARY FOR COMPLIANCE WITH THE MINIMUM STATE
21 MATCH REQUIREMENTS ESTABLISHED BY THE FEDERAL ACT SHALL BE
22 DEPOSITED IN THIS FUND. ALL MONEYS IN THE FUND SHALL BE USED
23 TO MAKE LOANS FOR SEWAGE TREATMENT SYSTEM PROJECTS THAT MEET
24 THE REQUIREMENTS OF THE FEDERAL WATER QUALITY ACT AND FOR THE
25 PAYMENT OF PERMISSIBLE ADMINISTRATIVE COSTS THAT SHALL NOT
26 EXCEED THE LIMIT ESTABLISHED BY THE FEDERAL ACT. REPAYMENT OF
27 PRINCIPAL AND INTEREST ON LOANS MADE FROM THIS FUND SHALL BE
28 DEPOSITED IN THE FUND. ANY INTEREST EARNED ON MONEYS IN THIS
29 FUND SHALL BE DEPOSITED IN THE FUND. NO FUNDS SHALL BE
30 UTILIZED FROM THIS FUND FOR THE PURPOSE OF PROVIDING ANY

1 GRANT ASSISTANCE.

2 (2) PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN FUND.
3 INTO THIS FUND SHALL BE DEPOSITED THE PROCEEDS OF ALL BONDS
4 ISSUED PURSUANT TO SECTION 7707, WHICH ARE NOT REQUIRED TO BE
5 DEPOSITED IN THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT
6 REVOLVING LOAN FUND PURSUANT TO PARAGRAPH (1). ALL MONEYS IN
7 THE FUND MAY BE USED TO MAKE LOANS FOR WATER SUPPLY AND
8 SEWAGE TREATMENT SYSTEM PROJECTS PURSUANT TO THIS CHAPTER AND
9 FOR THE PAYMENT OF ADMINISTRATIVE COSTS INCURRED IN THE
10 IMPLEMENTATION OF THIS ACT. REPAYMENT OF PRINCIPAL AND
11 INTEREST ON LOANS MADE FROM THIS FUND SHALL BE DEPOSITED IN
12 THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT REDEMPTION FUND.

13 (3) PENNSYLVANIA INFRASTRUCTURE INVESTMENT REDEMPTION
14 FUND. MONEYS IN THIS FUND SHALL BE USED TO PAY THE PRINCIPAL
15 AND INTEREST ON BONDS ISSUED PURSUANT TO SECTION 7707.
16 REPAYMENT OF PRINCIPAL AND INTEREST ON LOANS MADE FROM THE
17 PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN FUND SHALL BE
18 DEPOSITED IN THIS FUND AS WELL AS ANY INTEREST EARNED ON
19 MONEYS IN THE FUND. GENERAL FUND APPROPRIATIONS SHALL BE MADE
20 IN SUFFICIENT AMOUNTS TO MEET THE DIFFERENCE BETWEEN LOAN
21 REPAYMENTS AND INTEREST IN THE FUND AND TOTAL DEBT SERVICE
22 DUE TO BONDHOLDERS.

23 § 7707. BORROWING AUTHORIZED.

24 (A) SOURCES OF REVENUE.--IN ADDITION TO ANY FEDERAL FUNDS
25 RECEIVED PURSUANT TO THE WATER QUALITY ACT OF 1987 (PUBLIC LAW
26 100-4, 101 STAT. 7), THE FOLLOWING SOURCES OF REVENUE SHALL BE
27 UTILIZED FOR THE PURPOSES SET FORTH IN THIS CHAPTER:

28 (1) PROCEEDS FROM THE SALE OF BONDS ISSUED ON OR AFTER
29 THE EFFECTIVE DATE OF THIS ACT FROM THE REMAINING UNUSED
30 AUTHORIZATION, IN ADDITION TO ANY OTHER FUNDS THAT REMAIN

1 UNUSED ON THE EFFECTIVE DATE OF THIS ACT, FROM THE ACT OF
2 JULY 12, 1981 (P.L.263, NO.88), ENTITLED "AN ACT AUTHORIZING
3 THE INCURRING OF INDEBTEDNESS, WITH APPROVAL OF THE ELECTORS,
4 OF \$300,000,000 FOR THE REPAIR, CONSTRUCTION, RECONSTRUCTION,
5 REHABILITATION, EXTENSION AND IMPROVEMENT OF COMMUNITY WATER
6 SUPPLY SYSTEMS, AND FOR THE REPAIR, RECONSTRUCTION OR
7 REHABILITATION OF FLOOD CONTROL FACILITIES, DAMS AND PORT
8 FACILITIES AND PROVIDING THE ALLOTMENT OF PROCEEDS FROM
9 BORROWING HEREUNDER," APPROVED BY THE ELECTORATE ON NOVEMBER
10 3, 1981, WHICH WAS IMPLEMENTED PURSUANT TO CHAPTER 75
11 (RELATING TO WATER FACILITIES RESTORATION).

12 (2) IN ADDITION TO THE PROCEEDS SET FORTH IN PARAGRAPH
13 (1), PURSUANT TO THE PROVISIONS OF SECTION 7(A)(3) OF ARTICLE
14 VIII OF THE CONSTITUTION OF PENNSYLVANIA AND SUBJECT TO THE
15 APPROVAL OF THE REFERENDUM BY THE ELECTORATE, THE ISSUING
16 OFFICIALS ARE AUTHORIZED AND DIRECTED TO BORROW, ON THE
17 CREDIT OF THE COMMONWEALTH, BONDS NOT EXCEEDING IN THE
18 AGGREGATE THE SUM OF \$450,000,000, NOT INCLUDING REFUNDING
19 BONDS, AS MAY BE FOUND NECESSARY TO CARRY OUT THE PURPOSES OF
20 THIS CHAPTER.

21 (B) AUTHORIZATION TO ISSUE NOTES.--PENDING THE ISSUANCE OF
22 BONDS OF THE COMMONWEALTH AS AUTHORIZED IN THIS CHAPTER, THE
23 ISSUING OFFICIALS ARE AUTHORIZED IN ACCORDANCE WITH THIS CHAPTER
24 AND ON THE CREDIT OF THE COMMONWEALTH TO MAKE TEMPORARY
25 BORROWING NOT TO EXCEED THREE YEARS IN ANTICIPATION OF THE ISSUE
26 OF BONDS WITH THE LATEST STATED MATURITY DATE TO BE SET FORTH IN
27 THE NOTES, IN ORDER TO PROVIDE FUNDS IN SUCH AMOUNTS AS MAY,
28 FROM TIME TO TIME, BE DEEMED ADVISABLE TO CARRY OUT THE PURPOSE
29 OF THIS CHAPTER PRIOR TO THE ISSUE OF BONDS. IN ORDER TO PROVIDE
30 FOR AND IN CONNECTION WITH SUCH TEMPORARY BORROWINGS, THE

1 ISSUING OFFICIALS ARE AUTHORIZED IN THE NAME AND ON BEHALF OF
2 THE COMMONWEALTH TO ENTER INTO ANY LOAN OR CREDIT AGREEMENT OR
3 AGREEMENTS OR OTHER AGREEMENTS WITH ANY BANKS OR TRUST COMPANIES
4 OR OTHER LENDING INSTITUTIONS OR PERSONS IN THE UNITED STATES
5 HAVING POWER TO ENTER INTO THEM, WHICH AGREEMENTS MAY CONTAIN
6 SUCH PROVISIONS NOT INCONSISTENT WITH THE PROVISIONS OF THIS
7 CHAPTER AS MAY BE CUSTOMARY IN SUCH INSTRUMENTS AND AS MAY BE
8 AUTHORIZED BY THE ISSUING OFFICIALS.

9 (C) ISSUANCE OF NOTES AND RENEWAL NOTES.--ALL TEMPORARY
10 BORROWINGS MADE UNDER THE AUTHORIZATION OF THIS SECTION SHALL BE
11 EVIDENCED BY NOTES OF THE COMMONWEALTH, WHICH SHALL BE ISSUED
12 FROM TIME TO TIME FOR SUCH AMOUNTS THAT TOGETHER WITH THE NOTES
13 OUTSTANDING AND BONDS ISSUED PURSUANT TO THIS CHAPTER DO NOT
14 EXCEED THE AVAILABLE SOURCES OF REVENUE PURSUANT TO SUBSECTION
15 (A), IN SUCH FORM AND IN SUCH DENOMINATIONS, AND SUBJECT TO SUCH
16 TERMS AND CONDITIONS OF SALE AND ISSUE, RENEWAL, PREPAYMENT OR
17 REDEMPTION AND MATURITY, RATE OR RATES OF INTEREST AND TIME OF
18 PAYMENT OF INTERESTS, AS THE ISSUING OFFICIALS SHALL DIRECT AND
19 IN ACCORDANCE WITH THIS CHAPTER. SUCH DIRECTION MAY PROVIDE FOR
20 THE SUBSEQUENT ISSUANCE OF THE NOTES (REFERRED TO AS "RENEWAL
21 NOTES") TO REFUND THE NOTES OR RENEWAL NOTES, WHICH RENEWAL
22 NOTES SHALL, UPON ISSUANCE THEREOF, EVIDENCE THE BORROWING, AND
23 MAY SPECIFY SUCH OTHER TERMS AND CONDITIONS WITH RESPECT TO THE
24 NOTES AND RENEWAL NOTES THEREBY AUTHORIZED FOR ISSUANCE AS THE
25 ISSUING OFFICIALS MAY DETERMINE AND DIRECT. ANY ISSUE OF RENEWAL
26 NOTES MAY BE IN A PRINCIPAL AMOUNT SUFFICIENT TO REPAY THE
27 PRINCIPAL OF AND ACCRUED INTEREST ON, IF ANY, THE ISSUE OR
28 ISSUES OF NOTES BEING REFUNDED AND TO PAY THE FINANCIAL COSTS
29 RELATING TO THE RENEWAL NOTES.

30 (D) FUNDING BONDS.--OUTSTANDING NOTES EVIDENCING THE

1 BORROWINGS MAY BE FUNDED AND RETIRED BY THE ISSUANCE AND SALE OF
2 THE BONDS OF THE COMMONWEALTH AS AUTHORIZED IN THIS CHAPTER. THE
3 FUNDING BONDS MUST BE ISSUED AND SOLD NOT LATER THAN A DATE
4 THREE YEARS AFTER THE DATE OF THE ISSUANCE OF THE FIRST NOTES
5 EVIDENCING THE BORROWINGS TO THE EXTENT THAT PAYMENT OF THE
6 NOTES HAS NOT OTHERWISE BEEN MADE OR PROVIDED FOR BY SOURCES
7 OTHER THAN PROCEEDS OF RENEWAL NOTES.

8 (E) ISSUANCE OF GENERAL OBLIGATION BONDS.--AS EVIDENCE OF
9 THE INDEBTEDNESS AUTHORIZED IN THIS CHAPTER, GENERAL OBLIGATION
10 BONDS OF THE COMMONWEALTH SHALL BE ISSUED FROM TIME TO TIME TO
11 FUND AND RETIRE NOTES ISSUED PURSUANT TO THIS CHAPTER (REFERRED
12 TO AS "FUNDING BONDS") OR TO PROVIDE MONEYS NECESSARY TO CARRY
13 OUT THE PURPOSES OF THIS CHAPTER, OR BOTH, FOR SUCH TOTAL
14 AMOUNTS, IN SUCH FORM, IN SUCH DENOMINATIONS AND SUBJECT TO SUCH
15 TERMS AND CONDITIONS OF ISSUE, REDEMPTION AND MATURITY, RATE OF
16 INTEREST AND TIME OF PAYMENT OF INTEREST AS THE ISSUING
17 OFFICIALS DIRECT EXCEPT THAT THE LATEST STATED MATURITY DATE
18 SHALL NOT EXCEED 30 YEARS FROM THE DATE OF THE DEBT FIRST ISSUED
19 FOR EACH SERIES.

20 (F) EXECUTION OF BONDS.--ALL BONDS AND NOTES ISSUED UNDER
21 THE AUTHORITY OF THIS CHAPTER SHALL BEAR FACSIMILE SIGNATURES OF
22 THE ISSUING OFFICIALS AND A FACSIMILE OF THE GREAT SEAL OF THE
23 COMMONWEALTH AND SHALL BE COUNTERSIGNED BY A DULY AUTHORIZED
24 LOAN AND TRANSFER AGENT OF THE COMMONWEALTH.

25 (G) DIRECT OBLIGATION OF COMMONWEALTH.--ALL BONDS AND NOTES
26 ISSUED IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION SHALL
27 BE DIRECT OBLIGATIONS OF THE COMMONWEALTH, AND THE FULL FAITH
28 AND CREDIT OF THE COMMONWEALTH ARE HEREBY PLEDGED FOR THE
29 PAYMENT OF THE INTEREST THEREON AS IT BECOMES DUE AND THE
30 PAYMENT OF THE PRINCIPAL AT MATURITY. THE PRINCIPAL OF AND

1 INTEREST ON THE BONDS AND NOTES SHALL BE PAYABLE IN LAWFUL MONEY
2 OF THE UNITED STATES OF AMERICA.

3 (H) EXEMPTION FROM TAXATION.--ALL BONDS AND NOTES ISSUED
4 UNDER THE PROVISIONS OF THIS SECTION SHALL BE EXEMPT FROM
5 TAXATION FOR STATE AND LOCAL PURPOSES.

6 (I) FORM OF BONDS.--THE BONDS MAY BE ISSUED AS COUPON BONDS
7 OR REGISTERED AS TO BOTH PRINCIPAL AND INTEREST AS THE ISSUING
8 OFFICIALS MAY DETERMINE. IF INTEREST COUPONS ARE ATTACHED, THEY
9 SHALL CONTAIN THE FACSIMILE SIGNATURE OF THE STATE TREASURER.

10 (J) BOND AMORTIZATION.--THE ISSUING OFFICIALS SHALL PROVIDE
11 FOR THE AMORTIZATION OF THE BONDS IN SUBSTANTIAL AND REGULAR
12 AMOUNTS OVER THE TERM OF THE DEBT. THE FIRST RETIREMENT OF
13 PRINCIPAL SHALL BE STATED TO MATURE PRIOR TO THE EXPIRATION OF A
14 PERIOD OF TIME EQUAL TO ONE-TENTH OF THE TIME FROM THE DATE OF
15 THE FIRST OBLIGATION ISSUED TO EVIDENCE THE DEBT TO THE DATE OF
16 THE EXPIRATION OF THE TERM OF THE DEBT. RETIREMENTS OF PRINCIPAL
17 SHALL BE REGULAR AND SUBSTANTIAL IF MADE IN ANNUAL OR SEMIANNUAL
18 AMOUNTS, WHETHER BY STATED SERIAL MATURITIES OR BY MANDATORY
19 SINKING FUND RETIREMENTS.

20 (K) REFUNDING BONDS.--THE ISSUING OFFICIALS ARE AUTHORIZED
21 TO PROVIDE, BY RESOLUTION, FOR THE ISSUANCE OF REFUNDING BONDS
22 FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED UNDER THE
23 PROVISIONS OF THIS CHAPTER AND THEN OUTSTANDING, EITHER BY
24 VOLUNTARY EXCHANGE WITH THE HOLDERS OF THE OUTSTANDING BONDS, OR
25 TO PROVIDE FUNDS TO REDEEM AND RETIRE THE OUTSTANDING BONDS WITH
26 ACCRUED INTEREST, ANY PREMIUM PAYABLE THEREON AND THE COSTS OF
27 ISSUANCE AND RETIREMENT OF BONDS, AT MATURITY OR AT ANY CALL
28 DATE. THE ISSUANCE OF THE REFUNDING BONDS, THE MATURITIES AND
29 OTHER DETAILS THEREOF, THE RIGHTS OF THE HOLDERS THEREOF AND THE
30 DUTIES OF THE ISSUING OFFICIALS IN RESPECT TO THE SAME SHALL BE

1 GOVERNED BY THE PROVISIONS OF THIS SECTION, INSOFAR AS THEY MAY
2 BE APPLICABLE. REFUNDING BONDS, WHICH ARE NOT SUBJECT TO THE
3 AGGREGATE LIMITATION SET FORTH IN SUBSECTION (A)(1) AND (2) OF
4 BONDS TO BE ISSUED PURSUANT TO THIS CHAPTER, MAY BE ISSUED BY
5 THE ISSUING OFFICIALS TO REFUND BONDS ORIGINALLY ISSUED OR TO
6 REFUND BONDS PREVIOUSLY ISSUED FOR REFUNDING PURPOSES.

7 (L) QUORUM.--WHENEVER ANY ACTION IS TO BE TAKEN OR DECISION
8 MADE BY THE GOVERNOR, THE AUDITOR GENERAL AND THE STATE
9 TREASURER ACTING AS ISSUING OFFICIALS AND THE THREE OFFICERS ARE
10 NOT ABLE UNANIMOUSLY TO AGREE, THE ACTION OR DECISION OF THE
11 GOVERNOR AND EITHER THE AUDITOR GENERAL OR STATE TREASURER SHALL
12 BE BINDING AND FINAL.

13 § 7708. SALE OF BONDS.

14 (A) PUBLIC SALE.--WHENEVER BONDS ARE ISSUED, THEY SHALL BE
15 OFFERED FOR SALE AT NOT LESS THAN 98% OF THE PRINCIPAL AMOUNT
16 AND ACCRUED INTEREST AND SHALL BE SOLD BY THE ISSUING OFFICIALS
17 TO THE HIGHEST AND BEST BIDDER OR BIDDERS AFTER DUE PUBLIC
18 ADVERTISEMENT ON SUCH TERMS AND CONDITIONS AND UPON SUCH OPEN
19 COMPETITIVE BIDDING AS THE ISSUING OFFICIALS SHALL DIRECT. THE
20 MANNER AND CHARACTER OF THE ADVERTISEMENT AND THE TIME OF
21 ADVERTISING SHALL BE PRESCRIBED BY THE ISSUING OFFICIALS.

22 (B) PRIVATE SALE.--ANY PORTION OF ANY BOND ISSUE SO OFFERED
23 AND NOT SOLD OR SUBSCRIBED FOR MAY BE DISPOSED OF BY PRIVATE
24 SALE BY THE ISSUING OFFICIALS IN SUCH MANNER AND AT SUCH PRICES,
25 NOT LESS THAN 98% OF THE PRINCIPAL AMOUNT AND ACCRUED INTEREST,
26 AS THE ISSUING OFFICIALS SHALL DIRECT. NO COMMISSION SHALL BE
27 ALLOWED OR PAID FOR THE SALE OF ANY BONDS ISSUED UNDER THE
28 AUTHORITY OF THIS CHAPTER.

29 (C) BOND SERIES.--WHEN BONDS ARE ISSUED FROM TIME TO TIME,
30 THE BONDS OF EACH ISSUE SHALL CONSTITUTE A SEPARATE SERIES TO BE

1 DESIGNATED BY THE ISSUING OFFICIALS OR MAY BE COMBINED FOR SALE
2 AS ONE SERIES WITH OTHER GENERAL OBLIGATION BONDS OF THE
3 COMMONWEALTH.

4 (D) TEMPORARY BONDS.--UNTIL PERMANENT BONDS CAN BE PREPARED,
5 THE ISSUING OFFICIALS MAY IN THEIR DISCRETION ISSUE, IN LIEU OF
6 PERMANENT BONDS, TEMPORARY BONDS IN SUCH FORM AND WITH SUCH
7 PRIVILEGES AS TO REGISTRATION AND EXCHANGE FOR PERMANENT BONDS
8 AS MAY BE DETERMINED BY THE ISSUING OFFICIALS.

9 (E) DISPOSITION AND USE OF PROCEEDS.--THE PROCEEDS REALIZED
10 FROM THE SALE OF BONDS AND NOTES, EXCEPT FUNDING BONDS,
11 REFUNDING BONDS AND RENEWAL NOTES, UNDER THE PROVISIONS OF THIS
12 CHAPTER ARE SPECIFICALLY DEDICATED TO THE PURPOSES OF THE
13 REFERENDUM TO BE IMPLEMENTED BY THIS CHAPTER AND SHALL BE PAID
14 INTO THE SPECIAL FUNDS ESTABLISHED IN THE STATE TREASURY, WHICH
15 SHALL BE KNOWN AS THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT
16 LOAN FUND AND THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT
17 REVOLVING LOAN FUND, IN SUCH AMOUNTS AS MAY BE SPECIFIED BY THE
18 BOARD PURSUANT TO SECTION 7706 (RELATING TO FUNDS CREATED). THE
19 PROCEEDS SHALL BE PAID BY THE STATE TREASURER PERIODICALLY TO
20 THE DEPARTMENT TO EXPEND THEM AT SUCH TIMES AND IN SUCH AMOUNTS
21 AS MAY BE NECESSARY TO SATISFY THE FUNDING NEEDS OF THE
22 DEPARTMENT. THE PROCEEDS OF THE SALE OF FUNDING BONDS, REFUNDING
23 BONDS AND RENEWAL NOTES SHALL BE PAID TO THE STATE TREASURER AND
24 APPLIED TO THE PAYMENT OF PRINCIPAL, THE ACCRUED INTEREST AND
25 PREMIUM, IF ANY, AND COSTS OF REDEMPTION OF THE BONDS AND NOTES
26 FOR WHICH SUCH OBLIGATIONS SHALL HAVE BEEN ISSUED.

27 (F) INVESTMENT OF FUNDS.--PENDING THEIR APPLICATION TO THE
28 PURPOSES AUTHORIZED, MONEYS HELD OR DEPOSITED BY THE STATE
29 TREASURER MAY BE INVESTED OR REINVESTED AS ARE OTHER FUNDS IN
30 THE CUSTODY OF THE STATE TREASURER IN THE MANNER PROVIDED BY

1 LAW. ALL EARNINGS RECEIVED FROM THE INVESTMENT OR DEPOSIT OF
2 SUCH FUNDS SHALL BE PAID INTO THE STATE TREASURY TO THE CREDIT
3 OF THE FUNDS ESTABLISHED IN SECTION 7706 IN SUCH AMOUNTS AS MAY
4 BE SPECIFIED BY THE BOARD PURSUANT TO THAT SECTION.

5 (G) REGISTRATION OF BONDS.--THE AUDITOR GENERAL SHALL
6 PREPARE THE NECESSARY REGISTRY BOOK TO BE KEPT IN THE OFFICE OF
7 THE DULY AUTHORIZED LOAN AND TRANSFER AGENT OF THE COMMONWEALTH
8 FOR THE REGISTRATION OF ANY BONDS, AT THE REQUEST OF OWNERS
9 THEREOF, ACCORDING TO THE TERMS AND CONDITIONS OF ISSUE DIRECTED
10 BY THE ISSUING OFFICIALS.

11 (H) EXPENSES OF PREPARATION FOR ISSUE AND SALE OF BONDS AND
12 NOTES.--THERE IS HEREBY APPROPRIATED TO THE STATE TREASURER FROM
13 THE PROCEEDS OF THE BONDS AND NOTES ISSUED AS MUCH MONEY AS MAY
14 BE NECESSARY FOR ALL COSTS AND EXPENSES IN CONNECTION WITH THE
15 ISSUE OF AND SALE AND REGISTRATION OF THE BONDS AND NOTES IN
16 CONNECTION WITH THIS CHAPTER.

17 § 7709. DEBT RETIREMENT.

18 (A) PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN REDEMPTION
19 FUND.--ALL BONDS ISSUED UNDER THE AUTHORITY OF THIS CHAPTER
20 SHALL BE REDEEMED AT MATURITY AND ALL INTEREST DUE FROM TIME TO
21 TIME ON THE BONDS SHALL BE PAID FROM A SPECIAL FUND IN THE STATE
22 TREASURY TO BE KNOWN AS THE PENNSYLVANIA INFRASTRUCTURE
23 INVESTMENT LOAN REDEMPTION FUND. FOR THE SPECIFIC PURPOSE OF
24 REDEEMING THE BONDS AND PAYING ALL INTEREST THEREON IN
25 ACCORDANCE WITH THE INFORMATION RECEIVED FROM THE GOVERNOR,
26 MONEYS ARE APPROPRIATED FROM THE PENNSYLVANIA INFRASTRUCTURE
27 INVESTMENT LOAN REDEMPTION FUND. MONEYS NOT IMMEDIATELY
28 NECESSARY TO PAY INTEREST OR PRINCIPAL SHALL BE INVESTED BY THE
29 TREASURY DEPARTMENT IN SUCH SECURITIES AS ARE PROVIDED BY LAW
30 FOR THE INVESTMENT OF THE SINKING FUNDS OF THE COMMONWEALTH.

1 (B) PURCHASE OF BONDS.--THE BOARD, WITH THE APPROVAL OF THE
2 GOVERNOR, IS AUTHORIZED AT ANY TIME TO USE ANY OF THE MONEYS IN
3 THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN FUND NOT
4 NECESSARY FOR THE PURPOSES OF THIS CHAPTER FOR THE PURCHASE AND
5 RETIREMENT OF ALL OR ANY PART OF THE BONDS AND NOTES ISSUED
6 UNDER THE AUTHORITY OF THIS CHAPTER. IN THE EVENT THAT ALL OR
7 ANY PART OF THE BONDS AND NOTES ARE PURCHASED BY THE BOARD, THEY
8 SHALL BE CANCELED AND RETURNED TO THE LOAN AND TRANSFER AGENT AS
9 CANCELED AND PAID BONDS AND NOTES AND THEREAFTER ALL PAYMENTS OF
10 INTEREST THEREON SHALL CEASE. THE CANCELED BONDS, NOTES AND
11 COUPONS SHALL BE DESTROYED WITHIN TWO YEARS AFTER CANCELLATION
12 PURSUANT TO THE PROCEDURES ESTABLISHED BY THE ACT OF APRIL 27,
13 1925 (P.L.319, NO.180), ENTITLED "AN ACT RELATING TO THE
14 DESTRUCTION OF CANCELLED OR UNUSED BONDS OR OTHER EVIDENCES OF
15 INDEBTEDNESS OF THIS COMMONWEALTH." ALL CANCELED BONDS, NOTES
16 AND COUPONS SHALL BE SO MARKED AS TO MAKE THE CANCELED BONDS,
17 NOTES AND COUPONS NONNEGOTIABLE.

18 (C) REPORTING REQUIREMENTS.--THE STATE TREASURER SHALL
19 DETERMINE AND REPORT TO THE SECRETARY OF THE BUDGET AND THE
20 GENERAL ASSEMBLY BY NOVEMBER 1 OF EACH YEAR THE AMOUNT OF MONEY
21 NECESSARY FOR THE PAYMENT OF INTEREST ON OUTSTANDING OBLIGATIONS
22 AND THE PRINCIPAL OF THE OBLIGATIONS, IF ANY, FOR THE FOLLOWING
23 FISCAL YEAR AND THE TIMES AND AMOUNTS OF THE PAYMENTS. IT SHALL
24 BE THE DUTY OF THE GOVERNOR TO INCLUDE IN EVERY BUDGET SUBMITTED
25 TO THE GENERAL ASSEMBLY FULL INFORMATION RELATING TO THE
26 ISSUANCE OF BONDS AND NOTES UNDER THE PROVISIONS OF THIS
27 CHAPTER, THE STATUS OF THE REVOLVING LOAN FUND AND THE STATUS OF
28 THE REDEMPTION FUND OF THE COMMONWEALTH FOR THE PAYMENT OF THE
29 INTEREST ON THE BONDS AND NOTES AND THE PRINCIPAL THEREOF AT
30 MATURITY.

1 (D) DEBT SERVICE APPROPRIATIONS.--THE GENERAL ASSEMBLY SHALL
2 APPROPRIATE FROM THE GENERAL FUND OF THE COMMONWEALTH TO THE
3 PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN REDEMPTION FUND ALL
4 AMOUNTS WHICH, WHEN ADDED TO MONEYS IN OR ANTICIPATED TO BE
5 RECEIVED INTO THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN
6 REDEMPTION FUND, WILL BE SUFFICIENT TO MEET PRINCIPAL AND
7 INTEREST REQUIREMENTS ON BONDS AND NOTES ISSUED PURSUANT TO THIS
8 CHAPTER.

9 (E) INTEREST RATE ON LOANS.--A LOAN MADE PURSUANT TO THIS
10 CHAPTER SHALL NOT EXCEED A MAXIMUM TERM OF 20 YEARS. THE RATE OF
11 INTEREST TO BE PAID ON ANY LOAN MADE PURSUANT TO THIS CHAPTER
12 SHALL BE CALCULATED IN ACCORDANCE WITH THE FOLLOWING:

13 (1) FOR THE INITIAL FIVE YEARS OF THE LOAN, THE ANNUAL
14 RATE OF INTEREST TO BE PAID ON THE LOAN SHALL EQUAL 25% OF
15 THE RATE OF INTEREST PAID BY THE COMMONWEALTH IMMEDIATELY
16 PRECEDING THE DATE OF THE LOAN FOR GENERAL OBLIGATION BONDS
17 OR NOTES ISSUED PURSUANT TO THIS CHAPTER.

18 (2) FOR THE REMAINING TERM OF THE LOAN, THE ANNUAL RATE
19 OF INTEREST TO BE PAID ON THE LOAN SHALL EQUAL 50% OF THE
20 RATE OF INTEREST PAID BY THE COMMONWEALTH, AS SET FORTH IN
21 PARAGRAPH (1).

22 (F) DISPOSITION OF LOAN REPAYMENTS AND INTEREST.--

23 (1) ALL LOAN REPAYMENTS AND PAYMENTS OF INTEREST ON
24 LOANS MADE BY THE BOARD FROM THE PENNSYLVANIA INFRASTRUCTURE
25 INVESTMENT LOAN FUND OR PROCEEDS SHALL BE TRANSMITTED TO THE
26 STATE TREASURER FOR DEPOSIT INTO THE PENNSYLVANIA
27 INFRASTRUCTURE INVESTMENT LOAN REDEMPTION FUND. FOLLOWING THE
28 REDEMPTION AND RETIREMENT OF ANY AND ALL BONDS OR NOTES
29 ISSUED PURSUANT TO THIS CHAPTER, ANY MONEYS THAT REMAIN IN
30 THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN REDEMPTION

FUND OR WOULD HAVE BEEN TRANSMITTED FOR DEPOSIT INTO THE FUND
SHALL BE TRANSFERRED TO THE GENERAL FUND OF THE COMMONWEALTH.

(2) LOANS MADE BY THE WATER FACILITIES LOAN BOARD PRIOR
TO THE EFFECTIVE DATE OF THIS ACT AND REPAYMENT OF THE
PRINCIPAL OF AND INTEREST ON THOSE LOANS SHALL BE CONTROLLED
BY THE PROVISIONS OF CHAPTER 75 (RELATING TO WATER FACILITIES
RESTORATION) AND THE REGULATIONS PROMULGATED THEREUNDER. THE
BOARD SHALL MAINTAIN SUCH SEPARATE FUNDS AND ACCOUNTS AS MAY
BE NECESSARY FOR THE DEPOSIT OF PAYMENTS MADE UNDER AUTHORITY
OR REQUIREMENT OF STATE OR FEDERAL LAW.

§ 7710. APPROPRIATION OF FUNDS.

(A) APPROPRIATION OF FUNDS.--FUNDS DERIVED FROM THE SALE OF
BONDS OR NOTES ISSUED PURSUANT TO THIS CHAPTER AND DEPOSITED IN
THE FUNDS ESTABLISHED PURSUANT TO SECTION 7706 (RELATING TO
FUNDS CREATED) ARE HEREBY APPROPRIATED FOR THE PURPOSE OF MAKING
LOANS AND PAYING ADMINISTRATIVE COSTS INCURRED PURSUANT TO THIS
CHAPTER.

(B) LAPSE OF CERTAIN APPROPRIATIONS.--TEN YEARS AFTER THE
EFFECTIVE DATE OF THIS CHAPTER, ALL FUNDS APPROPRIATED IN
SUBSECTION (A) WHICH ARE NOT COMMITTED, OBLIGATED OR EXPENDED
SHALL LAPSE INTO THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN
FUND FOR TRANSFER TO THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT
LOAN REDEMPTION FUND.

§ 7711. LIMITS ON PROJECT FUNDING.

(A) GENERAL RULE.--IN ORDER TO DISTRIBUTE LIMITED LOAN FUNDS
AMONG THE MAXIMUM NUMBER OF ELIGIBLE PROJECTS AND TO ENCOURAGE
THE USE OF COMMONWEALTH LOAN FUNDS TO ATTRACT AND MATCH OTHER
SOURCES OF FINANCING, THE LOAN FUNDS AVAILABLE PURSUANT TO THIS
CHAPTER FOR THE FINANCING OF A SPECIFIC PROJECT SHALL BE LIMITED
TO A MAXIMUM AMOUNT OF \$5,000,000 FOR ANY PROJECT SERVING A

1 SINGLE MUNICIPALITY OR A PORTION THEREOF, OR A MAXIMUM AMOUNT OF
2 \$7,500,000 FOR ANY PROJECT SERVING TWO OR MORE MUNICIPALITIES.

3 (B) FACTORS TO BE CONSIDERED.--IN DETERMINING THE AMOUNT OF
4 FUNDING TO BE ALLOCATED TO A PROJECT WITHIN THE LIMITS SET FORTH
5 IN THIS SECTION, THE BOARD SHALL CONSIDER THE FACTORS ENUMERATED
6 IN SECTIONS 7714 (RELATING TO APPLICATION REQUIREMENTS AND
7 CRITERIA FOR OBTAINING LOAN) AND 7715 (RELATING TO PRIORITIES
8 FOR PROJECT LOANS).

9 § 7712. COSTS ELIGIBLE FOR LOAN FINANCING.

10 (A) GENERAL RULE.--THE FOLLOWING COSTS OF APPROVED WATER
11 SUPPLY AND SEWAGE TREATMENT SYSTEM PROJECTS MAY BE CONSIDERED
12 ELIGIBLE FOR FINANCING THROUGH THE LOAN PROGRAM:

13 (1) FEASIBILITY AND PLANNING STUDIES.

14 (2) FINANCIAL CONDITION AND AUDIT REPORTS REQUIRED FOR
15 LOAN APPLICATIONS.

16 (3) PROJECT DESIGN AND ENGINEERING.

17 (4) PROJECT CONSTRUCTION (INCLUDING SITE PREPARATION)
18 AND INSPECTION DURING CONSTRUCTION.

19 (5) PERMIT FEES.

20 (6) INSURANCE.

21 (7) INTEREST DURING CONSTRUCTION OR FINANCING FOR THE
22 PROJECT AND ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

23 (8) SECURITY BONDS, NECESSARY RESERVES AND COSTS OF
24 ESTABLISHING AND SECURING THE TOTAL FINANCING ARRANGEMENTS
25 FOR THE PROJECT.

26 (9) LEGAL FEES.

27 (10) ANY OTHER COSTS DETERMINED TO BE ELIGIBLE IN THE
28 RULES AND REGULATIONS OF THE BOARD.

29 (B) FINANCING LIMITATIONS.--NO APPLICANT SHALL BE ELIGIBLE
30 TO RECEIVE LOAN FUNDS THROUGH THIS LOAN PROGRAM FOR THE

1 REFINANCING OF A WATER SUPPLY OR SEWAGE TREATMENT SYSTEM PROJECT
2 OR FOR THE FINANCING OF ANY PHASE OF A WATER SUPPLY OR SEWAGE
3 TREATMENT SYSTEM PROJECT THAT IS BEING FINANCED WITH GRANT FUNDS
4 MADE AVAILABLE BY THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY;
5 EXCEPT THAT SEWAGE TREATMENT SYSTEM PROJECTS COMMENCED AFTER
6 MARCH 7, 1985, BUT PRIOR TO THE EFFECTIVE DATE OF THIS SECTION,
7 WHICH HAVE NOT UTILIZED FEDERAL EPA GRANT FUNDS, MAY BE
8 REFINANCED PURSUANT TO THE PROVISIONS OF THIS CHAPTER.

9 (C) UNUSED FUNDS.--ANY FUNDS ADVANCED ON ANY LOAN WHICH ARE
10 UNUSED IN A PROJECT SHALL BE RETURNED TO THE APPROPRIATE LOAN
11 FUND FOR REALLOCATION AND USE IN OTHER PROJECTS.

12 § 7713. PLANNING CONSULTATION AND PREFEASIBILITY ASSESSMENTS.

13 (A) PLANNING CONSULTATION.--OPERATORS, OWNERS AND
14 APPROPRIATE GOVERNMENTAL UNIT OFFICIALS SHALL CONSULT WITH THE
15 DEPARTMENT EARLY IN THE PROCESS OF PLANNING FOR THE DEVELOPMENT
16 OF A PROPOSED WATER SUPPLY OR SEWAGE TREATMENT SYSTEM PROJECT.
17 PROJECT SPONSORS AND THE DEPARTMENT SHALL JOINTLY REVIEW THE
18 PROBLEMS IN THE AFFECTED AREA AND IN NEIGHBORING COMMUNITIES.

19 (B) PREFEASIBILITY ASSESSMENTS.--PRIOR TO SUBMITTING AN
20 APPLICATION FOR A LOAN PURSUANT TO THIS CHAPTER, A PROJECT LOAN
21 APPLICANT SHALL PREPARE A PREFEASIBILITY ASSESSMENT OF THE
22 PROJECT. THE DEPARTMENT SHALL, AS NECESSARY AND APPROPRIATE,
23 ASSIST OPERATORS, OWNERS AND GOVERNMENTAL UNITS IN PREPARING
24 SAID PREFEASIBILITY ASSESSMENTS. ANY COSTS ENTAILED IN PROVIDING
25 THIS SERVICE MAY BE REIMBURSED PURSUANT TO SECTION 7710(A)
26 (RELATING TO APPROPRIATION OF FUNDS). A PREFEASIBILITY
27 ASSESSMENT SHALL BE UNDERTAKEN BY THE APPLICANT TO REVIEW
28 RELATED WATER SUPPLY OR SEWAGE TREATMENT SYSTEM PROBLEMS IN AN
29 AREA, IDENTIFY THE RANGE OF ALTERNATIVE SOLUTIONS (INCLUDING
30 STRUCTURAL AND NONSTRUCTURAL MEASURES), SCREEN THE ALTERNATIVES

1 MERITING DETAILED CONSIDERATION AND IDENTIFY FINANCIAL AND
2 INSTITUTIONAL ISSUES REQUIRING CONSIDERATION IN PROJECT
3 PLANNING. THE PURPOSE OF THE PREFEASIBILITY ASSESSMENT IS TO
4 ASSIST PROJECT SPONSORS AND THE BOARD IN IDENTIFYING THE
5 APPROPRIATE SCOPE OF PROJECTS MERITING DETAILED CONSIDERATION
6 AND THE PREPARATION OF FEASIBILITY STUDIES PREPARATORY TO A LOAN
7 APPLICATION.

8 § 7714. APPLICATION REQUIREMENTS AND CRITERIA FOR OBTAINING
9 LOAN.

10 (A) APPLICATION REQUIREMENTS.--APPLICANTS FOR WATER SUPPLY
11 OR SEWAGE TREATMENT SYSTEM PROJECT LOANS SHALL SUBMIT THE
12 FOLLOWING INFORMATION TO THE BOARD:

13 (1) A DESCRIPTION, PLAN AND COST ESTIMATES FOR THE
14 PROJECT, INCLUDING THE FEASIBILITY STUDY EXPLAINING THE
15 ALTERNATIVES ASSESSED AND REASONS FOR SELECTING THE PROPOSED
16 PROJECT AND DOCUMENTING THE ORGANIZATIONAL AND FINANCIAL AS
17 WELL AS ENGINEERING ASPECTS OF THE PROPOSED PROJECT.

18 (2) INFORMATION FOR ASSESSING THE EFFECTIVENESS AND
19 PRIORITY OF THE PROJECT, INCLUDING DATA REGARDING THE PROBLEM
20 TO BE SOLVED BY THE PROJECT AND THE ROLE OF THE PROPOSED
21 PROJECT WITH REGARD TO RELATED PROBLEMS EXPERIENCED IN THE
22 WATER SUPPLY OR SEWAGE TREATMENT SYSTEMS TO BE AIDED BY THE
23 LOAN.

24 (3) A FINANCIAL STATEMENT PREPARED BY A PUBLIC
25 ACCOUNTANT OF THE CURRENT AND PROJECTED FINANCIAL STATUS OF
26 THE APPLICANT.

27 (4) AN ORGANIZATION AND FINANCIAL PLAN FOR THE PROJECT,
28 INCLUDING:

29 (I) THE TOTAL FINANCIAL PACKAGE FOR THE PROJECT AND
30 ARRANGEMENTS FOR OTHER LOANS OR GRANTS NECESSARY TO

1 FINANCE THE PROJECT.

2 (II) THE INSTITUTIONAL AND FINANCIAL ARRANGEMENTS TO
3 BE TAKEN TO ASSURE REPAYMENT OF THE COMMONWEALTH LOAN AND
4 OTHER OBLIGATIONS RELATING TO THE PROJECT (SUCH AS RATE
5 INCREASES, SINKING FUNDS AND RESERVE ACCOUNTS).

6 (III) THE STEPS TO BE TAKEN TO ASSURE PROPER LONG-
7 TERM OPERATION AND MAINTENANCE OF THE WATER SUPPLY OR
8 SEWAGE TREATMENT SYSTEM TO BE AIDED BY THE LOAN.

9 (5) A CERTIFICATION THAT THE APPLICANT CAN REASONABLY BE
10 EXPECTED TO REPAY THE LOAN FROM EXISTING OR REASONABLY
11 ANTICIPATED REVENUES.

12 (6) A CERTIFICATION THAT THE APPLICANT SHALL, IN EVERY
13 CONTRACT FOR THE ACQUISITION, REPAIR, CONSTRUCTION,
14 RECONSTRUCTION, REHABILITATION, EXTENSION, EXPANSION,
15 IMPROVEMENT, ALTERATION OR MAINTENANCE OF ANY WATER SUPPLY OR
16 SEWAGE TREATMENT SYSTEM, COMPLY WITH THE PROVISIONS OF THE
17 ACT OF MARCH 3, 1978 (P.L.6, NO.3), KNOWN AS THE STEEL
18 PRODUCTS PROCUREMENT ACT.

19 (7) ANY OTHER INFORMATION REQUIRED BY THE BOARD RELATING
20 TO THE PROPOSED PROJECT.

21 (B) CRITERIA FOR OBTAINING LOAN.--IN REVIEWING APPLICANTS
22 FOR ELIGIBILITY TO RECEIVE A LOAN FOR A WATER SUPPLY OR SEWAGE
23 TREATMENT SYSTEM PROJECT, THE BOARD SHALL CONSIDER:

24 (1) WHETHER THE PROJECT WILL IMPROVE THE HEALTH, SAFETY,
25 WELFARE OR ECONOMIC WELL-BEING OF THE PEOPLE OF THIS
26 COMMONWEALTH.

27 (2) WHETHER THE PROPOSED PROJECT WILL LEAD TO AN
28 EFFECTIVE OR COMPLETE SOLUTION TO THE PROBLEMS EXPERIENCED
29 WITH THE WATER SUPPLY OR SEWAGE TREATMENT SYSTEM TO BE AIDED
30 INCLUDING COMPLIANCE WITH STATE AND FEDERAL LAWS, REGULATIONS

OR STANDARDS.

(3) THE COST-EFFECTIVENESS OF THE PROPOSED PROJECT IN
COMPARISON WITH OTHER ALTERNATIVES (INCLUDING OTHER
INSTITUTIONAL, FINANCIAL AND PHYSICAL ALTERNATIVES).

(4) THE CONSISTENCY OF THE PROPOSED PROJECT WITH OTHER
STATE AND REGIONAL RESOURCE MANAGEMENT AND ECONOMIC
DEVELOPMENT PLANS.

(5) WHETHER THE APPLICANT HAS DEMONSTRATED ITS ABILITY
TO REPAY THE LOAN AND TO OPERATE AND MAINTAIN THE PROJECT IN
A PROPER MANNER OVER THE LIFE OF THE LOAN.

(6) THE AVAILABILITY OF OTHER SOURCES OF FUNDS AT
REASONABLE RATES TO FINANCE ALL OR A PORTION OF THE PROJECT
AND THE NEED FOR A COMMONWEALTH LOAN TO FINANCE THE PROJECT
OR TO ATTRACT THE OTHER SOURCES OF FUNDING.

§ 7715. PRIORITIES FOR PROJECT LOANS.

(A) FACTORS TO BE CONSIDERED.--PRIORITIES FOR THE FINANCING
OF LOANS FOR PROJECTS TO ACQUIRE, REPAIR, CONSTRUCT,
RECONSTRUCT, REHABILITATE, EXTEND, EXPAND AND IMPROVE WATER
SUPPLY OR SEWAGE TREATMENT SYSTEMS SHALL BE DETERMINED BASED ON
FACTORS WHICH INCLUDE, BUT ARE NOT LIMITED TO:

(1) BENEFITS TO PUBLIC HEALTH.

(2) BENEFITS TO PUBLIC SAFETY OR WELFARE.

(3) IMPROVEMENT IN THE ABILITY OF AN APPLICANT TO COME
INTO COMPLIANCE WITH STATE AND FEDERAL STATUTES, REGULATIONS
AND STANDARDS.

(4) IMPROVEMENT IN THE ADEQUACY OR EFFICIENCY OF THE
WATER SUPPLY OR SEWAGE TREATMENT SYSTEM.

(5) THE COST-EFFECTIVENESS OF THE PROJECT.

(6) THE CONTRIBUTION TO AND IMPACT OF THE PROJECT ON
ECONOMIC DEVELOPMENT AS WELL AS SOCIAL AND ENVIRONMENTAL

VALUES.

(7) WHETHER, ON THE DATE THAT ADOPTION OF THE REFERENDUM AUTHORIZING THE INCURRING OF INDEBTEDNESS FOR THE ISSUANCE OF THESE LOANS OCCURS, THE GOVERNMENTAL UNIT TO BE SERVED BY A SEWAGE TREATMENT SYSTEM IS SUBJECT TO CONSTRUCTION OR CONNECTION LIMITATIONS ISSUED BY THE DEPARTMENT.

(B) EMERGENCY RESERVE.--THE BOARD SHALL ATTEMPT TO ENSURE THAT FUNDS ARE ALWAYS AVAILABLE FOR EMERGENCY SITUATIONS WHICH IMMEDIATELY THREATEN THE HEALTH AND SAFETY OF THE RESIDENTS OF THIS COMMONWEALTH AND FOR ECONOMIC DEVELOPMENT PURPOSES WHEN THE PROJECT MUST BE COMPLETED IN A SHORT TIME PERIOD IN ORDER TO ATTRACT OR RETAIN BUSINESS WITHIN THIS COMMONWEALTH.

(C) RELATIONSHIP TO OTHER PROGRAMS.--AN APPLICANT FOR A LOAN ON A PROJECT WITH A HIGH PRIORITY CLASSIFICATION PURSUANT TO THE CRITERIA ESTABLISHED IN SUBSECTION (A), THAT IS FINANCIALLY UNABLE TO MEET THE REQUIREMENTS OF SECTIONS 7709(E) (RELATING TO DEBT RETIREMENT) AND 7714(A)(4) AND (5) AND (B)(5) (RELATING TO APPLICATION REQUIREMENTS AND CRITERIA FOR OBTAINING LOAN), SHALL RECEIVE PRIORITY CONSIDERATION FOR ANY GRANTS THAT ARE MADE AVAILABLE THROUGH OTHER APPLICABLE STATE PROGRAMS, IF THE APPLICATION OF SUCH A GRANT TO THE COST OF THE PROJECT WOULD THEN ENABLE THE APPLICANT TO FINANCIALLY SUSTAIN THE MONETARY REQUIREMENTS ENTAILED WITH OBTAINING A LOAN PURSUANT TO THIS CHAPTER.

§ 7716. IMPLEMENTATION OF PROJECT.

THE BOARD SHALL REVIEW, CONSIDER AND APPROVE THE MEANS BY WHICH AN APPLICANT INTENDS TO CARRY OUT A PROJECT BEING FINANCED WITH LOAN FUNDS IN ORDER TO ASSURE THAT THE PROJECT WILL BE IMPLEMENTED IN A COST-EFFECTIVE FASHION AND THAT QUALITY STANDARDS FOR THE WORK ARE MET.

1 § 7717. SUPERVISION OF PROJECT AND SECURITY FROM DEFAULT.

2 (A) INSPECTION OF PROJECT AND RECORDS.--THE APPLICANT SHALL
3 ALLOW THE BOARD, AND ITS SUCCESSORS, AGENTS AND REPRESENTATIVES,
4 THE RIGHT AT ALL REASONABLE TIMES DURING CONSTRUCTION AND AFTER
5 COMPLETION OF THE PROJECT TO ENTER UPON AND INSPECT THE PROJECT,
6 AND TO EXAMINE AND MAKE COPIES OF THE APPLICANT'S BOOKS,
7 RECORDS, ACCOUNTING DATA AND OTHER DOCUMENTS PERTAINING TO THE
8 PROJECT AND THE FINANCIAL CONDITION OF THE APPLICANT.

9 (B) INDEPENDENT AUDITS.--THE APPLICANT MAY BE REQUIRED BY
10 THE BOARD OR ITS AGENT TO HAVE PREPARED INDEPENDENT AUDITS OF
11 ITS FINANCIAL DOCUMENTS AND CONDITIONS AND SUBMIT A CERTIFIED
12 COPY OF THE AUDITS TO THE BOARD.

13 (C) SECURITY FOR LOAN.--THE LOAN SHALL BE SECURED BY
14 AGREEMENTS, MORTGAGES OR SUCH OTHER SECURITY INSTRUMENTS AS THE
15 BOARD FINDS NECESSARY AND ADEQUATE TO SECURE THE LOAN. THE BOARD
16 AND ITS SUCCESSORS MAY USE ANY PROCEDURE OR REMEDY AVAILABLE
17 UNDER ANY OTHER EXISTING OR FUTURE LAWS FOR THE PROTECTION OF
18 CREDITORS.

19 (D) DEFAULT ON WATER SUPPLY OR SEWAGE TREATMENT SYSTEM
20 PROJECTS.--IN THE EVENT OF A DEFAULT ON REPAYMENT OF A LOAN FOR
21 A WATER SUPPLY OR SEWAGE TREATMENT SYSTEM PROJECT, THE BOARD OR
22 ITS SUCCESSORS MAY APPLY TO THE COURT OF COMMON PLEAS OF THE
23 COUNTY WHERE THE PROJECT IS LOCATED TO HAVE A RECEIVER APPOINTED
24 TO ASSUME OPERATION AND SUPERVISION OF THE PROJECT. THE RECEIVER
25 SHALL COLLECT THE REVENUES AND DISBURSE FUNDS TO PAY OPERATING
26 COSTS AND LOAN OBLIGATIONS UNDER THE SUPERVISION OF THE COURT.
27 RECEIVERSHIP SHALL CONTINUE UNTIL THE DEFAULT IS CURED AND
28 REGULAR REPAYMENTS ESTABLISHED.

29 § 7718. EXPEDITED APPROVAL OF RATE RELIEF.

30 FOR THE LIMITED AND SPECIAL PURPOSE OF ENSURING REPAYMENT OF

1 PRINCIPAL AND INTEREST ON LOANS MADE PURSUANT TO THIS CHAPTER,
2 THE PENNSYLVANIA PUBLIC UTILITY COMMISSION SHALL APPROVE SUCH
3 SECURITY ISSUES, AFFILIATED INTEREST AGREEMENTS AND RATE
4 INCREASE REQUESTS BY APPLICANTS THAT ARE REGULATED UTILITIES AS
5 ARE NECESSARY AND APPROPRIATE. FOR THIS PURPOSE, THE
6 PENNSYLVANIA PUBLIC UTILITY COMMISSION SHALL ESTABLISH SUCH
7 EXPEDITED PRACTICES, PROCEDURES AND POLICIES AS NECESSARY TO
8 FACILITATE AND ACCOMPLISH REPAYMENT OF THE LOANS. NOTHING IN
9 THIS CHAPTER SHALL BE CONSTRUED AS TO REQUIRE APPROVAL OF RATE
10 INCREASES GREATER THAN THAT NECESSARY TO ACCOMPLISH THE
11 REPAYMENT OF LOANS MADE PURSUANT TO THIS CHAPTER.

12 § 7719. COMPREHENSIVE WATER SUPPLY AND SEWAGE TREATMENT
13 FACILITIES PLAN.

14 (A) PREPARATION OF THE PLAN.--THE DEPARTMENT SHALL PREPARE
15 AND SUBMIT TO THE BOARD A COMPREHENSIVE PLAN FOR WATER SUPPLY
16 AND SEWAGE TREATMENT SYSTEMS IN THIS COMMONWEALTH. THE PLAN
17 SHALL INCLUDE, BUT NOT BE LIMITED TO:

18 (1) AN INVENTORY OF THE EXISTING FACILITIES LOCATED
19 WITHIN THIS COMMONWEALTH, INCLUDING, BUT NOT LIMITED TO,
20 IDENTIFICATION OF THE TYPE, CAPACITY, LOCATION, CURRENT
21 CONDITION AND YEAR CONSTRUCTED.

22 (2) AN INVENTORY OF WATER SUPPLY AND SEWAGE CONSTRUCTION
23 NEEDS.

24 (3) IDENTIFICATION OF THE MAJOR ISSUES AND PROBLEMS THAT
25 THE COMMONWEALTH MUST ADDRESS IN ORDER TO ASSESS ITS WATER
26 SUPPLY AND SEWAGE TREATMENT SYSTEM INFRASTRUCTURE NEEDS,
27 INCLUDING FINANCIAL AS WELL AS NONFINANCIAL ISSUES.

28 (4) RECOMMENDATIONS FOR PROGRAMS TO ENCOURAGE THE
29 CONSTRUCTION OF WATER SUPPLY AND SEWAGE TREATMENT SYSTEM
30 FACILITIES. THIS MAY INCLUDE INNOVATIVE FINANCING MECHANISMS,

1 ALTERNATIVE TECHNOLOGY AND OWNERSHIP STRUCTURES, AND
2 TECHNICAL ASSISTANCE.

3 (5) IDENTIFICATION OF EMERGING ISSUES, TRENDS AND
4 PROBLEMS THAT MIGHT AFFECT THESE FACILITIES.

5 (B) PLAN UPDATE.--THE PLAN SHALL BE UPDATED AT LEAST EVERY
6 FIVE YEARS.

7 (C) COMMUNITY INPUT.--IN FORMULATING THE PLAN, THE
8 DEPARTMENT SHALL NOTIFY THE CHAIRMAN OF THE COUNTY COMMISSIONERS
9 FOR EACH COUNTY AND THE CHAIRMAN OF EACH MULTI-COUNTY REGIONAL
10 PLANNING AND DEVELOPMENT COMMISSION WITHIN THE COMMONWEALTH FOR
11 THE PURPOSE OF SEEKING COMMENTS REGARDING THE PREPARATION OF THE
12 PLAN.

13 (D) USE OF PLAN.--THE BOARD SHALL USE THIS COMPREHENSIVE
14 PLAN AS A GUIDE WHEN EVALUATING LOAN APPLICATION REQUESTS
15 SUBMITTED FOR WATER SUPPLY AND SEWAGE TREATMENT SYSTEM PROJECTS
16 DURING ANY GIVEN FIVE-YEAR PERIOD.

17 § 7720. ANNUAL REPORT.

18 THE BOARD SHALL PROVIDE THE GENERAL ASSEMBLY WITH AN ANNUAL
19 REPORT DETAILING ALL PROJECTS FUNDED PURSUANT TO THIS CHAPTER.

20 § 7721. TRANSFER OF WATER FACILITIES LOAN BOARD.

21 (A) REMOVAL OF MEMBERS.--ON THE EFFECTIVE DATE OF THIS
22 SECTION, ALL EXISTING MEMBERS OF THE WATER FACILITIES LOAN BOARD
23 ARE REMOVED FROM OFFICE.

24 (B) BOARD TO SERVE AS WATER FACILITIES LOAN BOARD.--FOR
25 PURPOSES OF SATISFYING ALL OUTSTANDING OBLIGATIONS OF THE WATER
26 FACILITIES LOAN BOARD AND FOR PURPOSES OF COLLECTING LOAN AND
27 INTEREST REPAYMENTS, THE BOARD ESTABLISHED IN SECTION 7704
28 (RELATING TO PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN BOARD)
29 SHALL CONSTITUTE THE MEMBERSHIP OF THE WATER FACILITIES LOAN
30 BOARD.

(C) TRANSFER OF FUNCTION.--ALL REMAINING APPROPRIATIONS,
RIGHTS, POWERS, DUTIES, OBLIGATIONS, LIABILITIES, RECORDS AND
EQUIPMENT OF THE WATER FACILITIES LOAN BOARD ARE TRANSFERRED TO
THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT LOAN BOARD CREATED
PURSUANT TO THIS CHAPTER.

SUBCHAPTER B

REFERENDUM

SEC.

7731. REFERENDUM.

7732. CERTIFICATION.

7733. FORM OF QUESTION.

7734. CONDUCT OF ELECTION.

7735. USE OF BOND PROCEEDS.

§ 7731. REFERENDUM.

THE QUESTION OF INCURRING INDEBTEDNESS OF \$450,000,000 FOR
LOANS FOR THE ACQUISITION, REPAIR, CONSTRUCTION, RECONSTRUCTION,
REHABILITATION, EXTENSION, EXPANSION AND IMPROVEMENT OF WATER
SUPPLY AND SEWAGE TREATMENT SYSTEMS, SUBJECT TO IMPLEMENTATION
THROUGH THIS CHAPTER, SHALL BE SUBMITTED TO THE ELECTORS AT THE
NEXT PRIMARY, MUNICIPAL OR GENERAL ELECTION FOLLOWING THE
EFFECTIVE DATE OF THIS SUBCHAPTER.

§ 7732. CERTIFICATION.

THE SECRETARY OF THE COMMONWEALTH SHALL FORTHWITH CERTIFY THE
QUESTION TO THE COUNTY BOARDS OF ELECTIONS.

§ 7733. FORM OF QUESTION.

THE QUESTION SHALL BE IN SUBSTANTIALLY THE FOLLOWING FORM:

DO YOU FAVOR THE INCURRING OF INDEBTEDNESS BY THE
COMMONWEALTH OF \$450,000,000 FOR USE AS LOANS TO ACQUIRE,
REPAIR, CONSTRUCT, RECONSTRUCT, REHABILITATE, EXTEND,
EXPAND AND IMPROVE WATER SUPPLY AND SEWAGE TREATMENT

1 SYSTEMS, SUBJECT TO IMPLEMENTATION BY LAW, IN ORDER TO
2 IMPROVE THE HEALTH, SAFETY AND ECONOMIC WELL-BEING OF THE
3 PEOPLE OF THIS COMMONWEALTH?

4 § 7734. CONDUCT OF ELECTION.

5 THE ELECTION SHALL BE CONDUCTED IN ACCORDANCE WITH THE ACT OF
6 JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE PENNSYLVANIA
7 ELECTION CODE.

8 § 7735. USE OF BOND PROCEEDS.

9 AS DETERMINED BY THE GENERAL ASSEMBLY PURSUANT TO THIS
10 CHAPTER, PROCEEDS OF BORROWING SHALL BE USED FOR LOANS THAT
11 PROVIDE FOR THE ACQUISITION, REPAIR, CONSTRUCTION,
12 RECONSTRUCTION, REHABILITATION, EXTENSION, EXPANSION AND
13 IMPROVEMENT OF WATER SUPPLY AND SEWAGE TREATMENT SYSTEMS
14 NECESSARY TO ENSURE COMPLIANCE WITH STATE AND FEDERAL HEALTH AND
15 SAFETY STANDARDS AND TO PROMOTE THE ECONOMIC DEVELOPMENT OF THIS
16 COMMONWEALTH.

17 SECTION 2. REPEALS.

18 (A) ABSOLUTE.--THE FOLLOWING ACTS OR PARTS OF ACTS ARE
19 REPEALED:

20 THE DEFINITIONS OF "COMMUNITY WATER SUPPLY SYSTEM,"
21 "DEPARTMENT," "FLOOD CONTROL FACILITY," "PORT FACILITY,"
22 "PROJECT" AND "WATER FACILITY" IN SECTIONS 7502, 7503, 7504(B),
23 (C), (D) AND (E), 7506, 7510, 7511, 7512, 7513, 7514, 7515 AND
24 7516 OF TITLE 32 OF THE PENNSYLVANIA CONSOLIDATED STATUTES
25 (RELATING TO FORESTS, WATERS AND STATE PARKS).

26 (B) LIMITED.--THE FOLLOWING ACTS OR PARTS OF ACTS ARE
27 REPEALED:

28 SECTION 1, 1.1, 2 AND 3 OF THE ACT OF AUGUST 20, 1953
29 (P.L.1217, NO.339), ENTITLED "AN ACT PROVIDING FOR PAYMENTS BY
30 THE COMMONWEALTH TO MUNICIPALITIES WHICH HAVE EXPENDED MONEY TO

1 ACQUIRE AND CONSTRUCT SEWAGE TREATMENT PLANTS IN ACCORDANCE WITH
2 THE CLEAN STREAMS PROGRAM AND THE ACT, APPROVED THE TWENTY-
3 SECOND DAY OF JUNE, ONE THOUSAND NINE HUNDRED THIRTY-SEVEN
4 (PAMPHLET LAWS 1987), AND MAKING AN APPROPRIATION," AS APPLIED
5 TO PROJECTS FUNDED UNDER THE PROVISIONS OF THE ACT.

6 (C) INCONSISTENT.--ALL OTHER ACTS AND PARTS OF ACTS ARE
7 REPEALED INsofar AS THEY ARE INCONSISTENT WITH THIS ACT.

8 SECTION 3. EFFECTIVE DATE.

9 THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

10 (1) SECTION 1 (RELATING TO SUBCHAPTER A OF CHAPTER 77)
11 AND SECTION 2 SHALL TAKE EFFECT 60 DAYS FROM THE DATE THAT
12 THE REFERENDUM AUTHORIZED BY THIS ACT IS APPROVED.

13 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
14 IMMEDIATELY.