

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 115

Session of
1983

INTRODUCED BY MORRIS, GRIECO, IRVIS, MANDERINO, STUBAN, MADIGAN, RUDY, COLE, BALDWIN, BROUJOS, CALTAGIRONE, HONAMAN, BOWSER, FARGO, DeVERTER, W. W. FOSTER, COY, HALUSKA, LLOYD, LUCYK, SALOOM, SEVENTY, SHOWERS, LETTERMAN, JOHNSON, PHILLIPS, WASS, HERSHEY, AFFLERBACH, MAIALE, BELFANTI, PRATT, RYBAK, NOYE, HOFFEL, CLYMER, D. R. WRIGHT, BLAUM, KLINGAMAN, KUKOVICH, WACHOB, MERRY, SWEET, REBER, PETRARCA, O'DONNELL, LESCOVITZ, DeLUCA, VROON, STAIRS, COLAFELLA, FISCHER, PERZEL, McINTYRE, DUFFY, COHEN, BUNT, HUTCHINSON, RICHARDSON, PITTS, CIMINI, LEVI, DIETZ, BURD, FEE, CORDISCO, SEMMEL, GEORGE, DOMBROWSKI, E. Z. TAYLOR, FRYER, DAVIES, GRUPPO, GALLEN, TELEK, D. W. SNYDER, WAMBACH, LIVENGOD, KOWALYSHYN, DeWEESE, MOEHLMANN, F. E. TAYLOR AND FREEMAN, FEBRUARY 1, 1983

REFERRED TO COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS,
FEBRUARY 1, 1983

AN ACT

1 Creating the Agricultural Development Authority as a
2 governmental instrumentality and as a body corporate and
3 politic; prescribing the rights, powers and duties of such
4 authority; authorizing such authority to acquire by gift or
5 purchase, to make loans, guarantees or other financial
6 accommodations to agricultural enterprises, to borrow money
7 and issue bonds therefor; providing for the payment of such
8 bonds and giving security therefor; prescribing the rights of
9 the holders of such bonds; providing that no debt of the
10 Commonwealth shall be incurred in the exercise of any powers
11 granted by this act; exempting the property and securities of
12 such authority from taxation; authorizing the authority to
13 enter into contracts with and to accept grants from the
14 Federal Government or any agency thereof; providing for the
15 examination of the accounts and affairs of the authority; and
16 making an appropriation.

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27 The General Assembly of the Commonwealth of Pennsylvania
28 hereby enacts as follows:

29 Section 1. Short title.

30 This act shall be known and may be cited as the Agricultural

1 Development Authority Act.

2 Section 2. Declaration of purpose.

3 The purpose of this act is to assist family farm enterprises
4 by providing low interest loans or guaranteeing loans to such
5 enterprises which would otherwise be unable to obtain sufficient
6 funds or credit.

7 Section 3. Definitions.

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

11 "Agricultural activity" or "farming." The raising, preparing
12 or marketing of crops, livestock or related products.

13 "Applicant." Any family farm enterprise applying for a
14 family farm loan or loan guarantee.

15 "Authority." The public body corporate and politic created
16 pursuant to this act.

17 "Board" or "board of directors." The governing body of the
18 authority.

19 "Bonds." Includes the notes, bonds, refunding notes and
20 bonds and other evidence of indebtedness or obligations which
21 the authority is authorized to issue pursuant to this act.

22 "Department." The Department of Agriculture.

23 "Family farm corporation." A corporation formed for the
24 purpose of farming in which the majority of the voting stock is
25 held by and the majority of the stockholders are persons, or the
26 spouses of such persons or other persons related to such persons
27 or spouses and at least one of such majority stockholders is
28 residing on or actively operating or managing the farm and none
29 of the stockholders of which are corporations.

30 "Family farm enterprise." A natural person, family farm

1 corporation or family farm partnership engaged in farming.

2 "Family farmland loan" or "loan guarantee." A loan or
3 guarantee made or granted for the acquisition of farmland and
4 secured by a first mortgage on such farmland.

5 "Family farm loan." A direct loan made by the authority loan
6 applicant for the purposes of this act.

7 "Family farm loan guarantee." Any agreement made by the
8 authority to guarantee a loan made by a lender to a family farm
9 enterprise for the purposes of this act, whether in the form of
10 guarantee, endorsement or suretyship.

11 "Family farm partnership." A general partnership entered
12 into for the purpose of farming having no more than three
13 unrelated members together with the spouses of such members of
14 other persons related within the third degree of kindred to any
15 of such persons or spouses and at least one of all such persons
16 is residing on or actively operating or managing the farm.

17 "Farmland." Land in the Commonwealth that is capable of
18 supporting the commercial production of agricultural crops,
19 livestock or livestock products, poultry products, milk or dairy
20 products or fruit or other horticultural products.

21 "Federal agency." Includes the United States of America, the
22 President of the United States of America and any department or
23 corporation, agency or instrumentality heretofore or hereafter
24 created, designated or established by the United States of
25 America.

26 "Lender." Any bank, savings bank, mutual savings bank,
27 building and loan association and savings and loan association
28 organized under the laws of this Commonwealth or the United
29 States, trust companies, trust companies acting as fiduciaries
30 and other financial institutions subject to the supervision of

1 the Department of Banking; and any foreign or domestic
2 corporation engaged in the business of insurance which is
3 subject to the supervision of the Insurance Commissioner; and
4 any financial institutions operating under the supervision of
5 the Federal farm credit administration. The term shall also mean
6 the seller of the property in cases of seller-sponsored loan or
7 purchase money loan.

8 "Payment adjustment." An amount of money equal to 4%
9 interest on the principal balance of a family farm security
10 loan.

11 "Secretary." The Secretary of Agriculture of the
12 Commonwealth or the Budget Secretary of the Commonwealth, as the
13 context may indicate.

14 "Seller-sponsored loan" or "purchase money loan." A loan in
15 which part or all of the purchase price of the farm is financed
16 by a loan from the seller of the property who is a natural
17 person, a family farm corporation or partnership and the
18 remainder of the loan, if any, is supplied by a lender. The loan
19 shall be secured by a first lien real estate mortgage evidenced
20 by one or more notes that may carry different interest rates.

21 Section 4. The Agricultural Development Authority.

22 (a) Establishment.--There is hereby created a body corporate
23 and politic, constituting a public corporation and governmental
24 instrumentality by the name of the Agricultural Development
25 Authority, hereinafter known as the authority.

26 (b) Composition.--The board of directors shall be composed
27 of the following:

28 (1) The Secretary of Agriculture, who will serve as
29 chairman.

30 (2) The chairmen of the Senate and House Agriculture and

1 Rural Affairs Committees or their respective designees.

2 (3) Ten members to be appointed by the Governor with the
3 advice and consent of a majority of the Senate as follows:

4 (i) two officers from commercial lending
5 institutions experienced in agricultural financing;

6 (ii) one dairy farmer;

7 (iii) one livestock (other than dairy) farmer;

8 (iv) one cash grain farmer;

9 (v) one fruit farmer;

10 (vi) one vegetable farmer;

11 (vii) two officers from a farm credit association;

12 and

13 (viii) one agricultural economist.

14 A majority of the board shall constitute a quorum.

15 (c) Appointment, terms and vacancies.--The members of the
16 board of directors initially appointed by the Governor shall
17 continue in office for terms of one to four years, respectively,
18 from the date of their appointment and until their respective
19 successors shall be duly appointed and qualified, the term of
20 each appointed member to be designated by the Governor at the
21 time of his appointment; but their successors shall each be
22 appointed for a term of five years, except that any person
23 appointed to fill a vacancy shall serve only for the unexpired
24 term and any appointed member of the board of directors of the
25 authority shall be eligible for reappointment.

26 (d) Counsel and employees.--The board of directors, in its
27 sole discretion, may appoint its own counsel and legal staff,
28 and appoint such consultants and technicians as it may require.

29 (e) Powers.--The board of directors shall have full
30 authority to manage the properties and business of the

1 authority, and to prescribe, amend and repeal bylaws, rules and
2 regulations governing the manner in which the business of the
3 authority may be conducted and the powers granted to it may be
4 exercised and embodied.

5 (f) Staff services.--The Department of Agriculture shall
6 provide staff services including an executive director as agreed
7 upon by the board to the authority for its administration of the
8 act, including liaison between the authority and the Bureau of
9 Agricultural Development (hereinafter authorized) and related
10 organizations, and between the authority and other agencies of
11 the Commonwealth whose facilities and services may be useful to
12 the authority in its work.

13 (g) Special expense reimbursement.--The authority is
14 authorized to make reimbursement to the Department of
15 Agriculture or to any agency of the Commonwealth for such
16 special expenses as may be incurred in the provision of any
17 services or the use of any facilities required by the authority.

18 (h) Expenses of board members.--The members of the board of
19 directors shall be entitled to no compensation for their
20 services as members, but shall be entitled to reimbursement for
21 all necessary expenses incurred in connection with the
22 performance of their duties as members of the board.

23 Section 5. Reports to General Assembly.

24 The Secretary of Agriculture shall annually and at such other
25 times as requested, submit a detailed report to the General
26 Assembly on the conduct and administration of all aspects of the
27 authority's activities and of the family farm loan and loan
28 guarantee program.

29 Section 6. General powers and duties.

30 The authority, as a public corporation and governmental

1 instrumentality exercising public powers of the Commonwealth, is
2 hereby granted and shall have and may exercise all powers
3 necessary or appropriate to carry out and effectuate the
4 purposes of this act, including the following powers, in
5 addition to others herein granted:

6 (1) To have existence for a term of 50 years.

7 (2) To sue and be sued, implead and be impleaded,
8 complain and defend in all courts.

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

10 (4) To make bylaws for the management and regulation of
11 its affairs.

12 (5) To appoint officers, agents, employees and servants
13 and to prescribe their duties and to fix their compensation,
14 within the limitations provided by law.

15 (6) To make contracts of every name and nature and to
16 execute all instruments necessary or convenient for the
17 carrying on of its business.

18 (7) Without limitation of the foregoing, accept grants
19 from, and to enter into contracts or other transactions with
20 any Federal agency, State agency, charitable or business
21 organization.

22 (8) To borrow money, make and issue negotiable notes,
23 bonds, refunding bonds and other evidences of indebtedness or
24 obligations of the authority, and to secure the payment of
25 such bonds, or any part thereof, by pledge or deed of trust
26 of all, or any, of its revenues, receipts and contract
27 rights, or other assets, real or personal, and to make such
28 agreements with the purchasers or holders of such bonds or
29 with others in connection with any such bonds, whether issued
30 or to be issued as the authority shall deem advisable, and in

1 general to provide for the security for said bonds and the
2 rights of the holders thereof.

3 (9) To invest moneys not required for current
4 expenditures, pending such expenditures, in any securities
5 eligible for the investment of funds in the Commonwealth.

6 (10) To mortgage, pledge, hypothecate or otherwise
7 encumber, all or any of the revenues, receipts or contract
8 rights, or other assets, real or personal, of the authority
9 as security for all, or any of, the obligations of the
10 authority.

11 (11) To conduct examinations and investigations and to
12 hear testimony and take proof, under oath or affirmation, at
13 public or private hearings, on any matter material for its
14 information and necessary to:

15 (i) the determination of an applicant's eligibility
16 to receive a loan or loan guarantee granted under this
17 act;

18 (ii) the determination of the economic viability of
19 the loan or loan guarantee; and

20 (iii) the power to review the operation of any
21 family farm enterprise that has received a loan granted
22 under the authority of this act.

23 (12) To issue subpoenas requiring the attendance of
24 witnesses and the production of books and papers pertinent to
25 any hearing before such authority, or before one or more
26 members of the authority appointed by it to conduct such
27 hearing.

28 (13) To apply to any court, having territorial
29 jurisdiction of the offense, to have punished for contempt
30 any witness who refuses to obey a subpoena, or who refuses to

1 be sworn or affirmed or to testify, or who is guilty of any
2 contempt after summons to appear.

3 (14) To authorize any member or members of such
4 authority to conduct hearings and to administer oaths, take
5 affidavits and issue subpoenas.

6 (15) In determining eligibility for a loan or a loan
7 guarantee, to consult with the board and staff of any local
8 farm credit association or agricultural stabilization and
9 conservation service office in the area where an applicant
10 resides or where the family farm enterprise is located or
11 proposed to be located.

12 (16) To do all other acts and things necessary or
13 convenient to carry out the powers granted to it by this act
14 or any other acts: Provided, however, That the authority
15 shall have no power, at any time or in any manner, to pledge
16 the credit or taxing power of the Commonwealth, nor shall any
17 of its obligations or debts be deemed to be obligations of
18 the Commonwealth, nor shall the Commonwealth be liable for
19 the payment of principal or interest on such obligations.

20 Section 7. Specific powers and duties.

21 (a) Powers enumerated.--The authority shall have the power:

22 (1) To lend money for capital expenditures relating to
23 agricultural activities including the purposes of purchasing
24 farmland, equipment, and livestock or otherwise financially
25 assist a family farm enterprise.

26 (2) To loan money for noncapital expenditures including
27 the purchase of seeds, fertilizer, feed for livestock or
28 other supplies normally used for agricultural purposes.

29 (3) To guarantee, endorse, or act as surety on loans,
30 bonds, notes, contracts or other obligations of family farm

enterprise entered into for the purpose of acquiring or purchasing such capital and noncapital assets or property as set forth in paragraphs (1) and (2).

(4) To establish and regulate the terms, security and conditions with respect to any such loans or financial assistance and the charges for interest and service connected therewith, all at the sole discretion of the board of directors.

(b) Refinancing prohibited.--The authority shall not refinance any existing obligation.

Section 8. Loans and financial participation by the authority.

(a) Majority required.--The authority shall not make loans, guarantee loans or investments or provide other financial assistance pursuant to this section unless a majority of the board of directors present at a meeting vote in favor of the action. A majority of members of the board of directors of the authority will constitute a quorum.

(b) Terms of loan or assistance.--Any loan or other financial assistance made by the authority as authorized in this section shall be for such period of time and shall bear interest at such rate as shall be determined by the authority and loans shall be evidenced by bond or note of the borrower and secured as may be required by the board of directors.

(c) Financial status of borrower.--In determining whether to make any loan, guarantee loans or investments or provide other financial assistance pursuant to this section the first consideration shall be the board's determination of the borrower's ability to repay and the security available shall be secondary.

(d) Application form.--Prior to the loaning of any funds or

1 granting any financial assistance to an agricultural enterprise,
2 the authority shall receive from the prospective borrower an
3 application in form adopted by the authority and abiding by any
4 regulations established by the authority.

5 Section 9. Eligibility for loans and loan guarantees and
6 limitations thereon.

7 (a) Publications.--To be eligible an applicant must
8 demonstrate to the satisfaction of the board:

9 (1) That he is a resident of the Commonwealth, or that
10 its principal operating or managing members or shareholders
11 in the case of either a family farm partnership or a family
12 farm corporation are Pennsylvania residents and if a
13 corporation, that it is a Pennsylvania corporation or show
14 sufficient evidence that he or they intend to become a
15 resident or residents.

16 (2) That the applicant or the principal operating or
17 managing members or shareholders thereof have sufficient
18 education, training or experience in the type of farming for
19 which he or they wish the loan and will participate in a farm
20 management program, approved by the board, for the duration
21 of the family farm loan or loan guarantee.

22 (3) That the applicant, partners or shareholders thereof
23 together with his or their spouses and dependents have a
24 total net worth valued at less than \$100,000 and have a need
25 for the loan or loan guarantee.

26 (4) That the applicant will use the loan proceeds for
27 the agricultural purposes set forth in the application.

28 (5) That the applicant is credit worthy according to
29 standards prescribed by the board.

30 (6) That the applicant has been refused a loan by two

lending institutions for the same purpose for which he is applying under this act.

(b) Loan limit for family farm enterprise.--The authority may make or guarantee a loan or loans not to exceed \$150,000 for each family farm enterprise for a term not to exceed 20 years if the loan is made or is guaranteed for the purpose of acquiring farmland. In no case, however, shall the authority's guarantee exceed 90% of a loan for this purpose.

(c) Loan limit for agricultural enterprise.--The authority may make or guarantee a loan or loans not to exceed \$50,000 for each agricultural enterprise for a term not to exceed seven years if the loan made or guaranteed is for the purchase of equipment, livestock, fertilizer, seed, livestock feed or other supplies normally used for farm operations.

Section 10. Special provisions for loan guarantees and further limitations thereon.

(a) Payments to lender.--Upon the application by the borrower and the approval of the authority, the authority may, during the first ten-year term of a loan pay to the lender an amount equal to the lesser of:

(1) half of the annual interest due on the loan; or

(2) four percent of the unpaid balance of the loan.

Any sums so paid to the lender shall constitute a debt of the borrower to the authority bearing interest at the same rate as the guaranteed loan and shall be repaid with such interest upon the final termination of such loan or any renewal thereof with the privilege to the borrower to prepay in whole or in part at any time or from time to time without penalty.

(b) Eligibility for payment adjustment.--To be eligible for payment adjustment a family farm security loan shall have a

1 maximum term of 20 years and shall provide for payments at least
2 annually so that the loan shall be amortized over its term with
3 equal annual payments of principal and interest. During the
4 first ten years of a family farm security loan, the authority
5 shall annually pay to the lender 4% of the outstanding balance
6 due at the beginning of that year and the applicant shall pay
7 the remainder of the payment due. After the tenth year, the
8 applicant shall make payments according to the stated interest
9 rate.

10 (c) Renewal.--The applicant may petition the authority for
11 one ten-year renewal of the payment adjustment. If a renewal is
12 granted, in the 21st year the applicant shall reimburse the
13 authority for the sums paid on the applicant's behalf under this
14 subsection. If no renewal is granted, the applicant shall
15 reimburse the authority in the 11th year for the sums paid on
16 the applicant's behalf under this subsection. The obligation to
17 repay the payment adjustment shall be a lien against the
18 property.

19 (d) Annual statement of net worth.--The applicant,
20 dependents and spouse shall annually submit to the authority a
21 statement of their net worth. If their net worth in any year
22 exceeds the sum of \$125,000, the applicant shall be ineligible
23 for a payment adjustment in that year.

24 (e) Guarantees and adjustments for certain loans.--The
25 authority may provide a guarantee to the lenders on a seller-
26 sponsored loan or a purchase money loan when the buyer satisfies
27 the eligibility criteria in section 9. The authority may also
28 provide a payment adjustment on behalf of the applicant in the
29 case of seller-sponsored loans.

30 (f) Security.--A seller-sponsored loan shall be secured by a

1 purchase money first real estate mortgage evidenced by a bond
2 and mortgage. The authority must be notified in writing within
3 30 days after a family farm security loan mortgage is sold or
4 exchanged.

5 Section 11. Sale or conveyance by applicant.

6 (a) Obligation due on sale.--Any applicant who sells or
7 conveys the property for which a family farm loan was issued
8 shall immediately return the entire indebtedness still owed to
9 the authority or to the lender, if any. The new owner may
10 negotiate a family farm loan in his own right, but under no
11 circumstances may the original loan be assumed by the new owner.
12 This subsection is not intended to prohibit an applicant from
13 granting a security interest in the property for the purposes of
14 securing an additional loan.

15 (b) Default.--Any applicant who fails to maintain the land
16 covered by a family farm security loan in active agricultural
17 production for a period of time longer than one year shall be in
18 default. Such a default may be waived by the authority in the
19 event of a physical disability or other extenuating
20 circumstances.

21 Section 12. Rules and regulations.

22 The authority shall have the right to adopt rules and
23 regulations to carry out the provisions of this act in
24 accordance with the provisions of the act of July 31, 1968
25 (P.L.769, No.240), referred to as the Commonwealth Documents
26 Law.

27 Section 13. Moneys of the authority.

28 All moneys of the authority from whatever source derived
29 shall be paid to the treasurer of the authority. Said moneys
30 shall be deposited in the first instance by the treasurer in one

1 or more banks or trust companies, in one or more special
2 accounts, and each of such special accounts shall be
3 continuously secured by a pledge of direct obligations of the
4 United States of America or of the Commonwealth, having an
5 aggregate market value, exclusive of accrued interest, at all
6 times at least equal to the balance on deposit in such account.
7 Such securities shall either be deposited with the treasurer or
8 be held by a trustee or agent satisfactory to the authority. All
9 banks and trust companies are authorized to give such security
10 for such deposits. The moneys in said accounts shall be paid out
11 on the warrant or other order of the treasurer of the authority,
12 or of such other person or persons as the authority may
13 authorize to execute such warrants or orders.

14 Section 14. Agricultural Development Fund.

15 (a) Establishment.--There is hereby created a special
16 account in the State Treasury to be known as the Agricultural
17 Development Fund to which shall be accredited the appropriation
18 provided by this act and any subsequent appropriations made by
19 the General Assembly to the authority as well as such other
20 deposits and contributions as may be received from any other
21 source by the authority, as well as such other deposits as this
22 section provided.

23 (b) Administration of act.--As often as may be necessary,
24 the authority shall requisition from the Agricultural
25 Development Fund such amounts as may be necessary to provide
26 adequate funds for the payment of the administration of the
27 purpose of this act.

28 (c) Procedure.--The authority shall also requisition, from
29 time to time, from the Agricultural Development Fund, such
30 amounts as shall be allocated and appropriated by the authority

1 for loans or other financial assistance to agricultural
2 enterprises. When and as the amounts so allocated and
3 appropriated by the authority as loans or other financial
4 assistance are repaid to the authority pursuant to the terms of
5 the bonds or notes or other agreements made and entered into by
6 the authority, the authority shall pay such amounts into the
7 Agricultural Development Fund, it being the intent of this act
8 that the Agricultural Development Fund shall operate as a
9 revolving fund whereby all appropriations, deposits,
10 contributions and payments made thereto may be applied and
11 reapplied for the purposes of this act.

12 (d) Credits to funds.--All appropriations, deposits and
13 contributions made to the Agricultural Development Fund shall be
14 immediately credited in full to said fund, and earnings on the
15 moneys held in said fund shall also be credited to the fund for
16 the purposes of this act.

17 (e) Transfer to General Fund.--At any time that the
18 authority shall determine that funds held for the credit of the
19 Agricultural Development Fund are in excess of the amount needed
20 by the authority to carry out the purposes of this act, the
21 authority shall take such action as shall be required to release
22 such excess from the Agricultural Development Fund and transfer
23 the same to the General Fund of the State Treasury.

24 Section 15. Limitation on amount of loans made or guaranteed.

25 The sum of all outstanding family farm loans granted or
26 guaranteed by the authority at any time shall not exceed ten
27 times the amount of money in the special accounts credited in
28 section 14.

29 Section 16. Conflict of interest prohibited.

30 No member of the authority or officer or employee thereof

1 shall either directly or indirectly be a party to or be in any
2 manner interested in any contract or agreement with the
3 authority for any matter, cause or thing whatsoever by reason
4 whereof any liability or indebtedness shall in any way be
5 created against such authority. If any contract or agreement
6 shall be made in violation of the provisions of this section the
7 same shall be null and void and no action shall be maintained
8 thereon against such authority.

9 Section 17. Examination and audit of authority affairs.

10 The accounts and books of the authority, including its
11 receipts, disbursements, contracts, investments and other
12 matters relating to its finances, operation and affairs shall be
13 examined and audited from time to time by the Auditor General as
14 provided in the act of April 9, 1929 (P.L.177, No.175), known as
15 The Administrative Code of 1929.

16 Section 18. Bonds.

17 (a) Form and terms of bonds.--The bonds of the authority
18 shall be authorized by resolution of the board thereof and
19 approved by the Budget Secretary of the Commonwealth or by the
20 terms of a trust indenture authorized by such board, and
21 approved by the Budget Secretary and shall be of such series,
22 shall bear such date or dates, shall mature at such time or
23 times, not exceeding the life of the authority, shall bear
24 interest at such rate or rates, shall be in such denominations,
25 shall be in such form, either coupon or fully registered without
26 coupons, shall carry such registration, exchangeability and
27 interchangeability privileges, shall be payable in such medium
28 of payment and at such place or places, shall be subject to such
29 terms of redemption, not exceeding 105% of the principal amount
30 thereof and shall be entitled to such priorities in the revenues

1 or receipts of the authority as such trust, indenture,
2 resolution or resolutions may provide with the approval of the
3 Budget Secretary. The bonds shall be signed by such officers,
4 either manually or by facsimile as the authority shall
5 determine, and coupon bonds shall have attached thereto interest
6 coupons bearing the facsimile signature of the treasurer of the
7 authority, all as may be prescribed in such resolution or
8 resolutions. Any such bonds may be issued and delivered,
9 notwithstanding that one or more of the officers signing such
10 bonds or the treasurer whose facsimile signature shall be upon
11 the coupons or any thereof, shall have ceased to be such officer
12 or officers at the time when such bonds actually shall be
13 delivered. Said bonds may be sold at public or private sale for
14 such price or prices as the authority shall determine. The net
15 interest cost of maturity of the money received for any issue of
16 bonds, whether sold at public or private sale, shall be
17 determined by the authority.

18 (b) Interest.--For the purposes of this section, net
19 interest cost shall be determined by ascertaining the total
20 amount of interest payable with respect to the bonds, computed
21 from the date of the bonds to the stated maturity dates thereof,
22 plus the amount of any discount from the principal amount of the
23 bonds or less the amount of any premium in excess of the
24 principal amount of the bonds. Pending the preparation of the
25 definitive bonds, interim receipts may be issued to the
26 purchaser or purchasers of such bonds, and may contain such
27 terms and conditions as the authority may determine.

28 (c) Bonds as securities.--Such bonds are hereby made
29 securities in which all officers of the State and its political
30 subdivisions and municipal officers and administrative

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

17 (d) Terms of bond authorization.--Any trust indenture,
18 resolution or resolutions authorizing any bonds may contain
19 provisions which shall be part of the contract with the holders
20 thereof as to:

21 (1) Pledging all or any of the revenues or receipts and
22 contract rights of the authority.

23 (2) The terms and provisions of the bonds.

24 (3) Limitations on the purposes to which the proceeds of
25 the bonds, then or thereafter to be issued, under such
26 indenture or resolution, or of any loan or grant by the
27 United States may be applied.

28 (4) Limitations on the issuance of additional bonds.

29 (5) The terms and provisions of any deed of trust or
30 indenture securing the bonds, or under which the same may be

1 issued.

2 (6) Any other or additional agreements with the holders
3 of the bonds.

4 (e) Security agreements.--The authority may enter into any
5 deeds of trust, indentures or other agreements with any bank or
6 trust company, or other person or persons in the United States
7 having power to enter into the same, including any Federal or
8 other governmental agency, as security for such bonds, and may
9 assign and pledge all or any of the revenues, receipts, and
10 contract rights of the authority thereunder. Such deed of trust,
11 indenture or other agreement may contain such provisions as may
12 be customary in such instruments, or as the authority may
13 authorize.

14 (f) Bonds as negotiable instruments.--Said bonds shall have
15 all the qualities of negotiable instruments under the law
16 merchant, and the negotiable instruments law of the
17 Commonwealth.

18 Section 19. Refunding bonds.

19 The authority is hereby authorized to provide, by resolution
20 of the board, for the issuance of refunding bonds for the
21 purpose of refunding any bonds of the authority issued under the
22 provisions of this act and then outstanding, either by voluntary
23 exchange with the holders of such outstanding bonds or to
24 provide funds to redeem and retire such outstanding bonds, with
25 accrued interest, and any premium payable thereon at maturity or
26 at any call date. The issuance of such refunding bonds, the
27 maturities and other details thereof, the rights of holders
28 thereof, and the duties of the authority in respect to the same,
29 shall be governed by the foregoing provisions of this act in so
30 far as the same may be applicable. Refunding bonds may be issued

1 by the authority to refund bonds originally issued or to refund
2 bonds of the authority previously issued for refunding purposes.
3 Section 20. Remedies of bondholders.

4 (a) Actions.--The rights and the remedies herein conferred
5 upon, or granted to the bondholders, shall be in addition to,
6 and not in limitation of, any rights and remedies lawfully
7 granted to such bondholders by the resolution or resolutions
8 providing for the issuance of bonds, or by any deed of trust,
9 indenture or other agreement under which the same shall be
10 issued. In the event that the authority shall default in the
11 payment of principal of, or interest on any of the bonds after
12 said principal or interest shall become due, whether at maturity
13 or upon call for redemption, and such default shall continue for
14 a period of 30 days, or in the event that the authority shall
15 fail or refuse to comply with the provisions of this act, or
16 shall default in any agreement made with the holders of the
17 bonds, the holders of 25% in aggregate principal amount of the
18 bonds then outstanding, by instrument or instruments filed in
19 the office of the recorder of deeds of the county, and proved or
20 acknowledged in the same manner as a deed to be recorded may
21 (except as such right may be limited under the provisions of any
22 deed of trust, indenture or other agreement as aforesaid),
23 appoint a trustee to represent the bondholders for the purposes
24 herein provided. Such trustee and any trustee under any deed of
25 trust, indenture or other agreement may, and upon written
26 request of the holders of 25% (or such other percentage as may
27 be specified in any deed of trust, indenture or other agreement
28 aforesaid) in principal amount of the bonds then outstanding,
29 shall, in his or its own name:

30 (1) By mandamus or other suit, action or proceeding at

1 law or in equity, enforce all rights of the bondholders,
2 including the right to require the authority to collect
3 charges and other pledged assets adequate to carry out any
4 agreements as to, or pledge of the revenues, receipts and
5 contract rights of, the authority, and to require the
6 authority to carry out any other agreements with or for the
7 benefit of the bondholders, and to perform its and their
8 duties under this act.

9 (2) Bring suit upon the bonds.

10 (3) By action or suit in equity, require the authority
11 to account as if it were the trustee of an express trust for
12 the bondholders.

13 (4) By action or suit in equity, enjoin any acts or
14 things which may be unlawful or in violation of the rights of
15 the bondholders.

16 (5) By notice in writing to the authority, declare all
17 bonds due and payable, and if all defaults shall be made
18 good, then with the consent of the holders of 25% (or such
19 other percentage as may be specified in any deed of trust,
20 indenture or other agreement aforesaid) of the principal
21 amount of the bonds then outstanding, to annul such
22 declaration and its consequences.

23 (b) Rights of trustee.--Any trustee, whether appointed as
24 aforesaid or acting under a deed of trust, indenture or other
25 agreement, and whether or not all bonds have been declared due
26 and payable, shall be entitled, as of right, to the appointment
27 of a receiver, who (to the same extent that the authority itself
28 could do so) may enter and take possession of the facilities of
29 the authority or any parts thereof, the revenues, receipts or
30 pledges from which are, or may be, applicable to, the payment of

1 the bonds so in default, and operate and maintain the same and
2 collect and receive all revenues thereafter arising therefrom in
3 the same manner as the authority might do, and shall deposit all
4 such moneys in a separate account and apply the same in such
5 manner as the court shall direct. In any suit, action or
6 proceeding by the trustee, the fees, counsel fees and expenses
7 of the trustee, and of the receiver, if any, and all costs and
8 disbursements allowed by the court, shall be a first charge on
9 any revenues and receipts derived from the facilities of the
10 authority, the revenues, receipts or pledges from which are or
11 may be applicable to the payment of the bonds so in default.
12 Said trustee, in addition to the foregoing, shall have and
13 possess all of the powers necessary or appropriate for the
14 exercise of any functions specifically set forth herein or
15 incident to the general representation of the bondholders in the
16 enforcement and protection of their rights.

17 (c) Further remedies.--In addition to all other rights and
18 all other remedies, any holder of bonds of the authority shall
19 have the right by mandamus or other suit, action or proceeding
20 at law, or in equity, to enforce his rights against the
21 authority, including the right to require the authority to
22 collect fees and other charges adequate to carry out any
23 agreement as to, or pledge of, such fees or other charges or
24 income, revenues and receipts, and to require the authority to
25 carry out any of its covenants and agreements with the
26 bondholders and to perform its and their duties under this act.
27 Section 21. Issuance of bonds.

28 The bonds of the authority may be issued pursuant to one or
29 more resolutions or one or more trust indentures and, as
30 provided in such resolution or trust indenture, the moneys set

1 aside in any fund or funds pledged for any particular bonds or
2 series of bonds shall be held for the sole benefit of such
3 bonds, separate and apart from the moneys pledged for any other
4 bonds of the authority issued under any other resolution or
5 trust indenture.

6 Section 22. Exemption from taxation.

7 The effectuation of the authorized purposes of the authority
8 created under this act in all respects shall and will be for the
9 benefit of the people of the Commonwealth, and since the
10 authority will be performing essential public functions in
11 effectuating such purposes, the authority shall be exempt from
12 payment of any taxes or assessments upon any property acquired,
13 held, owned, leased or used by it for such purposes, and the
14 bonds issued by the authority, their transfer and the income
15 therefrom (including any profits made on the sale thereof) at
16 all times shall be free from taxation, other than inheritance
17 and estate taxation, within the Commonwealth.

18 Section 23. Appropriation.

19 The sum of \$10,000,000 is hereby appropriated to the
20 Agricultural Development Authority for the purposes set forth in
21 this act.

22 Section 24. Effective date.

23 This act shall take effect immediately.