

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 935

Session of
1983

INTRODUCED BY CALTAGIRONE, KOSINSKI, VAN HORNE, KUKOVICH AND
LASHINGER, MAY 3, 1983

REFERRED TO COMMITTEE ON FINANCE, MAY 3, 1983

AN ACT

1 Providing for the establishment and incorporation as bodies
2 corporate and politic of "Regional Off-Track Betting
3 Authorities" for certain regions of counties and cities
4 located therein; prescribing the rights, powers and duties of
5 the authorities; authorizing the authorities to acquire,
6 maintain and operate off-track betting facilities and to
7 borrow money and issue bonds therefor; providing for payment
8 of the bonds and prescribing the rights of holders thereof;
9 conferring the right of eminent domain on the authorities;
10 and providing for disposition of moneys of the authority and
11 for reports.

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14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. Short title.

17 This act shall be known and may be cited as the Regional Off-
18 Track Betting Authority Law.

19 Section 2. Definitions.

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

23 "Authority." Each regional off-track betting authority, as
24 created by this act.

25 "Board of directors." The board of directors of an authority
26 as the board is constituted under section 3.

27 "Bonds and notes." Bonds and notes, respectively, authorized
28 and issued by the authority, under this act.

29 "Branch office." An establishment maintained and operated by
30 the authority, where off-track, pari-mutuel betting on horse

1 races may be placed in accordance with the terms and conditions
2 of this act and the regulations issued under this act.

3 "Cost of authority's functions." All costs and expenses
4 incurred by the authority in connection with carrying out the
5 functions as described by this act, including but not limited
6 to, operating expenses of the authority; costs of acquisition,
7 construction or equipment of branch offices and other facilities
8 of the authority; and interest and principal on bonds, notes or
9 other obligations of the authority issued to finance the
10 acquisition, construction or equipment of such offices,
11 facilities or premises.

12 "Enabling legislation." A local law, ordinance or
13 resolution.

14 "Fund." The Capital Reserve Fund established in this act.

15 "Governing body." The appropriate county legislative body.

16 "Participating county." Any of the counties in a region
17 which have elected to join an authority in the manner provided
18 for in section 3.

19 "Region." Any of the following regions together with the
20 counties composing them and their populations:

21 (1) Eastern Region

22	Bradford	59,500
23	Susquehanna	36,300
24	Wayne	35,300
25	Pike	14,700
26	Monroe	59,300
27	Carbon	52,400
28	Northampton	225,600
29	Bucks	471,800
30	Montgomery	627,600

1	Philadelphia	1,760,200
2	Delaware	573,700
3	Total population	3,916,400
4	(2) Central Region	
5	Potter	16,900
6	Tioga	41,300
7	Clinton	37,800
8	Lycoming	113,300
9	Sullivan	5,800
10	Luzerne	337,800
11	Lackawanna	232,200
12	Wyoming	23,800
13	Columbia	59,700
14	Montour	16,600
15	Union	31,200
16	Centre	109,700
17	Clearfield	79,600
18	Snyder	31,400
19	Northumberland	99,200
20	Schuylkill	157,100
21	Lehigh	263,800
22	Berks	305,500
23	Dauphin	222,100
24	Perry	33,800
25	Lebanon	106,500
26	Juniata	18,600
27	Mifflin	44,000
28	Huntington	39,200
29	Blair	134,100
30	Bedford	44,000

1	Fulton	12,100
2	Franklin	107,200
3	Cumberland	173,900
4	Adams	63,300
5	York	292,300
6	Lancaster	351,200
7	Chester	301,900
8	Total population	3,906,900
9	(3) Western Region	
10	Erie	269,400
11	Crawford	85,300
12	Warren	45,800
13	McKean	50,700
14	Cameron	6,700
15	Elk	36,200
16	Forest	5,300
17	Venango	62,400
18	Mercer	125,100
19	Lawrence	105,500
20	Butler	143,100
21	Beaver	207,700
22	Clarion	41,800
23	Armstrong	76,600
24	Indiana	88,100
25	Jefferson	47,200
26	Cambria	185,000
27	Somerset	79,900
28	Westmoreland	380,300
29	Allegheny	1,476,800
30	Washington	212,400

1	Greene	39,400
2	Fayette	155,900
3	Total population	3,926,600

4 "State board." The Racing and Wagering Board of the
5 Commonwealth.

6 "Track." The grounds or enclosure within which horse races
7 are conducted by person, association or corporation lawfully
8 authorized to conduct the races.

9 Section 3. Establishment of regional off-track betting
10 authorities.

11 (a) General rule.--A regional off-track betting authority is
12 hereby established for each region. Each regional authority
13 shall be a body corporate and politic. Each authority shall be
14 administered by a board of directors consisting of two members
15 from each participating county containing a city of over 75,000
16 in population, according to the last Federal census, and one
17 member from each other participating county. The members shall
18 be appointed by the county governing body. The mayor of a city
19 with a population of over 75,000 that has elected to participate
20 in the management of an authority under subsection (b) shall,
21 with the approval of the city's legislative body, appoint one of
22 the members to which the county containing the city is entitled.
23 Each director shall serve at the pleasure of the governing body
24 or mayor appointing him, as the case may be. A chairman shall be
25 elected by the members to serve a term of one year.

26 (b) Option to certain cities.--A city with a population of
27 over 75,000, according to the last Federal census, may elect to
28 participate in the management and revenues of a regional
29 authority if the county in which the city is located has elected
30 to become a participating county. The election shall be by

1 enabling legislation. Upon election, the city shall participate
2 in the amount of any loans or contributions made or to be made
3 by the participating county containing the city to the authority
4 under the act of 1983 (P.L. , No.), known as
5 the Off-Track Pari-mutuel Betting Law, in the proportion that
6 such city will participate in net revenues payable to such
7 county or such other equitable arrangement as shall be approved
8 by the board.

9 (c) Enabling legislation.--Upon the passage of enabling
10 legislation by the governing body of not less than five counties
11 within a region representing not less than 10% of the population
12 of the region, as determined by the last Federal census, and
13 following the appointment of members of the board of directors,
14 the authority shall file with the Secretary of the Commonwealth
15 and with the State board a certificate setting forth the
16 articles of incorporation as follows:

17 (1) The date of passage of the enabling legislation.

18 (2) The name of the agency, which shall be the name of
19 the region followed by the words "Regional Off-Track Betting
20 Authority."

21 (3) The names of the members of the board of directors
22 and the chairman.

23 (4) The names of the incorporating counties and cities
24 and the names and addresses of the municipal authorities.

25 (5) A statement that the authority is formed under this
26 act.

27 (d) Enabling legislation.--Each of the counties of the
28 region that have not become participating counties at the time
29 of filing of the certificate may do so by enacting enabling
30 legislation, a duly certified copy of which must be filed with

1 the board of directors, the State board, the Secretary of the
2 Commonwealth and the prothonotary of each participating county.
3 If, at the time of the election, the State board has approved a
4 plan of operation for the authority, a county may not become a
5 participating county without approval by the State board of a
6 modified feasibility study and amended plan of operation which
7 shall be submitted by the authority to the board under the Off-
8 Track Pari-mutuel Betting Law. If the participating counties in
9 the region have contributed or loaned funds or other
10 consideration to the authority, the board of directors may
11 require that any county subsequently electing to become a
12 participating county make contributions in the same proportion,
13 if any, as may have governed the contributions or loans by
14 participating counties. Any dispute as to the value of
15 consideration or as to a contribution required by the board of
16 directors shall be resolved by the State board.

17 (e) Termination.--If the certificate and articles of
18 incorporation required by subsection (c) are not filed by
19 December 31, 1987, the corporate existence of an authority shall
20 terminate, but otherwise, each authority and its corporate
21 existence shall continue until terminated by statute. No
22 terminating statute shall take effect as long as the authority
23 has bonds, notes or other obligations outstanding. Upon
24 termination of the existence of an authority, all of its rights,
25 property, assets and funds shall thereupon vest in and be
26 possessed by the participating counties:

27 (1) in the same proportion property, assets and funds
28 may have been contributed by each county;

29 (2) according to the manner in which the revenues of the
30 authority are distributed under section 17; or

1 (3) by any combination of paragraphs (1) and (2) as the
2 State board shall determine.

3 (f) Length of service.--Each director shall continue to
4 serve until the appointment and qualification of a successor.

5 (g) Removal for cause.--The directors shall be removable for
6 cause by the State board upon charges and after a hearing.

7 (h) Powers vested in board.--The powers of the authority
8 shall be vested in and exercised by the board of directors at a
9 meeting held at a time fixed by any bylaw adopted by the board,
10 at any adjourned meeting of such meeting, at any meeting held
11 upon reasonable notice to all of the directors or upon written
12 waiver thereof. A majority of the whole number of directors
13 shall constitute a quorum. Neither the business nor the powers
14 of the authority shall be transacted or exercised except upon
15 the favorable vote of at least a majority of the directors
16 present at a meeting at which a quorum is in attendance.

17 (i) Delegation of duties.--The board of directors may
18 delegate to one or more of the directors, officers, agents or
19 employees of the authority the powers and duties as it may deem
20 proper.

21 (j) Compensation and expenses.--The directors may receive a
22 sum of \$100 for each day or part thereof spent in attendance at
23 meetings or otherwise in the work of the authority, not to
24 exceed \$1,200 during any one year. They shall be reimbursed for
25 their actual and necessary expenses incurred in the performance
26 of their official duties.

27 (k) Outside employment.--The directors may engage in outside
28 employment or in a profession or business unless otherwise
29 prohibited from doing so by virtue of holding another public
30 office.

1 (1) Annual meeting.--The board of directors shall hold an
2 annual meeting.

3 (m) Fiscal year.--The fiscal year of the authority shall be
4 the calendar year.

5 (n) General manager.--A general manager, who shall be the
6 chief executive officer of the authority, shall be in charge of
7 the administration of its affairs. This individual shall perform
8 duties as chief executive officer, together with any other
9 duties assigned by the authority under its direct supervision
10 and control and shall give full time to such duties.

11 (o) Waiver of compensation permitted.--Any person prohibited
12 by any law or rule from accepting compensation described in
13 subsection (j) shall be permitted to serve as a director if the
14 person waives compensation.

15 Section 4. Powers of regional authorities.

16 Subject to the general and specific limitations of this act
17 and the authority of the State board under the act of
18 , 1983 (P.L. , No.), known as the Racing and
19 Wagering Board Law, each authority shall have the following
20 powers:

21 (1) To sue and be sued.

22 (2) To have a seal and alter the same at pleasure.

23 (3) To acquire, hold, lease and dispose of personal
24 property for its corporate purposes.

25 (4) To acquire, in the name of the authority, and to use
26 real property which is necessary or convenient for carrying
27 out its corporate purposes. The authority shall not condemn
28 any real property without first having obtained the consent
29 of the chief elected official in the jurisdiction in which
30 the real property is located. All real property acquired by

1 the authority by condemnation shall be acquired in the manner
2 provided by law for the condemnation of real property in the
3 jurisdiction in which the real property is located.

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

6 (6) To appoint officers, agents and employees, prescribe
7 their qualifications and to fix their compensation.

8 (7) To make contracts and leases and execute all
9 instruments necessary or convenient to accomplish its
10 corporate purposes.

11 (8) To construct the buildings, structures and
12 facilities as may be necessary.

13 (9) To accept grants, loans and contributions, including
14 gifts or transfers, from the United States and the
15 Commonwealth, or any agency or instrumentality of either of
16 them, participating county, a city or person and to use the
17 grants, loans and contributions for its corporate purposes.

18 (10) In accordance with this act and regulations of the
19 State board, to establish and conduct within the region a
20 system of off-track pari-mutuel betting on horse races.

21 (11) To promulgate, amend and repeal such rules and
22 regulations consistent with this act as it may deem necessary
23 or desirable to carry out the purposes of this act.

24 (i) The rules and regulations shall have the force
25 and effect of law.

26 (ii) No rule or regulation promulgated by an
27 authority under this paragraph shall be effective until a
28 copy thereof is filed with the clerk of each
29 participating county.

30 (iii) A person who violates a rule or regulation

1 filed with the county clerk of each county in which a
2 corporation operates and designated by the letter "R" by
3 resolution of the board of directors of the authority and
4 shall, upon conviction, be sentenced to pay a fine of not
5 more than \$300 or to serve a term of imprisonment of not
6 more than three months, or both. All fines collected
7 shall be payable to the county treasurer in the county in
8 which the violation occurred and shall be paid by the
9 treasurer into the general fund of the county.

10 (iv) The rule or regulation shall be effective
11 notwithstanding that any act or omission punishable by
12 the rule or regulation may be a crime or punishable under
13 any other provision of law.

14 (12) To perform other acts and engage in other
15 activities as may be necessary and proper for exercising its
16 powers and performing its duties under this act.

17 Section 5. Policing off-track betting.

18 (a) Appointment of special police.--

19 (1) For the purpose of preserving order and preventing
20 offenses against the laws prohibiting gambling and the
21 regulations promulgated under this act, the officers or
22 directors of each authority subject to the provisions of this
23 act are hereby authorized to appoint from time to time and to
24 remove at pleasure special policemen. When appointed, the
25 special policemen shall within any office of an authority and
26 within 500 feet thereof be vested with the powers of peace
27 officers and with the following duties:

28 (i) To preserve order with and around the offices of
29 the authority.

30 (ii) To protect the property of the authority.

1 (iii) To eject or arrest persons who are improperly
2 within the office of the authority, who engage in
3 disorderly conduct or who refuse to observe the rules
4 prescribed by the authority.

5 (iv) To prevent all violations of law with reference
6 to pool-selling, bookmaking and other gambling and all
7 violations of the rules and regulations promulgated under
8 section 4(11).

9 (v) To arrest persons committing the violations and
10 to convey persons so arrested, with a statement of the
11 cause of the arrest, before a district justice having
12 jurisdiction of the offense, to be dealt with according
13 to law.

14 (2) The appointment of special policemen under this
15 subsection shall not be deemed to supersede the authority of
16 peace officers or police officers of the jurisdiction within
17 which the offices of the authority are located.

18 (b) Approval of board.--Any appointment of a special
19 policeman under subsection (a) shall only be made with the
20 approval of the State board. Application for approval shall be
21 in a form as may be prescribed by the board and shall contain
22 other information or material or evidence as it shall require.
23 In acting on an application for approval, the board shall
24 consider the background, experience, integrity and competence of
25 the candidate for appointment; the public interest, convenience
26 or necessity; and the interests of legalized wagering generally.
27 The board in its discretion may set the term of any appointment,
28 terminate any existing appointment at any time and prescribe
29 conditions and rules for the conduct of the office.

30 Section 6. Acquisition or leasing of property.

1 (a) Real property.--A participating county may, in
2 accordance with the provisions of law governing the acquisition
3 or leasing of real property by the county, acquire real property
4 in the name of the county by purchase or condemnation for use by
5 the authority or lease real property from other owners for that
6 purpose and, by resolution of the governing body of the county,
7 may by contract or gift made upon terms and conditions and for a
8 period of time as may be agreed upon by the county and the
9 corporation, authorize the use or occupancy of real property by
10 the authority for the carrying out of its corporate purpose.

11 (b) Personal property.--The county may, in accordance with
12 the provisions of law governing the acquisition or leasing of
13 personal property by the county, acquire or lease personal
14 property for use by the authority and, acting by the governing
15 body of the county, may by contract or gift made upon terms and
16 conditions and for a period of time as may be agreed upon by the
17 county and the authority authorize the use of personal property
18 by the authority or transfer title to personal property to it,
19 for the carrying out of its corporate purpose.

20 (c) Use of county property.--The county may, by resolution
21 of the governing body of the county or by an instrument
22 authorized by a resolution, authorize the authority to use or
23 occupy for its corporate purpose any real property then owned by
24 or under lease to the county upon terms and conditions, with or
25 without consideration, and for the period of time as may be
26 agreed upon by the county and the authority. In the case of
27 property then under lease to the county, the authorization
28 granted by the county to the authority shall be consistent with
29 the rights of the county as lessee of the property.

30 (d) Acquisition by authority.--Each authority for the

1 carrying out of its corporate purpose may itself acquire real
2 property in the name of the participating counties at the cost
3 and expense of the authority by purchase or condemnation under
4 the laws governing the condemnation of real property by each
5 county. The authority shall have the use and occupancy of the
6 real property as long as its corporate existence continues.

7 (e) Contracts.--

8 (1) Contracts may be entered into by a participating
9 county and the authority containing the following
10 undertakings by a participating county:

11 (i) To acquire or lease property and authorize the
12 use or occupancy of property by the authority.

13 (ii) To authorize the authority to use or occupy
14 property then owned by or under lease to a participating
15 county.

16 (iii) To perform any other acts on the part of the
17 county authorized by subsections (a), (b) and (c) if the
18 acts of the county called for by the undertakings are in
19 conformity with the provisions of subsections (a), (b)
20 and (c).

21 (2) The making of a contract shall be authorized on
22 behalf of the county by the governing body in the same manner
23 as the acts of the county called for by the undertakings in
24 the contract are required to be authorized under the
25 applicable provisions of subsections (a), (b) and (c).

26 (3) A contract between a county and the authority may be
27 pledged by the authority to secure its bonds or notes and may
28 not be modified thereafter except as provided by the terms of
29 the pledge.

30 (f) Surrender of property.--In case the authority has the

1 use or occupancy of any real property which it determines is no
2 longer required for the carrying out of its corporate purpose
3 the following apply:

4 (1) If the real property was acquired at the cost and
5 expense of a county, the authority shall have power to
6 surrender its use or occupancy to the county.

7 (2) If the real property was acquired at the cost and
8 expense of the authority, the authority shall have the power
9 to sell, lease or otherwise dispose of the real property at
10 public or private sale and shall retain and have the power to
11 use the proceeds of sale, rentals or other moneys derived
12 from the disposition for its corporate purpose.

13 (g) Purchases.--Notwithstanding the provisions of general,
14 special or local law to the contrary, each authority may make
15 purchases of materials, equipment or supplies, when available,
16 through a participating county subject to procedures or rules
17 established by the participating county prescribing the
18 conditions under which and the manner in which purchases may be
19 made. All purchases shall be subject to audit and inspection by
20 the authority, and the authority shall accept sole
21 responsibility for any payment due the vendor. The authority
22 shall make no purchase through the participating county when
23 bids have been received for purchase by the authority unless the
24 purchase may be made upon the same terms, conditions and
25 specifications at a lower price through the participating
26 county.

27 Section 7. Loans and contributions by a participating county to
28 an authority.

29 (a) Loans.--A participating county shall have power to loan
30 money to an authority in amounts, upon terms and conditions and

1 for a period of time as in the judgment of the county are
2 necessary or appropriate for the accomplishment of the corporate
3 purpose of the authority.

4 (b) Lien.--Subject to any prior pledge of or lien upon the
5 revenues or moneys of the authority, the county shall have a
6 first lien upon the revenues or moneys for the repayment of the
7 loan, which lien shall do the following:

8 (1) Attach upon receipt of the revenues or moneys by the
9 authority, without physical delivery of the revenue or moneys
10 or further act.

11 (2) Have priority over any other claim or lien against
12 such revenues or moneys.

13 (3) Be valid and binding as against all parties having
14 claims in tort, contract or otherwise against the authority,
15 irrespective of whether the parties have notice of the lien.

16 (c) Contributions.--A participating county shall have power
17 to contribute money or personal property to an authority in
18 amounts, for a period of time and upon terms and conditions as
19 in the judgment of the county are necessary or appropriate for
20 the accomplishment of the corporate purpose of the authority.

21 Section 8. Contracts of authorities.

22 (a) Contracting.--Each authority shall let contracts for
23 construction or other work, including the furnishing of
24 materials or supplies incident thereto, and contracts for the
25 purchase or procurement of equipment, materials or supplies in
26 the manner provided by law with respect to the letting of
27 contracts by counties. Where the estimated expense of a contract
28 does not exceed \$10,000, a contract may be entered into without
29 public letting. If the authority determines with respect to any
30 contract that it would not be in the public interest to comply

1 with this section and if the governing body of each county, by
2 resolution, rule or regulation adopted by the vote of two-thirds
3 of the whole number of votes authorized to be cast by all of the
4 members of a body, concurs in their determination, then it may
5 enter into the contract without public letting as authorized by
6 the resolution, rules and regulations.

7 (b) Bidder qualification.--The authority may make rules and
8 regulations governing the qualifications of bidders entering
9 into a contract where the cost of the contract exceeds \$10,000.
10 The bidding may be restricted to those who shall have qualified
11 prior to the receipt of bids according to standards fixed by the
12 authority. Notice for the submission of qualifications shall be
13 published in a newspaper of general circulation in the region at
14 least once, not less than ten days prior to the date fixed for
15 the filing of qualifications.

16 (c) Penalty.--A director of the authority or an officer,
17 agent, executive or other employee retained, employed or
18 appointed by the authority who is interested in a contract the
19 expense or consideration of which is payable out of funds of the
20 corporation commits a misdemeanor.

21 Section 9. Issuance of bonds and notes by an authority.

22 (a) General rule.--Each authority is hereby authorized,
23 subject to the approval of the board, to issue negotiable bonds
24 and notes in aggregate principal amounts as shall, in the
25 opinion of the authority, be necessary together with other
26 moneys or funds as may be available to the authority to provide
27 funds sufficient to enable the authority to carry out its
28 corporate purposes, including the acquisition, construction,
29 maintenance and repair of property, the payment of interest on
30 and amortization of or payment of bonds and notes, the

1 establishment of reserves or sinking funds to secure such bonds
2 and notes, and all other expenditures of the authority incident
3 to and necessary or desirable for the carrying out of its
4 corporate purposes and the exercise of its powers. Except as may
5 otherwise be expressly provided by the authority, every issue of
6 its bonds and notes shall be general obligations of the
7 authority payable out of any revenues or moneys of the
8 authority, subject only to any agreements with the holders of
9 particular bonds or notes pledging any particular revenues or
10 moneys.

11 (b) Renewals and refunds.--The authority is hereby
12 authorized to issue renewal notes, to refund any bonds by the
13 issuance of new bonds whether or not the bonds to be refunded
14 have matured, and to issue bonds to pay notes or to refund
15 partly bonds then outstanding.

16 (c) Procedure.--The bonds and notes shall be authorized by
17 resolution of the board of directors and shall mature as the
18 resolution may provide. Bonds and notes shall bear interest at a
19 rate; be in denominations; be in a form, either coupon or
20 registered; carry registration privileges; be executed in a
21 manner; be payable in a medium of payment, be payable at place;
22 and be subject to terms of redemption as the resolution may
23 provide. Bonds and notes may be sold by the authority at public
24 or private sale at a price as the authority shall determine;
25 however, no bonds or notes may be sold at a private sale unless
26 the sale and the terms of the sale have been approved by the
27 Auditor General in writing.

28 (d) Resolution provision.--Any resolution authorizing any
29 bonds or notes may contain provisions, which shall be a part of
30 the contract with the holders, as to the following:

1 (1) Pledging all or any part of the moneys or revenues
2 or other assets of the authority to secure the payment of the
3 bonds or notes.

4 (2) Setting aside of reserves or sinking funds and
5 regulation or disposition thereof.

6 (3) Limitations on the purposes to which the proceeds of
7 the sale of any issue of bonds or notes may be applied and
8 pledging the proceeds to secure the payment of the bonds or
9 notes.

10 (4) Limitations on the issuance of additional bonds or
11 notes, the terms upon which additional bonds or notes may be
12 issued and secured and the refunding of outstanding bonds or
13 notes.

14 (5) The procedures, if any, by which the terms of any
15 contract with the holders of bonds or notes may be extended
16 or abrogated, the amount of bonds or notes the holders of
17 which must consent to and the manner in which the consent may
18 be given.

19 (6) The creation of special funds into which any moneys
20 or revenues of the authority may be deposited.

21 (7) Limitations on the amounts that the authority may
22 expend for administrative or other expenses.

23 (8) Vesting in a trustee properties, rights, powers and
24 duties in trust as the authority may determine which may
25 include rights, powers and duties of the trustees appointed
26 by the holders of the bonds or notes under section 13 and
27 limiting or abrogating the right of the holders of the bonds
28 or notes to appoint a trustee under section 13.

29 (9) Defining the acts or omissions which shall
30 constitute a default in the obligations and duties of the

1 authority to the holders of the bonds or notes and providing
2 for the rights and remedies of the holders of the bonds or
3 notes in the event of default, including as a matter of right
4 the appointment of a receiver. Rights and remedies shall not
5 be inconsistent with the law of the Commonwealth and the
6 other provisions of this act.

7 (10) Any other matters which affect the security or
8 protection of the holders of the bonds or notes.

9 (e) Validity.--Any pledge of revenues, moneys or property
10 made by the authority shall be valid from the time when the
11 pledge is made. The revenues, moneys or property so pledged and
12 thereafter received by the authority shall immediately be
13 subject to the lien of the pledge without any physical delivery
14 or further act. The lien of the pledge shall be valid against
15 all parties having claims of any kind in tort, contract or
16 otherwise against the authority irrespective of whether the
17 parties have notice thereof. Neither the resolution nor any
18 other instrument by which a pledge is created need to be
19 recorded.

20 (f) Release of liability.--Neither the directors of the
21 authority nor any other person executing bonds or notes shall be
22 subject to any personal liability or accountability by reason of
23 the issuance of the bonds or notes.

24 (g) Purchase by authority.--

25 (1) The authority, subject to agreements with the
26 holders of bonds or notes as may then exist, shall have the
27 power out of any funds available to purchase any bonds or
28 notes issued by it at a price not exceeding the redemption
29 price thereof, which price shall be:

30 (i) if the bonds or notes are then redeemable, the

1 redemption price then applicable plus accrued interest to
2 the next interest payment date thereon; or

3 (ii) if the bonds or notes are not then redeemable,
4 the redemption price applicable on the first date after
5 purchase upon which bonds or notes become subject to
6 redemption plus accrued interest to such date.

7 (2) All bonds or notes so purchased shall be cancelled.

8 Section 10. Capital Reserve Fund.

9 (a) Establishment.--The authority shall establish the
10 Capital Reserve Fund and shall pay into the fund the following:

11 (1) Any moneys appropriated and made available by
12 participating counties for the purpose of the fund.

13 (2) Any proceeds of sale of bonds or notes to the extent
14 provided in the resolution of the authority authorizing the
15 issuance.

16 (3) Any other moneys which may be made available to the
17 authority for the purpose of the fund from any source.

18 (b) Use.--

19 (1) All moneys held in the fund, except as provided in
20 paragraph (2), shall be used solely for the payment of the
21 principal of bonds of the authority, the payment of interest
22 on the bonds and the payment of any redemption premium
23 required to be paid when the bonds are redeemed prior to
24 maturity.

25 (2) Moneys in the fund shall not be withdrawn therefrom
26 at any time in the amount as would reduce the amount of the
27 fund to less than the maximum amount of principal and
28 interest maturing and becoming due in any succeeding fiscal
29 year of the authority on all bonds of the authority then
30 outstanding except for the purpose of paying principal of and

1 interest on bonds of the authority maturing and becoming due
2 and for the payment of which other moneys of the authority
3 are not available.

4 (3) Any income to the fund due to the investment thereof
5 may be transferred to other funds or accounts to the extent
6 it does not reduce the amount of the fund below the maximum
7 amount of principal and interest maturing and becoming due in
8 any succeeding fiscal year on all bonds of the corporation
9 then outstanding.

10 (b) Debt limitation.--The authority shall not issue bonds at
11 any time if the maximum amount of principal and interest
12 maturing and becoming due in a succeeding fiscal year of the
13 authority on bonds then to be issued and on all other bonds of
14 the authority then outstanding will exceed the amount of the
15 fund at the time of issuance of the bonds unless the authority
16 at the time of issuance of the bonds deposits in the fund from
17 the proceeds of the bonds so to be issued or otherwise an amount
18 which, together with the amount then in the fund, will not be
19 less than the maximum amount of principal and interest maturing
20 and becoming due in any succeeding fiscal year on bonds then to
21 be issued and on all other bonds of the corporation then
22 outstanding.

23 (c) Stock valuation.--For the purposes of computing the
24 amount of the fund, any securities in which any portion of the
25 fund is invested shall be valued at the par value thereof or at
26 the cost thereof to the corporation if that cost was less than
27 the par value.

28 Section 11. Commonwealth and participating counties not liable
29 on bonds and notes.

30 The bonds, notes or other obligations of an authority shall

1 not be a debt of either the Commonwealth or of any participating
2 county. Neither the Commonwealth nor any county shall be liable
3 on the bonds, notes or other obligations, nor shall they be
4 payable out of any funds other than those of the authority.

5 Section 12. Commonwealth's right to require redemption of
6 bonds.

7 Notwithstanding and in addition to provisions for the
8 redemption of bonds which may be contained in any contract with
9 the holders of the bonds, the Commonwealth may, upon furnishing
10 sufficient funds therefor, require an authority to redeem prior
11 to maturity, as a whole, any issue of bonds on any interest
12 payment date not less than 20 years after the date of the bonds
13 at 105% of their face value and accrued interest or at a lower
14 redemption price as may be provided in the bonds in case of the
15 redemption thereof as a whole on the redemption date. Notice of
16 this redemption shall be published in at least two newspapers
17 published and circulating in the participating counties at least
18 twice, the first publication to be at least 30 days before the
19 date of redemption.

20 Section 13. Remedies of holders of bonds and notes.

21 (a) Appointment of trustee.--In the event that an authority
22 shall default in the payment of the principal of or interest on
23 any issue of bonds or notes after they become due, whether at
24 maturity or upon call for redemption, and that the default
25 continues for a period of 30 days or that an authority shall
26 default in any agreement made with the holders of any issue of
27 the bonds or notes, the holders of 25% in aggregate principal
28 amount of the bonds or notes of the issue then outstanding, by
29 instrument filed in the office of the clerk of the court of
30 common pleas of any county in which the authority operates and

1 approved or acknowledged in the same manner as a deed to be
2 recorded, may appoint a trustee to represent the holders of the
3 bonds or notes for the purposes provided in this section.

4 (b) Powers of trustee.--The trustee may and, upon written
5 request of the holders of 25% in principal amount of the bonds
6 or notes then outstanding, shall in the trustee's name do the
7 following:

8 (1) By action enforce all rights of the holders of the
9 bonds or notes, including the right to require the authority
10 to carry out any agreements with the holders and to perform
11 its duties under this act.

12 (2) Bring suit upon the bonds or notes.

13 (3) By action require the authority to account as if it
14 were the trustee of an express trust for the holders of the
15 bonds or notes.

16 (4) By action enjoin any acts which may be unlawful or
17 in violation of the rights of the holders of the bonds or
18 notes.

19 (5) Declare all bonds or notes due and payable and, if
20 all defaults shall be made good, then, with the consent of
21 the holders of 25% of the principal amount of the bonds or
22 notes then outstanding, annul this declaration and its
23 consequences.

24 (c) Jurisdiction and venue.--The court of common pleas shall
25 have jurisdiction of any action by the trustee on behalf of the
26 holders of bonds or notes. The venue of the action shall be in
27 the judicial district in which the principal office of the
28 authority is located.

29 (d) Notice.--Before declaring the principal of bonds or
30 notes due and payable, the trustee shall first give 30 days

1 notice in writing to the authority, the Governor, the Auditor
2 General and the Attorney General of the Commonwealth.

3 (e) Receiver.--Any trustee, whether or not the issue of
4 bonds represented by trustee has been declared due and payable,
5 shall be entitled as of right to the appointment of a receiver
6 of the revenues which are pledged for the security of the bonds
7 of the issue. The receiver may enter and take possession of the
8 premises, equipment and property which the authority is
9 operating or is entitled to use or occupy; shall take possession
10 of all revenues of the authority and other moneys to which the
11 authority is entitled; shall proceed to conduct pari-mutuel,
12 off-track betting under this act in the place of the authority;
13 and shall perform the public duties and carry out the agreements
14 and obligations of the authority under the direction of the
15 court. In any action by the trustee, the fees, counsel fees and
16 expenses of the trustee and of the receiver shall constitute
17 taxable disbursements allowed by the court and shall be a first
18 charge on any revenues of the corporation.

19 (f) Additional powers of trustee.--The trustee shall have
20 all the powers necessary or appropriate for the exercise of any
21 function specifically set forth in this section or incident to
22 the general representation of the holders of the bonds or notes
23 in the enforcement and protection of their rights.

24 Section 14. Exemption from taxation.

25 (a) Rule.--The moneys and property of each authority and any
26 property under its jurisdiction, control or supervision and all
27 of its activities and operations shall be exempt from taxation;
28 however, no exemption is granted from the taxes imposed under
29 the act of 1983 (P.L. , No.), known
30 as the Off-Track Pari-mutuel Betting Law.

(b) Covenant.--The Commonwealth covenants with the purchasers and with all subsequent holders and transferees of bonds and notes issued by an authority under this act, in consideration of the acceptance of and payment for the bonds and notes, that the bonds and notes and the income therefrom and all moneys, funds and revenue pledged to pay or secure the payment of the bonds and notes shall at all times be free from taxation, except for estate and gift taxes and taxes on transfers.

Section 15. Notice of claim; action against authority.

(a) Notice.--In every action against an authority for damages for injuries to property or for the destruction thereof or for personal injuries, the complaint shall contain an allegation that at least 30 days have elapsed since notice of claim was presented to the authority and that the authority has neglected or refused to make an adjustment or payment thereof for 30 days after the presentment.

(b) Action form.--The notice of claim shall be in writing, sworn to by or on behalf of the claimant, and shall set forth the following:

(1) The name and post office address of each claimant, and of his attorney, if any.

(2) The nature of the claim.

(3) The time when, the place where and the manner in which the claim arose.

(4) The items of damage or injuries claimed to have been sustained so far as then practicable to determine.

(c) Service.--The notice shall be served on the authority by delivering a copy thereof, in duplicate, personally or by registered mail, to an officer, director or to any other agent authorized by appointment to receive such service.

1 (d) Testimony.--The authority may require any person
2 presenting a claim to be sworn or to make an affirmation before
3 a person authorized by statute to administer oaths and to answer
4 orally as to any facts relative to the claim.

5 (e) Limitation of action.--An action against an authority
6 shall not be commenced more than one year and 90 days after the
7 cause of action shall have accrued nor unless a notice of claim
8 as required in subsections (a) and (b) shall have been served
9 upon the authority under subsection (c) within 90 days after the
10 cause of action shall have accrued.

11 (f) Venue.--All actions against the authority of whatever
12 nature shall be brought and the place of trial shall be in the
13 county in which the cause of action arose.

14 Section 16. Bonds and notes as legal investments.

15 The bonds and notes of an authority are hereby made
16 securities in which all public officers and bodies of the
17 Commonwealth, all municipalities, persons carrying on insurance
18 business, fiduciaries and other persons authorized to invest in
19 bonds or in other obligations of the Commonwealth, may invest
20 funds, including capital, in their control or belonging to them.

21 Section 17. Moneys of authority; disposition of net revenues.

22 (a) Supervision.--The monetary transactions of the authority
23 and the keeping of its books and accounts shall be under the
24 supervision of the board of directors who shall be subject to
25 the general and specific jurisdiction of the State board and to
26 audit by the Auditor General. The Auditor General and his
27 legally authorized representative are authorized to and shall at
28 least once annually examine the accounts and books of the
29 authority, including its receipts, disbursements, contracts,
30 leases, sinking funds, investments and any other records and

1 papers relating to its financial standing.

2 (b) Disposition.--After payment of all of the costs of the
3 authority's functions, net revenue remaining to the authority
4 shall be divided, quarterly, not more than 30 days after the
5 close of the calendar quarter, among the participating counties
6 in accordance with the following:

7 (1) Fifty percent of the revenue shall be distributed on
8 the basis of the proportion of the total off-track pari-
9 mutuel wagering accepted by the authority during the previous
10 calendar quarter that originated in the branch offices
11 located in each participating county;

12 (2) Fifty percent of the revenue shall be distributed on
13 the basis of population, as defined as the total population
14 in each participating county shown by the latest decennial
15 Federal census completed and published as a final population
16 count by the United States Bureau of the Census prior to the
17 commencement of the calendar year in which the distribution
18 is to be made.

19 (3) A participating county containing a city electing to
20 participate in the management and revenues of a corporation
21 under section 3 shall distribute revenue received under
22 paragraphs (1) and (2) to the city according to the
23 proportion the city's population bears to the county's
24 population.

25 (c) Contracts.--The authority shall have power,
26 notwithstanding the provisions of this section, to contract with
27 the holders of any of its bonds as to the custody, collection,
28 securing, investment and payment of any moneys of the authority
29 or any moneys held in trust or otherwise for the payment of
30 bonds and to carry out the contract.

(e) Security for deposits.--Moneys held in trust or otherwise for the payment of bonds and deposits of moneys may be secured in the same manner as moneys of the authority, and all banks and trust companies are authorized to give security for these deposits.

Section 18. Annual reports.

In addition to the reports required by the act of 1983 (P.L. , No.), known as the Off-Track Pari-mutuel Betting Law, within 120 days after the end of the fiscal year of the authority, the directors shall submit to the participating counties, the State board, and the Auditor General a complete and detailed audited report setting forth the following:

(1) Its operations and accomplishments during the fiscal year.

(2) Its receipts and expenditures during the fiscal year in accordance with categories or classifications established by the authority for its own operating and capital outlay purposes.

(3) Its assets and liabilities at the end of the fiscal year including a schedule of its bonds, notes or other obligations and the status of reserves, depreciations and funds.

(4) Details of branch offices being planned or in the process of being constructed or established and branch offices that have been constructed or established.

(5) Such other information relating to the operations of the authority as shall be deemed pertinent by the directors, the participating counties, the State board and the Auditor General.

1 Section 19. Effective date.

2 This act shall take effect in 60 days.