

Bond Case Briefs

Municipal Finance Law Since 1971

MUNICIPAL CORPORATIONS - PENNSYLVANIA

SEDA-COG Joint Rail Authority v. Carload Express, Inc.

Supreme Court of Pennsylvania - October 1, 2020 - A.3d - 2020 WL 5823494

Rail line authority brought action against unsuccessful bidder for private railroad operating agreement, seeking declaration that seven-to-three vote was ineffective to award the agreement, and bidder counterclaimed for a declaration that the vote was effective.

The Court of Common Pleas granted summary judgment to authority. Bidder appealed. The Commonwealth Court reversed and remanded. Authority sought a discretionary appeal, which was granted.

In a case of first impression, the Supreme Court held that:

- Authority's vote, with six directors abstaining, was effective to award agreement to bidder, and
- Municipality Authorities Act does not abrogate common law rule that a simple majority of a municipal authority carries a vote.

Rail line authority's board of directors' vote of seven to three, with the six other directors attending meeting but abstaining from vote while remaining in room, was effective to award new operating agreement to bidder, and thus nine votes were not required to award agreement; Municipal Authorities Act provision stating that the authority could act upon vote of majority of "members present" at meeting did not supplant common law principle that authority could act by majority of members present and voting.

Alleged representational unfairness and disenfranchisement of region's representation on rail line authority, which was a multi-member authority, was not a basis to allow authority's preferred interpretation of phrase "members present" in the majority vote standard set forth in Municipality Authorities Act, to require a nine-vote majority instead of seven-to-three vote of its 16-member board of directors to award new operating agreement to bidder, in a vote with six directors present but abstaining from vote, even though a plurality vote potentially could carry the motion; Act contained provisions to provide for equal representation on boards of multi-member authorities, and authority could have amended its bylaws to require nine votes and provide for additional representational fairness.