S T A T E O F N E W Y O R K

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2009-2010 Regular Sessions

I N A S S E M B L Y

June 5, 2009

Introduced by M. of A. BRENNAN, MILLMAN, LANCMAN, MAISEL, PHEFFER, BARRON -- Multi-Sponsored by -- M. of A. GLICK, GOTTFRIED, MENG, NOLAN -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public authorities law, in relation to debt held by the New York city municipal water finance authority

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 3 of section 1045-d of the public authorities law, as added by chapter 513 of the laws of 1984, is amended to read as follows:

3. To borrow money and issue negotiable or non-negotiable notes, bonds or other obligations and to provide for the rights of the holders thereof, PROVIDED, HOWEVER, THAT SUCH POWER TO BORROW MONEY AND ISSUE NEGOTIABLE OR NON-NEGOTIABLE NOTES, BONDS OR OTHER OBLIGATIONS SHALL BE LIMITED TO THE LIMITATION ON THE ANNUAL INCREASE IN DEBT AS SET FORTH IN SECTION ONE THOUSAND FORTY-FIVE-AA OF THIS TITLE;

S 2. Sections 1045-aa and 1045-bb of the public authorities law are renumbered sections 1045-bb and 1045-cc and a new section 1045-aa is added to read as follows:

S 1045-AA. LIMITATION ON DEBT INCREASE. BEGINNING WITH THE NEW YORK CITY FISCAL YEAR BEGINNING JULY FIRST, TWO THOUSAND TEN AND ENDING JUNE THIRTIETH, TWO THOUSAND ELEVEN, THE ANNUAL INCREASE IN TOTAL DEBT HELD BY THE AUTHORITY AT ANY TIME DURING A FISCAL YEAR SHALL NOT EXCEED SIX PERCENT OF THE TOTAL DEBT HELD BY THE AUTHORITY DURING THE PRECEDING FISCAL YEAR WITHOUT THE APPROVAL BY MAJORITY VOTE OF THE NEW YORK CITY COUNCIL.

S 3. The public authorities law is amended by adding a new section 1045-g-1 to read as follows:

S 1045-G-1. ROLE AND RESPONSIBILITIES OF BOARD MEMBERS. 1. BOARD MEMBERS OF THE WATER BOARD SHALL: (A) EXECUTE DIRECT OVERSIGHT OF THE

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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BOARD'S CHIEF EXECUTIVE AND OTHER MANAGEMENT IN THE EFFECTIVE AND ETHICAL MANAGEMENT OF THE BOARD; (B) UNDERSTAND, REVIEW AND MONITOR THE IMPLEMENTATION OF FUNDAMENTAL FINANCIAL AND MANAGEMENT CONTROLS AND OPERATIONAL DECISIONS OF THE BOARD; (C) ESTABLISH POLICIES REGARDING THE PAYMENT OF SALARY, COMPENSATION AND REIMBURSEMENTS TO, AND ESTABLISH RULES FOR THE TIME AND ATTENDANCE OF, THE CHIEF EXECUTIVE AND MANAGEMENT; (D) ADOPT A CODE OF ETHICS APPLICABLE TO EACH OFFICER, DIRECTOR AND EMPLOYEE THAT, AT A MINIMUM, INCLUDES THE STANDARDS ESTABLISHED IN SECTION SEVENTY-FOUR OF THE PUBLIC OFFICERS LAW; (E) ESTABLISH WRITTEN POLICIES AND PROCEDURES ON PERSONNEL INCLUDING POLICIES PROTECTING EMPLOYEES FROM RETALIATION FOR DISCLOSING INFORMATION CONCERNING ACTS OF WRONGDOING, MISCONDUCT, MALFEASANCE, OR OTHER INAPPROPRIATE BEHAVIOR BY AN EMPLOYEE OR BOARD MEMBER OF THE WATER BOARD, INVESTMENTS, TRAVEL, THE ACQUISITION OF REAL PROPERTY AND THE DISPOSITION OF REAL AND PERSONAL PROPERTY AND THE PROCUREMENT OF GOODS AND SERVICES; (F) ADOPT A DEFENSE AND INDEMNIFICATION POLICY AND DISCLOSE SUCH PLAN TO ANY AND ALL PROSPECTIVE BOARD MEMBERS; AND (G) AT THE TIME THAT THE MEMBER TAKES AND SUBSCRIBES HIS OR HER OATH OF OFFICE, EXECUTE AN ACKNOWLEDGMENT IN WHICH THE BOARD MEMBER ACKNOWLEDGES THAT HE OR SHE UNDERSTANDS HIS OR HER ROLE AND RESPONSIBILITIES IMPOSED PURSUANT TO THIS SECTION.

2. BOARD MEMBERS OF THE WATER BOARD, OR SUBSIDIARY THEREOF, SHALL ESTABLISH AN AUDIT COMMITTEE TO BE COMPRISED OF NOT LESS THAN THREE INDEPENDENT MEMBERS, WHO SHALL CONSTITUTE A MAJORITY ON THE COMMITTEE, AND WHO SHALL POSSESS THE NECESSARY SKILLS TO UNDERSTAND THE DUTIES AND FUNCTIONS OF THE AUDIT COMMITTEE; PROVIDED, HOWEVER, THAT IN THE EVENT THAT A BOARD HAS LESS THAN THREE INDEPENDENT MEMBERS, THE BOARD MAY APPOINT NON-INDEPENDENT MEMBERS TO THE AUDIT COMMITTEE, PROVIDED THAT THE INDEPENDENT MEMBERS MUST CONSTITUTE A MAJORITY OF THE MEMBERS OF THE AUDIT COMMITTEE. THE COMMITTEE SHALL RECOMMEND TO THE BOARD THE HIRING OF A CERTIFIED INDEPENDENT ACCOUNTING FIRM FOR SUCH BOARD, ESTABLISH THE COMPENSATION TO BE PAID TO THE ACCOUNTING FIRM AND PROVIDE DIRECT OVERSIGHT OF THE PERFORMANCE OF THE INDEPENDENT AUDIT PERFORMED BY THE ACCOUNTING FIRM HIRED FOR SUCH PURPOSES. MEMBERS OF THE AUDIT COMMITTEE SHALL BE FAMILIAR WITH CORPORATE FINANCIAL AND ACCOUNTING PRACTICES.

3. BOARD MEMBERS OF THE WATER BOARD, OR SUBSIDIARY THEREOF, SHALL ESTABLISH A GOVERNANCE COMMITTEE TO BE COMPRISED OF NOT LESS THAN THREE INDEPENDENT MEMBERS, WHO SHALL CONSTITUTE A MAJORITY ON THE COMMITTEE, AND WHO SHALL POSSESS THE NECESSARY SKILLS TO UNDERSTAND THE DUTIES AND FUNCTIONS OF THE GOVERNANCE COMMITTEE; PROVIDED, HOWEVER, THAT IN THE EVENT THAT A BOARD HAS LESS THAN THREE INDEPENDENT MEMBERS, THE BOARD MAY APPOINT NON-INDEPENDENT MEMBERS TO THE GOVERNANCE COMMITTEE, PROVIDED THAT THE INDEPENDENT MEMBERS MUST CONSTITUTE A MAJORITY OF THE MEMBERS OF THE GOVERNANCE COMMITTEE. IT SHALL BE THE RESPONSIBILITY OF THE MEMBERS OF THE GOVERNANCE COMMITTEE TO KEEP THE BOARD INFORMED OF CURRENT BEST GOVERNANCE PRACTICES; TO REVIEW CORPORATE GOVERNANCE TRENDS; TO RECOMMEND UPDATES TO THE BOARD'S CORPORATE GOVERNANCE PRINCIPLES; TO ADVISE APPOINTING AUTHORITIES ON THE SKILLS AND EXPERIENCES REQUIRED OF POTENTIAL BOARD MEMBERS; TO EXAMINE ETHICAL AND CONFLICT OF INTEREST ISSUES; TO PERFORM BOARD SELF-EVALUATIONS; AND TO RECOMMEND BY-LAWS WHICH INCLUDE RULES AND PROCEDURES FOR CONDUCT OF BOARD BUSINESS.

S 4. This act shall take effect immediately.