

# STATE OF NEW YORK

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## IN ASSEMBLY

February 4, 2020

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Introduced by M. of A. LAVINE, MONTESANO -- read once and referred to the Committee on Corporations, Authorities and Commissions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public authorities law, in relation to establishing the North Shore water authority

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative findings. The legislature hereby finds that the  
2 groundwater supply system presently operated by a private utility in the  
3 northwest portion of the Nassau county servicing the residents of the  
4 village of Sea Cliff, and portions of the village of Old Brookville,  
5 village of Roslyn Harbor, and residents in the unincorporated hamlets of  
6 Glenwood Landing, Glen Head and the city of Glen Cove, is fragile and  
7 subject to episodic deficiencies of varying magnitude including service  
8 disruptions and drastic price variations to residents serviced by the  
9 existing private water company. The groundwater supply requires better  
10 management of its entire reserve both within and outside the water util-  
11 ity supply area as well as long range planning to provide protection of  
12 important watershed areas, water conservation, and prevention from  
13 contamination and salt water intrusion. Since the potable water for the  
14 northern portion of the North Shore peninsula is derived from an aquifer  
15 which is the sole source of water for all of Long Island, the issues of  
16 contamination and conservation are of statewide concern. The problems of  
17 salt water intrusion facing the North Shore peninsula, face many other  
18 peninsulas on Long Island and many of the barrier islands. It is hoped  
19 that the authority created by this act will not only protect, preserve  
20 and enhance the quality and quantity of the water within its supply  
21 area, but that it will also serve as a model and as a leader in foster-  
22 ing cooperation with other water suppliers to better manage, conserve  
23 and protect the groundwater within and outside its supply area.

24 § 2. Article 5 of the public authorities law is amended by adding a  
25 new title 5-a to read as follows:

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

LBD13297-07-0

TITLE 5-ANORTH SHORE WATER AUTHORITYSection 1114-a. Short title.1114-b. Definitions.1114-c. Water authority of North Shore district.1114-d. Water authority of North Shore.1114-e. Powers of the authority.1114-f. Transfer of officers and employees.1114-g. Bonds of the authority.1114-h. Remedies of bondholders.1114-i. State and municipalities not liable on authority bonds.1114-j. Moneys of the authority.1114-k. Bonds; legal investments for fiduciaries.1114-l. Agreement with the state.1114-m. Exemption from taxes, assessments and certain fees; payments in lieu of taxes.1114-n. Actions against the authority.1114-o. Conflicts of interest of members of the board of directors and officers and employees of the authority.1114-p. Construction and purchase contracts.1114-q. Separability clause.1114-r. Effect of inconsistent provisions.1114-s. Acquisition by eminent domain.

§ 1114-a. Short title. This title may be cited as the "Water Authority of North Shore Act".

§ 1114-b. Definitions. As used or referred to in this title, unless a different meaning clearly appears from the context:

1. "Authority" shall mean the corporation created by section eleven hundred fourteen-d of this title.

2. "Board of directors" shall mean the governing board of the authority.

3. "Bonds" shall mean the bonds, notes or other evidences of indebtedness issued by the authority pursuant to this title.

4. "Calendar year" shall mean the twelve month period from January first through December thirty-first.

5. "Chief executive officer" when referring to a municipality shall mean the chief elected official of such municipality and, when referring to the authority, shall mean the chairperson of the authority.

6. "Civil service commission" shall mean the civil service commission of the county of Nassau.

7. "Comptroller" shall mean the comptroller of the state of New York.

8. "Construction" shall mean the negotiation, acquisition, erection, building, alteration, improvement, testing, increase, enlargement, extension, reconstruction, interconnection, renovation or rehabilitation of a water facility as defined in this section; the inspection and supervision thereof; and the engineering, architectural, legal, appraisal, fiscal, economic and environmental investigations, services and studies, surveys, designs, plans, working drawings, specifications, procedures and other actions incidental thereto.

9. "Costs", as applied to any project, shall include the cost of construction, the cost of the acquisition of all property, including both real, personal and mixed, the cost of demolishing, removing or relocating any buildings or structures on lands so acquired including the cost of acquiring any land to which such buildings or structures may be moved or relocated, the cost of all systems, facilities, machinery, apparatus and equipment, financing charges and bond discount, interest

1 to the extent not paid or provided for from revenues or other sources,  
2 the cost of engineering and architectural surveys, plans and specifica-  
3 tions, bond insurance, bond credit enhancement arrangements, other  
4 expenses necessary or incidental to the construction of such project and  
5 the financing of the construction thereof, including the cost of legal  
6 and financial advices and credit arrangements with banks or other finan-  
7 cial institutions, the amount authorized in the resolution of the  
8 authority providing for the issuance of bonds to be paid into any  
9 reserve or special fund from the proceeds of such bonds and the financ-  
10 ing of the placing of any project in operation, including the reimburse-  
11 ment to any municipality, state agency, the state, the United States  
12 government, or any other person for expenditures made by them that would  
13 be costs of the project hereunder, notwithstanding the fact that such  
14 expenditures may have been incurred prior to the effective date of this  
15 title.

16 10. "County" shall mean the county of Nassau.

17 11. "Distribution system" shall mean the water facility or facilities  
18 employed to deliver water from a transmission facility, or where there  
19 is no transmission facility, from a supply facility, to the ultimate  
20 consumers of water.

21 12. "District" shall mean the water authority of North Shore water  
22 district created by section eleven hundred fourteen-c of this title.

23 13. "Governing body" shall mean:

24 (a) in the case of a city, county, town or village or district corpo-  
25 ration, the finance board as such term is defined in the local finance  
26 law; or

27 (b) in the case of a public benefit corporation, the members thereof.

28 14. "Members" shall mean the members of the board of directors.

29 15. "Municipality" shall mean any city, county, town, village or coun-  
30 ty or town acting on behalf of an improvement district.

31 16. "Real property" shall mean lands, structures, franchises and inter-  
32 ests in land, waters, lands under water, groundwater riparian rights and  
33 air rights and any and all things and rights customarily included within  
34 the term "real property" and includes not only fee simple absolute, but  
35 also any and all lesser interests including, but not limited to, ease-  
36 ments, rights of way, uses, leases, licenses and all other incorporeal  
37 hereditaments and every estate, interest or right, legal or equitable,  
38 including terms for years and liens thereon by way of judgments, mort-  
39 gages or otherwise.

40 17. "State sanitary code" shall mean regulations adopted pursuant to  
41 section two hundred twenty-five of the public health law.

42 18. "State" shall mean state of New York.

43 19. "State agency" shall mean any state office, public benefit corpo-  
44 ration, department, board, commission, bureau or division, or other  
45 agency or instrumentality of the state.

46 20. "Supply facility" shall mean a water facility employed to make  
47 groundwater or surface water available for delivery into a transmission  
48 facility or distribution system.

49 21. "System revenues" shall mean all rates, rents, fees, charges,  
50 payments and other income and receipts derived from users of the author-  
51 ity without limiting the generality of the foregoing, investment  
52 proceeds and proceeds of insurance, condemnation, sales or other dispo-  
53 sitions of assets, together with all federal, state or municipal aid as  
54 well as any other income derived from the operation of the water facili-  
55 ty of the authority.

1 22. "Transmission facility" shall mean a water facility used to carry  
2 water from a supply facility to a distribution system.

3 23. "Treasurer" shall mean the treasurer of the authority.

4 24. "Water facility" or "water facilities" shall mean any plants,  
5 structures and other real and personal property acquired, rehabilitated  
6 or constructed for the purpose of supplying, transmitting, distributing  
7 or treating water, including but not limited to surface or groundwater  
8 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits, pipe-  
9 lines, mains, pumping stations, water distribution systems, compensating  
10 reservoirs, intake stations, waterworks or sources of water supply,  
11 wells, purification or filtration plants or other treatment plants and  
12 works, connections, water meters, rights of flowage or diversion and  
13 other plants, structures, equipment, towers, conveyances, real or  
14 personal property or rights therein and appurtenances thereto necessary  
15 or useful and convenient for the accumulation, supply, transmission,  
16 treatment or distribution of water.

17 25. "Water project" shall mean any water facility, including the plan-  
18 ning, development, financing or construction thereof.

19 26. "Watershed rules" shall mean the rules and regulations made by the  
20 department of health pursuant to section eleven hundred of the public  
21 health law.

22 § 1114-c. Water authority of North Shore district. There is hereby  
23 created a district to be known as the "water authority of North Shore  
24 district" which shall be defined as all that portion of Nassau county  
25 being serviced by the New York American water service corporation as its  
26 sea cliff operations district as of January first, two thousand eighteen  
27 and lying north of the area serviced by Jericho water district.

28 § 1114-d. Water authority of North Shore. 1. A corporation known as  
29 "water authority of North Shore" is hereby created for the purposes and  
30 charged with the duties and having the powers provided in this title.  
31 The authority shall be a corporate governmental agency constituting a  
32 public benefit corporation and shall be a "public district" for the  
33 purposes of section eighty-nine of the public service law. The authority  
34 shall be governed by a board of directors consisting of six members. The  
35 governing boards of the villages of Old Brookville, Sea Cliff, Roslyn  
36 Harbor, and the City of Glen Cove shall each appoint one member. The  
37 governing board of the Town of Oyster Bay shall appoint two members  
38 representing the residents of the unincorporated hamlets of Glen Head  
39 and Glenwood Landing who are serviced by the water authority of North  
40 Shore. Each member shall serve for a period of two years. Each chief  
41 executive officer shall file with the secretary of state a certificate  
42 of appointment or reappointment of any member appointed or reappointed  
43 by such chief executive within thirty days of the appointment or reap-  
44 pointment. Members shall receive no compensation for their services but  
45 shall be entitled to reimbursement of their necessary expenses, includ-  
46 ing traveling expenses, incurred in the discharge of their duties. Noth-  
47 ing in this section shall be construed as preventing a chief executive  
48 officer of a municipality from appointing himself or herself to be a  
49 member of the board of directors.

50 2. If the authority decides to enter into a contract to purchase or  
51 otherwise acquire an interest in the New York American water service  
52 corporation or to initiate a condemnation proceeding pursuant to the  
53 eminent domain procedure law for the area it services within the water  
54 authority of North Shore district, prior to entering into any contract  
55 to purchase or otherwise acquire an interest in the New York American  
56 water service corporation or the initiation of any condemnation proceed-

ing by the authority pursuant to the eminent domain procedure law for the area it services within the water authority of North Shore district, the authority shall provide ratepayers within the area serviced by the New York American water service corporation and the public with public forums for the expression and discussion of views regarding such purchase, acquisition or condemnation of the New York American water service corporation. The authority shall hold at least one forum in each of the towns of North Hempstead, Oyster Bay, and city of Glen Cove within the portions of the towns of North Hempstead and Oyster Bay and the city of Glen Cove serviced by the New York American water service corporation.

3. If the authority decides to enter into a contract to purchase or otherwise acquire an interest in the New York American water service corporation or to initiate a condemnation proceeding pursuant to the eminent domain procedure law for the area it services within the water authority of North Shore district, the authority is authorized to provide registered voters within the area serviced by the New York American water service corporation within the water authority of North Shore district prior to entering into such contract to purchase or otherwise acquire an interest in the New York American water service corporation or the initiation of any condemnation proceeding by the authority pursuant to the eminent domain procedure law for the area the New York American water service corporation services within the water authority of North Shore district, with a nonbinding referendum, regarding whether the authority should enter into a contract to purchase or otherwise acquire an interest in the New York American water service corporation or initiate condemnation proceedings pursuant to the eminent domain procedure law for the area it services within the water authority of North Shore district. The proposition shall be placed on the ballot and voted upon at a special election or a date to be determined by the Nassau county board of elections.

4. Any one or more of the members of the board of directors may be an official or an employee of a municipality situated within the district. In the event that an official or an employee of such municipality shall be elected as a member of the board of directors, acceptance or retention of such appointment shall not be deemed a forfeiture of his or her municipal office or employment, or incompatible therewith or affect his or her tenure or compensation in any way.

5. No action shall be taken by the authority except pursuant to the favorable vote of fifty-one percent of the total authorized voting strength of the board of directors. The total authorized voting strength of the board of directors shall be:

(a) The number of weighted votes possessed by each member of the board of directors shall be determined in accordance with paragraphs (b), (c) and (d) of this subdivision, except each member shall possess equal weighted votes prior to the adjustment pursuant to paragraph (d) of this subdivision;

(b) No action shall be taken by the authority except pursuant to the favorable vote of at least: (i) fifty-one percent of the total authorized voting strength of the board of directors; and (ii) three members of the board of directors, at least two of whom shall be from among the four members of the board of directors possessing the greatest number of weighted votes;

(c) The vote of each member shall be equal to one hundred multiplied by a fraction, the numerator of which shall be equal to the quantity of water supplied by the authority to the owners, tenants, occupants and



1 other water users in the municipality from which such member was  
2 appointed and the denominator of which shall be equal to the quantity of  
3 water supplied by the authority to the owners, tenants, occupants and  
4 other water users in all of the municipalities within the district; and

5 (d) Commencing on the first day of January, two thousand twenty-two,  
6 and every four years thereafter, the authorized number of votes of each  
7 member shall be adjusted in accordance with the formula set forth in  
8 paragraph (c) of this subdivision to reflect the total quantity of water  
9 supplied by the authority to owners, tenants, occupants and other water  
10 users in each municipality within the district during the two calendar  
11 years immediately preceding the date on which the adjustment is being  
12 made.

13 6. The powers of the authority shall be vested in and shall be exer-  
14 cised by the board of directors at a meeting duly called and held. Four  
15 members of the board of directors, who together are authorized to cast a  
16 majority of the weighted vote, shall constitute a quorum. The board of  
17 directors may delegate to one or more of its members, or to one or more  
18 of the officers, agents or employees of the authority, such powers and  
19 duties as it may deem proper.

20 7. The officers of the authority shall consist of a chairperson, vice  
21 chairperson, deputy chairperson, treasurer, and secretary, who shall not  
22 be members of the board of directors. The officers of the authority  
23 shall be appointed by the board of directors. The board of directors may  
24 appoint and at its pleasure remove an attorney and an engineer, which  
25 positions, in addition to the officers above named, shall be in the  
26 exempt class of the civil service and such additional officers and  
27 employees as it may require for the performance of its duties, fix and  
28 determine their qualifications, duties, compensations and terms of  
29 office or tenure, subject to the provisions of the civil service law of  
30 the state and such rules as the civil service commission may adopt and  
31 make applicable to the authority. The authority may also from time to  
32 time contract for expert professional services. The duties of the offi-  
33 cers shall be as follows:

34 (a) Chairperson. The chairperson shall be the chief executive officer  
35 of the authority and it shall be the responsibility of the chairperson  
36 to:

37 (i) preside at all meetings of the board of directors and of the offi-  
38 cers;

39 (ii) manage the water facility, the transmission facility and the  
40 distribution system and to effectuate the decisions of the board of  
41 directors;

42 (iii) exercise supervision over the conduct of the officers and  
43 employees of the authority;

44 (iv) report annually to each customer, either by mail or by publica-  
45 tion once in a newspaper having general circulation within the district;  
46 such report shall include but not be limited to the following informa-  
47 tion:

48 (1) a brief financial account on operations of the water system  
49 including, but not limited to, water rates, total revenues, operating  
50 and maintenance expenses, and interest on bonds and notes;

51 (2) the population served by the authority;

52 (3) the number of wells, towers and other storage facilities operated  
53 by the authority;

54 (4) the total pumpage of groundwater including the amount received  
55 through interdistrict interconnections and the estimated amount lost  
56 from the system;

1     (5) the single highest level from each well of each synthetic organic  
2 chemical, nitrate and chloride constituent tested for by the authority  
3 at any time during the year which exceeds the applicable county water  
4 quality standard or guideline, that standard or guideline, the site of  
5 each well at which each reported constituent was found, and the date on  
6 which each reported constituent was analyzed;

7     (6) the highest level from each well of each synthetic organic chemi-  
8 cal, nitrate and chloride constituent tested for by the authority at any  
9 time during the year which does not exceed the applicable county water  
10 standard or guideline, but which contains a level equal to or greater  
11 than two-thirds of the amount permitted before exceeding a standard or  
12 guideline, that standard or guideline, the site of each well at which  
13 each reported constituent was found and the date on which each reported  
14 constituent was analyzed;

15     (7) once every five years, the highest level of any constituent  
16 discovered within the distribution system which contains a level equal  
17 to or greater than two-thirds of the amount permitted before exceeding a  
18 standard or guideline, that standard or guideline, and the resulting  
19 action taken by the authority;

20     (8) any well restricted, removed from service or otherwise limited in  
21 its use and the cause for such action;

22     (9) any actions taken to secure new supplies or replace lost capacity;

23     (10) the types of treatment which the water receives before entering  
24 the distribution system;

25     (11) any compliance activities required by regulations of the depart-  
26 ment of environmental conservation or the department of health or any  
27 local health department and any instances of noncompliance;

28     (12) the present condition of the distribution system and any signif-  
29 icant actions, as determined by the authority, to improve or maintain  
30 the system;

31     (13) any special public services the authority provides during the  
32 year; and

33     (14) information on water conservation measures customers can imple-  
34 ment, such as, but not limited to, retrofitting plumbing fixtures,  
35 altering irrigation timing, using irrigation sensors, leak detection,  
36 proper use of water-consuming appliances, daily conscientious use of  
37 water and estimated savings of water, energy, and money, from use of  
38 these measures;

39     (v) execute all contracts in the name of the authority;

40     (vi) institute, at the direction of the board of directors, all civil  
41 actions in the name of the authority;

42     (vii) provide for the enforcement of all of the rules and regulations  
43 of the authority and cause all violations thereof to be prosecuted;

44     (viii) sign orders to pay claims when authorized by the board of  
45 directors;

46     (ix) sign checks in the absence or inability of the treasurer or depu-  
47 ty treasurer, if any, when authorized by the board of directors; and a  
48 certified copy of a resolution of the board of directors to that effect  
49 shall be notice to the depository of such authorization;

50     (x) appoint, subject to the approval of the board of directors, none-  
51 lected officers, counsel, accountants, and other financial advisors,  
52 engineers and other technical advisors;

53     (xi) employ, promote and discharge managers, supervisors and employ-  
54 ees; and

55     (xii) take all other reasonable and necessary actions to carry out his  
56 or her office as the chief executive of the authority. If the chair-

1 person has not been appointed as a member of the board of directors of  
2 the authority pursuant to this section, such chairperson shall be deemed  
3 an ex officio member of the board of directors. Such status shall not  
4 carry with it the right to vote on matters coming before the board of  
5 directors nor shall the presence of such chairperson be counted for the  
6 purpose of determining a quorum.

7 (b) Vice chairperson. The vice chairperson shall perform all duties  
8 delegated to him or her by the chairperson and, in the absence or during  
9 the disability of the chairperson, the vice chairperson shall act as  
10 chairperson.

11 (c) Deputy chairperson. The deputy chairperson shall perform all  
12 duties delegated to him or her by the chairperson or the vice chair-  
13 person.

14 (d) Secretary. (i) The secretary shall be the recording and corre-  
15 sponding officer of the authority and the custodian of the records of  
16 the authority.

17 (ii) The secretary shall prepare and send required notices of all  
18 meetings when directed to do so by the chairperson or by the written  
19 request of four members who have specified the issues to be discussed at  
20 the meeting.

21 (iii) In the absence or disability of the secretary, the chairperson  
22 may appoint a temporary secretary.

23 (e) Treasurer. (i) The treasurer shall have custody of all moneys  
24 belonging to the authority and keep accounts of all receipts and expend-  
25 itures in conformance with a uniform system of accounts formulated and  
26 prescribed by the comptroller pursuant to section thirty-six of the  
27 general municipal law.

28 (ii) The treasurer shall execute a bond, conditioned upon the faithful  
29 performance of the duties of his or her office, the amount and suffi-  
30 ciency of which shall be approved by the board of directors and the  
31 premium therefor shall be paid by the authority.

32 (iii) The treasurer shall deposit, within ten days after receipt ther-  
33 eof, in the name of the authority, in one or more banks, and/or trust  
34 companies, designated by the board of directors, all moneys received by  
35 him or her.

36 (iv) The treasurer may sign checks with the facsimile signature of the  
37 treasurer, as reproduced by a machine or device commonly known as a  
38 checksigner, when authorized by the board of directors.

39 (v) The treasurer shall pay out moneys from the authority treasury  
40 only as authorized by the board of directors and by law. All such  
41 payments, except as may be authorized by the board of directors for a  
42 petty cash account, shall be by check.

43 (vi) The treasurer shall issue a report on the finances of the author-  
44 ity at each regular meeting of the board of directors.

45 (vii) The treasurer shall file in the office of the authority, within  
46 sixty days after the end of the fiscal year, a statement showing in  
47 detail all revenues and expenditures during the previous fiscal year and  
48 the outstanding indebtedness of the authority as of the end of the  
49 fiscal year. The members shall, within ten days, cause to be published  
50 once in a newspaper having general circulation within the district, a  
51 notice that the annual financial statement has been filed and is avail-  
52 able for inspection or a summary of such statement in a form approved by  
53 the comptroller, with an endorsement thereon that details thereof are on  
54 file in the office of the authority. The members shall cause to be  
55 audited by a certified public accountant engaged for that purpose, such  
56 report and supporting records.



8. The terms of the chairperson, vice chairperson and deputy chairperson first appointed shall be staggered, the chairperson first appointed shall serve for a period of four years, the vice chairperson first appointed shall serve for a period of three years and the deputy chairperson first appointed shall serve for a period of two years; thereafter their successors shall serve for terms of four years. The remaining officers shall each serve terms of one year. The board of directors shall have the right, at any time, to extend any such term, for a period of months, to provide that such term terminates contemporaneously with the end of the fiscal year of the authority.

9. The officers of the authority shall receive such compensation for their services as shall be fixed by the board of directors and shall be reimbursed for all necessary and actual expenses incurred in connection with their duties as such officers and in connection with the carrying out of the purposes of this title.

10. The authority and its corporate existence shall continue until terminated by law; provided, however, that no such law shall take effect so long as the authority shall have bonds or other obligations outstanding unless adequate provision has been made for the payment or satisfaction thereof. Upon termination of the existence of the authority, all of the rights and properties of the authority then remaining shall pass to and vest in the municipalities within the district. Such property shall be apportioned and distributed among the municipalities within the district in direct proportion to their weighted voting on the date of the termination of the authority.

11. In addition to any powers granted to it by law, the governing body of each of the municipalities within the district, from time to time, may appropriate sums of money to defray project costs or any other costs and expenses of the authority. Subject to the rights of bondholders, each governing body may determine if the moneys so appropriated shall be subject to repayment by the authority to the municipalities, and in such event, the manner and time or times for such repayment.

12. Neither the public service commission nor any other board or commission of like character, shall have jurisdiction over the authority in the management and control of its properties or operations or any power over the regulation of rates fixed or charges collected by the authority.

13. It is hereby determined and declared that the authority and the carrying out of its powers, purposes and duties are in all respects for the benefit of the people of the municipalities within the district and state, for the improvement of their health, welfare and prosperity and that the said purposes are public purposes and that the authority is and will be performing an essential governmental function in the exercise of the powers conferred upon it by this title.

§ 1114-e. Powers of the authority. Except as otherwise limited by this title, the authority shall have the power to:

1. sue and be sued;
2. have a seal and alter the same at pleasure;
3. borrow money and issue negotiable or non-negotiable notes, bonds, or other obligations and to provide for the rights of the holders thereof;
4. enter into contracts and execute all instruments necessary or convenient or desirable for the purposes of the authority to carry out any powers expressly given it in this title;
5. acquire, by purchase, gift, grant, transfer, contract or lease or by condemnation pursuant to the eminent domain procedure law, lease as

1 lessee, hold and use and to sell, lease as lessor, transfer or otherwise  
2 dispose of, any real or personal property or any interest therein, with-  
3 in or without the district, but within the territorial limits of the  
4 town of Oyster Bay or North Hempstead, as the authority may deem neces-  
5 sary, convenient or desirable to carry out the purpose of this title;  
6 provided, however, that the authority may not condemn real property of a  
7 municipality without the consent of the governing body of such munici-  
8 pality;

9 6. purchase, in the name of the authority, any water supply system,  
10 including plants, works, instrumentalities or parts thereof and appurte-  
11 nances thereto, lands, easements, rights in land and water rights,  
12 rights-of-way, contract rights, franchises, permits, approaches,  
13 connections, dams, wells, pumps, reservoirs, water mains and pipe lines,  
14 pumping stations, treatment facilities, meters, equipment and inventory,  
15 or any other property incidental to and included in such system or part  
16 thereof, and any improvements, extensions and betterments, situated  
17 wholly within the district, provided, however, that the authority shall  
18 have the power to purchase any source of supply, or water supply system  
19 or any part thereof situated wholly or partly without the territorial  
20 limits of the district, provided same shall be necessary in order to  
21 supply water within the district and in connection with the purchase of  
22 such properties the authority may assume any obligations of the owner of  
23 such properties and, to the extent required by the terms of any inden-  
24 tures or other instruments under which such obligations were issued, the  
25 authority may assume and agree to perform covenants and observe the  
26 restrictions contained in such instruments; and furthermore the owner of  
27 any properties, which the authority is authorized to acquire, is hereby  
28 authorized to sell or otherwise transfer the same to the authority,  
29 whereupon the authority shall become charged with the performance of all  
30 public duties with respect to such properties with which such owner was  
31 charged and such owner shall become discharged from the performance  
32 thereof, as a means of so acquiring for such purpose, the authority may  
33 purchase all of the stock of any existing privately owned water corpo-  
34 ration or company and in the case of a sale or other transfer of proper-  
35 ties of a public utility corporation pursuant to this provision, upon  
36 the purchase of the stock of such corporation or company it shall be  
37 lawful to dissolve such corporation within a reasonable time;

38 7. construct, improve or rehabilitate water supply facilities required  
39 for the maintenance, development or expansion of water supply sources;

40 8. operate and manage and to contract for the operation and management  
41 of facilities of the authority;

42 9. enter into contracts, and carry out the terms thereof, for the  
43 wholesale provision of water produced by supply facilities constructed  
44 and operated by the authority, to municipalities and private water  
45 companies and to carry out the terms thereof, for the transmission of  
46 water from new or existing supply facilities;

47 10. apply to the appropriate agencies and officials of the federal,  
48 state and local governments for such licenses, permits or approvals of  
49 its plans or projects as it may deem necessary or advisable, and upon  
50 such terms and conditions as it may deem appropriate, to accept, in its  
51 discretion, such licenses, permits or approvals as may be tendered to it  
52 by such agencies and officials;

53 11. take all necessary and reasonable actions within the district to  
54 conserve, preserve and protect the water supply to the district, includ-  
55 ing the making of plans and studies, the adoption of watershed rules and  
56 regulations, the enforcing of compliance with all current and future

1 rules and regulations of the state sanitary code with regard to water  
2 supply and usage, the requiring of cross-connection controls, the  
3 providing of educational material and programs to the public, and the  
4 cooperating with water suppliers outside the district to conserve,  
5 preserve and protect the entire water reserve as it is affected within  
6 and outside the authority's supply area;

7 12. retain or employ counsel, auditors, engineers and private consult-  
8 ants on a contract basis or otherwise for rendering professional or  
9 technical services and advice;

10 13. make plans and studies necessary, convenient or desirable for the  
11 effectuation of the purposes and powers of the authority and to prepare  
12 recommendations in regard thereto;

13 14. prepare a water supply emergency plan which shall include, but not  
14 be limited to, the following:

15 (a) establishment of criteria and procedures to determine critical  
16 water levels or safe yield of system;

17 (b) identification of existing and future sources of water under  
18 normal conditions and emergency conditions;

19 (c) system capacity and ability to meet peak demand and fire flows  
20 concurrently;

21 (d) storage capacities;

22 (e) current condition of present interconnections and identification  
23 of additional interconnections to meet a water supply emergency;

24 (f) a specific action plan to be followed during a water supply emer-  
25 gency including a phased implementation of the plan;

26 (g) general water conservation programs and water use reduction strat-  
27 egies for water supply users;

28 (h) prioritization of water users;

29 (i) identification and availability of emergency equipment needed  
30 during a water supply emergency; and

31 (j) a public notification program coordinated with the phased imple-  
32 mentation schedule; such plan shall not be adopted until a public hear-  
33 ing on such plan shall have been held, upon not less than fourteen days'  
34 notice thereof to each customer, either by mail or by publication once  
35 in a newspaper having general circulation within the district; every  
36 five years, such plan shall be reviewed and revised if necessary after a  
37 public hearing, with notice to each customer as aforesaid;

38 15. enter upon such lands, waters, or premises as in the judgment of  
39 the authority shall be necessary for the purpose of making surveys,  
40 soundings, borings and examinations to accomplish any purpose authorized  
41 by this title, the authority being liable only for actual damage done;

42 16. apply for and to accept any gifts or grants or loans of funds or  
43 property or financial or other aid in any form from the federal govern-  
44 ment or any agency or instrumentality thereof, or from the state or any  
45 agency or instrumentality thereof, or from any other source, for any or  
46 all of the purposes specified in this title, and to comply, subject to  
47 the provisions of this title, with the terms and conditions thereof;

48 17. obtain, store, treat, distribute, supply and sell water for domes-  
49 tic, commercial and public purposes at retail to individual consumers  
50 within the district;

51 18. purchase water from any municipal corporation, town water  
52 district, person, association or corporation;

53 19. produce, develop, distribute and sell water or water services  
54 within or without the territorial limits of the district; provided,  
55 however, that water may be sold at retail to individual consumers only  
56 within the district and further provided that in exercising the powers

1 granted by this title, the authority shall not sell water in any area  
2 which is served by a water system owned or operated by a municipality or  
3 special improvement district unless the governing body of such municipi-  
4 pality or district shall adopt a resolution requesting the authority to  
5 sell water in such served areas;

6 20. make bylaws for the management and regulation of its affairs and  
7 rules and regulations for the conservation, preservation and protection  
8 of the authority's water supply and, subject to agreements with bond-  
9 holders, rules for the sale of water and the collection of rents and  
10 charges therefor. A copy of such rules, regulations and bylaws and any  
11 rules and regulations adopted pursuant to subdivision eleven of this  
12 section, and all amendments thereto, duly certified by the secretary of  
13 the authority shall be filed in the office of the municipalities within  
14 the district and thereafter published once in a newspaper having general  
15 circulation within the district. Violation of such rules and regulations  
16 shall be punishable by fine, not exceeding fifty dollars, or by impri-  
17 sonment for not longer than thirty days, or both;

18 21. fix rates and collect charges for the use of the facilities of, or  
19 services rendered by, or any commodities furnished by the authority such  
20 as to provide revenues sufficient at all times to pay, as the same shall  
21 become due, the principal and interest on the bonds, or other obli-  
22 gations of the authority together with the maintenance of proper  
23 reserves therefor, in addition to paying as the same shall become due,  
24 the expense of operating and maintaining the properties of the authority  
25 together with proper maintenance reserves, capital reserves, repair  
26 reserves, tax stabilization reserves and other contingency reserves, and  
27 all other obligations and indebtedness of the authority; however, no  
28 such rates or charges shall be changed until a public hearing on such  
29 changes shall have been held upon not less than fourteen days' notice  
30 thereof to each customer, either by mail or by publication once in a  
31 newspaper having general circulation within the district;

32 22. enter into cooperative agreements with other authorities, municipi-  
33 palities, counties, cities, towns, villages, water districts, utility  
34 companies, individuals, firms or corporations, within or without the  
35 territorial limits of the district for the interconnection of facili-  
36 ties, the exchange or interchange of services and commodities, the  
37 conservation, preservation and protection of the authority's water  
38 reserve as it is affected within and outside the authority's supply  
39 area, and, within the territorial limits of the district, to enter into  
40 a contract for the construction, operation and maintenance of a water  
41 supply and distribution system by the authority for any municipality  
42 having power to construct and develop a water supply and distribution  
43 system, upon such terms and conditions as shall be determined to be  
44 reasonable including, but not limited to the reimbursement of all costs  
45 of such construction, or for any other lawful purposes necessary or  
46 desirable to effect the purposes of this title;

47 23. provide for the discontinuance or disconnection of the supply of  
48 water for nonpayment of fees, rates, rents or other charges therefor  
49 imposed by the authority, provided such discontinuance or disconnection  
50 of any supply of water shall not be carried out except in the manner and  
51 upon the notice as is required of a waterworks corporation pursuant to  
52 subdivisions three-a, three-b and three-c of section eighty-nine-b and  
53 section one hundred sixteen of the public service law;

54 24. contract for, provide and maintain such insurance as it deems  
55 necessary or reasonable to;

1 (a) secure and protect its real and personal property from fire, theft  
2 or other calamity or loss;

3 (b) secure and protect it against liability imposed by law for damages  
4 for injuries to persons or property;

5 (c) secure and protect it against any liability which may be imposed  
6 pursuant to section eighteen of the public officers law; and

7 (d) secure and protect it against any other liability, casualty or  
8 loss as it deems necessary or reasonable; and

9 25. do all things necessary, convenient or desirable to carry out its  
10 purposes and for the exercise of the powers granted in this title.

11 § 1114-f. Transfer of officers and employees. Any public officer or  
12 employee under civil service, selected by the authority may, with the  
13 consent of the commission, board, department or municipality by which he  
14 or she has been employed, be transferred to the authority and shall be  
15 eligible for such transfer and appointment without examination to compa-  
16 erable offices, positions and employment under the authority. The salary  
17 or compensation of any such officer or employee shall after such trans-  
18 fer be paid by the authority, but notwithstanding the provisions of this  
19 title, any such officers or employees so transferred to the authority,  
20 pursuant to the provisions of this section, who are members of or bene-  
21 ficiaries under any existing pension or retirement system, shall contin-  
22 ue to have all rights, privileges, obligations and status with respect  
23 to such fund system or systems as are now prescribed by law, but during  
24 the period of their employment by the authority, all contributions to  
25 any pension or retirement fund or system to be paid by the employer on  
26 account of such officers and employees, shall be paid by the authority;  
27 and all such officers and employees who have been appointed to positions  
28 under the rules and classifications of the civil service commission  
29 shall have the same status with respect thereto after transfer to the  
30 authority as they had under their original appointments. The appointment  
31 and promotion of all employees of the authority shall be made in accord-  
32 ance with the provisions of the civil service law and such rules as the  
33 civil service commission may adopt and make applicable to the authority.

34 § 1114-g. Bonds of the authority. 1. The authority shall have the  
35 power and is hereby authorized from time to time to issue bonds, in  
36 conformity with applicable provisions of the uniform commercial code, in  
37 such principal amounts as it may determine to be necessary to pay the  
38 cost of any water project or projects or for any other corporate  
39 purposes, including incidental expenses in connection therewith. The  
40 authority shall have power from time to time to refund any bonds by the  
41 issuance of new bonds whether the bonds to be refunded have or have not  
42 matured, and may issue bonds partly to refund bonds then outstanding and  
43 partly for any other corporate purpose. Bonds issued by the authority  
44 may be general obligations secured by the faith and credit of the  
45 authority or may be special obligations payable solely out of particular  
46 revenues or other moneys of the authority as may be designated in the  
47 proceedings of the authority under which the bonds shall be authorized  
48 to be issued, subject to any agreements with the holders of outstanding  
49 bonds pledging particular revenues or moneys.

50 2. The authority is authorized to obtain from any department or agency  
51 of the United States of America or nongovernmental insurer any insurance  
52 or guaranty, or any other credit enhancement arrangement with any bank  
53 or other financial institution to the extent now or hereafter available,  
54 as to, or for the payment or repayment of interest or principal, or  
55 both, or any part thereof, on any bonds issued by the authority and to  
56 enter into any agreement or contract with respect to any such insurance



1 or guaranty, except to the extent that the same would in any way impair  
2 or interfere with the ability of the authority to perform and fulfill  
3 the terms of any agreement made with the holders of the bonds of the  
4 authority.

5 3. Bonds shall be authorized by resolution of the authority, and may  
6 be in such denominations and bear such date or dates and mature at such  
7 time or times as such resolution may provide except that bonds and any  
8 renewal thereof shall mature within forty years of the date of their  
9 original issuance and notes and any renewal thereof shall mature within  
10 five years of the date of their original issuance. Such bonds shall be  
11 subject to such terms of redemption, bear interest at such rate or  
12 rates, which may vary from time to time, as may be necessary to effect  
13 the sale thereof and shall be payable at such times, be in such form,  
14 carry such registration privileges, be executed in such manner, be paya-  
15 ble in such medium of payment at such place or places, and be subject to  
16 such terms and conditions as such resolution may provide. Bonds may be  
17 sold at public sale or at private sale for such price or prices as the  
18 authority shall determine, provided that no issue of bonds may be sold  
19 at private sale unless the terms of such sale shall have been approved  
20 in writing by:

21 (a) the comptroller, where such sale is not to the comptroller; or  
22 (b) the director of the division of the budget of the state, where  
23 such sale is to the comptroller.

24 4. Any resolution or resolutions authorizing bonds or any issue of  
25 bonds by the authority may contain provisions which may be part of the  
26 contract with the holders of the bonds thereby authorized as to:

27 (a) pledging all or part of its revenues, together with any other  
28 moneys, securities, contracts or property, to secure the payment of the  
29 bonds, subject to such agreements with bondholders as may then exist;

30 (b) the rates, rentals, fees and other charges to be fixed and  
31 collected and the amounts to be raised in each year thereby, and the use  
32 and disposition of the earnings and other revenues;

33 (c) the setting aside of reserves and the creation of sinking funds  
34 and the regulation and disposition thereof;

35 (d) limitations on the purpose to which the proceeds from the sale of  
36 bonds may be applied;

37 (e) limitations on the right of the authority to restrict and regulate  
38 the use of any project or part thereof in connection with which bonds  
39 are issued;

40 (f) limitations on the issuance of additional bonds, the terms upon  
41 which additional bonds may be issued and the refunding of outstanding or  
42 other bonds;

43 (g) the procedure, if any, by which the terms of any contract with  
44 bondholders may be amended or abrogated, including the proportion of  
45 bondholders which shall consent thereto and the manner in which such  
46 consent may be given;

47 (h) the creation of special funds into which any revenues or other  
48 moneys may be deposited;

49 (i) the terms and provisions of any trust, deed or indenture securing  
50 the bonds under which the bonds may be issued;

51 (j) vesting in a trustee or trustees such properties, rights, powers  
52 and duties in trust as the authority may determine, which may include  
53 any or all of the rights, powers and duties of the trustee appointed by  
54 the bondholders pursuant to section eleven hundred fourteen-h of this  
55 title and limiting or abrogating the rights of the bondholders to

1 appoint a trustee under such section or limiting the rights, duties and  
2 powers of such trustee;

3 (k) defining the acts or omissions to act which may constitute a  
4 default in the obligations and duties of the authority to the bondhold-  
5 ers and providing for the rights and remedies of the bondholders in the  
6 event of such default, including as a matter of right the appointment of  
7 a receiver, provided, however, that such rights and remedies shall not  
8 be inconsistent with the general laws of the state and other provisions  
9 of this title;

10 (l) limitations on the power of the authority to sell or otherwise  
11 dispose of any system or any part thereof or other property;

12 (m) limitations on the amount of revenues and other moneys to be  
13 expended for operating, administrative or other expenses of the authori-  
14 ty;

15 (n) the protection and enforcement of the rights and remedies of the  
16 bondholders;

17 (o) the obligations of the authority in relation to the construction,  
18 maintenance, operation, repairs and insurance of the properties, the  
19 safeguarding and application of all moneys and as to the requirements  
20 for the supervision and approval of consulting engineers in connection  
21 with construction, reconstruction and operation;

22 (p) the payment of the proceeds of bonds, revenues and other moneys to  
23 a trustee or other depository, and for the method of disbursement there-  
24 of with such safeguards and restrictions as the authority may determine;  
25 and

26 (q) any other matters of like or different character which in any way  
27 affect the security or protection of the bonds or the rights and reme-  
28 dies of bondholders.

29 5. In addition to the powers herein conferred upon the authority to  
30 secure its bonds, the authority shall have power in connection with the  
31 issuance of bonds to enter into such agreements as the authority may  
32 deem necessary, consistent or desirable concerning the use or disposi-  
33 tion of its revenues or other moneys or property, including remarketing  
34 agreements or other similar agreements for the bonds, the mortgaging of  
35 any property and the entrusting, pledging or creation of any other secu-  
36 rity interest in any such revenues, moneys, or property and the doing of  
37 any act, including refraining from doing any act, which the authority  
38 would have the right to do in the absence of such agreements. The  
39 authority shall have power to enter into amendments of any such agree-  
40 ments within the powers granted to the authority by this title and to  
41 perform such agreements. The provisions of any such agreements may be  
42 made a part of the contract with the holders of bonds of the authority.

43 6. Any provision of the uniform commercial code to the contrary  
44 notwithstanding, any pledge of or other security interest in revenues,  
45 moneys, accounts, contract rights, general intangibles or other personal  
46 property made or created by the authority shall be valid, binding and  
47 perfected from the time when such pledge is made or other security  
48 interest attaches without any physical delivery of the collateral or  
49 further act, and the lien of any such pledge or other security interest  
50 shall be valid, binding and perfected against all parties having claims  
51 of any kind in tort, contract or otherwise against the authority irre-  
52 spective of whether or not such parties have notice thereof. No instru-  
53 ment by which such a pledge or security interest is created nor any  
54 financing statement need be recorded or filed.

55 7. Whether or not the bonds of the authority are of such form and  
56 character as to be negotiable instruments under the terms of the uniform

1 commercial code, the bonds are hereby made negotiable instruments within  
2 the meaning of and for all purposes of the uniform commercial code,  
3 subject only to the provisions of the bonds for registration.

4 8. Neither the members of the board of directors nor the officers of  
5 the authority nor any person executing bonds shall be liable personally  
6 thereon or be subject to any personal liability or accountability solely  
7 by reason of the issuance thereof.

8 9. The authority, subject to such agreements with bondholders as then  
9 may exist, shall have power out of any moneys available therefor to  
10 purchase bonds of the authority in lieu of redemption, at a price not  
11 exceeding:

12 (a) if the bonds are then redeemable, the redemption price then appli-  
13 cable, plus accrued interest to the next interest payment date; or

14 (b) if the bonds are not then redeemable, the redemption price then  
15 applicable on the first date after such purchase upon which the bonds  
16 become subject to redemption plus accrued interest to the next interest  
17 payment date.

18 10. The authority shall have power and is hereby authorized to issue  
19 negotiable bond anticipation notes in conformity with applicable  
20 provisions of the uniform commercial code and may renew the same from  
21 time to time but the maximum maturity of any such note, including  
22 renewals thereof, shall not exceed five years from the date of issue of  
23 such original note. Such notes shall be paid from any moneys of the  
24 authority available therefor and not otherwise pledged or from the  
25 proceeds of sale of the bonds of the authority in anticipation of which  
26 they were issued. The notes shall be issued in the same manner as the  
27 bonds and such notes and the resolution or resolutions authorizing the  
28 same may contain any provisions, conditions or limitations which the  
29 bonds or bond resolution of the authority may contain. Such notes may be  
30 sold at public sale or, upon the approval of the comptroller of the  
31 terms thereof, at private sale. Such notes shall be as fully negotiable  
32 as the bonds of the authority.

33 § 1114-h. Remedies of bondholders. 1. In the event that the authority  
34 shall default in the payment of principal of or interest on any issue of  
35 the bonds after the same shall become due, whether at maturity or upon  
36 call for redemption, and such default shall continue for a period of  
37 thirty days, or in the event that the authority shall fail or refuse to  
38 comply with the provisions of this title, or shall default in any agree-  
39 ment made with the holders of any issue of the bonds, the holders of  
40 twenty-five per centum in aggregate principal amount of the bonds of  
41 such issue then outstanding, by instrument or instruments filed in the  
42 office of the clerk of the applicable county and proved or acknowledged  
43 in the same manner as a deed to be recorded, may appoint a trustee to  
44 represent the holders of such bonds for the purposes herein provided.

45 2. Such trustee may, and upon written request of the holders of twen-  
46 ty-five per centum in principal amount of such bonds outstanding shall,  
47 in his or her own name:

48 (a) by action or proceeding in accordance with the civil practice law  
49 and rules, enforce all rights of the bondholders and require the author-  
50 ity to carry out any other agreements with the holders of such bonds and  
51 to perform its duties under this title;

52 (b) bring an action or proceeding upon such bonds;

53 (c) by action or proceeding, require the authority to account as if it  
54 were the trustee of an express trust for the holders of such bonds;

55 (d) by action or proceeding, enjoin any acts or things which may be  
56 unlawful or in violation of the rights of the holders of such bonds; and

1 (e) declare all such bonds due and payable, and if all defaults shall  
2 be made good, then with the consent of the holders of twenty-five per  
3 centum of the principal amount of such bonds then outstanding, annul  
4 such declaration and its consequences.

5 3. Such trustee shall in addition to the foregoing have and possess  
6 all of the powers necessary or appropriate for the exercise of any func-  
7 tions specifically set forth herein or incidental to the general repre-  
8 sentation of bondholders in the enforcement and protection of their  
9 rights.

10 4. The state supreme court, county of Nassau and the state shall have  
11 jurisdiction of any action or proceeding by the trustee on behalf of  
12 such bondholders.

13 5. Before declaring the principal of bonds due and payable, the trus-  
14 tee shall first give thirty days' notice in writing to the authority.

15 § 1114-i. State and municipalities not liable on authority bonds.  
16 Neither the state nor any municipality shall be liable on the bonds of  
17 the authority and such bonds shall not be a debt of the state or of any  
18 municipality.

19 § 1114-j. Moneys of the authority. All moneys of the authority from  
20 whatever source derived shall be paid to the treasurer and shall be  
21 deposited forthwith in one or more banks and/or trust companies in the  
22 state designated by the authority. The moneys in such accounts shall be  
23 paid out on checks of the treasurer upon requisition by the chairperson  
24 of the authority or of such other officer or officers as the authority  
25 may authorize to make such requisitions. All deposits of such moneys  
26 shall be secured by obligations of or guaranteed by the United States of  
27 America or of the state of a market value equal at all times to the  
28 amount on deposit and all banks and trust companies are authorized to  
29 give such security for such deposits. Any moneys of the authority not  
30 required for immediate use or disbursement may, at the discretion of the  
31 authority, be invested in those obligations specified pursuant to the  
32 provisions of section ninety-eight-a of the state finance law. The  
33 authority shall have power, notwithstanding the provisions of this  
34 section, to contract with the holders of any bonds as to the custody,  
35 collection, security, investment and payment of any moneys of the  
36 authority or any moneys held in trust or otherwise for the payment of  
37 bonds or in any way to secure bonds. Moneys held in trust or otherwise  
38 for the payment of bonds or in any way to secure bonds and deposits of  
39 such moneys may be secured in the same manner as moneys of the authority  
40 and all banks and trust companies are authorized to give such security  
41 for such deposits.

42 § 1114-k. Bonds; legal investments for fiduciaries. The bonds of the  
43 authority are hereby made securities in which all public officials and  
44 bodies of the state and all municipalities, all insurance companies and  
45 associations and other persons carrying on an insurance business, all  
46 banks, bankers, trust companies, savings banks and savings associations,  
47 including savings and loan associations, investment companies and other  
48 persons carrying on a banking business, and administrators, guardians,  
49 executors, trustees and other fiduciaries and all other persons whatso-  
50 ever, who are now or may hereafter be authorized to invest in bonds or  
51 other obligations of the state, may properly and legally invest funds  
52 including capital in their control or belonging to them. The bonds are  
53 also hereby made securities which may be deposited with and may be  
54 received by all public officers and bodies of the state and all munici-  
55 palities for any purposes for which the deposit of bonds or other obli-  
56 gations of the state is now or hereafter may be authorized.

1     § 1114-l. Agreement with the state. The state does hereby pledge to  
2 and agree with the holders of any bonds issued by the authority pursuant  
3 to this title that the state will not alter or limit the rights hereby  
4 vested in the authority to fulfill the terms of any agreement made with  
5 or for the benefit of the holders of bonds or in any way impair the  
6 rights and remedies of bondholders until the bonds together with the  
7 interest thereon, with interest on any unpaid installments of interest,  
8 and all costs and expenses in connection with any action or proceeding  
9 by or on behalf of such holders, are fully met and discharged. The  
10 authority is authorized to include this pledge and agreement of the  
11 state in any agreement with bondholders.

12     § 1114-m. Exemption from taxes, assessments and certain fees; payments  
13 in lieu of taxes. 1. It is hereby determined that the creation of the  
14 authority and the carrying out of its corporate purposes is in all  
15 respects for the benefit of the people of the state and is a public  
16 purpose, and the authority shall be regarded as performing a govern-  
17 mental function in the exercise of the powers conferred upon it by this  
18 title and shall not be required to pay any taxes, special ad valorem  
19 levies or special assessments upon any real property owned by it or any  
20 filing, recording or transfer fees or taxes in relation to instruments  
21 filed, recorded or transferred by it or on its behalf.

22     2. The authority may pay, or may enter into agreements with any muni-  
23 cipality to pay, a sum or sums annually or otherwise or to provide other  
24 considerations to such municipality with respect to real property owned  
25 by the authority located within such municipality and constituting a  
26 part of its water system.

27     3. Any bonds issued pursuant to this title together with the income  
28 therefrom shall be exempt from taxation except for transfer and estate  
29 taxes. The revenues, moneys and all other property and all activities of  
30 the authority shall be exempt from all taxes and governmental fees or  
31 charges, whether imposed by the state or any municipality, including  
32 without limitation real estate taxes, income taxes, franchise taxes,  
33 sales taxes or other excise taxes.

34     4. The state hereby covenants with the purchasers and with all subse-  
35 quent holders and transferees of bonds issued by the authority pursuant  
36 to this title, in consideration of the acceptance of and payment for the  
37 bonds, that the bonds of the authority issued pursuant to this title and  
38 the income therefrom shall be exempt from such taxation, as stated in  
39 subdivision three of this section, and that all revenues, moneys, and  
40 other property pledged to secure the payment of such bonds shall at all  
41 times be free from such taxes as stated in such subdivision.

42     5. Notwithstanding the provisions of subdivisions one through four of  
43 this section, nothing herein shall prevent the state from assessing a  
44 tax or surcharge against the water customers based on their water  
45 consumption, provided, however, that all such taxes and surcharges and  
46 the authority's obligation to collect and pay such taxes and surcharges  
47 shall be subordinate to the rights of holders of all of the authority's  
48 bonds and notes and to the payment of principal, premiums if any, and  
49 interest thereon.

50     § 1114-n. Actions against the authority. 1. Except in an action for  
51 wrongful death, no action or proceeding shall be prosecuted or main-  
52 tained against the authority for personal injury or damage to real or  
53 personal property alleged to have been sustained by reason of the negli-  
54 gence or wrongful act of the authority or any member, officer, agent or  
55 employee thereof, unless:



1 (a) a notice of claim shall have been made and served upon the author-  
2 ity within the time limit by and in compliance with section fifty-e of  
3 the general municipal law;

4 (b) it shall appear by and as an allegation in the complaint or moving  
5 papers that at least thirty days have elapsed since the service of such  
6 notice and that adjustment or payment thereof has been neglected or  
7 refused;

8 (c) the action or proceeding shall be commenced within one year and  
9 ninety days after the happening of the event upon which the claim is  
10 based; and

11 (d) An action against the authority for wrongful death shall be  
12 commenced in accordance with the notice of claim and time limitation  
13 provisions of title eleven of article nine of this chapter.

14 2. Wherever a notice of claim is served upon the authority, it shall  
15 have the right to demand an examination of the claimant relative to the  
16 occurrence and extent of the injuries or damages for which claim is  
17 made, in accordance with the provisions of section fifty-h of the gener-  
18 al municipal law.

19 3. The authority may require any person presenting for settlement an  
20 account or claim for any cause whatsoever against the authority to be  
21 sworn before a member, counsel, or an attorney, officer or employee  
22 thereof designated for such purpose, concerning such account or claim  
23 and when so sworn, to answer orally as to any facts relative to such  
24 account or claim. The authority shall have power to settle or adjust all  
25 claims in favor of or against the authority.

26 4. The rate of interest to be paid by the authority or the water board  
27 upon any judgment for which it is liable, other than a judgment against  
28 the authority on its bonds, shall not exceed the rate of interest on  
29 judgments and accrued claims against municipal corporations as provided  
30 in the general municipal law from time to time. Interest on payments of  
31 principal or interest on any bonds in default shall accrue at the rate  
32 borne by such bonds from the due date thereof until paid or otherwise  
33 satisfied.

34 § 1114-o. Conflicts of interest of members of the board of directors  
35 and officers and employees of the authority. No member of the board of  
36 directors or officer or employee of the authority shall have any inter-  
37 est in any contract, or take any action or otherwise involve himself or  
38 herself in any activity which, pursuant to article eighteen of the  
39 general municipal law, would be deemed a conflict of interest for a  
40 municipal officer or employee holding a position with a municipality  
41 similar to the position held by the member, officer or employee with the  
42 authority.

43 § 1114-p. Construction and purchase contracts. The authority shall let  
44 contracts for construction or purchase of supplies, materials, or equip-  
45 ment pursuant to section one hundred three of the general municipal law.  
46 Nothing in this section shall be construed to limit the power of the  
47 authority to do any construction directly by the officers, agents and  
48 employees of the authority or to contract with a public utility, for a  
49 term not to exceed five years, for the operation and maintenance of a  
50 water supply system acquired from said public utility.

51 § 1114-q. Separability clause. If any section, clause or provision in  
52 this title shall be held by a competent court to be unconstitutional or  
53 ineffective in whole or in part, to the extent that it is not unconsti-  
54 tutional or ineffective, it shall be valid and effective, and no other  
55 section, clause or provision shall on account thereof be deemed invalid  
56 or ineffective.

1     § 1114-r. Effect of inconsistent provisions. Insofar as the provisions  
2 of this title are inconsistent with the provisions of any other law,  
3 general, special or local, or of any charter or any local ordinance or  
4 resolution of any municipality, the provisions of this title shall be  
5 controlling, provided that nothing contained in this section shall be  
6 held to supplement or otherwise expand the powers or duties of the  
7 authority otherwise set forth in this title. Nothing contained in this  
8 title shall be held to alter or abridge the powers and duties of the  
9 department of environmental conservation or the department of health.

10    § 1114-s. Acquisition by eminent domain. Notwithstanding any provision  
11 of the eminent domain procedure law to the contrary, in any proceeding  
12 brought by the authority pursuant to said law, title shall vest in the  
13 authority and compensation shall be paid only:

14    1. upon a decision by the supreme court that compensation for the  
15 property so condemned shall be determined solely by the income capital-  
16 ization method of valuation, based on the actual net income as allowed  
17 by the public service commission, and

18    2. upon such court's determination of the amount of such compensation,  
19 based upon the income capitalization method, entry of the final judg-  
20 ment, the filing of the final decree, and the conclusion of any appeal  
21 or expiration of the time to file an appeal related to the condemnation  
22 proceeding. Should any court determine that a method of compensation  
23 other than the income capitalization method be utilized, or if the  
24 proposed award is more than the rate base of the assets taken in condem-  
25 nation as utilized by the public service commission in setting rates and  
26 as certified by the public service commission, the authority may with-  
27 draw the condemnation proceeding without prejudice or costs to any  
28 party.

29    § 3. This act shall take effect on the ninetieth day after it shall  
30 have become a law.