

# STATE OF NEW YORK

7279--A

Cal. No. 237

2021-2022 Regular Sessions

## IN ASSEMBLY

April 30, 2021

Introduced by M. of A. LAVINE, GRIFFIN, SOLAGES, MONTESANO -- read once and referred to the Committee on Corporations, Authorities and Commissions -- ordered to a third reading, amended and ordered reprinted, retaining its place on the order of third reading

AN ACT to amend the public authorities law, in relation to establishing the North and South Shore water authority; and to cap the rate a water-works corporation may increase its rates and charges

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-

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

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ing cooperation with other water suppliers to better manage, conserve and protect the groundwater within and outside its supply area.  
 § 2. Article 5 of the public authorities law is amended by adding a new title 5-B to read as follows:

TITLE 5-B

NORTH AND SOUTH SHORE WATER AUTHORITY

Section 1114-aa. Short title.

1114-bb. Definitions.

1114-cc. Water authority of North and South Shore district.

1114-dd. Water authority of North and South Shore.

1114-ee. Powers of the authority.

1114-ff. Transfer of officers and employees.

1114-gg. Bonds of the authority.

1114-hh. Remedies of bondholders.

1114-ii. State and municipalities not liable on authority bonds.

1114-jj. Moneys of the authority.

1114-kk. Bonds; legal investments for fiduciaries.

1114-ll. Agreement with the state.

1114-mm. Exemption from taxes, assessments and certain fees; payments in lieu of taxes.

1114-nn. Actions against the authority.

1114-oo. Conflicts of interest of members of the board of directors and officers and employees of the authority.

1114-pp. Construction and purchase contracts.

1114-qq. Separability clause.

1114-rr. Effect of inconsistent provisions.

1114-ss. Acquisition by eminent domain.

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

§ 1114-bb. 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-dd 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

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

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

21 11. "Distribution system" shall mean the water facility or facilities  
22 employed to deliver water from a transmission facility, or where there  
23 is no transmission facility, from a supply facility, to the ultimate  
24 consumers of water.

25 12. "District" shall mean the water authority of North Shore water  
26 district created by section eleven hundred fourteen-cc of this title.

27 13. "Governing body" shall mean:

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

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

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

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

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

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

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

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

50 20. "Supply facility" shall mean a water facility employed to make  
51 groundwater or surface water available for delivery into a transmission  
52 facility or distribution system.

53 21. "System revenues" shall mean all rates, rents, fees, charges,  
54 payments and other income and receipts derived from users of the author-  
55 ity without limiting the generality of the foregoing, investment  
56 proceeds and proceeds of insurance, condemnation, sales or other dispo-

1 sitions of assets, together with all federal, state or municipal aid as  
2 well as any other income derived from the operation of the water facili-  
3 ty of the authority.

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

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

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

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

22 26. "Watershed rules" shall mean the rules and regulations made by the  
23 department of health pursuant to section eleven hundred of the public  
24 health law.

25 § 1114-cc. Water authority of North and South Shore district. There is  
26 hereby created a district to be known as the "water authority of North  
27 and South Shore district" which shall be defined as all that portion of  
28 Nassau county being serviced by the New York American water service  
29 corporation as of January first, two thousand eighteen, provided, howev-  
30 er, that such district shall not include the portion of Nassau county  
31 being serviced by the New York American water service corporation  
32 contained in the town of Hempstead if such operations have been absorbed  
33 by the entity created in section eleven hundred ninety-eight-d of this  
34 article.

35 § 1114-dd. Water authority of North and South Shore. 1. A corporation  
36 known as "water authority of North and South Shore" is hereby created  
37 for the purposes and charged with the duties and having the powers  
38 provided in this title. The authority shall be a corporate governmental  
39 agency constituting a public benefit corporation and shall be a "public  
40 district" for the purposes of section eighty-nine of the public service  
41 law. The authority shall be governed by a board of directors consisting  
42 of ten members. The governing boards of the villages of Old Brookville,  
43 Sea Cliff, Roslyn Harbor, and the City of Glen Cove shall each appoint  
44 one member. The governing board of the Town of Oyster Bay shall appoint  
45 two members representing the residents of the unincorporated hamlets of  
46 Glen Head and Glenwood Landing who are serviced by the water authority  
47 of North and South Shore. The governing board of the town of Hempstead  
48 shall appoint four members. Each member shall serve for a period of two  
49 years. Each chief executive officer shall file with the secretary of  
50 state a certificate of appointment or reappointment of any member  
51 appointed or reappointed by such chief executive within thirty days of  
52 the appointment or reappointment. Members shall receive no compensation  
53 for their services but shall be entitled to reimbursement of their  
54 necessary expenses, including traveling expenses, incurred in the  
55 discharge of their duties. Nothing in this section shall be construed as

1 preventing a chief executive officer of a municipality from appointing  
2 himself or herself to be a member of the board of directors.

3 2. If the authority decides to enter into a contract to purchase or  
4 otherwise acquire an interest in the New York American water service  
5 corporation or to initiate a condemnation proceeding pursuant to the  
6 eminent domain procedure law for the area it services within the water  
7 authority of North and South Shore district, prior to entering into any  
8 contract to purchase or otherwise acquire an interest in the New York  
9 American water service corporation or the initiation of any condemnation  
10 proceeding by the authority pursuant to the eminent domain procedure law  
11 for the area it services within the water authority of North and South  
12 Shore district, the authority shall provide ratepayers within the area  
13 serviced by the New York American water service corporation and the  
14 public with public forums for the expression and discussion of views  
15 regarding such purchase, acquisition or condemnation of the New York  
16 American water service corporation. The authority shall hold at least  
17 one forum in each of the towns of North Hempstead, Oyster Bay, and city  
18 of Glen Cove within the portions of the towns of North Hempstead and  
19 Oyster Bay and the city of Glen Cove serviced by the New York American  
20 water service corporation.

21 3. If the authority decides to enter into a contract to purchase or  
22 otherwise acquire an interest in the New York American water service  
23 corporation or to initiate a condemnation proceeding pursuant to the  
24 eminent domain procedure law for the area it services within the water  
25 authority of North and South Shore district, the authority is authorized  
26 to provide registered voters within the area serviced by the New York  
27 American water service corporation within the water authority of North  
28 and South Shore district prior to entering into such contract to  
29 purchase or otherwise acquire an interest in the New York American water  
30 service corporation or the initiation of any condemnation proceeding by  
31 the authority pursuant to the eminent domain procedure law for the area  
32 the New York American water service corporation services within the  
33 water authority of North and South Shore district, with a nonbinding  
34 referendum, regarding whether the authority should enter into a contract  
35 to purchase or otherwise acquire an interest in the New York American  
36 water service corporation or initiate condemnation proceedings pursuant  
37 to the eminent domain procedure law for the area it services within the  
38 water authority of North and South Shore district. The proposition shall  
39 be placed on the ballot and voted upon at a special election or a date  
40 to be determined by the Nassau county board of elections.

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

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

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

1 (b) No action shall be taken by the authority except pursuant to the  
2 favorable vote of at least: (i) fifty-one percent of the total author-  
3 ized voting strength of the board of directors; and (ii) five members of  
4 the board of directors, at least four of whom shall be from among the  
5 six members of the board of directors possessing the greatest number of  
6 weighted votes;

7 (c) The vote of each member shall be equal to one hundred multiplied  
8 by a fraction, the numerator of which shall be equal to the quantity of  
9 water supplied by the authority to the owners, tenants, occupants and  
10 other water users in the municipality from which such member was  
11 appointed and the denominator of which shall be equal to the quantity of  
12 water supplied by the authority to the owners, tenants, occupants and  
13 other water users in all of the municipalities within the district; and

14 (d) Commencing on the first day of January, two thousand twenty-three,  
15 and every four years thereafter, the authorized number of votes of each  
16 member shall be adjusted in accordance with the formula set forth in  
17 paragraph (c) of this subdivision to reflect the total quantity of water  
18 supplied by the authority to owners, tenants, occupants and other water  
19 users in each municipality within the district during the two calendar  
20 years immediately preceding the date on which the adjustment is being  
21 made.

22 6. The powers of the authority shall be vested in and shall be exer-  
23 cised by the board of directors at a meeting duly called and held. Four  
24 members of the board of directors, who together are authorized to cast a  
25 majority of the weighted vote, shall constitute a quorum. The board of  
26 directors may delegate to one or more of its members, or to one or more  
27 of the officers, agents or employees of the authority, such powers and  
28 duties as it may deem proper.

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

43 (a) Chairperson. The chairperson shall be the chief executive officer  
44 of the authority and it shall be the responsibility of the chairperson  
45 to:

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

48 (ii) manage the water facility, the transmission facility and the  
49 distribution system and to effectuate the decisions of the board of  
50 directors;

51 (iii) exercise supervision over the conduct of the officers and  
52 employees of the authority;

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

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

4 (2) the population served by the authority;

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

7 (4) the total pumpage of groundwater including the amount received  
8 through interdistrict interconnections and the estimated amount lost  
9 from the system;

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

16 (6) the highest level from each well of each synthetic organic chemi-  
17 cal, nitrate and chloride constituent tested for by the authority at any  
18 time during the year which does not exceed the applicable county water  
19 standard or guideline, but which contains a level equal to or greater  
20 than two-thirds of the amount permitted before exceeding a standard or  
21 guideline, that standard or guideline, the site of each well at which  
22 each reported constituent was found and the date on which each reported  
23 constituent was analyzed;

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

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

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

32 (10) the types of treatment which the water receives before entering  
33 the distribution system;

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

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

40 (13) any special public services the authority provides during the  
41 year; and

42 (14) information on water conservation measures customers can imple-  
43 ment, such as, but not limited to, retrofitting plumbing fixtures,  
44 altering irrigation timing, using irrigation sensors, leak detection,  
45 proper use of water-consuming appliances, daily conscientious use of  
46 water and estimated savings of water, energy, and money, from use of  
47 these measures;

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

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

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

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

55 (ix) sign checks in the absence or inability of the treasurer or depu-  
56 ty treasurer, if any, when authorized by the board of directors; and a

1 certified copy of a resolution of the board of directors to that effect  
2 shall be notice to the depository of such authorization;

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

6 (xi) employ, promote and discharge managers, supervisors and employ-  
7 ees; and

8 (xii) take all other reasonable and necessary actions to carry out his  
9 or her office as the chief executive of the authority. If the chair-  
10 person has not been appointed as a member of the board of directors of  
11 the authority pursuant to this section, such chairperson shall be deemed  
12 an ex officio member of the board of directors. Such status shall not  
13 carry with it the right to vote on matters coming before the board of  
14 directors nor shall the presence of such chairperson be counted for the  
15 purpose of determining a quorum.

16 (b) Vice chairperson. The vice chairperson shall perform all duties  
17 delegated to him or her by the chairperson and, in the absence or during  
18 the disability of the chairperson, the vice chairperson shall act as  
19 chairperson.

20 (c) Deputy chairperson. The deputy chairperson shall perform all  
21 duties delegated to him or her by the chairperson or the vice chair-  
22 person.

23 (d) Secretary. (i) The secretary shall be the recording and corre-  
24 sponding officer of the authority and the custodian of the records of  
25 the authority.

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

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

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

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

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

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

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

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

54 (vii) The treasurer shall file in the office of the authority, within  
55 sixty days after the end of the fiscal year, a statement showing in  
56 detail all revenues and expenditures during the previous fiscal year and

1 the outstanding indebtedness of the authority as of the end of the  
2 fiscal year. The members shall, within ten days, cause to be published  
3 once in a newspaper having general circulation within the district, a  
4 notice that the annual financial statement has been filed and is avail-  
5 able for inspection or a summary of such statement in a form approved by  
6 the comptroller, with an endorsement thereon that details thereof are on  
7 file in the office of the authority. The members shall cause to be  
8 audited by a certified public accountant engaged for that purpose, such  
9 report and supporting records.

10 8. The terms of the chairperson, vice chairperson and deputy chair-  
11 person first appointed shall be staggered, the chairperson first  
12 appointed shall serve for a period of four years, the vice chairperson  
13 first appointed shall serve for a period of three years and the deputy  
14 chairperson first appointed shall serve for a period of two years; ther-  
15 eafter their successors shall serve for terms of four years. The remain-  
16 ing officers shall each serve terms of one year. The board of directors  
17 shall have the right, at any time, to extend any such term, for a period  
18 of months, to provide that such term terminates contemporaneously with  
19 the end of the fiscal year of the authority.

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

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

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

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

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

54 § 1114-ee. Powers of the authority. Except as otherwise limited by  
55 this title, the authority shall have the power to:

56 1. sue and be sued;

1 2. have a seal and alter the same at pleasure;

2 3. borrow money and issue negotiable or non-negotiable notes, bonds,  
3 or other obligations and to provide for the rights of the holders there-  
4 of;

5 4. enter into contracts and execute all instruments necessary or  
6 convenient or desirable for the purposes of the authority to carry out  
7 any powers expressly given it in this title;

8 5. acquire, by purchase, gift, grant, transfer, contract or lease or  
9 by condemnation pursuant to the eminent domain procedure law, lease as  
10 lessee, hold and use and to sell, lease as lessor, transfer or otherwise  
11 dispose of, any real or personal property or any interest therein, with-  
12 in or without the district, but within the territorial limits of the  
13 town of Oyster Bay or North Hempstead, as the authority may deem neces-  
14 sary, convenient or desirable to carry out the purpose of this title;  
15 provided, however, that the authority may not condemn real property of a  
16 municipality without the consent of the governing body of such munici-  
17 pality;

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

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

49 8. operate and manage and to contract for the operation and management  
50 of facilities of the authority;

51 9. enter into contracts, and carry out the terms thereof, for the  
52 wholesale provision of water produced by supply facilities constructed  
53 and operated by the authority, to municipalities and private water  
54 companies and to carry out the terms thereof, for the transmission of  
55 water from new or existing supply facilities;

1 10. apply to the appropriate agencies and officials of the federal,  
2 state and local governments for such licenses, permits or approvals of  
3 its plans or projects as it may deem necessary or advisable, and upon  
4 such terms and conditions as it may deem appropriate, to accept, in its  
5 discretion, such licenses, permits or approvals as may be tendered to it  
6 by such agencies and officials;

7 11. take all necessary and reasonable actions within the district to  
8 conserve, preserve and protect the water supply to the district, includ-  
9 ing the making of plans and studies, the adoption of watershed rules and  
10 regulations, the enforcing of compliance with all current and future  
11 rules and regulations of the state sanitary code with regard to water  
12 supply and usage, the requiring of cross-connection controls, the  
13 providing of educational material and programs to the public, and the  
14 cooperating with water suppliers outside the district to conserve,  
15 preserve and protect the entire water reserve as it is affected within  
16 and outside the authority's supply area;

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

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

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

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

27 (b) identification of existing and future sources of water under  
28 normal conditions and emergency conditions;

29 (c) system capacity and ability to meet peak demand and fire flows  
30 concurrently;

31 (d) storage capacities;

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

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

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

38 (h) prioritization of water users;

39 (i) identification and availability of emergency equipment needed  
40 during a water supply emergency; and

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

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

52 16. apply for and to accept any gifts or grants or loans of funds or  
53 property or financial or other aid in any form from the federal govern-  
54 ment or any agency or instrumentality thereof, or from the state or any  
55 agency or instrumentality thereof, or from any other source, for any or

1 all of the purposes specified in this title, and to comply, subject to  
2 the provisions of this title, with the terms and conditions thereof;

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

6 18. purchase water from any municipal corporation, town water  
7 district, person, association or corporation;

8 19. produce, develop, distribute and sell water or water services  
9 within or without the territorial limits of the district; provided,  
10 however, that water may be sold at retail to individual consumers only  
11 within the district and further provided that in exercising the powers  
12 granted by this title, the authority shall not sell water in any area  
13 which is served by a water system owned or operated by a municipality or  
14 special improvement district unless the governing body of such muni-  
15 city or district shall adopt a resolution requesting the authority to  
16 sell water in such served areas;

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

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

43 22. enter into cooperative agreements with other authorities, muni-  
44 cipalities, counties, cities, towns, villages, water districts, utility  
45 companies, individuals, firms or corporations, within or without the  
46 territorial limits of the district for the interconnection of facili-  
47 ties, the exchange or interchange of services and commodities, the  
48 conservation, preservation and protection of the authority's water  
49 reserve as it is affected within and outside the authority's supply  
50 area, and, within the territorial limits of the district, to enter into  
51 a contract for the construction, operation and maintenance of a water  
52 supply and distribution system by the authority for any municipality  
53 having power to construct and develop a water supply and distribution  
54 system, upon such terms and conditions as shall be determined to be  
55 reasonable including, but not limited to the reimbursement of all costs

1 of such construction, or for any other lawful purposes necessary or  
2 desirable to effect the purposes of this title;

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

10 24. contract for, provide and maintain such insurance as it deems  
11 necessary or reasonable to:

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

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

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

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

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

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

45 § 1114-gg. Bonds of the authority. 1. The authority shall have the  
46 power and is hereby authorized from time to time to issue bonds, in  
47 conformity with applicable provisions of the uniform commercial code, in  
48 such principal amounts as it may determine to be necessary to pay the  
49 cost of any water project or projects or for any other corporate  
50 purposes, including incidental expenses in connection therewith. The  
51 authority shall have power from time to time to refund any bonds by the  
52 issuance of new bonds whether the bonds to be refunded have or have not  
53 matured, and may issue bonds partly to refund bonds then outstanding and  
54 partly for any other corporate purpose. Bonds issued by the authority  
55 may be general obligations secured by the faith and credit of the  
56 authority or may be special obligations payable solely out of particular

1 revenues or other moneys of the authority as may be designated in the  
2 proceedings of the authority under which the bonds shall be authorized  
3 to be issued, subject to any agreements with the holders of outstanding  
4 bonds pledging particular revenues or moneys.

5 2. The authority is authorized to obtain from any department or agency  
6 of the United States of America or nongovernmental insurer any insurance  
7 or guaranty, or any other credit enhancement arrangement with any bank  
8 or other financial institution to the extent now or hereafter available,  
9 as to, or for the payment or repayment of interest or principal, or  
10 both, or any part thereof, on any bonds issued by the authority and to  
11 enter into any agreement or contract with respect to any such insurance  
12 or guaranty, except to the extent that the same would in any way impair  
13 or interfere with the ability of the authority to perform and fulfill  
14 the terms of any agreement made with the holders of the bonds of the  
15 authority.

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

32 (a) the comptroller, where such sale is not to the comptroller; or

33 (b) the director of the division of the budget of the state, where  
34 such sale is to the comptroller.

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

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

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

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

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

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

51 (f) limitations on the issuance of additional bonds, the terms upon  
52 which additional bonds may be issued and the refunding of outstanding or  
53 other bonds;

54 (g) the procedure, if any, by which the terms of any contract with  
55 bondholders may be amended or abrogated, including the proportion of

1 bondholders which shall consent thereto and the manner in which such  
2 consent may be given;

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

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

7 (j) vesting in a trustee or trustees such properties, rights, powers  
8 and duties in trust as the authority may determine, which may include  
9 any or all of the rights, powers and duties of the trustee appointed by  
10 the bondholders pursuant to section eleven hundred fourteen-hh of this  
11 title and limiting or abrogating the rights of the bondholders to  
12 appoint a trustee under such section or limiting the rights, duties and  
13 powers of such trustee;

14 (k) defining the acts or omissions to act which may constitute a  
15 default in the obligations and duties of the authority to the bondhold-  
16 ers and providing for the rights and remedies of the bondholders in the  
17 event of such default, including as a matter of right the appointment of  
18 a receiver, provided, however, that such rights and remedies shall not  
19 be inconsistent with the general laws of the state and other provisions  
20 of this title;

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

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

26 (n) the protection and enforcement of the rights and remedies of the  
27 bondholders;

28 (o) the obligations of the authority in relation to the construction,  
29 maintenance, operation, repairs and insurance of the properties, the  
30 safeguarding and application of all moneys and as to the requirements  
31 for the supervision and approval of consulting engineers in connection  
32 with construction, reconstruction and operation;

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

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

40 5. In addition to the powers herein conferred upon the authority to  
41 secure its bonds, the authority shall have power in connection with the  
42 issuance of bonds to enter into such agreements as the authority may  
43 deem necessary, consistent or desirable concerning the use or disposi-  
44 tion of its revenues or other moneys or property, including remarketing  
45 agreements or other similar agreements for the bonds, the mortgaging of  
46 any property and the entrusting, pledging or creation of any other secu-  
47 rity interest in any such revenues, moneys, or property and the doing of  
48 any act, including refraining from doing any act, which the authority  
49 would have the right to do in the absence of such agreements. The  
50 authority shall have power to enter into amendments of any such agree-  
51 ments within the powers granted to the authority by this title and to  
52 perform such agreements. The provisions of any such agreements may be  
53 made a part of the contract with the holders of bonds of the authority.

54 6. Any provision of the uniform commercial code to the contrary  
55 notwithstanding, any pledge of or other security interest in revenues,  
56 moneys, accounts, contract rights, general intangibles or other personal

1 property made or created by the authority shall be valid, binding and  
2 perfected from the time when such pledge is made or other security  
3 interest attaches without any physical delivery of the collateral or  
4 further act, and the lien of any such pledge or other security interest  
5 shall be valid, binding and perfected against all parties having claims  
6 of any kind in tort, contract or otherwise against the authority irre-  
7 spective of whether or not such parties have notice thereof. No instru-  
8 ment by which such a pledge or security interest is created nor any  
9 financing statement need be recorded or filed.

10 7. Whether or not the bonds of the authority are of such form and  
11 character as to be negotiable instruments under the terms of the uniform  
12 commercial code, the bonds are hereby made negotiable instruments within  
13 the meaning of and for all purposes of the uniform commercial code,  
14 subject only to the provisions of the bonds for registration.

15 8. Neither the members of the board of directors nor the officers of  
16 the authority nor any person executing bonds shall be liable personally  
17 thereon or be subject to any personal liability or accountability solely  
18 by reason of the issuance thereof.

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

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

25 (b) if the bonds are not then redeemable, the redemption price then  
26 applicable on the first date after such purchase upon which the bonds  
27 become subject to redemption plus accrued interest to the next interest  
28 payment date.

29 10. The authority shall have power and is hereby authorized to issue  
30 negotiable bond anticipation notes in conformity with applicable  
31 provisions of the uniform commercial code and may renew the same from  
32 time to time but the maximum maturity of any such note, including  
33 renewals thereof, shall not exceed five years from the date of issue of  
34 such original note. Such notes shall be paid from any moneys of the  
35 authority available therefor and not otherwise pledged or from the  
36 proceeds of sale of the bonds of the authority in anticipation of which  
37 they were issued. The notes shall be issued in the same manner as the  
38 bonds and such notes and the resolution or resolutions authorizing the  
39 same may contain any provisions, conditions or limitations which the  
40 bonds or bond resolution of the authority may contain. Such notes may be  
41 sold at public sale or, upon the approval of the comptroller of the  
42 terms thereof, at private sale. Such notes shall be as fully negotiable  
43 as the bonds of the authority.

44 § 1114-hh. Remedies of bondholders. 1. In the event that the authority  
45 shall default in the payment of principal of or interest on any issue of  
46 the bonds after the same shall become due, whether at maturity or upon  
47 call for redemption, and such default shall continue for a period of  
48 thirty days, or in the event that the authority shall fail or refuse to  
49 comply with the provisions of this title, or shall default in any agree-  
50 ment made with the holders of any issue of the bonds, the holders of  
51 twenty-five per centum in aggregate principal amount of the bonds of  
52 such issue then outstanding, by instrument or instruments filed in the  
53 office of the clerk of the applicable county and proved or acknowledged  
54 in the same manner as a deed to be recorded, may appoint a trustee to  
55 represent the holders of such bonds for the purposes herein provided.

1 2. Such trustee may, and upon written request of the holders of twenty-  
2 five per centum in principal amount of such bonds outstanding shall,  
3 in his or her own name:

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

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

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

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

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

17 3. Such trustee shall in addition to the foregoing have and possess  
18 all of the powers necessary or appropriate for the exercise of any func-  
19 tions specifically set forth herein or incidental to the general repre-  
20 sentation of bondholders in the enforcement and protection of their  
21 rights.

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

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

27 § 1114-ii. State and municipalities not liable on authority bonds.  
28 Neither the state nor any municipality shall be liable on the bonds of  
29 the authority and such bonds shall not be a debt of the state or of any  
30 municipality.

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

54 § 1114-kk. Bonds; legal investments for fiduciaries. The bonds of the  
55 authority are hereby made securities in which all public officials and  
56 bodies of the state and all municipalities, all insurance companies and

1 associations and other persons carrying on an insurance business, all  
2 banks, bankers, trust companies, savings banks and savings associations,  
3 including savings and loan associations, investment companies and other  
4 persons carrying on a banking business, and administrators, guardians,  
5 executors, trustees and other fiduciaries and all other persons whatso-  
6 ever, who are now or may hereafter be authorized to invest in bonds or  
7 other obligations of the state, may properly and legally invest funds  
8 including capital in their control or belonging to them. The bonds are  
9 also hereby made securities which may be deposited with and may be  
10 received by all public officers and bodies of the state and all municipi-  
11 palities for any purposes for which the deposit of bonds or other obli-  
12 gations of the state is now or hereafter may be authorized.

13 § 1114-ll. Agreement with the state. The state does hereby pledge to  
14 and agree with the holders of any bonds issued by the authority pursuant  
15 to this title that the state will not alter or limit the rights hereby  
16 vested in the authority to fulfill the terms of any agreement made with  
17 or for the benefit of the holders of bonds or in any way impair the  
18 rights and remedies of bondholders until the bonds together with the  
19 interest thereon, with interest on any unpaid installments of interest,  
20 and all costs and expenses in connection with any action or proceeding  
21 by or on behalf of such holders, are fully met and discharged. The  
22 authority is authorized to include this pledge and agreement of the  
23 state in any agreement with bondholders.

24 § 1114-mm. Exemption from taxes, assessments and certain fees;  
25 payments in lieu of taxes. 1. It is hereby determined that the creation  
26 of the authority and the carrying out of its corporate purposes is in  
27 all respects for the benefit of the people of the state and is a public  
28 purpose, and the authority shall be regarded as performing a govern-  
29 mental function in the exercise of the powers conferred upon it by this  
30 title and shall not be required to pay any taxes, special ad valorem  
31 levies or special assessments upon any real property owned by it or any  
32 filing, recording or transfer fees or taxes in relation to instruments  
33 filed, recorded or transferred by it or on its behalf.

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

39 3. Any bonds issued pursuant to this title together with the income  
40 therefrom shall be exempt from taxation except for transfer and estate  
41 taxes. The revenues, moneys and all other property and all activities of  
42 the authority shall be exempt from all taxes and governmental fees or  
43 charges, whether imposed by the state or any municipality, including  
44 without limitation real estate taxes, income taxes, franchise taxes,  
45 sales taxes or other excise taxes.

46 4. The state hereby covenants with the purchasers and with all subse-  
47 quent holders and transferees of bonds issued by the authority pursuant  
48 to this title, in consideration of the acceptance of and payment for the  
49 bonds, that the bonds of the authority issued pursuant to this title and  
50 the income therefrom shall be exempt from such taxation, as stated in  
51 subdivision three of this section, and that all revenues, moneys, and  
52 other property pledged to secure the payment of such bonds shall at all  
53 times be free from such taxes as stated in such subdivision.

54 5. Notwithstanding the provisions of subdivisions one through four of  
55 this section, nothing herein shall prevent the state from assessing a  
56 tax or surcharge against the water customers based on their water

1 consumption, provided, however, that all such taxes and surcharges and  
2 the authority's obligation to collect and pay such taxes and surcharges  
3 shall be subordinate to the rights of holders of all of the authority's  
4 bonds and notes and to the payment of principal, premiums if any, and  
5 interest thereon.

6 § 1114-nn. Actions against the authority. 1. Except in an action for  
7 wrongful death, no action or proceeding shall be prosecuted or main-  
8 tained against the authority for personal injury or damage to real or  
9 personal property alleged to have been sustained by reason of the negli-  
10 gence or wrongful act of the authority or any member, officer, agent or  
11 employee thereof, unless:

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

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

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

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

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

30 3. The authority may require any person presenting for settlement an  
31 account or claim for any cause whatsoever against the authority to be  
32 sworn before a member, counsel, or an attorney, officer or employee  
33 thereof designated for such purpose, concerning such account or claim  
34 and when so sworn, to answer orally as to any facts relative to such  
35 account or claim. The authority shall have power to settle or adjust all  
36 claims in favor of or against the authority.

37 4. The rate of interest to be paid by the authority or the water board  
38 upon any judgment for which it is liable, other than a judgment against  
39 the authority on its bonds, shall not exceed the rate of interest on  
40 judgments and accrued claims against municipal corporations as provided  
41 in the general municipal law from time to time. Interest on payments of  
42 principal or interest on any bonds in default shall accrue at the rate  
43 borne by such bonds from the due date thereof until paid or otherwise  
44 satisfied.

45 § 1114-oo. Conflicts of interest of members of the board of directors  
46 and officers and employees of the authority. No member of the board of  
47 directors or officer or employee of the authority shall have any inter-  
48 est in any contract, or take any action or otherwise involve himself or  
49 herself in any activity which, pursuant to article eighteen of the  
50 general municipal law, would be deemed a conflict of interest for a  
51 municipal officer or employee holding a position with a municipality  
52 similar to the position held by the member, officer or employee with the  
53 authority.

54 § 1114-pp. Construction and purchase contracts. The authority shall  
55 let contracts for construction or purchase of supplies, materials, or  
56 equipment pursuant to section one hundred three of the general municipal

1 law. Nothing in this section shall be construed to limit the power of  
2 the authority to do any construction directly by the officers, agents  
3 and employees of the authority or to contract with a public utility, for  
4 a term not to exceed five years, for the operation and maintenance of a  
5 water supply system acquired from said public utility.

6 § 1114-gg. Separability clause. If any section, clause or provision in  
7 this title shall be held by a competent court to be unconstitutional or  
8 ineffective in whole or in part, to the extent that it is not unconsti-  
9 tutional or ineffective, it shall be valid and effective, and no other  
10 section, clause or provision shall on account thereof be deemed invalid  
11 or ineffective.

12 § 1114-rr. Effect of inconsistent provisions. Insofar as the  
13 provisions of this title are inconsistent with the provisions of any  
14 other law, general, special or local, or of any charter or any local  
15 ordinance or resolution of any municipality, the provisions of this  
16 title shall be controlling, provided that nothing contained in this  
17 section shall be held to supplement or otherwise expand the powers or  
18 duties of the authority otherwise set forth in this title. Nothing  
19 contained in this title shall be held to alter or abridge the powers and  
20 duties of the department of environmental conservation or the department  
21 of health.

22 § 1114-ss. Acquisition by eminent domain. Notwithstanding any  
23 provision of the eminent domain procedure law to the contrary, in any  
24 proceeding brought by the authority pursuant to said law, title shall  
25 vest in the authority and compensation shall be paid only:

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

30 2. upon such court's determination of the amount of such compensation,  
31 based upon the income capitalization method, entry of the final judg-  
32 ment, the filing of the final decree, and the conclusion of any appeal  
33 or expiration of the time to file an appeal related to the condemnation  
34 proceeding. Should any court determine that a method of compensation  
35 other than the income capitalization method be utilized, or if the  
36 proposed award is more than the rate base of the assets taken in condem-  
37 nation as utilized by the public service commission in setting rates and  
38 as certified by the public service commission, the authority may with-  
39 draw the condemnation proceeding without prejudice or costs to any  
40 party.

41 § 3. No water-works corporation subject to the jurisdiction of the New  
42 York public service commission, operating in a county with a population  
43 of one million or more that has a four-class property tax system, may  
44 file any schedule stating a new rate or charge, or any change in any  
45 form of contract or agreement or any rule or regulation relating to any  
46 such rate, charge or service, or in any general privilege or facility,  
47 if such charge or change which would increase, in comparison to the  
48 applicable rate or charges it has in effect at the time the filing is  
49 made as previously approved by the public service commission, the aggre-  
50 gate revenues of such entity by more than two percent; if a previously  
51 approved schedule would result in an increase of aggregate revenues of  
52 such entity by more than two percent from the previous rate year appli-  
53 cable on April 30, 2021, then such schedule, if it is in effect as of  
54 the effective date of this act, is hereby suspended and the public  
55 service commission shall take action to modify the approved schedule of  
56 such entity to meet the requirements of this act. The public service

1 commission shall take any action necessary to implement this section,  
2 including, but not limited to, on its own motion, modifying any previ-  
3 ously approved rates or charges of such affected water-works corpo-  
4 rations to bring them in compliance with the requirements of this act.

5 § 4. Severability clause. If any clause, sentence, paragraph, subdivi-  
6 sion, section or part of this act shall be adjudged by any court of  
7 competent jurisdiction to be invalid, such judgment shall not affect,  
8 impair, or invalidate the remainder thereof, but shall be confined in  
9 its operation to the clause, sentence, paragraph, subdivision, section  
10 or part thereof directly involved in the controversy in which such judg-  
11 ment shall have been rendered. It is hereby declared to be the intent of  
12 the legislature that this act would have been enacted even if such  
13 invalid provisions had not been included herein.

14 § 5. This act shall take effect immediately and shall be deemed to  
15 have been in full force and effect on and after December 29, 2020 and  
16 shall apply retroactively to any applicable filing made on or after such  
17 date; provided, however, that sections one and two of this act shall  
18 take effect on the ninetieth day after it shall have become a law.