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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO WATERS AND NAVIGATION - THE RHODE ISLAND COOPERATIVE
WATER AUTHORITY

Introduced By: Senator Maryellen Goodwin

Date Introduced: April 25, 2017

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 46 of the General Laws entitled "WATERS AND NAVIGATION" is
2 hereby amended by adding thereto the following chapter:

3 CHAPTER 32

4 THE RHODE ISLAND COOPERATIVE WATER AUTHORITY

5 **46-32-1. Short title.**

6 This act shall be known and may be cited as "The Rhode Island Cooperative Water
7 Authority Act."

8 **46-32-2. Purpose and legislative findings.**

9 (a) The purpose of this chapter is to create a cooperative water supply authority having
10 existence separate and apart from the state, with the power and authority to acquire, lease,
11 manage, sell, contract, develop, operate and maintain all properties, water and water supply
12 systems for the purposes set forth herein.

13 (b) It is hereby found and declared:

14 (1) That the Rhode Island water supply systems, including protection, development,
15 management, financial security, and use thereof, should be fully integrated pursuant to a
16 statewide policy that emphasizes efficiency of management, protection of existing supplies,
17 demand management, drought management, conservation, climate change management, and all
18 other strategies to ensure that Rhode Island's water resources are able to serve the citizens of

1 Rhode Island in a cost-effective manner.

2 (2) That there is a need in the state for a cooperative water supply authority to ensure the
3 future of safe, reliable, and ample water for the long-term and short-term safety, health, and
4 prosperity of its citizens.

5 (3) That there are four hundred ninety (490) public water supply systems including
6 twenty-eight (28) major suppliers of water in Rhode Island; therefore, it is in the state's best
7 interest to coordinate the management of the water supply systems through a cooperative water
8 supply authority.

9 (4) That by coordinating the several water supply systems certain efficiencies will be
10 gained inuring to the benefit of the state's municipalities and citizens.

11 (5) That periodically there exists in the southern areas of the state a condition of water
12 shortages which causes hardship to many individuals and families, impedes economic and
13 physical development of the municipalities within the state, and adversely affects the welfare and
14 prosperity of their residents and that a cooperative water supply authority would facilitate the
15 provision of alternative water supplies to such areas.

16 (6) That while water is a statewide natural resource, the Providence water supply board
17 system has grown to serve approximately sixty percent (60%) of the citizens in the state, and has
18 been recognized as providing some of the highest quality water in the country.

19 (7) That among Rhode Island's natural resources is a plentiful supply of fresh water but
20 that various Rhode Island communities do not benefit from such resources; and that economic
21 prosperity has historically been and will be tied to water resources, especially for various
22 businesses and industries which depend upon such water for the growth of their businesses and
23 employment of Rhode Islanders.

24 (8) That the creation of a cooperative water supply authority would also present an
25 opportunity for communities to realize the advantages of cooperation in the preservation of
26 Rhode Island's water resources and the importance of water to public health, the environment,
27 and the economic well-being of the state.

28 **46-32-3. Definitions.**

29 As used in this chapter, the following words and terms shall have the following meanings
30 unless the context shall indicate another or different meaning or intent:

31 (1) "Authority" means the corporation created by §46-32-4.

32 (2) "Board" means the board created pursuant to §46-32-5.

33 (3) "Bonds and notes" means the bonds and notes or other obligations or evidences of
34 indebtedness issued by the authority pursuant to this chapter.

1 (4) "Property" means any or all of the properties whether tangible or intangible of any
2 water supply system or part thereof including plants, works, and instrumentalities and all
3 properties used or useful in connection therewith, and all parts thereof and all appurtenances
4 thereto, including lands, easements, rights in land and water rights whether legal or equitable,
5 rights-of-way, contract rights, management, franchises, approaches, connections, dams,
6 reservoirs, wells and well sites, water mains and pipelines, water storage tanks, pumping stations,
7 equipment, fixtures, disposal facilities, laboratories, aeration systems and intake structures or any
8 other property incidental to and included in the water supply system or part thereof situated
9 within or without the authority.

10 (5) "State public body" means the state, or any city or town or any other subdivision or
11 public body of the state or of any city or town.

12 (6) "Water supply system" means all property (as defined in subsection (4) of this
13 section), any and all real estate or interests in real estate, all equipment and improvements, and
14 any and all other property or interests in said property, real, personal or mixed, used or held to be
15 used in connection therewith and all appurtenances thereto.

16 **46-32-4. Authority created.**

17 There is hereby created a cooperative water supply authority to be known as the Rhode
18 Island cooperative water authority. The Rhode Island cooperative water authority shall be a body
19 corporate and politic and a political subdivision of the state having a distinct legal existence from
20 the state and not constituting a department of the state government. The authority is hereby
21 constituted an independent public instrumentality and the exercise by the authority of the powers
22 conferred by this chapter shall be deemed and held to be the performance of an essential public
23 function.

24 **46-32-5. Board created.**

25 A board to be known as the Rhode Island cooperative water authority board is hereby
26 created. The powers of the authority shall be vested in and exercised by a majority of the
27 members of the board at any meeting thereof where there is a quorum.

28 **46-32-6. Composition of board.**

29 (a) The board shall initially consist of twelve (12) members. The governor shall appoint
30 four (4) members with the advice and the consent of the senate of which two (2) members shall
31 be appointed for an initial term of three (3) years and two (2) members shall be appointed for an
32 initial term of two (2) years. The governor shall make their appointments within sixty (60) days
33 of passage of this chapter. The chairperson of the Rhode Island water resources board shall be an
34 ex officio member of the board. The mayor of the city of Providence shall appoint three (3)

1 members, each of whom shall be a resident of Providence, one for an initial term of three (3)
2 years, one for an initial term of two (2) years and one for an initial term of one year; the mayor of
3 the city of Cranston shall appoint two (2) members, each of whom shall be a resident of Cranston,
4 one for an initial term of three (3) years and one for an initial term of two (2) years; the mayor of
5 the town of Johnston and the mayor of the town of North Providence shall each appoint one
6 member for an initial term of one year, each of whom shall be a resident of Johnston or North
7 Providence, as applicable. All appointments by the mayors of Providence, Cranston, Johnston,
8 and North Providence shall be made within sixty (60) days of the passage of this chapter.

9 (b) Upon the establishment of the authority as a "public utility" pursuant to §46-32-11(c),
10 the board shall be reconstituted as follows: the members appointed by the governor and the ex
11 officio member shall continue as members pursuant to subsection (a) of this section and the terms
12 of the members appointed by the mayors of Providence, Cranston, Johnston, and North
13 Providence shall terminate. Additional board members shall be appointed to the board as follows:

14 (1) The chief executive officer of any municipality with greater than thirty thousand
15 (30,000) retail customer accounts serviced by the authority (by purchase, lease, or management
16 agreement) shall appoint three (3) members to the board within sixty (60) days of consummation
17 of the transaction with the water supply system;

18 (2) The chief executive officer of any municipality with between twenty thousand
19 (20,000) and thirty thousand (30,000) retail customer accounts serviced by the authority (by
20 purchase, lease, or management agreement) shall appoint two (2) members to the board within
21 sixty (60) days of consummation of the transaction with the water supply system;

22 (3) The chief executive officer of any municipality with between five thousand (5,000)
23 and twenty thousand (20,000) retail customer accounts serviced by the authority (by purchase,
24 lease, or management agreement) shall appoint one member to the board within sixty (60) days of
25 consummation of the transaction with the water supply system;

26 (4) Each board member appointed by the chief executive officer of a municipality
27 pursuant to subsection (b) of this section shall be a resident of the municipality from which they
28 are appointed;

29 (5) Each board member appointed by the chief executive officer of a municipality
30 pursuant to subsection (b) of this section shall be appointed for an initial term of three (3) years;
31 and

32 (6) The membership of the board shall be reconstituted every three (3) years following
33 the establishment of the authority as a "public utility" pursuant to §46-32-11(c) in order to adjust
34 board composition to comply with subsection (b) of this section. In the event a reconstitution

1 shall reduce the number of members then serving, the term of each then serving member
2 appointed by a chief executive officer of a municipality pursuant to subsection (b) of this section
3 shall terminate and new appointments shall be made pursuant to subsection (b) of this section.

4 (c) Subject to subsection (b)(6) of this section, after the initial term, appointments to the
5 board shall be for three (3) years, and board members may serve a maximum of two (2)
6 consecutive three (3) year terms, except that no member may exceed a total of eight (8)
7 consecutive years of service on the board. Any vacancy on the board shall be filled by the
8 governor or the applicable municipal chief executive officer. A member appointed to fill a
9 vacancy in the board shall be appointed for the unexpired portion of the term of office of the
10 member whose vacancy is to be filled. A member shall hold office until their successor has been
11 duly appointed and qualified; provided, however, that a majority of the board may remove a
12 member for willful misconduct or failure to attend a majority of the full board meetings each
13 year. Each member of the board shall take an oath to administer the duties of their office
14 faithfully and impartially, and the oath shall be filed in the office of the secretary of state.

15 (d) A majority of the board membership from time to time shall constitute a quorum. No
16 vacancy in the membership of the board shall impair the right of a quorum to exercise all the
17 rights and perform all the duties of the board.

18 (e) In the month of January of each year, the board shall make an annual report to the city
19 and town councils of all communities served at retail by the authority of its activities for the
20 preceding fiscal year. Each report shall set forth a complete operating and financial statement
21 covering its operations during the fiscal year. The board shall cause an annual audit of the books,
22 records, and accounts of the authority to be made.

23 **46-32-7. Officers and employees of the board.**

24 The chairperson of the board shall be appointed by the majority vote of the members of
25 the board. The chairperson of the board shall appoint one member of the board to serve as vice
26 chairperson, who shall serve at the pleasure of the chairperson. The board shall appoint by
27 majority vote the treasurer who shall be a member of the board. The board shall also appoint by
28 majority vote a secretary who may or may not be a member of the board, and may from time to
29 time hire, transfer or otherwise appoint or employ other officers, legal counsel, financial advisors
30 and such other experts, engineers, agents, accountants, clerks, and other consultants and
31 employees as it deems necessary and determine their duties and shall fix their compensation. In
32 the event of a vacancy occurring in the office of chairperson, treasurer or secretary by reason of
33 the death, resignation, or removal for willful misconduct of the chairperson, treasurer or
34 secretary, the board shall appoint a new chairperson, treasurer, or secretary, as applicable. The

1 chairperson of the authority shall appoint the executive director or general manager of the
2 authority with the approval of the board, provided that the position of the executive director or
3 general manager must be advertised and the appointment must be approved at a public meeting of
4 the board. Notwithstanding the preceding sentence, in the event that the initial transaction entered
5 into by the authority is consummated with the city of Providence and the Providence water supply
6 board, the initial executive director or general manager of the authority shall be the then general
7 manager of the Providence water supply board to ensure continuity of management and for such
8 period of time as the board may determine in its discretion. The board may provide, subject to
9 §46-32-31, in the fixing of compensation, for a retirement program, commonly known as a
10 pension plan, funded by individual or group insurance or annuity contracts or otherwise, for
11 health and accident insurance, for life insurance, for hospital services, and for physicians services
12 for any one or more or all of its employees; and the board is hereby authorized to expend the
13 moneys of the authority for such purposes and programs as it may deem advisable. These
14 programs and purposes may be financed in full or in part by the moneys of the authority.

15 **46-32-8. Compensation of members and agents.**

16 The members of the board shall receive no compensation for the performance of their
17 duties, but shall be entitled to reimbursement for actual and necessary expenses incurred in the
18 performance of official duties. The salaries, compensation, and expenses of all members, officers,
19 employees, and agents shall be paid solely out of the funds of the authority. No part of the
20 revenue of the authority shall inure to the benefit of any private person.

21 **46-32-9. Business prohibited to members.**

22 No member of the board shall directly or indirectly engage in any contract or agreement
23 for labor or for the supply of materials for construction or reconstruction of the physical assets of
24 the authority or replacements or additions thereto.

25 **46-32-10. Powers of the authority.**

26 The authority shall have all the rights and powers necessary or convenient to carry out
27 and effectuate this chapter, including, but without limiting the generality of the foregoing, the
28 rights and powers:

29 (1) To acquire, within or outside of the state, by voluntary purchase, contract, lease,
30 lease-purchase, sale and leaseback, gift or devise, any existing state enabled, regional, municipal,
31 or private water supply system, any water or water rights, any management, and any other
32 property, real, personal, or mixed, tangible or intangible, or interest therein, from the owner or
33 owners thereof.

34 (2) To own and operate, construct, maintain, repair, improve, enlarge, extend, and

1 provide management in accordance with the provisions of this chapter, any property of a water
2 supply system acquired hereunder, all of which, together with the acquisition of such property,
3 are hereby declared to be public purposes.

4 (3) To collect, purify, distribute, and sell water.

5 (4) To sue and be sued and to prosecute and defend actions relating to its properties and
6 affairs; provided that only property of the authority other than revenues pledged to the payment of
7 bonds and notes shall be subject to attachment or levied upon execution or otherwise.

8 (5) To adopt and alter a corporate seal.

9 (6) To maintain an office at such place or places as it may determine.

10 (7) To hold, use, lease, sell, transfer, and dispose of any property, real and personal, or
11 mixed, tangible or intangible, or interest therein for its corporate purposes, and to mortgage,
12 pledge, or lease any such property; provided, however, that in the case of any sale or proposed
13 sale of any real property by the authority, which is not otherwise governed by contracts,
14 including, but not limited to, any purchase and sale agreement, lease, or management agreement,
15 the authority shall first grant to the municipality in which the real property, or any part thereof, is
16 situated the right to purchase such real property, or a portion thereof situated within its
17 boundaries, upon the same terms and conditions as the authority offers or proposes to offer or has
18 conditionally agreed to sell to any other prospective purchaser.

19 (8) Mortgage, exchange, transfer or otherwise dispose of, or to grant options for any such
20 purposes with respect to, any water, water rights, and any other property, real or personal,
21 tangible or intangible, or any interest therein.

22 (9) To make bylaws for the management and regulation of its affairs, to promulgate rules,
23 regulations and procedures in connection with the performance of its functions and duties, and to
24 fix, enforce and collect penalties for the violation thereof, and such bylaws may contain
25 provisions indemnifying any person who is or was a board member, officer, employee or agent of
26 the authority in the manner and to the extent provided in the Rhode Island business corporation
27 act, chapter 1.2 of title 7.

28 (10) To borrow money for any of its corporate purposes, including the creation and
29 maintenance of working capital, and to issue negotiable bonds, notes, or other obligations and to
30 fund or refund the same.

31 (11) To pledge or assign any money, fees, charges, or other revenues of the authority and
32 any proceeds derived by the authority from the sale of property or insurance awards.

33 (12) To lend money for its purposes, to invest and reinvest its funds and, at its option, to
34 take and hold real and personal property as security for the funds so loaned or invested.

1 (13) To establish rates and collect charges for the use of the properties of or services
2 rendered by or any water furnished by the authority such as to provide revenues sufficient at all
3 times to pay, as the same shall become due, the principal and interest on the bonds of the
4 authority, together with the maintenance of proper reserves therefor, in addition to paying, as the
5 same shall become due, all expenses of operating and maintaining the properties of the authority,
6 together with proper reserves for depreciation, maintenance, and contingencies and all other
7 obligations and indebtedness of the authority. The authority shall charge any municipality,
8 municipal water supply system, state enabled water supply system, or regional water supply
9 system for the use of any property of or service rendered by or any water furnished to it by the
10 authority at rates applicable to other users taking similar service.

11 (14) To contract in its own name for any lawful purpose which would effectuate the
12 provisions of this chapter for such term of years as is necessary to carry out the purpose of the
13 contract and which term shall not be limited to the term of board members set forth in §46-32-6;
14 to execute all instruments necessary to carry out the purposes of this chapter; and to do all things
15 necessary or convenient to carry out the powers expressly granted by this chapter; provided,
16 however, that the full faith, credit, and taxing power of the state or of any municipality, county, or
17 other political subdivision shall never be pledged, nor shall any bond, note, or other evidence of
18 indebtedness of the authority constitute the obligation of the state or of any municipality, county,
19 or other political subdivision, but shall be solely the obligation of the authority. It is the intention
20 of the legislature that any property of a water supply system acquired by the authority pursuant to
21 the provisions of this chapter shall be financed as a self-liquidating enterprise, and that any
22 indebtedness incurred by the authority shall be payable solely from the revenues derived from all
23 or part of such property acquired by the authority.

24 (15) To enter into cooperative agreements, management agreements, employee lease
25 agreements, or water supply service agreements with municipalities or counties, municipal,
26 regional, state enabled or private water supply systems, boards, or commissions, or municipal
27 water companies within or without the state including for the interconnection of facilities, to
28 provide for the joint operation of water supply activities and the wholesale purchase or sale of
29 water, to purchase and sell management related to water supply systems, or for any other lawful
30 corporate purposes necessary or desirable to effect the purposes of this chapter.

31 (16) To apply for, receive, accept, administer, expend and comply with the conditions,
32 obligations and requirements respecting any grant, gift, loan, including, without limitation any
33 grant, gift or loan from agencies of local, state and federal governments, donation or
34 appropriation of any property or money in aid of the purposes of the authority and to accept

1 contributions of money, property, labor or other things of value.

2 (17) To enter onto any land to make surveys, borings, soundings and examinations
3 thereon, provided that said authority shall make reimbursements for any injury or actual damage
4 resulting to such lands and premises caused by any act of its authorized agents or employees and
5 shall so far as possible restore the land to the same condition as prior to making of such surveys,
6 borings, soundings and examinations. The authority is not authorized to acquire any existing
7 water supply system without the agreement of such water supply system.

8 (18) Without limiting the generality of the preceding, the authority is expressly
9 empowered to lease or sell any property or management thereof to a state public body. Any lease
10 by the authority to such state public body may be for a period, upon terms and conditions, with or
11 without an option to purchase, that the authority may determine. Nothing in this chapter shall be
12 deemed to authorize the authority to sell any water supply system to a private entity.

13 (19) Notwithstanding any contrary provision of any charter, other laws or ordinances,
14 general, special, or local, or of any rule or regulation of any state public body, restricting or
15 regulating in any manner the power of any state public body, municipality, municipal water
16 supply system, regional water supply system, or state enabled water supply system to purchase,
17 acquire, lease (as lessee or lessor), enter into a management agreement, or sell property, real,
18 personal, or mixed, tangible or intangible, any municipality, any municipal, regional, or state
19 enabled water supply system, or any private water supply system is hereby authorized and
20 empowered to contract for the sale, lease, lend, pledge, grant, convey, or assignment of
21 management to the authority.

22 (20) Any municipality or municipal water supply system, notwithstanding any contrary
23 provision of any charter, other laws or ordinances, general, special or local (including, but not
24 limited to, chapter 30 of title 46), or of any rule or regulations of the state or any municipality, is
25 authorized and empowered to contract for the sale, lease, lend, pledge, grant, convey, or
26 assignment of management to the authority, upon terms and conditions that the chief executive
27 officer of the municipality has negotiated with the authority, and, if applicable, the approval of
28 any municipal water authority, board or commission, or where no chief executive officer exists,
29 upon the terms and conditions that the city or town council has negotiated with the authority, with
30 the approval of the city or town council of the municipality and, if applicable, the approval of any
31 municipal water authority, board or commission, may deem reasonable and fair and without the
32 necessity for any advertisement, order of court, or other action or formality, any real property or
33 personal property which may be necessary or convenient to the effectuation of the authorized
34 purpose of the authority, including public roads and other real property already devoted to public

1 use; and, subject to what has been stated, the municipality consents to the use of all lands owned
2 by the municipality which are deemed by the authority to be necessary for the construction or
3 operation of any project it authorizes.

4 (21) The authority is authorized and empowered to contract for the acquisition of any of
5 its projects or portions of them by the federal government; and to contract with any state, federal,
6 or municipal agencies for the performance of any services essential or convenient to its purposes
7 under this chapter.

8 **46-32-11. Rate determinations.**

9 (a) Any existing rates and charges which are in effect at the time when the authority
10 acquires properties of any municipal, regional, or state enabled water supply system pursuant to
11 the provisions of §46-32-10, shall continue in full force and effect.

12 (b) Subject to §§46-32-20 and 46-32-29, the payments, fees, rates, rents, assessments and
13 other charges established by the authority pursuant to any purchase and sale agreement, lease, or
14 management agreement in accordance with subsection (a) of this section shall be so fixed and
15 adjusted in respect to the aggregate thereof so as to provide revenues, which, are at least
16 sufficient:

17 (1) To pay the expenses of the authority as described in §46-32-29;

18 (2) To pay the principal of, premium, if any, and interest on bonds, notes, or other
19 evidences of indebtedness issued by the authority to finance the purchase price, lease payments,
20 or management fees required pursuant to any purchase and sale agreement, lease, or management
21 agreement as the same become due and payable;

22 (3) To create and maintain such reasonable reserves as may be reasonably required by
23 any trust agreement or resolution securing such bonds and notes;

24 (4) To provide funds for paying the cost of all necessary repairs, replacements and
25 renewals of the water supply system to the extent specified in such purchase and sale agreement,
26 lease, or management agreement; and

27 (5) To pay or provide for any amounts which the authority may be obligated to pay or
28 provide for by law or contract including any resolution or contract with or for the benefit of the
29 holders of its bonds and notes. No purchase and sale agreement, lease, or management agreement
30 shall materially alter the allocation on a percentage basis of the obligation to pay rates and
31 charges which are in effect when the authority acquires any property of any water supply system
32 between different classes of rate payers.

33 (c) Upon the consummation of a purchase and sale agreement, lease, and/or management
34 agreement whereby property of a water supply system is transferred from a water supply system

1 to the authority, subject to §§46-32-20 and 46-32-29, the authority shall be considered a "public
2 utility" as defined in §39-1-2 with respect to such water supply system.

3 (d) In order to provide for the collection and enforcement of its fees, rates, rents,
4 assessments and other charges, the authority is hereby granted all the powers and privileges with
5 respect to such collection and enforcement held by a city or town of liens for unpaid taxes;
6 provided, however, that the authority may charge interest on delinquent payments at a rate of not
7 more than eighteen percent (18%) per annum. In addition to the other enforcement powers and
8 remedies provided in this chapter, if any fees, rates, rents, assessments or other charges billed by
9 the authority against any premises which are connected with the water supply system remain
10 unpaid for a period of more than sixty (60) days from the due date thereof, and following such
11 period notice and demand have been posted on such premises and have been given to the owner
12 of said premises, by mail addressed to said premises and to the address of said owner as shown on
13 the records of the assessor of the municipality where the premises is located, to pay the same
14 within fifteen (15) days from the date of mailing of said notice, and such fees, rates, rents,
15 assessments or other charges remain unpaid the authority shall have the power and is hereby
16 authorized to shut off the supply of water to said premises until said fees, rates, rents, assessments
17 or other charges and penalties are paid, together with interest thereon at the applicable rate and
18 the standard charge of the authority for restoring water service to said premises.

19 **46-32-12. Issuance of bonds and notes.**

20 For the purpose of raising money to carry out the provisions of this chapter, the authority
21 is authorized and empowered to issue bonds and notes in anticipation of bonds. Such bonds and
22 notes shall be issued hereunder as special obligations payable solely from revenues. Without
23 limiting the generality of the foregoing, such bonds and notes may be issued to pay or refund
24 notes issued in anticipation of the issuance of bonds, to pay the cost of any acquisition,
25 construction, extension, enlargement, management, or improvement of the water supply system,
26 to pay expenses of issuance of the bonds and the notes, to provide such reserves for debt service,
27 repairs and replacements or other costs or current expenses as may be required by a trust
28 agreement or resolution securing bonds or notes of the authority, or for any combination of the
29 foregoing purposes. The bonds of each issue shall be dated, bear interest at a rate or rates, and
30 mature at a time or times not exceeding forty (40) years from their dates of issue, as may be
31 determined by the officers of the authority, and may be made redeemable before maturity at a
32 price or prices and under terms and conditions that may be fixed by the officers of the authority
33 prior to the issue of the bonds. The officers of the authority shall determine the form of the bonds
34 and notes, including interest coupons, if any, to be attached to them, and the manner of their

1 execution, and shall fix the denomination or denominations of the bonds and notes and the place
2 or places of payment of the principal and interest, which may be at any bank or trust company
3 within or without the state. The bonds shall bear the seal of the authority or a facsimile of the
4 seal. In case any officer whose signature or a facsimile of whose signature shall appear on any
5 notes, bonds or coupons shall cease to be such officer before the delivery thereof, such signature
6 or such facsimile shall nevertheless be valid and sufficient for all purposes as if they had
7 remained in office until after such delivery. The authority may also provide for authentication of
8 bonds or notes by a trustee or fiscal agent. Bonds shall be issued in registered form, and, if notes,
9 may be made payable to bearer or to order, as the authority may determine, and provision may be
10 made for the registration of any coupon bonds as to principal alone and also as to both principal
11 and interest, for the reconversion into coupon bonds of bonds registered as to both principal and
12 interest and for the interchange of bonds registered as to both principal and interest. The issue of
13 notes shall be governed by the provisions of this chapter relating to the issue of bonds in
14 anticipation of bonds as the same may be applicable. Notes issued in anticipation of the issuance
15 of bonds including any renewals, shall mature no later than five (5) years from the date of the
16 original issue of such notes. The authority may by resolution delegate to any member of the board
17 or any combination of them the power to determine any of the matters set forth in this section
18 including the power to award such bonds or notes to a purchaser or purchasers at public sale. The
19 authority may sell its bonds and notes in such manner, either at public or private sale, for such
20 price, at such rate or rates of interest, or at such discount in lieu of interest, as it may determine
21 will best effect the purposes of this chapter.

22 **46-32-13. Issuance of notes in anticipation of revenue or receipt of grants or other**
23 **aid.**

24 The authority may also provide by resolution for the issuance from time to time of
25 temporary notes in anticipation of the revenues to be collected or received by the authority in any
26 year, or in anticipation of the receipt of federal, state or local grants or other aid. Notes issued in
27 anticipation of revenues, including any renewals thereof shall mature no later than one year from
28 their respective dates, and issued in anticipation of federal, state or local grants or other aid
29 including any renewals thereof shall mature no later than three (3) years from their respective
30 dates. The issue of such notes shall be governed by the provisions of this chapter relating to the
31 issue of bonds or other notes as the same may be applicable.

32 **46-32-14. Payment of bonds and notes.**

33 (a) The principal of, premium, if any, and interest on all bonds and notes issued under the
34 provisions of this chapter, unless otherwise provided herein, shall be payable solely from the

1 funds provided therefor from revenues as herein provided.

2 (1) In the discretion of the board, any bonds and notes issued hereunder may be secured
3 by a resolution of the board or by a trust agreement between the authority and a corporate trustee,
4 which may be any trust company or bank having the powers of a trust company within or without
5 the state, and such trust agreement shall be in such form and executed in such manner as may be
6 determined by the authority. Such trust agreement or resolution may pledge or assign, in whole or
7 in part, the revenues and other moneys held or to be received by the authority, including the
8 revenues from any facilities already existing when the pledge or assignment is made, and any
9 contract or other rights to receive the same, whether then existing or thereafter coming into
10 existence and whether then held or thereafter acquired by the authority, and the proceeds thereof.
11 In the discretion of the board any bonds or notes issued under authority of this chapter, may be
12 issued by the authority in the form of lines of credit, loans, or other banking arrangements and
13 under such terms and conditions, not inconsistent with this chapter, and under such agreements
14 with the purchasers or makers thereof, as the board may determine to be in the best interest of the
15 authority. Notwithstanding anything to the contrary in §39-16-8, in addition to other security
16 provided herein or otherwise by law, bonds or notes issued by the authority under any provision
17 of this chapter may be secured, in whole or in part, by insurance or letters or lines of credit or
18 other credit facilities, and the authority may pledge or assign any of its revenues as security for
19 the reimbursement by the authority to the issuers of such insurance, letters or lines of credit or
20 other credit facilities of any payments made under the insurance or letters or lines of credit or
21 other credit facilities.

22 (b) It shall be lawful for any bank or trust company to act as a depository or trustee of the
23 proceeds of bonds, notes, revenues or other moneys under any such trust agreement or resolution
24 and to furnish such indemnification or to pledge such securities and issue such letters of credit as
25 may be required by the authority. Any pledge of revenues or other property made by the authority
26 pursuant to this chapter shall be valid and binding and shall be deemed continuously perfected
27 from the time when the pledge is made; the revenues, moneys, rights and proceeds so pledged and
28 then held or thereafter acquired or received by the authority shall immediately be subject to the
29 lien of such pledge without any physical delivery or segregation thereof or further act; and the
30 lien of any such pledge shall be valid and binding against all parties having claims of any kind in
31 tort, contract or otherwise against the authority, irrespective of whether such parties have notice
32 thereof. Neither the resolution, any trust agreement nor any other agreement by which a pledge is
33 created need be filed or recorded except in the records of the authority.

34 (c) Any holder of a bond or note issued by the authority pursuant to the provisions of this

1 chapter or of any of the coupons appertaining thereto and any trustee pursuant to a trust
2 agreement or resolution securing the same, except to the extent the rights herein given may be
3 restricted by such trust agreement or resolution securing the same, may bring suit upon the bonds
4 or notes or coupons and may, either at law or in equity, by suit, action, mandamus, or other
5 proceedings for legal or equitable relief, including proceedings for the appointment of a receiver
6 to take possession and control of the business and properties of the authority, to operate and
7 maintain the same, to make any necessary repairs, renewals and replacements in respect thereof
8 and to fix, revise and collect fees and charges, protect and enforce any and all rights under such
9 trust agreement, resolution or other agreement, and may enforce and compel the performance of
10 all duties required by this chapter or by such trust agreement or resolution to be performed by the
11 authority or by any officer thereof.

12 **46-32-15. Refunding bonds and notes.**

13 The authority may issue refunding bonds and notes for the purpose of paying any of its
14 bonds or notes at maturity or redemption. Refunding bonds and notes may be issued at such time
15 prior to the maturity or redemption of the refunded bonds or notes as the authority deems to be in
16 the public interest. Refunding bonds and notes may be issued in sufficient amounts to pay or
17 provide the principal of the bonds or notes being refunded, together with any redemption
18 premium thereon, any interest accrued or to accrue to the date of payment of such bonds or notes,
19 the expenses of issue of refunding bonds or notes, the expenses of redeeming bonds or notes
20 being refunded and such reserves for debt service or other capital or current expenses from the
21 proceeds of such refunding bonds or notes as may be required by a trust agreement or resolution
22 securing bonds or notes. The issue of refunding bonds or notes, the maturities and other details
23 thereof, the security therefor, the rights of the holders thereof, and the rights, duties and
24 obligations of the authority in respect of the same shall be governed by the provisions of this
25 chapter relating to the issue of bonds or notes other than refunding bonds or notes insofar as the
26 same may be applicable.

27 **46-32-16. Defeasance of bonds or notes.**

28 The authority may at any time deposit with a trustee, a sum sufficient, with amounts then
29 on deposit, including the debt service reserve fund, to purchase direct or guaranteed obligations of
30 the United States of America which are adequate to pay, the entire principal amount of the bonds
31 or notes of a series, together with the interest to maturity, or to an applicable redemption date
32 specified by the authority to the trustee and any applicable redemption premium; or the authority
33 may deposit direct or guaranteed obligations of the United States of America in lieu of money for
34 their purchase. The obligations are deemed adequate if the principal and interest payable on them

1 are sufficient to pay the previously mentioned sums when due. Upon any deposit of money and a
2 request by the authority, the trustee shall purchase direct or guaranteed obligations of the United
3 States of America. When adequate direct or guaranteed obligations of the United States of
4 America are held by the trustee pursuant to this section, the bond resolution or indenture shall
5 cease to be in effect with respect to such series of bonds or notes. The obligations and their
6 proceeds shall be held in trust for the benefit of the bondholders or noteholders, and the trustee
7 shall, on behalf of the authority, call bonds or notes for redemption on the applicable redemption
8 date. Any compensation or expenses of the trustee in carrying out this section shall be paid by the
9 authority, and any surplus funds held by the trustee under this section shall be remitted by the
10 trustee to the authority.

11 **46-32-17. Covenants permissible in trust agreement or bond resolution.**

12 Any trust agreement or resolution authorizing any bonds or any issue of bonds may
13 contain provisions which shall be a part of the contract with the holders of the bonds thereby
14 authorized, as to:

15 (1) Pledging all or any part of the money, fees, earnings, income, and revenues derived
16 from all or any part of the property of the authority to secure the payment of any bonds or of any
17 issue of bonds subject to such agreements with bondholders as may then exist;

18 (2) The rates to be fixed and the charges to be collected and the amounts to be raised in
19 each year, and the use and disposition of the earnings and other revenues;

20 (3) The setting aside of reserves and the creation of sinking funds and the regulation and
21 disposition thereof;

22 (4) Limitations on the right of the authority to restrict and regulate the use of the
23 properties in connection with which the bonds are issued;

24 (5) Limitations on the purposes to which the proceeds of sale of any issue of bonds may
25 be applied;

26 (6) Limitations on the issuance of additional bonds, including refunding bonds and the
27 terms upon which additional bonds may be issued and secured;

28 (7) The procedure, if any, by which the terms of any contract with bondholders may be
29 amended or abrogated, the amount of bonds the holders of which must consent thereto, and the
30 manner in which consent may be given;

31 (8) The creation of special funds into which any earnings or revenues of the authority
32 may be deposited, and the investment of the funds;

33 (9) The appointment of a fiscal agent and the determination of its powers and duties;

34 (10) Limitations on the power of the authority to sell, lease or otherwise dispose of its

1 properties;

2 (11) The preparation of annual budgets by the authority and the employment of
3 consulting engineers and auditors;

4 (12) The rights and remedies of bondholders in the event of failure on the part of the
5 authority to perform any agreement;

6 (13) Covenantee that as long as any bonds are outstanding the authority shall establish
7 and maintain its rights and charges adequate at all times to pay and provide for all operating
8 expenses of the authority, all payments of principal, redemption premium, if any, and interest on
9 bonds, notes or other evidences of indebtedness of or assumed by the authority, all renewals,
10 repairs, or replacements to the property of the authority deemed necessary, and all other amounts
11 which the authority may by law, resolution or contract be obligated to pay. On or before the last
12 day of the authority's fiscal year, the authority shall review the adequacy of its rates and charges
13 to satisfy the above requirements for the next succeeding fiscal year. If the review indicates that
14 the rates and charges are, or are likely to be, insufficient to meet the requirements of this chapter,
15 the authority shall promptly take such steps as are necessary to cure or avoid the deficiency,
16 including, but not limited to, making an emergency request to raise its rates and charges;

17 (14) Any other matters, of like or different character which in any way affect the security
18 or protection of the bonds.

19 **46-32-18. Credit of state and municipalities not pledged.**

20 Bonds, notes and other evidences of indebtedness issued or entered into under the
21 provisions of this chapter shall not be deemed to be a debt or a pledge of the faith and credit of
22 the state or of any city or town, but shall be payable solely from the revenues of the authority. All
23 bonds, notes and other evidences of indebtedness, shall contain on the face thereof a statement to
24 the effect that neither the state nor any city or town shall be obligated to pay the same and that
25 neither the faith and credit nor the taxing power of the state or of any city or town is pledged to
26 the payment of the principal of or interest on such bonds or notes. Each bond or note shall also
27 recite that it is a special obligation of the authority payable solely from particular funds pledged
28 to its payment.

29 **46-32-19. Money received deemed to be trust funds.**

30 All moneys received pursuant to the provisions of this chapter, whether as proceeds from
31 the issue of bonds or notes or as revenues or otherwise, shall be deemed to be trust funds to be
32 held and applied solely as provided in this chapter.

33 **46-32-20. Bonds and notes issued without consent of other entities.**

34 Bonds and notes may be issued under this chapter to finance the payment of any purchase

1 payment, lease payment, or management fee by the authority or payment of any other expense
2 specified in §46-32-11(b) or to fund any reserve specified in §46-32-11(b) pursuant to any
3 purchase and sale agreement, lease, or management agreement without obtaining the consent of
4 any department, division, commission, board, bureau or agency of the state or any municipality,
5 including the public utilities commission and the division of public utilities and carriers pursuant
6 to chapters 1 through 5 of title 39, and without any other proceedings or the happening of any
7 other conditions or things than those proceedings, conditions or things which are specifically
8 required therefor by this chapter, and the validity of and security for any bonds and notes issued
9 by the authority shall not be affected by the existence or nonexistence of any such consent or
10 other proceedings, conditions or things.

11 **46-32-21. Tax exemption.**

12 The authority shall not be required to pay taxes of any kind or description, or any excise
13 or special assessments or sums in lieu of taxes, except as provided in §46-32-22, to the state or
14 any political subdivision thereof upon any of the property acquired by it or under its jurisdiction,
15 control, possession, or supervision or upon its activities in the management, operation, and
16 maintenance of the property or upon any earnings, revenues, moneys, or other income derived by
17 the authority. Bonds and notes issued by the authority and their transfer and the income
18 therefrom, including any profit made on the sale or exchange thereof, shall at all times be exempt
19 from taxation by the state and all political subdivisions of the state. The authority shall not be
20 required to pay any transfer tax of any kind on account of instruments recorded by it or on its
21 behalf.

22 **46-32-22. Payments in lieu of taxes.**

23 Any and all tax agreements and payment in lieu of tax agreements in force on the
24 effective date of the enactment of this chapter shall remain in full force and effect until the
25 expiration of such agreements, and the authority shall have the power to exercise any option to
26 extend or renew such agreements. Upon expiration of such agreements, the authority shall
27 negotiate in good faith to enter into a tax agreement and/or payment in lieu of tax agreement with
28 the applicable municipality. In any community in which no tax agreement is in effect on the
29 effective date of the enactment of this chapter, the authority shall pay annually, having first made
30 provision for the payment of principal and interest on any bonds outstanding and any other
31 charges payable from revenues due in such year as may be provided in the resolution or
32 resolutions authorizing any bonds, in lieu of any property tax, as a charge upon its earnings or
33 revenues, to each municipality in which no tax agreement is in effect on the date of the enactment
34 of this chapter, a sum equal in amount to the property tax lawfully levied on the property of the

1 authority by or on behalf of the municipality during the year preceding the acquisition, lease or
2 management of such property by the authority, or if the municipality was not levying taxes on the
3 properties acquired by the authority during the year preceding the acquisition, lease, or
4 management, the amount of the payments shall be based on the levy established on the property
5 in the year immediately after the transfer, lease or management of property; provided, however,
6 that in either case, the property tax lawfully levied on the property of the authority by or on behalf
7 of the municipality shall be subject to property value revaluations conducted by such city or town
8 in accordance with chapter 5 of title 44. Pipe lines and other water appurtenances including, but
9 not limited to, pump stations, treatment and sub-treatment facilities and water storage tanks, of
10 the authority shall be fully exempt from assessment and taxation of any kind, and they shall also
11 be exempt from any calculation of payments in lieu of taxes. The authority shall be entitled to the
12 full benefits of the farm, forest, and open space land act (chapter 27 of title 44) on any such
13 assessment and shall be entitled to contest any such assessment as if it were a taxpayer. The
14 authority shall have no power to levy or collect ad valorem property taxes.

15 **46-32-23. Pledge not to alter rights of the authority.**

16 The state does hereby pledge to and agree with the holders of the bonds, notes, and other
17 evidences of indebtedness of the authority that the state will not limit or alter rights hereby vested
18 in the authority until the bonds, notes, or other evidences of indebtedness, together with interest
19 thereon, with interest on any unpaid installment of interest and all costs and expenses in
20 connection with any actions or proceedings by or on behalf of the bondholders, are fully met and
21 discharged.

22 **46-32-24. Bonds as legal investments.**

23 The bonds are hereby made securities in which all public officers and bodies of this state
24 and all municipalities and municipal subdivisions, all insurance companies and associations and
25 other persons carrying on an insurance business, all banks, bankers, trust companies, savings
26 banks, and savings associations, including savings and loan associations, building and loan
27 associations, investment companies and other persons carrying on a banking business, all
28 administrators, guardians, executors, trustees, and other fiduciaries and all other persons,
29 whomsoever who are now or may hereafter be authorized to invest in bonds or other obligations
30 of the state, may properly and legally invest funds including capital in their control or belonging
31 to them. The bonds are also hereby made securities which may be deposited with and shall be
32 received by all public officers and bodies of this state, and all municipalities and municipal
33 subdivisions, for any purpose for which the deposit of bonds or other obligations of this state is
34 now or may hereafter be authorized.

1 **46-32-25. Transfer on dissolution.**

2 If the authority shall be dissolved, including, but not limited to, dissolution by bankruptcy
3 or legislative act, title to all funds and other properties of the authority, not required for the
4 payment of bonds or other debts of the authority, the disposition of which is not otherwise
5 governed by contracts, including, but not limited to, any lease, purchase and sale agreement, or
6 management agreement to which the authority may be party, shall vest in the municipalities
7 wherein the properties lie, with such allocations of funds as may be agreed by the municipalities.
8 Upon termination of any lease or management agreement, all rights, interests, title, and authority
9 shall revert to the contracting municipality, municipal water supply system, regional water supply
10 system, or state enabled water supply system.

11 **46-32-26. Additional leasing provisions.**

12 In the event the authority shall lease property of a water supply system subject to §§46-
13 32-20 and 46-32-29, rental payments pursuant to a lease shall be as negotiated by and between
14 the authority and such water supply system and such rental payments shall be based on an
15 independent appraisal or appraisals and such other factors as determined by the parties in their
16 discretion. A lease may include provisions to the effect that the authority will pay to the lessor for
17 deposit in the lessor's pension or retirement plan, an amount equal to the amount the lessor would
18 otherwise have paid into such pension or retirement system for its water supply system's retirees
19 as of the effective date of such lease as an annual payment obligation of the authority, and such
20 payments shall be in addition to any lease payments. The lease may be for a term up to ninety-
21 nine (99) years, or for such term which the authority deems necessary to carry out the
22 governmental purpose of the lease, may be extended from time to time, and shall not be limited to
23 the term of board members set forth in §46-32-6. If property of a water supply system is acquired
24 by lease, such water supply system shall remain the owner of such property.

25 **46-32-27. Purchase and sale provisions.**

26 In the event the authority shall purchase property of a water supply system subject to
27 §§46-32-20 and 46-32-29, the purchase amount for the property of the water supply system shall
28 be as negotiated between the authority and such water supply system and such purchase amount
29 shall be based on an independent appraisal or appraisals and such other factors as determined by
30 the parties thereto in their discretion. The authority may also assume existing debt of such water
31 supply system whether that debt be in the form of notes, bonds, or otherwise. If property of a
32 water supply system is purchased by the authority, then the authority shall become the owner of
33 such property upon completion of the purchase.

34 **46-32-28. Management provision.**

1 In the event the authority shall enter into a contract to provide management to a water
2 supply system subject to §§46-32-20 and 46-32-29, management fees or any other fee for such
3 services pursuant to a management agreement shall be as negotiated between the authority and
4 such water supply system and such management fee or fees shall be based on an independent
5 appraisal or appraisals and such other factors as determined by the parties in their discretion. A
6 management agreement may include provisions to the effect that the authority will pay to the
7 assignor of management for deposit in the assignor's pension or retirement plan, an amount equal
8 to the amount the assignor would otherwise have paid into such pension or retirement system for
9 its water supply system's retirees as of the effective date of such management agreement as an
10 annual payment obligation of the authority, and such payments shall be in addition to any
11 management fee payments.

12 **46-32-29. Special provisions applicable to purchase and sale, leasing, and**
13 **management.**

14 (a) Each party to a potential purchase and sale, lease, or management agreement shall pay
15 its own reasonably incurred fees, costs and expenses, including, but not limited to, legal,
16 accounting, and engineering fees. In the event a purchase, lease, or management agreement is
17 successfully consummated, then the purchase and sale, lease, or management agreement may
18 provide for reimbursement to the seller, lessor, or assignor of management and the authority of
19 the aforesaid fees, costs, and expenses, which may be financed to the extent permitted under
20 applicable law. In the event that the authority's or the seller's, lessor's, or assignor's costs are
21 financed pursuant to a purchase and sale agreement, lease, or management agreement, payment of
22 such costs shall not be subject to review and approval by the Rhode Island public utilities
23 commission or the Rhode Island division of public utilities and carriers.

24 (b) In any purchase, lease, or management of property of a water supply system, the
25 authority is authorized to assume such debts related to such properties being acquired, purchased,
26 leased, or managed as the authority shall deem appropriate. Such debts may include notes, bonds,
27 and any other outstanding debts.

28 (c) Notwithstanding §§39-3-24, 39-3-25 or any other general law to the contrary, neither
29 the Rhode Island public utilities commission nor the Rhode Island division of public utilities and
30 carriers shall have any jurisdiction, authority, or other power to approve, reject, review, or in any
31 way affect any acquisition, lease, or management agreement of any water supply system or the
32 terms of any purchase and sale agreement, lease, or management agreement by and between the
33 authority and such water supply system. Moreover, payments to be made by the authority to the
34 seller, lessor, or assignor of management shall not be subject in any way to the review, approval,

1 or jurisdiction of the public utilities commission or the division of public utilities and carriers, and
2 the public utilities commission and the division of public utilities and carriers shall not have
3 jurisdiction or authority of any kind to direct, order, or require that any purchase payment, lease
4 payment, or management fee be made to or inure to benefit directly or indirectly of the ratepayers
5 of the water supply system being acquired, leased, or managed by the authority. Furthermore, the
6 Rhode Island public utilities commission and the Rhode Island division of public utilities and
7 carriers shall recognize and apply all payments made by the authority pursuant to a purchase and
8 sale agreement, lease, or management agreement in its review and approval of rates.

9 (d) Subject to the foregoing, upon consummation of the transaction contemplated by this
10 chapter, the water rate shall be calculated pursuant to §46-32-11; provided, however, that for five
11 (5) years following such transaction, the water rate charged to residential ratepayers of the
12 authority with respect to property sold, leased, or managed by the authority shall not exceed the
13 "mean water rate" as defined and calculated hereunder as follows:

14 (1) The Rhode Island water resources board shall prepare an annual survey of Rhode
15 Island residential water rates of each water supplier in Rhode Island for each of the three (3) years
16 preceding the consummation of such transaction. For the first year following such transaction, the
17 mean water rate shall be the average of the annual mean water rate for such three (3) year period.
18 Thereafter, the mean water rate shall be calculated annually based on the average of the mean
19 water rate derived from the annual survey of Rhode Island residential water rates for the prior
20 three (3) years. To the extent the water rate established pursuant to §46-32-11 for residential
21 ratepayers would exceed the mean water rate, that proportion of such water rate representing the
22 amount paid annually by the authority pursuant to §46-32-11(b) shall be reduced to the extent
23 necessary such that the residential water rate shall not exceed the mean water rate for such period.
24 Notwithstanding the foregoing, the Rhode Island public utilities commission and the Rhode
25 Island division of public utilities and carriers shall have the authority to increase such water rate
26 above the mean water rate to cure, avoid, or otherwise respond to a water shortage or other water
27 emergency. Nothing herein shall be construed to limit the authority from recovering all payments,
28 rates, rents, assessments, fees and other costs or charges as established by the authority pursuant
29 to any purchase and sale agreement, lease, or management agreement and/or for recovery of all
30 costs of service from its customer base.

31 **46-32-30. Lease of employees.**

32 (a) The authority and any municipality, municipal water supply system, regional water
33 supply system, or state enabled water supply system that is acquired pursuant to a purchase and
34 sale agreement, or is leased, or becomes managed by the authority are authorized to enter into an

1 employee lease agreement. Each leased employee shall remain an employee of the lessee
2 municipality, municipal water supply system, regional water supply system, or state enabled
3 water supply system.

4 (b) Subject to §§46-32-20 and 46-32-29, in the event any employee lease agreement is
5 entered into by and between the authority and the lessee municipality, municipal water supply
6 system, regional water supply system, or state enabled water supply system, the employee lease
7 agreement shall be deemed for all purposes to be a part of such purchase and sale agreement,
8 lease, or management agreement and shall provide for not less than the benefits of transferred
9 employees described in §46-32-31.

10 (c) Any employee lease agreement that is part of a purchase and sale agreement, lease,
11 and/or management agreement with the authority shall not affect any collective bargaining
12 agreement between the lessee employer and the labor union local unit representing the leased
13 employees or any negotiation and bargaining with the labor union local unit representing the
14 employees with respect to such matters and issues related to any collective bargaining agreement.
15 Such lessee employer shall negotiate and bargain with the labor union local unit representing the
16 employees with respect to such matters and issues regarding future collective bargaining
17 agreements.

18 **46-32-31. Transfer of employees.**

19 (a) The authority and any municipality, municipal water supply system, regional water
20 supply system, or state enabled water supply system that is acquired pursuant to a purchase and
21 sale agreement, or is leased, or becomes managed by the authority that does not enter into an
22 employee lease agreement are authorized to transfer any employee of such municipality,
23 municipal water supply system, regional water supply system, or state enabled water supply
24 system to the authority. Each transferred employee shall be offered continued employment in
25 accordance with the provisions of this section. In the event employees are transferred, the salary
26 or compensation of any employee shall be established and paid by the authority. Any purchase
27 and sale agreement, lease, or management agreement with such municipality, municipal water
28 supply system, regional water supply system or state enabled water supply system shall provide
29 that each transferred employee shall:

30 (1) Be offered employment with the authority in a position having the same or better
31 wages as set forth in the collective bargaining agreement with the transferring entity;

32 (2) Be provided by the authority with a substantially equivalent or better package of
33 wages and benefits, including, but not limited to, health insurance, dental insurance, sick days,
34 vacation days, personal days, longevity pay, and recognition of prior years of service with the

1 transferring employer; and

2 (3) Be provided with a substantially equivalent or better employee pension benefit plan,
3 provided that this requirement shall not be construed as an agreement by the authority or the
4 transferring employer to any specific form of pension or retirement benefit plan, and provided
5 that any contributions to any pension or retirement fund or system to be paid by the employer on
6 the account of any employee shall be paid by the authority.

7 (b) The authority and the transferring employer shall in the contract for transfer of such
8 water supply system by purchase and sale agreement, lease, or management agreement provide
9 that the labor union local unit that participated in the collective bargaining agreement with the
10 transferring employer will be recognized by the authority as the exclusive bargaining agent for
11 the transferred employees and that the authority will ensure the terms of employment described in
12 subsections (a)(1), (a)(2) and (a)(3) of this section are included in the first collective bargaining
13 agreement between the authority and the labor union local representing the employees.

14 (c) The transferring employer shall negotiate and bargain with the labor union local unit
15 representing the employees with respect to such matters and issues under the current collective
16 bargaining agreement as may be necessary to ensure the transfer of such employees to the
17 authority.

18 **46-32-32. Labor agreements and other contracts not impaired.**

19 Subject to §§46-32-30 and 46-32-31, any and all collective bargaining agreements and
20 other contracts in force and effect at the time of any purchase and sale agreement, lease, or
21 management agreement by the authority shall remain in full force and effect according to the
22 terms of said contracts, unless amended to the extent required pursuant to any purchase and sale
23 agreement, lease, or management agreement at which time all future collective bargaining
24 agreements and contracts will be negotiated with the authority.

25 **46-32-33. Alteration, amendment, repeal, or severability.**

26 The right to alter, amend or repeal this chapter is reserved to the state, but no such
27 alteration, amendment or repeal shall operate to impair the obligation of any contract made by
28 The Rhode Island cooperative water authority under any power conferred by this chapter. If any
29 section, clause, provision or term of this chapter shall be declared unconstitutional, void, ultra
30 vires or otherwise ineffective in whole or in part, such determination of invalidity shall not
31 otherwise affect the validity or enforceability of any other provision of this chapter.

32 SECTION 2. This act shall take effect upon passage.

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO WATERS AND NAVIGATION - THE RHODE ISLAND COOPERATIVE
WATER AUTHORITY

1 This act would establish the Rhode Island cooperative water authority. The authority
2 would have the power to acquire, lease, manage, sell, and otherwise deal with land and water
3 supply systems. The authority would be authorized to issue bonds and notes in furtherance of its
4 mission.

5 This act would take effect upon passage.

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LC002497/SUB A
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