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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

TO CREATE THE SMITHFIELD CONSOLIDATED WATER DISTRICT AND TO PROVIDE  
FOR ITS POWERS AND DUTIES

Introduced By: Representatives Winfield, and Costantino

Date Introduced: March 20, 2014

Referred To: House Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Short Title. This act shall be known as the "Smithfield Consolidated Water  
2 District Act".

3 SECTION 2. Legislative Findings and Intent.

4 It is hereby found and declared that:

5 (1) Water is vital to life and comprises an invaluable natural resource which is not to be  
6 abused by any segment of the state's population or its economy. It is the policy of the state to  
7 restore, enhance, and maintain the chemical, physical, and biological integrity of its waters to  
8 protect health.

9 (2) It is further found and declared that the waters of this state are a critical renewable  
10 resource which must be protected to insure the availability of safe and potable drinking water for  
11 present and future needs.

12 (3) It is further found and declared that public water supply systems have the  
13 responsibility to provide safe and potable drinking water to the state's population.

14 (4) It is further found and declared that financial and regulatory pressures may force some  
15 small public water supply systems into economically losing positions.

16 (5) It is further found and declared that economy and efficiency make it desirable to  
17 combine some small public water supply systems into one larger, more viable entity.

18 (6) It is further found that, with the approval of the qualified voters and governing bodies

1 of the Smithfield Water District and the East Smithfield Water District, it is in the best interests of  
2 public health, safety and welfare that the water districts serviced by the Smithfield Water Supply  
3 Board and the East Smithfield Water District be consolidated into a new, independent water  
4 district known as the Smithfield Consolidated Water District.

5 SECTION 3. Definitions. As used in this chapter, the following words and terms shall  
6 have the following meanings, unless the context shall indicate another or different meaning or  
7 intent:

8 (1) "Authorized areas" means areas within and without the towns of Smithfield and North  
9 Providence, except areas directly provided water service by the Greenville Water District or the  
10 Providence Water Supply Board.

11 (2) "Board" means the Board of Directors of the Smithfield Consolidated Water District.

12 (3) "Bonds and notes" means the bonds, notes, securities or other obligations or  
13 evidences of indebtedness issued by the district pursuant to this act, or which were issued by The  
14 Town of Smithfield, The Smithfield Water Supply Board or The East Smithfield Water District  
15 and which were lawfully assumed by the district, all of which shall be obligations of the  
16 Smithfield Consolidated Water District.

17 (4) "District" means the public corporation and instrumentality authorized, created and  
18 established pursuant to Section 4 hereof which is known as the Smithfield Consolidated Water  
19 District.

20 (5) "District voter" means a resident and registered voter of the town of Smithfield or the  
21 town of North Providence whose residence receives direct water service from the Smithfield  
22 Consolidated Water District.

23 (6) "Municipality" means any city or town now existing or hereafter created, or any state  
24 agency.

25 (7) "North Providence" means the Town of North Providence, Rhode Island.

26 (8) "Personal property" means all tangible and intangible personal property, including,  
27 without limitation, contract rights, accounts receivable, rights and privileges of all kinds, all  
28 machinery, equipment, transportation equipment, pipelines, pipes, tools, hydrants, meters, assets,  
29 franchises, and all other personal property incidental to and included or necessary for the  
30 operation of a water supply and distribution system or water supply facility. Personal property  
31 shall also mean and include any and all interests in such property which are less than full title,  
32 such as leasehold interests, security interests and every other interest or right, legal or equitable.

33 (9) "Real property" means land, structures, new or used, franchise and interests in land,  
34 including lands under water, riparian rights, space rights and air rights, and all other things and

1 rights included within said term. Real property shall also mean and include any and all interest in  
2 such property less than fee simple, such as in easements, incorporeal hereditaments and every  
3 estate, interest or right, legal or equitable, including terms for years and liens thereon by way of  
4 judgments, mortgages or otherwise, and also claims for damages to such real property.

5 (10) "Smithfield" means the Town of Smithfield, Rhode Island.

6 (11) "State" means the State of Rhode Island and Providence Plantations.

7 (12) "Water supply facility" means any real or personal property, or any combination  
8 thereof, related to or incidental or intended or utilized for the furnishing of water for domestic,  
9 commercial, industrial, irrigation, fire protection, or other purposes, and including artesian wells,  
10 reservoirs, dams, related equipment, pipelines, treatment plants and other similar facilities.

11 SECTION 4. Creation. Subject to the requirements of Section 31 and Section 32 hereof,  
12 there is hereby authorized, created and established a public corporation of the state, having a  
13 distinct existence from the state and any municipality, and not constituting a department of state  
14 government or any municipality, which is a public instrumentality of the state to be known as the  
15 "Smithfield Consolidated Water District" with such powers as set forth in this act for the purposes  
16 of acquiring, constructing, developing, managing, maintaining, repairing, replacing, and  
17 disposing of water supply facilities to service the water needs of people within its authorized  
18 areas.

19 SECTION 5. Purposes. The district is authorized, created and established for the  
20 following purposes: to acquire, own, develop, operate, maintain, repair, improve, enlarge, and  
21 extend water supply facilities within and without the towns of Smithfield and North Providence,  
22 except in areas which are directly provided water service by the Greenville Water District or the  
23 Providence Water Supply Board, for the purposes of meeting the present and future water  
24 requirements within its authorized areas.

25 SECTION 6. Powers.

26 Except to the extent inconsistent with any specific provision of this act, the district shall  
27 have the power:

28 (1) To sue and be sued, complain and defend, in its corporate name;

29 (2) To have a seal which may be altered at pleasure and to use the same by causing it, or  
30 a facsimile thereof, to be impressed or affixed or in any other manner reproduced;

31 (3) To purchase, take, receive, lease or otherwise acquire, own, hold, improve, operate,  
32 maintain and repair, use or otherwise deal in and with, both real and personal property, or any  
33 interest therein, wherever situated;

34 (4) To sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of,

1 all or any part of its real and personal property and assets for such consideration and upon such  
2 terms and conditions as the district shall determine;

3 (5) To produce, distribute and sell water within or without its authorized areas;

4 (6) To sell water to and purchase water from a municipality, any municipal or quasi-  
5 municipal corporation, any public or private water company and/or water company owned or  
6 operated by a municipality, and all such selling or purchasing agencies and companies are  
7 authorized to enter into such contracts with the district;

8 (7) To fix rates and collect charges for the use of its water supply facilities, or for services  
9 rendered by, or any commodities furnished by, the district;

10 (8) To make such contracts and guarantees, to incur liabilities, and to borrow money at  
11 such rates of interest as the district may determine;

12 (9) To make and execute agreements of lease, conditional sales contracts, installment  
13 sales contracts, loan agreements, mortgages, construction contracts, operation contracts and other  
14 contracts and instruments necessary or convenient in the exercise of the powers and functions of  
15 the district granted by this act;

16 (10) To lend money for its purposes, invest and reinvest its funds and at its option to take  
17 and hold real and personal property as security for the funds so loaned or invested;

18 (11) To acquire, or contract to acquire, from any person, firm, corporation, municipality,  
19 the federal government or the state, or any agency of either the federal government or state by  
20 grant, purchase, lease, gift, condemnation or otherwise, or to obtain options for the acquisition of  
21 any property, real or personal, improved or unimproved, and interests in land less the fee thereof;  
22 and to own, hold, clear, develop, maintain, operate and rehabilitate, sell, assign, exchange,  
23 transfer, convey, lease, mortgage, or otherwise dispose or encumber the same for the purposes of  
24 carrying out the provisions and intent of this act for such consideration as the district shall  
25 determine;

26 (12) To conduct its activities, carry on its operations and have offices and exercise the  
27 powers granted by this act within or without the state;

28 (13) To elect or appoint officers and agents of the district, to hire employees and  
29 independent contractors, and to define their duties and fix their compensation, except as  
30 otherwise expressly limited herein;

31 (14) To make and alter bylaws not inconsistent with this act, for the administration and  
32 regulation of the affairs of the district, including the annual and special meetings of the district,  
33 and the election of directors. Such bylaws may contain provisions which authorize the  
34 indemnification of any person who is or was a director, officer, employee or agent of the district,

1 or who is or was serving at the request of the district as a director, officer, employee or agent of  
2 another corporation, partnership, joint venture, trust or other enterprise, provided said  
3 indemnification conforms with Rhode Island law;

4 (15) To be a promoter, partner, member, associate or manager of any partnership,  
5 enterprise or venture;

6 (16) To enter into cooperative agreements with cities, counties, towns or water companies  
7 within or without the state for the interconnection of water facilities or for any other lawful  
8 corporate purpose necessary or desirable to effect the purposes of this act; and

9 (17) To have and exercise all powers generally incident to municipal corporations or  
10 which are necessary or convenient to effect the purposes of this act.

11 SECTION 7. Directors, Officers and Employees.

12 (a) The powers of the district shall be vested in a board of directors which shall consist of  
13 seven (7) members, at least four (4) of whom must be residents of the town of Smithfield, and at  
14 least two (2) of whom must be residents of the town of North Providence. Directors shall be  
15 elected by the district voters at the annual meeting to serve three (3) year terms, except that at the  
16 initial election, two (2) directors from Smithfield and one director from North Providence shall be  
17 elected to three (3) year terms; one director from Smithfield and one director from North  
18 Providence shall be elected to two (2) year terms; and one director from Smithfield and the  
19 remaining director shall be elected to one year terms. The longer terms shall be awarded to the  
20 candidates with the higher vote totals, as determined by the bylaws. Directors shall be eligible for  
21 re-election. A director shall continue to serve until a successor is elected and qualified, or until  
22 the position becomes vacant.

23 (b) Only resident and registered voters of the towns of Smithfield or North Providence  
24 whose residence receives direct water service from the district shall be eligible to serve on the  
25 board.

26 (c) The board shall meet at least monthly, shall organize annually, and shall, at its first  
27 meeting, elect officers from among its members who shall have the titles of Chair, Vice-Chair,  
28 Secretary and Treasurer, each of whom shall serve at the pleasure of the board. The Chair shall  
29 preside at meetings of the board. The Vice-Chair shall act as Chair during the absence or  
30 disability of the Chair and, if a vacancy in the position of Chair should occur, shall become Chair  
31 and serve at the pleasure of the board. The Chair and Vice-Chair shall have a voice and vote in  
32 the proceedings of the board. The board may adopt any rules of procedure it deems necessary or  
33 appropriate for the proper discharge of its duties.

34 (d) Meetings of the board shall be conducted in accordance with Chapter 46 of Title 42 of

1 the General Laws of Rhode Island, "The Rhode Island Open Meetings Act", or any successor  
2 thereto, as the same may be amended from time to time.

3 (e) The board of directors shall serve without compensation.

4 (f) The office of a director shall become vacant upon the director's death, resignation,  
5 removal from office or forfeiture of office in any manner authorized by law or when the director  
6 ceases to be a registered voter and resident of the district. A director shall forfeit that office if the  
7 director:

8 (1) Lacks at any time during the term of office any qualification for the office prescribed  
9 by this act or other applicable law;

10 (2) Is convicted of a crime involving moral turpitude; or,

11 (3) Fails to attend three (3) consecutive regular meetings of the board without being  
12 excused by the board, including a regular meeting at which a quorum is not present.

13 (g) If a vacancy shall occur on the board, it shall be filled until the next annual meeting of  
14 the district by the remaining members of the board, provided that the person chosen by the board  
15 to fill such vacancy shall be a resident of the same town as the prior incumbent. The district  
16 voters at the next annual meeting after the occurrence of the vacancy shall fill the vacancy for the  
17 unexpired term.

18 (h) Except as otherwise provided herein, four (4) directors shall constitute a quorum  
19 provided that at least two (2) members of the quorum reside in Smithfield and at least one  
20 member of the quorum resides in North Providence. A vacancy in the membership of the board  
21 shall not impair the right of a quorum to exercise all rights and to perform all duties of the district.

22 (i) Notwithstanding the provisions of subsection (h) of this section, the following actions  
23 may be authorized only by the affirmative vote of not less than five (5) directors:

24 (1) Adoption or amendment of the district bylaws;

25 (2) Selection, appointment, salary, and termination for cause of the manager of the  
26 district who shall have the title of "general manager";

27 (3) The sale of all, or substantially all, of the real and personal property of the district;

28 (4) The exercise of the power of eminent domain by the district;

29 (5) The setting of proposed rates for the district's products or services;

30 (6) The issuance of bonds, notes, or the borrowing of amounts in excess of, or the entry  
31 into any one or more of a series of contracts calling for the expenditure of one hundred thousand  
32 dollars (\$100,000) or more; and

33 (7) The adoption of a proposed annual budget.

34 (j) The board shall appoint a general manager and such additional officers, staff members

1 and employees as it shall deem appropriate, and shall determine the amount of reasonable  
2 compensation, if any, each shall receive. The board may, in its discretion, vest in the general  
3 manager the authority to appoint additional staff members or employees, and to determine the  
4 amount of compensation such individuals shall receive.

5 (k) Employees of the district shall not, by reason of such employment, be deemed to be  
6 employees of the state nor any municipality for any purpose.

7 SECTION 8. Fiscal Year. The fiscal year of the district shall begin on the first day of July  
8 and end on the last day of June. The board may establish a different fiscal year for the district in  
9 the bylaws.

10 SECTION 9. Budget and Annual Meeting.

11 (a) The board shall conduct a public hearing on the proposed budget for the upcoming  
12 fiscal year no more than sixty (60) days prior to the district annual meeting. The date, time and  
13 place of the budget hearing shall be determined by the board, but said hearing must be held at a  
14 location within the boundaries of the district. All district voters shall have the right to be heard at  
15 said public hearing. The board shall publish in one or more newspapers of general circulation in  
16 the towns of Smithfield and North Providence a general summary of the budget including the  
17 proposed water rates and rate structure. The notice shall state the times and places where the  
18 proposed budget is available for public inspection, and the date, time and place of the public  
19 hearing, which shall be at least two (2) weeks after said publication.

20 (b) After the public hearing, the board shall adopt a proposed budget for the upcoming  
21 fiscal year including the proposed water rates and rate structure, with or without amendment. No  
22 amendment to the proposed budget may increase authorized expenditures to an amount greater  
23 than total estimated income, less any required reserves.

24 (c) The annual meeting of the district shall be held at least ten (10) days prior to the  
25 commencement of each fiscal year. The date, time, and place of the annual meeting shall be  
26 determined by the board, but said annual meeting must be held at a location within the boundaries  
27 of the district. The board shall publish notice of the annual meeting not less than two (2) weeks  
28 prior to said meeting in one or more newspapers of general circulation in the towns of Smithfield  
29 and North Providence. All district voters shall be entitled to be heard and to vote at the annual  
30 meeting.

31 (d) District voters at the annual meeting shall adopt a budget, including water rates and a  
32 rate structure, for the upcoming fiscal year. No budget adopted by district voters may authorize  
33 expenditures in a total amount greater than estimated revenues, less any required reserves.

34 (e) District voters at the annual meeting shall also elect members of the board, as

1 required, in accordance with procedures set forth in the district bylaws.

2 (f) If the annual meeting fails to adopt a budget before the last day of the current fiscal  
3 year, the amounts appropriated for the current fiscal year and the current water rates shall be  
4 deemed adopted for the ensuing fiscal year on a month-to-month basis, with all budget items  
5 prorated accordingly, until such time as the district voters adopt a budget and water rates for the  
6 ensuing fiscal year.

7 (g) The board may call a special meeting of the district voters in accordance with  
8 procedures set out in the district bylaws in order to act on any budgetary issues facing the district.

9 SECTION 10. Condemnation Power. The district shall possess all the powers of  
10 condemnation for water supply purposes as are set forth in Chapter 15 of Title 39 of the General  
11 Laws of Rhode Island, or any successor thereto, as the same may be amended from time to time.

12 SECTION 11. Bonds and Notes of the District.

13 (a) The district shall have the power and is hereby authorized to issue from time to time  
14 its negotiable bonds and notes in one or more series in such principal amounts as, in the opinion  
15 of the district shall be necessary to provide sufficient funds for achieving its purposes, including  
16 the payment of interest on bonds and notes of the district, the establishment of reserves to secure  
17 such bonds and notes (including the reserve funds created pursuant to Section 14 hereof), and the  
18 making of all other expenditures of the district incident to and necessary or convenient to carrying  
19 out its corporate purposes and powers.

20 (b) All bonds and notes issued by the district may be secured by the full faith and credit  
21 of the district and may be payable solely out of the revenues, earnings and receipts of the district.  
22 Such bonds and notes may be executed and delivered by the district at any time from time to  
23 time, may be in such form and denominations, including interest coupons, if any, to be attached to  
24 them, and of such tenor and maturities, and may be in bearer form or in registered form, as to  
25 principal and interest, or at such discount in lieu of interest, or as to principal alone, all as the  
26 district may determine. Such bonds and notes may provide for authentication of bonds and notes  
27 by a trustee or fiscal agent.

28 (c) Bonds may be payable in such installments, and at such times not exceeding fifty (50)  
29 years from the date thereof, as shall be determined by the district.

30 (d) Except for notes issued pursuant to Section 12, notes, and any renewals thereof, may  
31 be payable in such installments and at such times not exceeding ten (10) years from the date of  
32 the original issue of such notes, as shall be determined by the district.

33 (e) Bonds and notes may be payable at such places, which may be any bank or trust  
34 company, whether within or without the state, may bear interest at such rate or rates payable at



1 such time or times and at such place or places, and evidenced in such manner, and may contain  
2 such provisions not inconsistent herewith, all as shall be provided in the proceedings of the  
3 district under which they shall be authorized to be issued. Bonds shall bear the seal of the district  
4 or a facsimile of the seal.

5 (f) There may be retained by provision made in the proceedings under which any bonds  
6 or notes of the district are authorized to be issued an option to redeem all or any part thereof at  
7 such prices and upon such notice, and on such further terms and conditions as shall be set forth in  
8 the record of such proceedings and on the face of the bonds or notes.

9 (g) Any bonds or notes of the district may be sold from time to time at such prices, at  
10 public or private sale, and in such manner as shall be determined by the district, and the district  
11 shall pay all expenses, premiums and commissions that it shall deem necessary or advantageous  
12 in connection with the issuance and sale thereof.

13 (h) Moneys of the district, including proceeds from the sale of bonds or notes, and  
14 revenues, receipts and income from any of its water supply facilities, may be invested and  
15 reinvested in such obligations, securities and other investments consistent herewith as shall be  
16 specified in the resolutions under which such bonds or notes are authorized.

17 (i) Issuance by the district of one or more series of bonds or notes for one or more  
18 purposes shall not preclude it from issuing other bonds or notes, but the proceedings whereunder  
19 any subsequent bonds or notes may be issued shall recognize and protect a prior pledge or  
20 mortgage made for a prior issue of bonds or notes unless in the proceedings authorizing such  
21 prior issue the right is reserved to issue subsequent bonds or notes on a parity with such prior  
22 issue.

23 (j) The district is authorized to issue bonds or notes for the purpose of refunding its bonds  
24 or notes then outstanding, including the payment of any redemption premium thereon and any  
25 interest accrued or to accrue to the earliest or subsequent date of redemption, purchase or maturity  
26 of such bonds or notes, payment of any expenses of issuance of such bonds or notes, payment of  
27 any expenses of redeeming bonds or notes being refunded, reserves for debt service, and, if  
28 deemed advisable by the district, for the additional purpose of paying all or part of the cost of  
29 acquiring, constructing, reconstructing, rehabilitating, or improving any water supply facility. The  
30 proceeds of any issuance of bonds or notes for the purpose of refunding outstanding bonds or  
31 notes may be applied, in the discretion of the district, to the purchase, retirement at maturity, or  
32 redemption of such outstanding bonds or notes either on their earliest or a subsequent redemption  
33 date, and may, pending such application, be placed in escrow. Any such escrowed proceeds may  
34 be invested and reinvested in obligations of or guaranteed by the United States of America, or in

1 certificates of deposit or time deposits secured or guaranteed by the state or the United States, or  
2 an instrumentality of either, maturing at such time or times as shall be appropriate to assure the  
3 prompt payment, as to principal, interest and redemption premium, if any, of the outstanding  
4 bonds or notes to be so refunded. The interest, income and profits, if any, earned or realized on  
5 any such investment may also be applied to the payment of the outstanding bonds or notes to be  
6 so refunded. After the terms of the escrow have been fully satisfied and carried out, any balance  
7 of such proceeds and interest, income and profits, if any, earned or realized on the investments  
8 thereof may be returned to the district for use by it in furtherance of its purposes. The portion of  
9 the proceeds of bonds or notes issued for the additional purpose of paying all or part of the cost of  
10 acquiring, constructing, reconstructing, rehabilitating, developing or improving any water supply  
11 facility, may be invested and reinvested in such obligations, securities and other investments  
12 consistent herewith as shall be specified in the resolutions under which such bonds or notes are  
13 authorized and which shall mature not later than the times when such proceeds will be needed for  
14 such purpose. The income, interest, and profits, if any, earned or realized on such investments  
15 may be applied to the payment of all parts of such costs, or to the making of such loans, or may  
16 be used by the district otherwise in furtherance of its purposes. All such bonds or notes shall be  
17 issued and secured and shall be subject to the provisions of this act in the same manner and to the  
18 same extent as any other bonds or notes issued pursuant to this act.

19 (k) The directors, the general manager of the district and other persons executing such  
20 bonds or notes shall not be subject to personal liability by reason of the issuance thereof.

21 (l) Bonds or notes issued under any of the provisions of this act shall require the approval  
22 of the annual or a special meeting of the district voters, but otherwise shall not require the consent  
23 of any department, division, commission, board, body, bureau or agency of the state, and may be  
24 issued without any other proceedings or the happening of any conditions or things other than  
25 those proceedings, conditions or things which are specifically required by this act and by the  
26 provisions of the resolution authorizing the issuance of such bonds or notes or the trust agreement  
27 securing the same.

28 (m) The district, subject to such agreements with noteholders or bondholders as may then  
29 be in force, shall have the power out of any funds available therefor to purchase bonds or notes of  
30 the district, which shall thereupon be cancelled, at a price not exceeding:

31 (1) If the bonds or notes are then redeemable, the redemption price then applicable plus  
32 accrued interest to the next interest payment date; or

33 (2) If the bonds or notes are not then redeemable, the redemption price applicable on the  
34 earliest date that the bonds or notes become subject to redemption, plus the interest that would

1 have accrued to such date.

2 (n) Whether or not the bonds and notes are of such form and character as to be negotiable  
3 instruments under Rhode Island law, the bonds and notes are hereby made negotiable instruments  
4 within the meaning of and for all the purposes of Rhode Island law, subject only to the provisions  
5 of the bonds and notes for registration.

6 (o) If a director or officer of the district whose signature appears on bonds, notes or  
7 coupons shall cease to be a director or officer before the delivery of such bonds or notes, such  
8 signature shall, nevertheless, be valid and sufficient for all purposes, the same as if such director  
9 or officer had remained in office until such delivery.

10 (p) Any bonds or notes issued under authority of this act may be issued by the district in  
11 the form of lines of credit, loans or other banking arrangements and under such terms and  
12 conditions not inconsistent with this act, and under such agreements with the purchasers or  
13 makers thereof, as the district may determine to be in the best interest of the district.

14 (q) The district may at any time deposit with a trustee, a sum sufficient, with amounts  
15 then on deposit, including the debt service reserve fund, to purchase direct or guaranteed  
16 obligations of the United States of America which are adequate to pay the entire principal amount  
17 of the bonds or notes of a series, together with the interest to maturity, or to an applicable  
18 redemption date specified by the district to the trustee and any applicable redemption premium; or  
19 the district may deposit direct or guaranteed obligations of the United States of America in lieu of  
20 money for their purchase. The obligations are deemed adequate if the principal and interest  
21 payable on them are sufficient to pay the previously mentioned sums when due. Upon any deposit  
22 of money and a request by the district, the trustee shall purchase direct or guaranteed obligations  
23 of the United States of America. When adequate direct or guaranteed obligations of the United  
24 States of America are held by the trustee pursuant to this section, the bond resolution or indenture  
25 shall cease to be in effect with respect to such series of bonds or notes. The obligations and their  
26 proceeds shall be held in trust for the benefit of the bondholders or noteholders, and the trustee  
27 shall, on behalf of the district, call bonds or notes for redemption on the applicable redemption  
28 date. Any compensation or expenses of the trustee in carrying out this section shall be paid by the  
29 district, and any surplus funds held by the trustee under this section shall be remitted by the  
30 trustee to the district.

31 (r) The district may covenant in any resolution, trust indenture or other agreement that as  
32 long as any bonds or notes are outstanding the district shall establish and maintain its rates and  
33 charges adequate at all times to pay and provide for all operating expenses of the district, all  
34 payments of principal, redemption premium, if any, and interest on bonds, notes or other

1 evidences of indebtedness of or assumed by the district, all renewals, repairs, or replacements to  
2 the property of the district deemed necessary, and all other amounts which the district may by  
3 law, resolution or contract be obligated to pay. On or before the last day of the district's fiscal  
4 year, the district shall review the adequacy of its rates and charges to satisfy the above  
5 requirements for the next succeeding fiscal year. If the review indicates that the rates and charges  
6 are, or are likely to be, insufficient to meet the requirements of this act, the district shall promptly  
7 take such steps as are necessary to cure or avoid the deficiency, including, but not limited to,  
8 raising its rates and charges.

9 (s) It shall be lawful for any bank or trust company to act as a depository or trustee of the  
10 proceeds of bonds, notes, revenues or other moneys under any such trust agreement or resolution  
11 and to furnish such indemnification or to pledge such securities and issue such letters of credit as  
12 may be required by the district. Any pledge of revenues or other property made by the district  
13 under this act shall be valid and binding and shall be deemed continuously perfected from the  
14 time when the pledge is made; the revenues, moneys, rights and proceeds so pledged and then  
15 held or thereafter acquired or received by the district shall immediately be subject to the lien of  
16 such pledge without any physical delivery or segregation thereof or further act; and the lien of  
17 any such pledge shall be valid and binding against all parties having claims of any kind in tort,  
18 contract or otherwise against the district, irrespective of whether such parties have notice thereof.  
19 Neither the resolution, any trust agreement nor any other agreement by which a pledge is created  
20 need be filed or recorded except in the records of the district.

21 SECTION 12. Short-Term Notes. Money borrowed by the district for the purpose of  
22 providing temporary financing of the district operations pending the issuance of bonds or other  
23 notes shall be evidenced by notes or other obligations. The principal and interest of all notes or  
24 other obligations of the district so issued under the provisions of this Section 12 shall be payable  
25 no later than the fifth (5<sup>th</sup>) anniversary of the date of issue thereof, and shall be payable from the  
26 following: (i) From the proceeds of bonds subsequently issued; or (ii) From the proceeds of  
27 subsequent borrowings which comply with the provisions hereof; or (iii) From general revenues  
28 of the district which may be equal and proportionate with but not superior to that securing bonds  
29 then outstanding or subsequently issued. Notwithstanding any other provisions of this act, all  
30 such notes shall be deemed to be negotiable instruments under the laws of the state subject only  
31 to the provisions for registration contained therein. Such notes or other obligations or any issue  
32 thereof shall be in a form and contain such other provisions as the district may determine and  
33 such notes or resolutions or proceedings authorizing such notes or other obligations or any issue  
34 thereof may contain, in addition to any provisions, conditions, covenants or limitations authorized

1 by this act, any provisions, conditions, covenants or limitations which the district is authorized to  
2 include in any resolution or resolutions authorizing bonds or notes or in any trust indenture  
3 relating thereto. The district may issue such notes or other obligations in such manner either  
4 publicly or privately on such terms as it may determine to be in its best interests.

5 SECTION 13. Security for Bonds or Notes.

6 (a) The principal of and interest on any bonds or notes issued by the district may be  
7 secured by a pledge of any revenues and receipts of the district and may be secured by a mortgage  
8 or other instrument covering all or any parts of one or more water supply facilities, including all  
9 or part of any additions, improvements, extensions to or enlargements of such facilities thereafter  
10 made.

11 (b) The resolution under which the bonds or notes are authorized to be issued and any  
12 such mortgage, lease, sales agreement or loan agreement, or other instrument may contain  
13 agreements and provisions respecting the maintenance of the facilities covered thereby, the fixing  
14 and collection of rents, payments or repayments or other revenues therefrom, including moneys  
15 received in repayment of loans, and interest thereon, the creation and maintenance of special  
16 funds from such rents or other revenues and the rights and remedies available in the event of  
17 default, all as the district shall deem advisable.

18 (c) Each pledge, agreement, mortgage or other instrument made for the benefit or security  
19 of any of the bonds or notes of the district shall continue in effect until the principal of and  
20 interest on the bonds or notes for the benefit of which the same was made shall have been fully  
21 paid, or until provision shall have been made for such payment in the manner provided in the  
22 resolutions under which such bonds or notes were authorized.

23 (d) The district may provide in any proceedings under which bonds or notes may be  
24 authorized that any water supply facility or part thereof may be constructed, reconstructed,  
25 rehabilitated or improved by the district, or any lessee, vendee, obligor or any designee of the  
26 district and may also provide in such proceedings for the time and manner of and requisitions for  
27 disbursements to be made for the cost of such construction, and for all such certificates and  
28 approvals of construction and disbursements as the district shall deem necessary and provide for  
29 in such proceedings.

30 (e) Any resolution under which bonds or notes of the district are authorized to be issued  
31 (and any trust indenture established thereby) may contain provisions for vesting in a trustee or  
32 trustees such properties, rights, powers and duties in trust as the district may determine including  
33 any or all of the rights, powers and duties of the trustee appointed by the holders of any issue or  
34 bonds or notes pursuant to Section 19; in which event the provisions of Section 19 authorizing the

1 appointment of a trustee by such holders of bonds or notes shall not apply.

2 SECTION 14. Reserve Funds and Appropriations.

3 To assure the contained operation and solvency of the district for the carrying out of its  
4 corporate purposes:

5 (1) The district may create and establish one or more special funds (herein referred to as  
6 "capital reserve funds"), and may pay into each such capital reserve fund: (i) Any moneys  
7 appropriated and made available by the state, or any municipality for the purpose of such fund; or  
8 (ii) Proceeds from the sale of notes or bonds to the extent provided in the resolution or resolutions  
9 of the district authorizing the issuance thereof; and (iii) Any other moneys that may be made  
10 available to the district for the purpose of such fund from any other source. All moneys held in a  
11 capital reserve fund, except as hereinafter provided, shall be used solely for the payment of the  
12 principal of bonds secured in whole or in part by such fund or of the sinking fund payments  
13 hereinafter mentioned with respect to such bonds, the purchase or redemption of such bonds, the  
14 payment of interest on such bonds or the payment of any redemption premium required to be paid  
15 when such bonds are redeemed prior to maturity, provided that moneys in such fund shall not be  
16 withdrawn therefrom except for the purpose of making (with respect to bonds secured in whole or  
17 in part by such fund) payment when due of principal, interest, redemption premiums and the  
18 sinking fund payments hereinafter mentioned, for the payment of which other moneys of the  
19 district are not available if such withdrawal would reduce the amount of such fund to less than the  
20 minimum capital reserve requirement established for such fund as hereinafter provided. Any  
21 income or interest earned by, or incremental to, any capital reserve fund due to the investment of  
22 the funds thereof may be transferred by the district to other funds or accounts of the district if  
23 such transfer would not reduce the amount of the capital reserve fund below the minimum capital  
24 reserve fund requirement for such fund.

25 (2) The district shall not at any time issue bonds secured in whole or in part by a capital  
26 reserve fund if, upon the issuance of such bonds, the amount of such capital reserve fund would  
27 be less than the minimum capital reserve required for such fund, unless the district, at the time of  
28 issuance of such bonds, shall deposit in such fund from the proceeds of the bonds so to be issued,  
29 or from other sources, an amount that, together with the amount then in such fund, is not less than  
30 the minimum capital reserve fund requirement for such fund. For the purpose of this section, the  
31 term "minimum capital reserve fund requirement" means, as of any particular date of  
32 computation, an amount of money, as provided in the resolution or resolutions of the district  
33 authorizing the bonds or notes with respect to which such fund is established, equal to not more  
34 than the greatest of the respective amounts, for the current or any future fiscal year of the district,

1 of annual debt service on the bonds of the district secured in whole or in part by such fund, such  
2 annual debt service for any fiscal year being the amount of money equal to the sum of: (i) The  
3 interest payable during such fiscal year on all bonds secured in whole or in part by such fund  
4 outstanding on the date of computation; plus (ii) The principal amount of all such bonds and bond  
5 anticipation notes outstanding on said date of computation that mature during such fiscal year;  
6 plus (iii) All amounts specified in any resolution of the district authorizing such bonds as payable  
7 during such fiscal year as a sinking fund payment with respect to any of such bonds that mature  
8 after such fiscal year, all calculated on the assumption that such bonds will, after said date of  
9 computation, cease to be outstanding by reason, but only by reason, of the payment of bonds  
10 when due and application in accordance with the resolution authorizing those bonds of all of such  
11 sinking fund payments payable at or after said date of computation.

12 (3) In computing the amount of the capital reserve funds for the purpose of this section,  
13 securities in which all or a portion of such funds shall be invested, shall be valued as provided in  
14 the proceedings under which the bonds are authorized but in no event shall be valued at a value  
15 greater than par.

16 (4) The district may create and establish such other fund or funds as may be necessary or  
17 desirable for its corporate purposes.

18 (5) The district may by resolution permit the issuance of bonds and notes to carry out the  
19 purposes of this act without establishing a capital reserve fund pursuant to this section and  
20 without complying with the limitations set forth in this section. Bonds and notes issued pursuant  
21 to this subdivision may be secured by such other funds or methods as the district may in its  
22 discretion determine by resolution.

23 SECTION 15. Trust Funds. All moneys received as proceeds from the sale of bonds or  
24 notes or as revenues, receipts or income therefrom, shall be trust funds to be held and applied  
25 solely as provided in the proceedings under which such bonds or notes are authorized. Any  
26 officer with whom or any bank or trust company with which such moneys shall be deposited as  
27 trustee hereof shall hold and apply the same for the purposes thereof, subject to the applicable  
28 provisions of this act, the proceedings authorizing the bonds or notes and the trust agreement  
29 securing such bonds or notes, if any.

30 SECTION 16. Notes and Bonds as Legal Investments. The notes and bonds of the district  
31 are hereby made securities in which all public officers and bodies of this state and all  
32 municipalities and municipal subdivisions, all insurance companies and associations, and other  
33 persons carrying on an insurance business, all banks, bankers, trust companies, saving banks and  
34 saving associations, including savings and loan associations, building and loan associations,

1 investment companies and other persons carrying on a banking business, all administrators,  
2 guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now  
3 or may hereafter be authorized to invest in bonds or other obligations of the state, may properly  
4 and legally invest funds, including capital, in their control or belonging to them.

5 SECTION 17. Agreement of the State. The notes and bonds of the district are hereby  
6 made securities in which all public officers and bodies of this state and all municipalities and  
7 municipal subdivisions, all insurance companies and associations, and other persons carrying on  
8 an insurance business, all banks, bankers, trust companies, saving banks and saving associations,  
9 including savings and loan associations, building and loan associations, investment companies  
10 and other persons carrying on a banking business, all administrators, guardians, executors,  
11 trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be  
12 authorized to invest in bonds or other obligations of the state, may properly and legally invest  
13 funds, including capital, in their control or belonging to them.

14 SECTION 18. Credit of State. Obligations issued under the provisions of this act, shall  
15 not constitute a debt, liability or obligation of the state or of any political subdivision thereof  
16 other than the district or a pledge of the full faith and credit of the state or any political  
17 subdivision thereof other than the district, but shall be payable solely from the revenues or assets  
18 of the district. Each obligation issued under this act shall contain on the face thereof a statement  
19 to the effect that the district shall not be obligated to pay the same or interest thereon except from  
20 revenues or assets pledged therefor and that neither the full faith and credit nor the taxing power  
21 of the state or any political subdivision thereof other than the district is pledged to the payment of  
22 the principal of or the interest on such obligation.

23 SECTION 19. Remedies of Bondholders and Noteholders. Any holder of a bond or note  
24 issued by the district under the provisions of this act or of any of the coupons appertaining thereto  
25 and any trustee under a trust agreement or resolution securing the same, except to the extent the  
26 rights herein given may be restricted by such trust agreement or resolution securing the same,  
27 may bring suit upon the bonds or notes or coupons and may, either at law or in equity, by suit,  
28 action, mandamus, or other proceedings for legal or equitable relief, including proceedings for the  
29 appointment of a receiver to take possession and control of the business and properties of the  
30 district, to operate and maintain the same, to make any necessary repairs, renewals and  
31 replacements in respect thereof and to fix, revise and collect fees and charges, protect and enforce  
32 any and all rights under such trust agreement, resolution or other agreement, and may enforce and  
33 compel the performance of all duties required by this act or by such trust agreement or resolution  
34 to be performed by the district or by any officer thereof.



1           SECTION 20. Authorization to Accept Appropriated Moneys. The district is authorized  
2 to accept such moneys as may be appropriated from time to time by the general assembly, any  
3 municipality, or any other source, for effectuating its corporate purposes including, without  
4 limitation, the payment of the initial expenses of administration and operation and the  
5 establishment of reserves or contingency funds to be available for the payment of the principal of  
6 and the interest on any bonds, notes or other obligations of the district.

7           SECTION 21. Exemption from Taxation. The exercise of the powers granted by this act  
8 will be in all respects for the benefit of the people of this state, the increase of their commerce,  
9 welfare and prosperity and for the improvement of their health, safety and welfare and will in all  
10 respects constitute the performance of an essential governmental function. Therefore, the district  
11 shall not be required to pay taxes or assessments of any kind upon or in respect to any of its  
12 operations, real or personal property, or any water supply facilities, or on account of instruments  
13 recorded by it or on its behalf, or upon any earnings, revenues, moneys or other income derived  
14 by the district. The bonds and notes of the district and the income therefrom shall at all times be  
15 exempt from taxation.

16           Bonds and notes issued by the district and their transfer and the income therefrom,  
17 including any profit made on the sale or exchange thereof, shall at all times be exempt from  
18 taxation by the state and all political subdivisions of the state. The district shall not be required to  
19 pay any transfer tax of any kind on account of instruments recorded by it or on its behalf.

20           SECTION 22. Water Charges as a Lien Against Property. The district's charges for the  
21 provision of water shall constitute a lien upon the estates to which the water is provided in  
22 accordance with R.I.G.L. § 39-15-12, or any successor thereto, as it may be amended from time  
23 to time.

24           SECTION 23. Right to Alter, Remand or Repeal. The right to alter, amend or repeal this  
25 act is hereby expressly reserved to the General Assembly, but no such alteration, amendment or  
26 repeal shall operate to impair the obligation of any contract made by the district under any power  
27 conferred by this act.

28           SECTION 24. Transfer of Assets and Liabilities. Upon the effective date of this Section  
29 24 as set forth in Section 32 hereof, the district shall acquire and take legal title to all real  
30 property, personal property, and all water supply facilities then held by the Smithfield Water  
31 Supply Board and the East Smithfield Water District and shall assume all outstanding liabilities,  
32 debts, bonds, notes and other obligations of the Smithfield Water Supply Board and the East  
33 Smithfield Water District. The Smithfield Town Council and the East Smithfield Water District  
34 Board of Directors are hereby authorized to assign, sell or otherwise transfer the same to the

1 district, and in the case of the assignment, sale or transfer of water supply facilities pursuant to  
2 this provision, it shall be lawful to dissolve such transferring entity, any other provisions of law to  
3 the contrary notwithstanding.

4 SECTION 25. Other Statutes.

5 (a) Nothing herein contained shall restrict or limit the powers of the district arising under  
6 any laws of this state, except if such powers are expressly contrary to the provisions of this act.

7 (b) All provisions of state law relating to conflict of interest and ethics, including Chapter  
8 14 of Title 36 of the General Laws of Rhode Island, "The Rhode Island Code of Ethics" and all  
9 applicable regulations of the Rhode Island Ethics Commission, shall apply to the district and its  
10 officials and employees. The board may in its discretion adopt additional conflict of interest and  
11 ethics regulations by resolution which are not in conflict with state law.

12 (c) All records of the district shall be governed by "The Rhode Island Access to Public  
13 Records Act", Chapter 2 of Title 38, of the General Laws of Rhode Island, or any successor  
14 thereto, as the same may be amended from time to time.

15 (d) The district shall not be considered a "public utility" within the meaning of R.I.G.L. §  
16 39-1-2, or any successor thereto, and the district shall not be subject to regulation by the Public  
17 Utilities Commission, or any successor thereto.

18 (e) All purchases and contract awards of the district shall be governed by Chapter 55 of  
19 Title 45 of the Rhode Island General Laws, "Award of Municipal Contracts", or any successor  
20 thereto, as the same may be amended from time to time.

21 (f) All functions of the district are governmental in nature and the sovereign immunity  
22 provisions contained in Chapter 31 of Title 9 of the General Laws of Rhode Island,  
23 "Governmental Tort Liability", or any successor thereto, as the same may be amended from time  
24 to time, shall apply to the district.

25 SECTION 26. Inconsistent Provisions. Insofar as the provisions of this act are  
26 inconsistent with the provisions of any other law or ordinance, general, special or local, the  
27 provisions of this act shall be controlling.

28 SECTION 27. Liberal Construction. This act being necessary for the welfare of the state  
29 and its inhabitants shall be liberally construed so as to effect its purposes.

30 SECTION 28. Severability. If any clause, sentence, paragraph, section, or part of this act  
31 shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not  
32 affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the  
33 clause, sentence, paragraph, section, or part directly involved in the controversy in which such  
34 judgment shall have been rendered.

1           SECTION 29. Repeals. Should any part of this act contravene or be inconsistent with any  
2 of the terms and provisions of the Public Laws which created the Smithfield Water District and  
3 the East Smithfield Water District, the provisions of this act shall control. Existing outstanding  
4 bonds and notes of the Smithfield and East Smithfield Water Districts are hereby reaffirmed.

5           SECTION 30. Transfer on Dissolution. If the district shall be dissolved, title to all funds  
6 and other properties of the district, not required for the payment of bonds or other debts of the  
7 district, the disposition of which is not otherwise governed by contracts to which the district may  
8 be party, shall vest in the municipalities wherein the properties lie, with such allocation of funds  
9 as may be determined by the board.

10          SECTION 31. Approval. The question of the approval of this act shall be submitted to the  
11 qualified voters of the towns of Smithfield and North Providence who receive water service from  
12 the Smithfield Water Supply Board or the East Smithfield Water District at the November 4, 2014  
13 general election. The question shall be submitted substantially in the following form: "Shall an  
14 Act passed at the 2014 Session of the General Assembly entitled 'An Act to Create the Smithfield  
15 Consolidated Water District and to Provide for Its Powers and Duties' be approved", and the  
16 warning for the election shall contain the question to be submitted. From the time the election is  
17 warned and until it is held, it shall be the duty of the town clerks of Smithfield and North  
18 Providence to keep a copy of the act available for public inspection, but the failure of a clerk to  
19 perform this duty shall not affect the validity of the election.

20          SECTION 32. Effective Date. This Section and Section 31 hereof shall take effect upon  
21 the passage of this act. If this act is approved by said qualified voters at the November 4, 2014  
22 general election, then the Smithfield Town Council and the East Smithfield Water District Board  
23 of Directors shall by joint resolution appoint an interim district board of directors whose members  
24 must satisfy the qualifications set forth in Section 7 hereof. Said interim board shall serve until  
25 the election of directors at the first district annual meeting. Sections 1 through 30 of this act shall  
26 take effect when said interim board of directors has been duly appointed, qualified and has taken  
27 office.

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EXPLANATION

OF

A N A C T

TO CREATE THE SMITHFIELD CONSOLIDATED WATER DISTRICT AND TO PROVIDE  
FOR ITS POWERS AND DUTIES

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1           This act would merge the Smithfield and East Smithfield Water Districts and would  
2 provide for an unpaid seven (7) member board of directors drawn from the areas served by the  
3 merged districts to manage the district and hire paid staff, including a general manager. The act  
4 would reaffirm existing financial obligations of the merged districts. The merger would require  
5 voter approval from Smithfield voters and from North Providence voters to be served by the  
6 proposed new district at the November 4, 2014 general election.

7           Section 32 and Section 31 hereof would take effect upon the passage of this act. If this act  
8 is approved by said qualified voters at the November 4, 2014 general election, then the Smithfield  
9 Town Council and the East Smithfield Water District Board of Directors would by joint  
10 resolution appoint an interim district board of directors whose members must satisfy the  
11 qualifications set forth in Section 7 hereof. Said interim board would serve until the election of  
12 directors at the first district annual meeting. Sections 1 through 30 of this act would take effect  
13 when said interim board of directors has been duly appointed, qualified and has taken office.

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