

**New Jersey Water Supply Authority
Implementing Statute
N.J.S.A. 58:1B-1 et seq.**

58:1B-1. Short title

This act shall be known and may be cited as the "New Jersey Water Supply Authority Act."

L.1981, c. 293, s. 1, eff. Oct. 7, 1981.

58:1B-2. Legislative findings

The Legislature finds that a State authority should be established to acquire, finance, construct and operate water systems pursuant to the provisions of this act.

L.1981, c. 293, s. 2, eff. Oct. 7, 1981.

58:1B-3. Definitions

As used in this act:

- a. "Authority" means the New Jersey Water Supply Authority created by this act;
- b. "Bonds" means bonds, notes, or other obligations issued or authorized pursuant to this act;
- c. "Compensating reservoir" means the structures, facilities and appurtenances for the impounding, transportation and release of water for the replenishment in periods of drought or at other necessary times of all or a part of waters in or bordering the State diverted into a project;
- d. "Cost" as applied to a project means the cost of acquisition and construction thereof, the cost of acquisition of lands, rights-of-way, property rights, easements, and interests required by the authority for acquisition and construction, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved, the cost of acquiring or constructing and equipping an office of the authority, the cost of machinery, furnishings, and equipment, financing expenses, reserves, interest prior to and during construction and for no more than 6 months after completion of construction, engineering, expenses of research and development with respect to any project, legal expenses, plans, specifications, surveys, estimates of cost and revenues, working capital, other expenses necessary or incident to determining the feasibility or practicability of acquiring or constructing a project, administrative expense, and such other expense as may be necessary or incident to the acquisition or construction of the project;
- e. "Construct" and "construction" means and includes acts of construction, reconstruction, replacement, extension, improvement and betterment of a project;

f. "Department" means the Department of Environmental Protection;

g. "Governmental agency" means any municipality, county, or any agency thereof, the State Government and any instrumentality or subdivision thereof;

h. "Project" means a water system or any part thereof;

i. "Real property" means lands both within or without the State, and improvements thereof or thereon, or any rights or interests therein;

j. "Revenue" means all rents, fees and charges for water sold from, or for the use and services of any project of the authority and payments in respect of any loans or advances made to governmental agencies pursuant to this act;

k. "Service charges" means water service charges established or collected by the authority pursuant to this act;

l. "Water system" means the plants, structures and other real and personal property financed, acquired, constructed or operated or to be financed, acquired, constructed or operated by the authority under this act or additions and improvements thereto, including reservoirs, basins, dams, canals, aqueducts, standpipes, conduits, pipelines, mains, pumping stations, water transmission systems, compensating reservoirs, waterworks or sources of water supply, wells, purification or filtration plants or other plants, equipment and works, connections, rights of flowage or diversion, and other plants, structures, boats, conveyances, and other real and personal property and rights therein, and appurtenances necessary or useful and convenient for the accumulation, supply, treatment or transmission of water.

58:1B-4. Establishment; members; officers; quorum; vote necessary; bonds; approval; veto of any action by Governor; official bond; reimbursement of expenses; dissolution

a. There is established in but not of the Department of Environmental Protection a public body corporate and politic, with corporate succession, to be known as the "New Jersey Water Supply Authority." The authority is hereby constituted as an instrumentality of the State exercising public and essential governmental functions.

b. The authority shall consist of the Commissioner of Environmental Protection, who shall be a member ex officio with full voting rights, and six public members appointed by the Governor with the advice and consent of the Senate for terms of 3 years; provided that of the members of the authority first appointed by the Governor, two shall serve for terms of 1 year, two shall serve for terms of 2 years, and two shall serve for terms of 3 years, of whom two shall be recognized experts in the fields of water resource management and distribution, and public finance, respectively. The remaining public members appointed by the Governor shall represent the following: the agricultural community, industrial water users, residential water users and private watershed associations. Each member shall hold office for the term of his appointment

and until his successor shall have been appointed and qualified. A member shall be eligible for reappointment. Any vacancy in the membership occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only.

c. Each appointed member may be removed from office by the Governor, for cause, after a public hearing, and may be suspended by the Governor pending the completion of the hearing. Each member before entering upon his duties shall take and subscribe an oath to perform the duties of his office faithfully, impartially and justly to the best of his ability. A record of these oaths shall be filed in the office of the Secretary of State.

d. The chairman, who shall be the chief executive officer of the authority, shall be the Commissioner of Environmental Protection, and the members of the authority shall elect one of their number as vice chairman thereof. The authority shall elect a secretary and a treasurer who need not be members, and the same person may be elected to serve both as secretary and treasurer. The powers of the authority shall be vested in the member's thereof in office from time to time and four members of the authority shall constitute a quorum at any meeting thereof. Action may be taken and motions and resolutions adopted by the authority at any meeting thereof by the affirmative vote of at least four members of the authority. No vacancy in the membership of the authority shall impair the right of a quorum of the members to exercise all the powers and perform all the duties of the authority.

e. No resolution or other action of the authority providing for the issuance of bonds or the refunding of bonds shall be adopted or otherwise made effective by the authority without the prior approval, in writing, of the Governor and of the State Treasurer or the Comptroller of the Treasury. A true copy of the minutes of every meeting of the authority shall be prepared and forthwith delivered to the Governor. No action taken at such meeting by the authority shall have effect until 10 days, exclusive of Saturdays, Sundays and public holidays, after the copy of the minutes has been so delivered. If, in this 10-day period, the Governor returns the copy of the minutes with a veto of any action taken by the authority at that meeting, the action shall be of no effect.

f. Each member and the treasurer of the authority shall execute a bond to be conditioned upon the faithful performance of the duties of the member or treasurer, as the case may be, in a form and amount as may be prescribed by the Comptroller of the Treasury. The bonds shall be filed in the office of the Secretary of State. At all times thereafter the members and treasurer of the authority shall maintain these bonds in full force. The costs of the bonds shall be borne by the authority.

g. The members of the authority shall serve without compensation, but the authority shall reimburse its members for actual expenses necessarily incurred in the discharge of their duties. No officer or employee of the State shall be deemed to have forfeited or shall forfeit his office or employment or any benefits or emoluments thereof by reason of his acceptance of the office of ex officio member of the authority.

h. The Commissioner of Environmental Protection may designate an officer or employee of the department to represent him at meetings of the authority, and the designee may lawfully vote and otherwise act on behalf of the commissioner. The designation shall be in writing delivered to the authority and shall continue in effect until revoked or amended by writing delivered to the authority.

i. The authority may be dissolved by act of the Legislature on condition that the authority has no debts or obligations outstanding or that provision has been made for the payment or retirement of debts or obligations. Upon dissolution of the authority all property, funds and assets thereof shall be vested in the State.

L.1981, c. 293, s. 4, eff. Oct. 7, 1981.

58:1B-5 Water supply facilities operated by authority, disposition of revenue.

5. a. All water supply facilities owned or operated by the State, either now or hereafter, are transferred to the authority. The authority shall operate these facilities pursuant to the statutory authorizations enabling the State to operate and manage the facilities. The Delaware and Raritan Canal Transmission Complex, the Spruce Run-Round Valley Reservoir Complex and all other State-operated facilities now or hereafter authorized to be designed, constructed and operated pursuant to any past or future bond issues, including the "Water Supply Bond Act of 1981," P.L.1981, c.261, as amended by P.L.1983, c.355 and P.L.1997, c.223, are specifically included as State water supply facilities.

b. The revenue from all State water supply facilities, the disposition of which is not otherwise expressly provided for by law, is pledged to the authority for the purposes provided in the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.).

L.1981,c.293,s.5; amended 2001, c.82, s.4.

58:1B-6 Powers and duties of authority.

6. a. The authority is hereby empowered to design, initiate, acquire, construct, maintain, repair and operate projects or cause the same to be operated pursuant to a lease, sublease, or agreement with any person or governmental agency, and to issue bonds of the authority to finance these projects, payable from the revenues and other funds of the authority. All projects undertaken by the authority shall conform to the recommendations of the New Jersey Statewide Water Supply Plan.

b. The authority shall be subject to compliance with all State health and environmental protection statutes and regulations and any other statutes and regulations not inconsistent herewith. The authority may, upon the request of a governmental agency, enter into a contract to provide services for any project.

c. The authority shall consult with the Water Supply Advisory Council from time to time prior to final action on any project or undertaking authorized pursuant to this section.

d. The authority shall consult with the Highlands Water Protection and Planning Council, established pursuant to section 4 of P.L.2004, c.120 (C.13:20-4), from time to time prior to final action on any project or undertaking authorized pursuant to this section in the Highlands Region, as defined in section 3 of P.L.2004, c.120 (C.13:20-3). The provisions of section 16 of P.L.2004, c.120 (C.13:20-16) shall apply to the authority.

58:1B-7 Powers.

7. Except as otherwise limited by P.L.1981, c.293 (C.58:1B-1 et seq.), the authority shall have power:

- a. To sue and be sued.
- b. To have an official seal and alter the same at pleasure.
- c. To make and alter bylaws for its organization and internal management and for the conduct of its affairs and business.
- d. To maintain an office at such place or places within the State as it may determine.
- e. To acquire, lease as lessee or lessor, rent, hold, use and dispose of real or personal property for its purposes.
- f. To borrow money and to issue its negotiable bonds and to secure the same by a mortgage on its property or any part thereof and otherwise to provide for and secure the payment thereof and to provide for the rights of the holders thereof.
- g. To fix and revise from time to time and charge and collect rents, fees and charges for any of the services rendered by the authority, which shall be equitably assessed.
- h. To procure insurance against any losses in connection with its property, operations or assets in such amounts and from such insurers as it deems desirable.
- i. Subject to any agreement with bondholders to invest moneys of the authority not required for immediate use, including proceeds from the sale of any bonds, in such obligations, securities and other investments as the authority shall deem prudent.
- j. To appoint and employ an executive director and such additional officers who need not be members of the authority and accountants, financial advisors or experts and such other or different officers, agents and employees as it may require and determine their qualifications, terms of office, duties and compensation, all without regard to the provisions of Title 11A, Civil Service, of the New Jersey Statutes, except with respect to those officers and employees of the Water Supply Facilities Element who are transferred to the authority pursuant to section 24 of P.L.1981, c.293 (C.58:1B-24), and these officers and employees shall remain subject to the provisions of that Title.

k. To contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the United States of America or any agency or instrumentality thereof, or from the State or any agency, instrumentality or political subdivision thereof, or from any other source and to comply, subject to the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.), with the terms and conditions thereof.

l. To acquire, hold, rent, lease, use and dispose of real or personal property in the exercise of its powers and the performance of its duties under P.L.1981, c.293 (C.58:1B-1 et seq.).

m. To acquire, subject to the provisions of any other statute, in the name of the authority by purchase or otherwise, on such terms and conditions and in such manner as it may deem proper, except with respect to property owned by the State, by the exercise of the power of eminent domain, any land and other property, which it may determine is reasonably necessary for any of its projects and any and all rights, title and interest in that land and other property, including, providing there is no prudent and feasible alternative, public lands, reservations, highways or parkways, owned by or in which the State or any county, municipality, public corporation, or other political subdivision of the State has any right, title or interest, or parts thereof or rights therein and any fee simple absolute or any lesser interest in private property, and any fee simple absolute in, easements upon or the benefit of restrictions upon, abutting property to preserve and protect the project.

n. To do and perform any acts and things authorized by P.L.1981, c.293 (C.58:1B-1 et seq.) under, through, or by means of its officers, agents or employees or by contract with any person.

o. To establish and enforce rules and regulations for the use and operation of its projects and the conduct of its activities, and provide for the policing and the security of its projects.

p. Upon the request of a customer: (1) to offer the customer the ability to receive or access, in electronic format, any periodic bill for service sent by the local unit or units to its customers and any additional information sent by the local unit or units to its customers as required by law, provided that any notice of disconnection, discontinuance or termination of sewerage service shall be sent to a customer in written form at the customer's legal mailing address in addition to being sent or being made available in electronic format; and (2) to provide the customer the option of paying any such periodic bill via electronic means.

q. To do any and all things necessary or convenient to carry out its purposes in accordance with the powers given and granted in P.L.1981, c.293 (C.58:1B-1 et seq.).

L.1981, c.293, s.7; amended 2010, c.91, s.8.

58:1B-8. Eminent domain; determination of compensation; public utility facilities; relocation or removal

a. Upon the exercise of the power of eminent domain, the compensation to be paid thereunder shall be ascertained and paid in the manner provided in P.L.1971, c. 361 (C. 20:3-1 et seq.).

b. Whenever the authority shall determine that it is necessary that any public utility facilities such as tracks, pipes, mains, conduits, cables, wires, towers, poles and other equipment and appliances of any public utility, as defined in R.S. 48:2-13, which are now, or hereafter may be, located in, on, along, over or under any project, should be removed from such project, the public utility owning or operating such facilities shall relocate or remove the same in accordance with the order of the authority; provided, however, that the cost and expenses of such relocation or removal, including the cost of installing such facilities in a new location or new locations, and the cost of any lands, or any rights or interests in lands, and any other rights acquired to accomplish such relocation or removal, less the cost of any lands or any rights of the public utility paid to the public utility in connection with the relocation or removal of such property, shall be ascertained and paid by the authority as a part of the cost of such project. In case of any such relocation or removal of facilities, as aforesaid, the public utility owning or operating the same, its successors or assigns, may maintain and operate such facilities, with the necessary appurtenances, in the new location, for as long a period, and upon the same terms and conditions, as it had the right to maintain and operate such facilities in their former location.

L.1981, c. 293, s. 8, eff. Oct. 7, 1981.

58:1B-9 Issuance of bonds.

9. a. The authority is hereby empowered from time to time to issue its bonds in the principal amounts as in the opinion of the authority shall be necessary to provide sufficient funds for any of its corporate purposes, including the payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds issued by it, whether the bonds or interest to be funded or refunded have or have not become due, the establishment or increase of the reserves to secure or to pay the bonds or interest thereon and all other costs or expenses of the agency incident to and necessary to carry out its corporate purposes and powers.

b. Except as may be otherwise expressly provided in the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.) or by the authority, every issue of bonds shall be general obligations payable out of and secured by any revenues or funds of the authority, subject only to any agreements with holders of particular bonds pledging any particular revenues or funds. The authority may issue the types of bonds as it may determine, including, without limiting the generality of the foregoing, bonds as to which the principal and interest are payable (1) exclusively from the revenues and funds derived from or relating to the project or part thereof financed with the proceeds of the bonds; (2) exclusively from the revenues and funds derived from or relating to certain designated projects or parts thereof, whether or not the same are financed in whole or in part from the proceeds of bonds; (3) exclusively from certain designated funds of the authority; or (4) from the revenues and funds of the authority generally. The bonds may be additionally secured by a pledge of any grant, subsidy or contribution from the United States of America or any agency or instrumentality thereof or the State of New Jersey or any agency, instrumentality or political subdivision thereof, or any person, or a pledge of any income or revenues, funds or moneys of the authority from any source whatsoever.

c. Whether or not the bonds are of such form and character as to be negotiable instruments under the terms of Title 12A of the New Jersey Statutes, the bonds are hereby made negotiable instruments within the meaning of and for all the purposes of Title 12A of the New Jersey Statutes, subject only to the provisions of the bonds for registration.

d. Bonds of the authority shall be authorized by a resolution or resolutions of the authority and may be issued in one or more series and shall bear the date or dates, mature at the time or times, bear interest at the rate or rates of interest per annum, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable from the sources, in the medium of payment at the place or places within or without the State, and be subject to the terms of redemption, with or without premium, as the resolution or resolutions may provide.

e. Bonds of the authority may be sold at public or private sale at the price or prices and in the manner as the authority shall determine. Every bond shall mature and be paid not later than 40 years from the date thereof.

f. Bonds may be issued under the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.) without obtaining the consent of any department, division, commission, board, bureau or agency of the State, and without any other proceeding or the happening of any other conditions or other things than those proceedings, conditions or things which are specifically required by the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.).

g. Bonds of the authority issued under the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.) shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the authority and shall not create or constitute any indebtedness, liability or obligation of the State or of the political subdivision or be or constitute a pledge of the faith and credit of the State or of the political subdivision but all the bonds, unless funded or refunded by bonds of the authority, shall be payable solely from revenues or funds pledged or available for their payment as authorized pursuant to the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.). Each bond shall contain on its face a statement to the effect that the authority is obligated to pay the principal thereof or the interest thereon only from revenues or funds of the authority and that neither the State nor any political subdivision thereof is obligated to pay the principal or interest and that neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on the bonds.

h. Except as may be otherwise expressly provided in the provisions of subsection i. of this section, all expenses incurred in carrying out the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.) shall be payable solely from revenues or funds provided or to be provided under the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.) and nothing in the provisions of P.L.1981, c.293 (C.58:1B-1 et seq.) shall be construed to authorize the authority to incur any indebtedness or liability on behalf of or payable by the State or any political subdivision thereof.

i. The authority may receive moneys from the New Jersey Water Supply Authority Round Valley Fund created pursuant to section 7 of P.L.2001, c.82 (C.58:1B-9.2) to defray the

additional, reasonable energy or water expenses incurred in replenishing the water released from the Round Valley reservoir for the purpose of sustaining water recreational activities at the Spruce Run reservoir as provided in subsection a. of section 8 of P.L.1958, c.34 (C.58:22-8).

L.1981,c.293,s.9; amended 2001, c.82, s.5.

58:1B-9.1 Annual appropriation to authority for certain energy or water expenses.

6. a. In order to defray the additional, reasonable energy or water expenses incurred by the New Jersey Water Supply Authority in replenishing the water released from the Round Valley reservoir for the purpose of sustaining water recreational activities at the Spruce Run reservoir as provided in subsection a. of section 8 of P.L.1958, c.34 (C.58:22-8), the Legislature shall annually appropriate from the General Fund to the authority such sums as may be necessary for this purpose.

b. The Commissioner of Environmental Protection shall certify to the Legislature the actual energy or water expenses incurred by the authority in replenishing the water released from the Round Valley reservoir for the purpose of sustaining water recreational activities at the Spruce Run reservoir. The commissioner may require the authority to provide additional information verifying that the additional energy or water expenses incurred by the authority are reasonable and based upon the lowest possible electric utility rates available.

L.2001,c.82,s.6.

58:1B-9.2 New Jersey Water Supply Authority Round Valley Fund.

7. a. The New Jersey Water Supply Authority Round Valley Fund is established as a nonlapsing, special fund in the Department of the Treasury. The moneys in the fund are specifically dedicated and allocated to, and shall be used to defray the additional, reasonable energy or water expenses incurred by the New Jersey Water Supply Authority in replenishing the water released from the Round Valley reservoir for the purpose of sustaining water recreational activities at the Spruce Run reservoir as provided in subsection a. of section 8 of P.L.1958, c.34 (C.58:22-8). Interest received on moneys in the fund shall be credited to the fund. Moneys in the fund may not be used for the routine operation and maintenance expenses of the authority. Moneys in the fund may be used by the Department of Environmental Protection for the additional, reasonable expenses incurred for additional monitoring which may be necessary, from time to time, to augment the continuous monitoring required of the department pursuant to section 8 of P.L.2001, c.82 (C.58:22-8.1).

(1) The fund shall be fully funded at a first year level of \$350,000, and shall be fully funded annually thereafter at a level of not less than \$225,000 but not more than \$350,000 on July 1 of each fiscal year.

(2) The Legislature shall annually appropriate from the General Fund to the fund such sums as may be necessary to maintain the levels prescribed in this subsection, except that no annual appropriation shall be less than \$40,000.

b. The sum of \$350,000 shall be deposited in the fund from the moneys made available pursuant to section 9 of P.L.2001, c.82, and from all interest received from the investment of moneys in the fund, and from any moneys which, from time to time, may otherwise become available for the purposes of the fund.

c. Pending the use thereof as provided in subsection a. of this section, the moneys in the fund shall be held in interest-bearing accounts in public depositories as defined in section 1 of P.L.1970, c.236 (C.17:9-41), and may be invested and reinvested in such securities as are approved by the State Treasurer, in the manner provided by law.

L.2001,c.82,s.7.

58:1B-10. Bonds; resolution; covenants by authority and contracts with holders

In any resolution of the authority empowering or relating to the issuance of any bonds the authority, in order to secure the payment of such bonds and in addition to its other powers, shall have power, by provisions therein which shall constitute covenants by the authority and contracts with the holders of the bonds:

a. To pledge all or any part of its rents, fees, tolls, revenues or receipts to which its right then exists or may thereafter come into existence, and the moneys derived therefrom, and the proceeds of any bonds.

b. To pledge any lease or other agreement or the rents or other revenues thereunder and the proceeds thereof.

c. To mortgage all or any part of its property, real or personal, then owned or thereafter to be acquired.

d. To covenant against pledging all or any part of its rents, fees, tolls, revenues or receipts or its leases or agreements or rents or other revenues thereunder or the proceeds thereof, or against mortgaging all or any part of its real or personal property then owned or thereafter acquired, or against permitting or suffering any lien on any of the foregoing.

e. To covenant with respect to limitations on any right to sell, lease or otherwise dispose of any project or any part thereof or any property of any kind.

f. To covenant as to any bonds to be issued and the limitations thereon and the terms and conditions thereof and as to the custody, application, investment, and disposition of the proceeds thereof.

g. To covenant as to the issuance of additional bonds or as to limitations on the issuance of additional bonds and on the incurring of other debts by it.

h. To covenant as to the payment of the principal of or interest on the bonds, or any other obligations, as to the sources and methods of payment, as to the rank or priority of the bonds with respect to any lien or security or as to the acceleration of the maturity of the bonds.

i. To provide for the replacement of lost, stolen, destroyed or mutilated bonds.

j. To covenant against extending the time for the payment of bonds or interest thereon.

k. To covenant as to the redemption of bonds and privileges of exchange thereof for other bonds of the authority.

l . To covenant as to the rates of toll and other charges to be established and charged, the amount to be raised each year or other period of time by tolls or other revenues and as to the use and disposition to be made thereof.

m. To covenant to create or authorize the creation of special funds or moneys to be held in pledge or otherwise for construction, operating expenses, payment or redemption of bonds, reserves or other purposes and as to the use, investment, and disposition of the moneys held in those funds.

n. To establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which the consent may be given.

o . To covenant as to the construction, improvement, or maintenance of its real and personal property, the replacement thereof, the insurance to be carried thereon, and the use and disposition of insurance moneys.

p. To provide for the release of property, leases or other agreements, or revenues and receipts from any pledge or mortgage and to reserve rights and powers in, or the right to dispose of, property which is subject to a pledge or mortgage.

q. To provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation and to prescribe the events of default and the terms and conditions upon which any or all of the bonds of the authority shall become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived.

r. To vest in a trustee or trustees within or without the State such property, rights, powers and duties in trust as the authority may determine, including the right to foreclose any mortgage, and to limit the rights, duties and powers of the trustee.

s. To execute all mortgages, bills of sale, conveyances, deeds of trust and other instruments necessary or convenient in the exercise of its powers or in the performance of its covenants or duties.

t. To pay the costs or expenses incident to the enforcement of such bonds or of the provisions of the resolution or of any covenant or agreement of the authority with the holders of its bonds; and

u. To limit the rights of the holders of any bonds to enforce any pledge or covenant securing bonds.

L.1981, c. 293, s. 10, eff. Oct. 7, 1981.

58:1B-11. Pledge of revenues, moneys, funds or other property; lien; priority over other claimants

Any pledge of revenues, moneys, funds or other property made by the authority shall be valid and binding from the time when the pledge is made. The revenues, moneys, funds or other property so pledged and thereafter received by the authority unless otherwise agreed, shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, irrespective of whether the parties have notice thereof. Neither the resolution nor any other instrument by which a pledge of revenues, moneys or funds is created need be filed or recorded except in the records of the authority.

L.1981, c. 293, s. 11, eff. Oct. 7, 1981.

58:1B-12. No personal liability on bonds

Neither the members of the authority nor any person executing bonds issued pursuant to this act shall be liable personally on the bonds by reason of the issuance thereof.

L.1981, c. 293, s. 12, eff. Oct. 7, 1981.

58:1B-13. Reserves, funds or accounts; establishment

The authority may establish such reserves, funds or accounts as may be, in its discretion, necessary or desirable to further the accomplishment of the purposes of the authority or to comply with the provisions of any agreement made by or any resolution of the authority.

L.1981, c. 293, s. 13, eff. Oct. 7, 1981.

58:1B-14. Pledges, covenants and agreements with holders of bonds by state

The State of New Jersey pledges to and covenants and agrees with the holders of any bonds issued pursuant to authority of the act that the State will not limit or alter the rights or powers vested in the authority to acquire, construct, maintain, improve, and repair any project in any way that would jeopardize the interest of such holders, or to perform and fulfill the terms of any agreement made with the holders of the bonds, or to fix, establish, charge and collect such rents, fees, rates or other charges as may be convenient or necessary to produce sufficient revenues to meet all expenses of the authority and fulfill the terms of any agreement made with the holders of the bonds, together with interest thereon, with interest on any unpaid installments of interest,

and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, until the bonds, together with interest thereon, are fully met and discharged or provided for.

L.1981, c. 293, s. 14, eff. Oct. 7, 1981.

58:1B-15. Bonds as legal investment

The State and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds issued pursuant to the act, and such bonds shall be authorized security for any and all public deposits.

L.1981, c. 293, s. 15, eff. Oct. 7, 1981.

58:1B-16. Lease, loan, grant or conveyance of real property by any governmental entity

Any governmental entity, notwithstanding any contrary provision of law, except any requiring notice or public hearing, is authorized to lease, lend, grant or convey to the authority at its request upon such terms and conditions as the governing body or other proper utility of such governmental entity may deem reasonable and fair and without the necessity for any advertisement, order of court or other action or formality, other than the ordinance, resolution or regular action thereof, any real property or interest therein which may be necessary or convenient to the effectuation of the purposes of the authority. No property of the State, other than meadowlands, riparian lands or lands under water and similar lands or interests therein referred to and whose disposition is controlled by the provisions in Title 12, Commerce and Navigation, and Title 13, Conservation and Development, of the Revised Statutes, shall be so granted, leased or conveyed to the authority, except upon the approval of the State House Commission and payment to the State of such price therefor as may be fixed by the State House Commission.

L.1981, c. 293, s. 16, eff. Oct. 7, 1981.

58:1B-17. Maintenance and operation of projects; employees

Every project, when constructed and placed in operation, shall be properly maintained and kept in good condition and repaired by the authority. Every project shall be operated by such operating employees as the authority may in its discretion employ or pursuant to a contract or lease with a governmental agency or person.

L.1981, c. 293, s. 17, eff. Oct. 7, 1981.

58:1B-18. Inapplicability of act to construction, operation or repair of retail water system or project

Nothing in this act shall be construed to authorize or permit the authority to plan, initiate, acquire, construct, maintain, repair or operate any retail water system or project.

L.1981, c. 293, s. 18, eff. Oct. 7, 1981.

58:1B-19. Establishment and collection of rates, rents, fees and charges; contracts for acquisition; cooperation with public or private entity for acquisition or construction; agreements

The authority may establish and alter rates and charges, and collect rents, fees and charges for water sold from, and for the use of services of any water system project and contract in the manner provided in this section with one or more persons, one or more governmental entities, or any combination thereof, receiving the use or services of any project, and fix the terms, conditions, rents, rates, fees and charges for such use or services.

The contract may provide for acquisition by such person or governmental agency of all or any part of the project for such consideration payable over the period of the contract or otherwise as the authority in its discretion determines to be appropriate, but subject to the provisions of any resolution of the authority authorizing the issuance of bonds or any trust agreement securing the same. Any water supply entity which has the power to construct, operate and maintain water management facilities may enter into a contract or lease with the authority whereby the use or services of any project of the authority will be made available to the entity and pay for the use or services such rents, rates, fees and charges as may be agreed to by the authority and the entity.

Any one or more public or private entity may cooperate with the authority in the acquisition or construction of a project and shall enter into such agreements with the authority as are necessary, with a view to effective cooperative action and safeguarding of the respective interests of the parties thereto, which agreements shall provide for such contributions by the parties thereto in such proportion as may be agreed upon and such other terms as may be mutually satisfactory to the parties including without limitation the authorization of the construction of the project by one of the parties acting as agent for all of the parties and the ownership and control of the project by the authority to the extent necessary or appropriate for purposes of the issuance of bonds by the authority. Any governmental agency may provide such contribution as is required under such agreements by the appropriation of money or, if otherwise authorized by law to issue bonds or levy taxes or assessments and issue bonds in anticipation of the collection thereof, by the issuance of bonds or by the levying of taxes or assessments and the issuance of bonds in anticipation of the collection thereof, and by the payment of such appropriated money or the proceeds of the bonds to the authority pursuant to such agreements.

L.1981, c. 293, s. 19, eff. Oct. 7, 1981.

58:1B-20. Annual report and audit

On or before the last day of February in each year the authority shall make an annual report of its activities for the preceding calendar year to the Governor and to the Legislature. The report shall set forth a complete operating and financial statement covering its operations during the year. The authority shall cause an audit of its books and accounts to be made at least once in each year by certified public accountants and the cost thereof shall be considered an expense of the authority and a copy thereof shall be filed with the Comptroller of the Treasury.

L.1981, c. 293, s. 20, eff. Oct. 7, 1981.

58:1B-21. Services by state agencies; Attorney General as counsel

All officers, departments, boards, agencies, divisions and commissions of the State are authorized to render such services to the authority as may be within the area of their respective governmental functions as fixed by law, and as may be requested by the authority. The cost and expense of the services shall be met and provided for by the authority. The Attorney General shall serve as counsel to the authority.

L.1981, c. 293, s. 21, eff. Oct. 7, 1981.

58:1B-22 Authority contracts.

22. a. The authority is hereby authorized to make and enter into contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers. No contract on behalf of the authority shall be entered into for the doing of any work, or for the hiring of equipment or vehicles, where the sum to be expended exceeds the sum of \$25,000 or, after the effective date of P.L.1999, c.440, the amount determined pursuant to subsection b. of this section, unless the authority shall first publicly advertise for bids therefor, and shall award the contract to the lowest responsible bidder; but advertising shall not be required where the contract to be entered into is one for the furnishing or performing services of a professional nature, or for the supplying of any product or the rendering of any service by a public utility subject to the jurisdiction of the Board of Public Utilities, and tariffs and schedules of the charges made, charged, or exacted by the public utility for any such products to be supplied or services to be rendered are filed with the board, or when the purchase is to be made through or by the Director of the Division of Purchase and Property pursuant to section 1 of P.L.1959, c.40 (C.52:27B-56.1), or through a contract made by any of the following: the New Jersey Sports and Exposition Authority established under section 4 of P.L.1971, c.137 (C.5:10-4); the Hackensack Meadowlands Development Commission established under section 5 of P.L.1968, c.404 (C.13:17-5); the New Jersey Highway Authority established under section 4 of P.L.1952, c.16 (C.27:12B-4); the New Jersey Turnpike Authority established under section 3 of P.L.1948, c.454 (C.27:23-3); the South Jersey Transportation Authority established under section 4 of P.L.1991, c.252 (C.27:25A-4); the Port Authority of New York and New Jersey established under R.S.32:1-4; the Delaware River Port Authority established under R.S.32:3-2; the Higher Education Student Assistance Authority established under N.J.S.18A:71A-3. This subsection shall not prevent the authority from having any work done by its own employees, nor shall it

apply to repairs, or to the furnishing of materials, supplies or labor, or the hiring of equipment or vehicles, when the safety or protection of its or other public property or the public convenience requires, or the exigency of the authority service will not admit of such advertisement. In such case the authority shall, by resolution, passed by the affirmative vote of a majority of its members, declare the exigency or emergency to exist, and set forth in the resolution the nature thereof and the approximate amount to be expended.

b. Commencing in the fifth year after the year in which P.L.1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of the Treasury, shall adjust the threshold amount set forth in subsection a. of this section, or after the effective date of P.L.1999, c.440, the threshold amount resulting from any adjustment under this subsection in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify the authority of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

L.1981,c.293,s.22; amended 1981, c.509, s.1; 1985, c.469, s.14; 1999, c.440, s.88.

58:1B-23. Tax exemption; projects and other property; exceptions; bonds; exemption from local zoning

a. All projects and other property of the authority is declared to be public property devoted to an essential public and governmental function and purpose and shall be exempt from all taxes and special assessments of the State or any political subdivision thereof; provided, however, that when any part of the project site not occupied or to be occupied by facilities of the project is leased by the authority to another whose property is not exempt and the leasing of which does not make the real estate taxable, the estate created by the lease and the appurtenances thereto shall be listed as the property of the lessee thereof and be assessed and taxed as real estate. All bonds issued pursuant to this act are declared to be issued by a body corporate and politic of the State and for an essential public and governmental purpose and these bonds, and the interest thereon and the income therefrom, and all funds, revenues, income and other moneys received or to be received by the authority and pledged or available to pay or secure the payment of the bonds, or interest thereon, shall be exempt from taxation except for transfer inheritance and estate taxes.

b. Any project constructed, maintained or operated by the authority shall be exempt from compliance with local zoning regulations, but the authority shall wherever practicable adhere to the regulations.

L.1981, c. 293, s. 23, eff. Oct. 7, 1981.

58:1B-24. Transfer of water supply facilities element in division of water resources of department of environmental protection to authority

The Water Supply Facilities Element in the Division of Water Resources of the Department of Environmental Protection, together with all its functions, powers and duties, is hereby transferred

to the authority established pursuant to this act. This act shall not affect the terms of office of, nor the salaries received by, the present officers or employees of the element.

L.1981, c. 293, s. 24, eff. Oct. 7, 1981.

58:1B-25. Transfers in accordance with state agency transfer act

The transfer of responsibilities directed by this act shall be made in accordance with the "State Agency Transfer Act," P.L.1971, c. 375 (C. 52:14D-1 et seq.).