

40: 62-127 et

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NJSA: 40:62-127 et al

(Waterworks  
Commission--bonds)

LAWS OF: 1991

CHAPTER: 162

Bill No: S183

Sponsor(s): Graves

Date Introduced: Pre-filed

Committee: Assembly: Independent Authorities

Senate: Land Use

Amended during passage: Yes Amendments during passage  
denoted by asterisks.

Date of Passage: Assembly: May 2, 1991

Senate: January 14, 1991

Date of Approval: June 14, 1991

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

[FIRST REPRINT]

SENATE, No. 183

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Senator GRAVES

1 AN ACT providing for the issuance of bonds by a waterworks  
2 commission, amending R.S.40:62-127, R.S.40:62-146,  
3 R.S.40:62-148, and supplementing chapter 62 of Title 40 of the  
4 Revised Statutes.

5

6 BE IT ENACTED by the Senate and General Assembly of the  
7 State of New Jersey:

8 1. (New section) The Legislature finds and declares that there  
9 is a need to authorize and empower commissions appointed  
10 pursuant to R.S.40:62-109 to issue bonds and other obligations to  
11 finance water projects as an alternative to the existing method of  
12 financing these projects, whereby municipalities that created  
13 these commissions issue their own general obligation bonds and  
14 provide the proceeds thereof to the commissions.

15 2. R.S.40:62-127 is amended to read as follows:

16 40:62-127. Such commission may prescribe and change from  
17 time to time rates to be charged for water supplied by the  
18 waterworks so acquired, and by any extension or enlargement  
19 thereof, but rates for the same kind or class of service shall be  
20 uniform in all the municipalities supplied by the waterworks;  
21 except that no rates shall include the imposition of any fees in  
22 excess of the cost of water actually used for any sprinkler system  
23 required to be installed in any residential health care facility  
24 pursuant to the "Health Care Facilities Planning Act," P.L.1971,  
25 c.136 (C.26:2H-1 et seq.) and regulations promulgated  
26 thereunder or in any rooming or boarding house pursuant to the  
27 "Rooming and Boarding House Act of 1979," P.L.1979, c.496  
28 (C.55:13B-1 et al.) and regulations promulgated thereunder.  
29 Nothing in this amendatory act shall preclude any commission  
30 from charging for the actual cost of water main connection.

31 The supplying of water to locations beyond the boundaries of  
32 the municipalities owning the waterworks shall be basis for  
33 separate classification of service to permit reasonable  
34 differentiation of rates. As soon as practicable after acquiring  
35 the waterworks, rates shall be prescribed, and shall be revised  
36 from time to time whenever necessary, so that the waterworks  
37 shall be self-supporting, the earnings to be sufficient to provide  
38 for all expenses of operation and maintenance and such charges  
39 as interest, sinking fund and amortization, so as to prevent any

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:  
1 Senate SLM committee amendments adopted December 3, 1990.

1 deficit to be paid by taxation from accruing. The interest,  
2 sinking fund and amortization shall be construed to include:

3 a. All service on debt heretofore or hereafter incurred by the  
4 commission or by any municipality represented by the commission  
5 in connection with the acquisition of such privately-owned  
6 waterworks, and any extensions thereto and enlargements  
7 thereof, heretofore or hereafter formally assumed by the  
8 commission or its successors, and

9 b. All service on debt heretofore or hereafter incurred by the  
10 commission or by a municipality represented by the commission,  
11 or its successors, and heretofore or hereafter formally assumed  
12 by the commission, or its successors, as part of any agreement  
13 with the municipality relative to the acquisition, by the  
14 commission, or its successors, of the ownership of or the  
15 management and control of or the right to use any water supply  
16 or part thereof or interest therein or any distribution system of  
17 water mains and connections, or any part thereof, which any such  
18 municipality may own or control.

19 The provisions of this section shall be deemed a contract with  
20 the holders of all obligations which shall be or may have been  
21 issued for the purpose of financing such acquisitions or which  
22 heretofore have been or may hereafter be issued to refund  
23 temporary bonds or obligations issued for such purposes, the  
24 payment of any of which obligations, and interest thereon, the  
25 commission, or its successors, has heretofore or may hereafter  
26 formally assume as aforesaid.

27 The commission and any succeeding commission may prescribe,  
28 and alter and enforce all reasonable rules and regulations for the  
29 maintenance and operation of the waterworks and the collection  
30 of rates.

31 (cf: P.L.1981, c.514, s.3)

32 3. (New section) For the purpose of raising funds to pay the  
33 cost of any part of its waterworks, including the cost of  
34 enlarging, extending or improving the same, or for the purpose of  
35 funding or refunding any bonds including bonds or other  
36 obligations issued by any municipality represented by the  
37 commission in connection with the acquisition of waterworks, and  
38 any extensions thereto and enlargements thereof, a commission  
39 shall have power to authorize or provide for the issuance of bonds  
40 pursuant to this amendatory and supplementary act. In order to  
41 approve an action concerning bonds, the commission shall, by five  
42 members voting in the affirmative, adopt a resolution, sometimes  
43 referred to in this amendatory and supplementary act as a  
44 1["bond resolution," which] "bond resolution;" provided, however,  
45 that all of the municipalities which constitute the commission  
46 shall be represented among the members voting in the  
47 affirmative. The bond resolution<sup>1</sup> shall:

48 a. Describe in brief and general terms sufficient for  
49 reasonable identification the waterworks or part thereof,  
50 sometimes referred to in this amendatory and supplementary

1 act as a "project," to be constructed, acquired, enlarged,  
2 extended, or improved or describe the bonds which are to be  
3 funded or refunded, if any;

4 b. State the cost or estimated cost of the project, if any; and

5 c. Provide for the issuance of the bonds in accordance with  
6 section 4 of this amendatory and supplementary act.

7 4. (New section) Upon adoption of a bond resolution, the  
8 commission shall have power to incur indebtedness, borrow money  
9 and issue its bonds and bond anticipation notes, in this act  
10 collectively referred to in this amendatory and supplementary act  
11 as "bonds," for the purpose of financing the project or of funding  
12 or refunding the bonds described therein. The bonds shall be  
13 authorized by the bond resolution and may be issued in one or  
14 more series and shall bear such date or dates, mature at such  
15 time or times not exceeding 40 years from the date thereof, bear  
16 interest at a rate or rates within such maximum rate established  
17 therein, be in such denomination or denominations, be in such  
18 form, either coupon or registered, carry such conversion or  
19 registration privileges, have such rank or priority, be executed in  
20 such manner, be payable from such sources in such medium of  
21 payment at such place or places within or without the State, and  
22 be subject to such terms of redemption with or without premium,  
23 as the bond resolution may provide.

24 5. (New section) Bonds of the commission may be sold by the  
25 commission at public or private sale at such price or prices as the  
26 commission shall determine.

27 6. (New section) The commission may cause a copy of any  
28 bond resolution adopted by it to be filed for public inspection in  
29 its office and in the office of clerk of the governing body of the  
30 municipalities represented in the commission and may thereupon  
31 cause to be published in a newspaper published or circulating in  
32 the municipalities represented in the commission a notice stating  
33 the fact and date of this adoption and the places where the bond  
34 resolution has been filed for public inspection and also the date of  
35 the first publication of the notice and also that any action or  
36 proceeding of any kind or nature in any court questioning the  
37 validity or proper authorization of bonds provided for by the bond  
38 resolution, or the validity of any covenants, agreements or  
39 contract provided for by the bond resolution shall be commenced  
40 within 20 days after the first publication of the notice. If no  
41 action or proceeding questioning the validity of the creation and  
42 establishment of the commission, or the validity or proper  
43 authorization of bonds provided for by the bond resolution  
44 referred to in the notice, or the validity of any covenants,  
45 agreements or contracts provided for by the bond resolution is  
46 commenced or instituted within 20 days after the first  
47 publication of the notice, all residents and taxpayers and owners  
48 of property in the municipalities and users of the waterworks  
49 system and all other persons whatsoever shall be forever barred  
50 and foreclosed from instituting or commencing any action or

1 proceeding in any court, or from pleading any defense to any  
2 action or proceedings, questioning the validity of the creation and  
3 establishment of the commission, or the validity or proper  
4 authorization of the bonds, or the validity of the covenants,  
5 agreements or contracts, and the commission conclusively is  
6 deemed to be validly created and established and is authorized to  
7 transact business and exercise powers as a commission under this  
8 amendatory and supplementary act, and the bonds, covenants,  
9 agreements and contracts conclusively are deemed to be valid  
10 and binding obligations in accordance with their terms and tenor.

11 7. (New section) Any provision of law, rule or regulation to  
12 the contrary notwithstanding, any bond or other obligation issued  
13 pursuant to this amendatory and supplementary act shall be fully  
14 negotiable within the meaning and for all purposes of the State  
15 laws concerning negotiable instruments, and each holder or owner  
16 of the bond or other obligation, or of any coupon appurtenant  
17 thereto, by accepting the bond or coupon, conclusively is deemed  
18 to have agreed that the bond, obligation or coupon is fully  
19 negotiable within the meaning and for all purposes of the State  
20 laws concerning negotiable instruments.

21 8. (New section) Any bond resolution of the commission  
22 providing for or authorizing the issuance of any bonds may  
23 contain provisions, and the commission, in order to secure the  
24 payment of these bonds and in addition to its other powers, shall  
25 have the power, by provision in the bond resolution, to covenant  
26 and agree with the several holders of these bonds, as to:

27 a. The custody, security, use, expenditure or application of the  
28 proceeds of the bonds;

29 b. The construction and completion, acquisition, enlargement,  
30 extension or improvement of all or any part of the waterworks;

31 c. The use, regulation, operation, maintenance, insurance or  
32 disposition of all or any part of the waterworks, or restrictions on  
33 the exercise of the powers of the commission to dispose, or to  
34 limit or regulate the use, of all or any part of the waterworks;

35 d. Payment of the principal of or interest on the bonds, or any  
36 other obligations, and the sources and methods thereof, the rank  
37 or priority of the bonds or obligations as to any lien or security,  
38 or the acceleration of the maturity of the bonds or obligations;

39 e. The use and disposition of any moneys of the commission,  
40 including revenues, sometimes referred to in this amendatory and  
41 supplementary act as "water revenues," derived or to be derived  
42 from the operation of all or any part of the waterworks, including  
43 any parts thereof previously constructed or acquired and any  
44 parts, enlargements, extensions, replacements or improvements  
45 thereof subsequently constructed or acquired;

46 f. Pledging, setting aside, depositing or trusteeing all or any  
47 part of the water revenues or other moneys of the commission to  
48 secure the payment of the principal of or interest on the bonds or  
49 any other obligations or the payment of expenses of operation or  
50 maintenance of the waterworks, and the powers and duties of any

1 trustee with regard thereto;

2 g. The setting aside out of the water revenues or other moneys  
3 of the commission of reserves and sinking funds, and the source,  
4 custody, security, regulation, application and disposition thereof;

5 h. Determination or definition of the water revenues or of the  
6 expenses of operation and maintenance of the waterworks;

7 i. The rents, rates or the use, products or services of the  
8 waterworks, including any parts thereof previously constructed or  
9 acquired and any parts, enlargements, extensions, replacements  
10 or improvements thereof subsequently constructed or acquired,  
11 and the fixing, establishment, collection and enforcement of the  
12 same, the amount or amounts of water revenues to be produced  
13 thereby, and the disposition and application of the amounts  
14 charged or collected;

15 j. The assumption or payment or discharge of any  
16 indebtedness, liens or other claims relating to any part of the  
17 waterworks, or any obligations having or which may have a lien  
18 on any part of the water revenues;

19 k. Limitations on the issuance of additional bonds or any other  
20 obligations or on the incurrence of indebtedness of the  
21 commission;

22 l. Vesting in a trustee or trustees within or without the State  
23 the property, rights, powers and duties in trust as the commission  
24 may determine which may include any or all rights, powers and  
25 duties of the trustee appointed by the holders of bonds pursuant  
26 to section 9 of this amendatory and supplementary act, and  
27 limiting or abrogating the right of the holders to appoint a  
28 trustee pursuant to section 9 of this amendatory and  
29 supplementary act or limiting the rights, duties and powers of the  
30 trustee;

31 m. Payment of costs or expenses incident to the enforcement  
32 of the bonds or of the provisions of the bond resolution or of any  
33 covenant or contract with the holders of the bonds;

34 n. The procedure, if any, by which the terms of any covenant  
35 or contract with, or duty to, the holders of bonds may be  
36 amended or abrogated, the amount of bonds the holders of which  
37 shall consent thereto, and the manner in which the consent may  
38 be given or evidenced; or

39 o. Any other matter or course of conduct which, by recital in  
40 the bond resolution, is declared to further secure the payment of  
41 the principal of or interest on the bonds.

42 The provisions of the bond resolution and the covenants and  
43 agreements constitute valid and legally binding contracts  
44 between the commission and the several holders of the bonds,  
45 regardless of the time of issuance of the bonds, and are  
46 enforceable by the holder or holders of the bonds by appropriate  
47 action, suit or proceeding in any court of competent jurisdiction,  
48 or by proceeding in lieu of prerogative writ.

49 9. (New section) a. If a default occurs in the payment of the  
50 principal of or interest on any bonds of the series after the bonds

1 are due, whether at maturity or upon call for redemption, and  
2 this default continues for a period of 30 days, or if the  
3 commission fails or refuses to comply with the provisions of this  
4 amendatory and supplementary act or fails or refuses to carry out  
5 and perform the terms of any contract with the holders of the  
6 bonds, and this failure or refusal continues for a period of 30 days  
7 after written notice to the commission of its existence and  
8 nature, the holders of 25% in the aggregate principal amount of  
9 the bonds and the series then outstanding by instrument or  
10 instruments filed in the office of the Secretary of State and  
11 proved or acknowledged in the same manner as a deed to be  
12 recorded, may appoint a trustee to represent the holders of the  
13 bonds of the series for the purposes provided in this section. This  
14 section shall be applicable only if the bond resolution of the  
15 commission authorizing the issuance of a series of its bonds  
16 provides that the holders of the bonds of the series are entitled to  
17 the benefits of this section.

18 b. The trustee may, and upon written request of the holders of  
19 25% in aggregate principal amount of the bonds of the series then  
20 outstanding shall, in his or its own name:

21 (1) By any action, writ, proceeding in lieu of prerogative writ,  
22 or other proceeding, enforce all rights of the holders of the  
23 bonds, including the right to require the commission to charge  
24 and collect water rents adequate to carry out any contract as to,  
25 or pledge of, water revenues, and to require the commission to  
26 carry out and perform the terms of any contract with the holders  
27 of the bonds or its duties under this amendatory and  
28 supplementary act;

29 (2) Bring an action upon all or any part of the bonds or interest  
30 coupons or claims appurtenant thereto;

31 (3) By action, require the commission to account as if it were  
32 the trustee of an express trust for the holders of the bonds;

33 (4) By action, enjoin any acts or things which may be unlawful  
34 or in violation of the rights of the holders of the bonds; or

35 (5) Declare the bonds due and payable, whether or not in  
36 advance of maturity, upon 30 days' prior notice in writing to the  
37 commission and, if all defaults are satisfied, with the consent of  
38 the holders of 25% of the principal amount of the bonds then  
39 outstanding, annul the declaration and its consequences.

40 c. The trustee shall have and possess all of the powers  
41 necessary or appropriate for the exercise of the functions  
42 specifically set forth herein or incident to the general  
43 representation of the holders of the bonds of the series in the  
44 enforcement and protection of their rights.

45 d. In any action or proceeding by the trustee, the fees, counsel  
46 fees and expenses of the trustee and of the receiver, if any,  
47 appointed pursuant to this amendatory and supplementary act,  
48 shall constitute taxable costs and disbursements, and all costs and  
49 disbursements, allowed by the court, shall be a first charge upon  
50 any water rents and water revenues of the commission pledged

1 for the payment or security of bonds of the series.

2 10. (New section) If the bond resolution of a commission  
3 authorizing for the issuance of a series of its bonds provides that  
4 the holders of the bonds of the series are entitled to the benefits  
5 of section 9 of this amendatory and supplementary act and  
6 further provides that any trustee appointed pursuant to that  
7 section, or having the powers of the trustee, has the powers  
8 provided by this section, the trustee, whether or not all of the  
9 bonds of the series are declared due and payable, is entitled as of  
10 right to the appointment of a receiver of the waterworks, and the  
11 receiver may enter upon and take possession of the waterworks  
12 and, subject to any pledge or contract with the holders of the  
13 bonds, shall take possession of all moneys and other property  
14 derived from or applicable to the acquisition, construction,  
15 operation, maintenance or reconstruction of the waterworks and  
16 proceed with the acquisition, construction, operation,  
17 maintenance or reconstruction which the commission is under any  
18 obligation to do, and operate, maintain and reconstruct the  
19 waterworks and fix, charge, collect, enforce and receive the  
20 water rents and all water revenues thereafter arising subject to  
21 any pledge thereof or contract with the holders of the bonds  
22 relating thereto and perform the public duties and carry out the  
23 contracts and obligations of the commission in the same manner  
24 as the commission itself might do and under the direction of the  
25 court.

26 11. (New section) Neither the members of the commission nor  
27 any person executing the bonds issued pursuant to this  
28 amendatory and supplementary act shall be liable personally on  
29 the bonds by reason of the issuance thereof. Bonds or other  
30 obligations issued by the commission pursuant to this amendatory  
31 and supplementary act shall not be in any way a debt or liability  
32 of the State or of any local unit or of any county or municipality  
33 and shall not create or constitute any indebtedness, liability or  
34 obligation of the State or of any local unit, county or  
35 municipality, either legal, moral or otherwise, and nothing  
36 contained in this amendatory and supplementary act shall be  
37 construed to authorize the commission to incur any indebtedness  
38 on behalf of or in any way to obligate the State or any county or  
39 municipality.

40 12. R.S.40:62-146 is amended to read as follows:

41 40:62-146. The commission may contract with any  
42 municipality or municipalities to furnish a supply of water for  
43 such other municipalities and their inhabitants, for public and  
44 private uses, for the term of a year or years. There shall first be  
45 obtained the approval of the state board or department having  
46 jurisdiction of such matters, which approval and consent such  
47 commission or other board or departments may withhold or grant  
48 upon such terms as it may deem proper, but in case approval and  
49 consent are withheld, the reason for such withholding shall be  
50 furnished by the department or board to the commission applying



1     therefor. The contract may provide for the payment to the  
2     commission by the municipality annually or otherwise of the sum  
3     or sums of money, computed at fixed amounts or by a formula  
4     based on any factors or other matters described in R.S.40:62-127  
5     or in any other manner, as the contract or contracts may provide,  
6     and may provide that the sum or sums so payable to the  
7     commission shall be in lieu of all or any part of the water rents  
8     which would otherwise be charged and collected by the  
9     commission with regard to the dwellers within the municipality.  
10    The contract may be made with or without consideration and for  
11    a specified or an unlimited time and on any terms and conditions  
12    which may be approved by the municipality and which may be  
13    agreed to by the commission in conformity with its contract with  
14    the holders of any bonds, and shall be valid whether or not an  
15    appropriation with respect thereto is made by the municipality  
16    prior to authorization or execution thereof. The municipality is  
17    authorized to perform any acts necessary, convenient or desirable  
18    to carry out the contract and to provide for the payment or  
19    discharge of any obligation thereunder in the same manner as are  
20    other obligations of the municipality. Subject to these contracts  
21    with the holders of bonds, the commission is authorized to  
22    perform any acts necessary, convenient or desirable to carry out  
23    the contract and, to provide for the payment or discharge of any  
24    obligation thereunder in the same manner as are other obligations  
25    of the municipality. Subject to these contracts with the holders  
26    of bonds, the commission is authorized to perform any acts  
27    necessary, convenient or desirable to carry out the contract and,  
28    in accordance with the contract, to waive, modify, suspend or  
29    reduce the water rents which would otherwise be charged and  
30    collected by the commission with regard to the dwellers within  
31    the municipality, but nothing in this section or the contract shall  
32    prevent the commission from charging and collecting, as if the  
33    contract had not been made, water rents with regard to the  
34    dwellings sufficient to meet any default or deficiency in any  
35    payments agreed in the contract to be made by the municipality.

36    (cf: R.S.40:62-146)

37     13. (New section) All property of a commission shall be  
38     exempt from levy and sale by virtue of an execution and no  
39     execution or other judicial process shall issue against the same  
40     nor shall any judgment against a commission be a charge or lien  
41     upon its property; except that nothing herein contained shall  
42     apply to or limit the rights of the holder of any bonds to pursue  
43     any remedy for the enforcement of any pledge or lien given by a  
44     commission on its waterworks, water revenues or other moneys.

45     14. (New section) Notwithstanding any restriction contained  
46     in any other law, rule or regulation, the State and all public  
47     officers, municipalities, counties, political subdivisions and public  
48     bodies, and agencies thereof, all banks, bankers, trust companies,  
49     savings banks and institutions, building and loan associations,  
50     savings and loan associations, investment companies, and other

1 persons carrying on a banking business, all insurance companies,  
2 insurance associations and other persons carrying on an insurance  
3 business, and all executors, administrators, guardians, trustees  
4 and other fiduciaries, may legally invest any sinking funds,  
5 moneys or other funds belonging to them or within their control  
6 in any bonds of the commission, and the bonds shall be authorized  
7 security for any and all public deposits.

8 15. (New section) Every waterworks and all other property of  
9 a commission are declared to be public property of a political  
10 subdivision of the State and devoted to an essential public and  
11 governmental function and purpose and, other than lands subject  
12 to assessment and taxation pursuant to R.S.54:4-3.3, shall be  
13 exempt from all taxes and special assessments of the State or any  
14 subdivision thereof. All bonds are declared to be issued by a  
15 political subdivision of this State and for an essential public and  
16 governmental purpose and to be a public instrumentality and the  
17 bonds, and the interest thereon and the income therefrom, and all  
18 service charges, funds, revenues and other moneys pledged or  
19 available to pay or secure the payment of the bonds, or interest  
20 thereon, shall at all times be exempt from taxation except for  
21 transfer, inheritance and estate taxes and taxes on transfers by  
22 or in contemplation of death.

23 16. (New section) The State of New Jersey hereby pledges to  
24 and covenants and agrees with the holders of any bonds issued  
25 pursuant to a bond resolution of the commission that the State  
26 shall not limit or alter the rights vested in the commission to  
27 <sup>1</sup>[acquire, construct, enlarge, extend, improve, maintain,  
28 reconstruct and operate its waterworks, and to]<sup>1</sup> fix <sup>1,1</sup> establish,  
29 charge and collect its water rates and to fulfill the terms of any  
30 agreement made with the holders of the bonds or other  
31 obligations, and shall not in any way impair the rights or remedies  
32 of the holders, and shall not modify in any way the exemptions  
33 from taxation provided for in this amendatory and supplementary  
34 act, until the bonds, together with interest thereon, with interest  
35 on any unpaid installments of interest, and all costs and expenses  
36 in connection with any action or proceeding by or on behalf of the  
37 holders are fully met and discharged.

38 17. (New section) All banks, bankers, trust companies, savings  
39 banks, investment companies and other persons carrying on a  
40 banking business are authorized to give to any commission a good  
41 and sufficient undertaking with such sureties as shall be approved  
42 by the commission to the effect that the bank or banking  
43 institution as described herein shall faithfully keep and pay over  
44 to the order of or upon the warrant of the commission or its  
45 authorized agent all such funds as may be deposited with it by the  
46 commission and agreed interest thereon, at such times or upon  
47 these demands as may be agreed with the commission or in lieu of  
48 these sureties, deposit with the commission or its authorized  
49 agent or any trustee therefor or for the holders of any bonds, as  
50 collateral, these securities as the commission may approve. The

1 deposits of the commission may be evidenced by a depository  
2 collateral agreement in the form and upon such terms and  
3 conditions as may be agreed upon by the commission and the bank  
4 or banking institution.

5 18. (New section) The commission shall file a copy of each  
6 bond resolution adopted by it with the Director of the Division of  
7 Local Government Services in the Department of Community  
8 Affairs, together with a summary of the dates, amounts,  
9 maturities and interest rates of all bonds issued pursuant thereto.

10 19. R.S.40:62-148 is amended to read as follows:

11 40:62-148. [The] Subject to any contracts with the holders of  
12 bonds, the commission may adopt all ordinances and resolutions,  
13 enter into all agreements and contracts, and do any and all other  
14 acts and things necessary to provide water for the public and  
15 private uses of its customers in accordance with the provisions of  
16 [sections] R.S.40:62-133 to R.S.40:62-150 [of this title].

17 (cf: R.S.40:62-148)

18 20. This act shall take effect immediately.

19

20

21

#### AUTHORITIES AND REGIONAL AGENCIES

22

23

Provides for the issuance of bonds by a waterworks commission.

1 thereon, with interest on any unpaid installments of interest, and  
2 all costs and expenses in connection with any action or  
3 proceeding by or on behalf of the holders are fully met and  
4 discharged.

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12 authorized agent all such funds as may be deposited with it by the  
13 commission and agreed interest thereon, at such times or upon  
14 these demands as may be agreed with the commission or in lieu of  
15 these sureties, deposit with the commission or its authorized  
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31 acts and things necessary to provide water for the public and  
32 private uses of its customers in accordance with the provisions of  
33 [sections] R.S.40:62-133 to R.S.40:62-150 [of this title].

34 (cf: R.S.40:62-148)

35 20. This act shall take effect immediately.

#### 36 37 STATEMENT

38  
39 This bill empowers waterworks commissions owned by two or  
40 more municipalities to issue bonds. Presently a commission must  
41 request the owner-municipalities to issue bonds on its behalf.  
42 The commissions have been responsible for repayment of the  
43 debt. This bill will enable waterworks commissions to issue bonds  
44 without the intermediary municipalities.

#### 45 46 AUTHORITIES AND REGIONAL AGENCIES

47  
48 Provides for the issuance of bonds by a waterworks commission.

1       13. (New section) All property of a commission shall be  
2 exempt from levy and sale by virtue of an execution and no  
3 execution or other judicial process shall issue against the same  
4 nor shall any judgment against a commission be a charge or lien  
5 upon its property; except that nothing herein contained shall  
6 apply to or limit the rights of the holder of any bonds to pursue  
7 any remedy for the enforcement of any pledge or lien given by a  
8 commission on its waterworks, water revenues or other moneys.

9       14. (New section) Notwithstanding any restriction contained  
10 in any other law, rule or regulation, the State and all public  
11 officers, municipalities, counties, political subdivisions and public  
12 bodies, and agencies thereof, all banks, bankers, trust companies,  
13 savings banks and institutions, building and loan associations,  
14 savings and loan associations, investment companies, and other  
15 persons carrying on a banking business, all insurance companies,  
16 insurance associations and other persons carrying on an insurance  
17 business, and all executors, administrators, guardians, trustees  
18 and other fiduciaries, may legally invest any sinking funds,  
19 moneys or other funds belonging to them or within their control  
20 in any bonds of the commission, and the bonds shall be authorized  
21 security for any and all public deposits.

22       15. (New section) Every waterworks and all other property of  
23 a commission are declared to be public property of a political  
24 subdivision of the State and devoted to an essential public and  
25 governmental function and purpose and, other than lands subject  
26 to assessment and taxation pursuant to R.S.54:4-3.3, shall be  
27 exempt from all taxes and special assessments of the State or any  
28 subdivision thereof. All bonds are declared to be issued by a  
29 political subdivision of this State and for an essential public and  
30 governmental purpose and to be a public instrumentality and the  
31 bonds, and the interest thereon and the income therefrom, and all  
32 service charges, funds, revenues and other moneys pledged or  
33 available to pay or secure the payment of the bonds, or interest  
34 thereon, shall at all times be exempt from taxation except for  
35 transfer, inheritance and estate taxes and taxes on transfers by  
36 or in contemplation of death.

37       16. (New section) The State of New Jersey hereby pledges to  
38 and covenants and agrees with the holders of any bonds issued  
39 pursuant to a bond resolution of the commission that the State  
40 shall not limit or alter the rights vested in the commission to  
41 acquire, construct, enlarge, extend, improve, maintain,  
42 reconstruct and operate its waterworks, and to fix establish,  
43 charge and collect its water rates and to fulfill the terms of any  
44 agreement made with the holders of the bonds or other  
45 obligations, and shall not in any way impair the rights or remedies  
46 of the holders, and shall not modify in any way the exemptions  
47 from taxation provided for in this 1989 amendatory and  
48 supplementary act, until the bonds, together with interest

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

STATEMENT TO

SENATE, No. 183

STATE OF NEW JERSEY

DATED: MARCH 18, 1991

The Assembly Independent Authorities Committee reports favorably Senate Bill No. 183.

As reported, this bill empowers waterworks commissions owned by two or more municipalities to issue bonds. Under current law, such commissions must request the municipalities which own the waterworks to issue bonds on the commission's behalf. The commission, however, is the fiscal agent of all municipalities represented by the commission with regard to the payment of principal and interest to bondholders under R.S.40:62-122.

This bill would enable waterworks commissions to issue bonds without the intermediary municipalities. Bond resolutions must be approved by five commission members, and all of the municipalities which constitute the commission shall be represented among the members voting in the affirmative.

This bill would apply to two water commissions: the Passaic Valley Water Commission (comprised of Paterson, Passaic and Clifton) and the Merchantville-Pennsauken Water Commission.

The bill further requires that all member municipalities be represented among those voting affirmatively on bond resolutions.

SENATE LAND USE MANAGEMENT AND  
REGIONAL AFFAIRS COMMITTEE

STATEMENT TO

**SENATE, No. 183**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: DECEMBER 3, 1990

The Senate Land Use Management and Regional Affairs Committee reports favorably Senate Bill No. 183, with committee amendments.

Senate Bill No. 183, as amended by the committee, empowers waterworks commissions owned by two or more municipalities to issue bonds. Under current law, such commissions must request the municipalities which own the waterworks to issue bonds on the commission's behalf. The commission, however, is the fiscal agent of all municipalities represented by the commission with regard to the payment of principal and interest to bondholders under R.S.40:62-122.

This bill would enable waterworks commissions to issue bonds without the intermediary municipalities. Bond resolutions must be approved by five commission members, and all of the municipalities which constitute the commission shall be represented among the members voting in the affirmative.

This bill would apply to two water commissions: the Passaic Valley Water Commission (comprised of Paterson, Passaic and Clifton) and the Merchantville-Pennsauken Water Commission.

The committee amended the bill to require that all member municipalities be represented among those voting affirmatively on bond resolutions. In addition, the committee deleted language in section 16 which could have been construed as holding water commissions harmless from certain DEP regulations.

This bill was pre-filed for introduction in the 1990 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.