

RESOLUTION OF THE CITY COUNCIL

No. 109

Approved February 26, 1974

RESOLVED, That the City Solicitor be, and he hereby is authorized to apply to the General Assembly and urge passage of an Act authorizing the Water Resources Board to lease certain land to the City of Providence, and authorizing the City of Providence to Issue revenue bonds for water purposes, substantially in accordance with the accompanying draft act.

CITY OF PROVIDENCE
CITY COUNCIL

APPROVED
CITY COUNCIL ON
FEBRUARY 26 1974

FEB 26 1974

**IN CITY COUNCIL
FEB 21 1974
READ AND PASSED**

Rose M. Menkoff
CLERK

APPROVED

MAYOR
Joseph A. Porley
FEB 26 1974

RESOLUTION AUTHORIZING THE
CITY SOLICITOR TO APPLY TO THE
GENERAL ASSEMBLY AND URGE PASS-
AGE OF AN ACT RELATIVE TO WATER
RESOURCES BOARD, AND ALSO RELA-
TIVE TO REVENUE BONDS FOR
WATER PURPOSES.

IN CITY COUNCIL

READ AND PASSED

REC'D

CLERK

IN CITY COUNCIL

FEB 7 1974
FIRST READING
REFERRED TO COMMITTEE ON

FINANCE

U. M. Lopez

THE COMMITTEE ON

FINANCE

Approves Passage of
The Within Resolution

Rose M. Mendonca
Acting Clerks

FEB 14 1974

FEB 2 9 1974

*Councilman Lynch
and Councilman Davison,
by request*

EXPLANATION

OF

AN ACT AUTHORIZING THE WATER RESOURCES BOARD TO LEASE CERTAIN
LAND TO THE CITY OF PROVIDENCE AND AUTHORIZING THE CITY
OF PROVIDENCE TO ISSUE REVENUE BONDS FOR WATER
PURPOSES.

The bill authorizes the Water Resources Board to lease the Big and Wood River Reservoir sites to the City of Providence. The city would be authorized to construct reservoirs at these sites and aqueducts to connect them to its existing water supply and distribution system. The city would be further authorized to issue water revenue bonds for this purpose.

This act would take effect upon passage.

State of Rhode Island, &c.

IN GENERAL ASSEMBLY

JANUARY SESSION, A. D. 19 74.

AN ACT

AUTHORIZING THE WATER RESOURCES BOARD TO LEASE CERTAIN LAND TO THE CITY OF PROVIDENCE AND AUTHORIZING THE CITY OF PROVIDENCE TO ISSUE REVENUE BONDS FOR WATER PURPOSES.

It is enacted by the General Assembly as follows:

ARTICLE I.

AMENDMENTS OF PROVIDENCE WATER SUPPLY ACT OF 1915.

SECTION 1. Wholesale and Retail Service. Section 18 of chapter 1278 of the public laws of 1915, as amended by chapter 162 of the public laws of 1967, is hereby amended by changing the second paragraph thereof to read as follows:

"It is provided, however, that as to the entire towns of Smithfield, ~~and such parts of the town of~~ North Providence, Johnston and the cities of Cranston, Warwick and East Providence, and any such water or fire districts therein ~~as were not entitled to water under chapter 1278 of the public laws of 1915 as originally enacted~~, the city of Providence, acting by and through the water supply board of the city of Providence or such other officer or officers as may for the time being ~~shall~~ have charge of the water works, shall have the right to determine whether it shall sell water directly to prospective water users or consumers at retail or to the city or town or water or fire district therein at wholesale rates. Proper connections with said water supply source or sources, including the installation of proper meters or other devices for ascertaining the quantity of water so received, shall be made at such suitable location or locations as shall be determined and approved by the water supply board of the city of Providence or such other officer or officers as may for the time being ~~shall~~ have charge of the water works, and at the expense of the town,

city, district, water company or water users desiring to receive such water, and subject to such reasonable rules and regulations as from time to time may be made by the water supply board of said city of Providence or its duly authorized officer or officers as may for the time being ~~shall~~ have charge of the water works. Such town, city or water or fire district, water company or water users or consumers shall have the right to take such water as aforesaid to any extent each month not exceeding an average per day ~~of one-hundred-fifty-gallons~~ per capita of the number of inhabitants of such parts of its territory or territories as are served from such water supply source or sources, as such number of inhabitants was shown by the last preceding census of the United States or of the state of Rhode Island, equal to the average consumption per day per capita for the prior calendar year in the area served by the Providence low service system, unless and to the extent and for the time only that said officer or officers of said city of Providence shall consent to the taking by such town, city, or water or fire district, water company or water users of a greater quantity of such water. Whenever any such town, city, water company or water or fire district receives water wholesale, such town, city, water company, or water or fire district shall pay to said city of Providence such fair wholesale rates or charges for the quantity of water taken by it as aforesaid, and at such times, and the rates fixed to continue during such periods, as may be mutually agreed upon, or in default of agreement as shall be determined by three arbitrators, one to be chosen by it, one by said city of Providence and the third by the two so chosen, or in case either party should refuse or neglect to appoint such arbitrator, or in case the two arbitrators chosen by the parties should refuse or neglect to appoint the third arbitrator, said superior court for Providence county, upon petition of either party and after giving the other party opportunity to be heard, shall appoint such arbitrator or such third arbitrator as the case may be. And it is provided, further, that in case the city of Providence as hereinbefore provided elects to sell water directly to water users or consumers, the water

supply board of the city of Providence or such other officer or officers as may for the time being shall have the charge of the water works, shall have the right to determine the rate at which said water shall be sold. Said city of Providence may furnish water from such water supply source or sources to any water company incorporated by the general assembly and whose rules, regulations and rates are subject to the approval of the administrator of public utilities of the state for the use as aforesaid in either of said drainage districts or in the towns of North Providence, Johnston, Smithfield, Bristol, Barrington, Warren and the city of East Providence or in any part of the territory that is supplied by such water company. Without limiting the foregoing in any way, the authority of the city of Providence to sell water at wholesale to Kent County Water Authority, East Smithfield Water District, Greenville Water District, Bristol County Water Company, the cities of East Providence and Warwick and the town of Smithfield is hereby confirmed and the wholesale contracts shall provide for arbitration in the manner set forth above. The city of Providence may provide water to its retail and wholesale customers from any source lawfully available to it. Wholesale contracts may be for such periods as the parties deem necessary to effectuate the purposes of this act. In the case of cities, towns and districts, the contracts may be authorized in general terms by the city council or town or district meeting or by such other body as is empowered by law to authorize contracts for the purchase of water. The wholesale contracts shall be exempt from section 39-3-24 of the general laws but shall be filed with the division of public utilities and carriers."

SEC. 2. Tax Exemption. - Said section 18 is hereby further amended by inserting the following sentence at the end of the sixth paragraph thereof: "The city of Providence shall also be exempt from local taxes on the facilities established pursuant to the Providence Water Supply Act of 1973."

SEC. 3. Rates. - Said chapter 1278 is hereby further amended

by inserting the following section after section 18 thereof:

Section 18A. The city of Providence, acting by and through its water supply board, is authorized to set retail and wholesale rates sufficient in the aggregate to meet current expenses and debt service of the water supply system, to establish and maintain such reserves for improvements, replacements, debt service or other purposes as may be deemed necessary by the water supply board or as may be required by a trust agreement or resolution securing bonds or notes issued for the water supply system, to provide such coverage of debt service as may be required by such trust agreement or resolution, and to provide a fair return to the city not exceeding 5 per cent per annum on the original cost of plant in service. Among the factors which may be considered in determining a fair return are the contributions to the establishment, enlargement and improvement of the system by the taxpayers and water rate payers of the city of Providence, the use of the city's credit and the city's making available an ongoing system to meet the increasing needs of the other areas which have been added from time to time to the service area. The city may forego a fair return in whole or in part on water sold for use in Providence.

The city of Providence may make reasonable rate classifications (including classifications as between use within and without the city) and may make reasonable allocations of capital and operating costs. The city of Providence shall not be subject to regulation as a public utility under the general laws. Notwithstanding the foregoing, the public utility administrator shall have standing on behalf of the public to contest the validity of rates and wholesale contracts hereunder by proceedings instituted in the superior court for Providence county, shall be entitled to notice of any rate arbitration proceedings under such wholesale contracts and shall have standing on behalf of the public to intervene in such arbitration proceedings. No proceedings shall be instituted hereunder to contest the validity of any wholesale contract more than 60 days after the filing thereof with the

division of public utilities and carriers. Wholesale contracts made by the city hereunder and rates (whether wholesale or retail) established by the city hereunder shall be entitled to a presumption of validity in all respects in any legal proceedings brought to contest the same.

ARTICLE II.

AMENDMENT OF PROVIDENCE CHARTER

SEC. 4. Use of Water Revenues. - Section 6.27 of the Providence city charter (section 27 of chapter 1665 of the public laws of 1945) is hereby amended to read as follows:

"Except for such revenue as is by law now devoted to pension, beneficial or retirement funds, sinking funds, public school pension or retirement funds, and funds held in trust or for other specific purposes, all revenue of the city shall be paid into and credited to the general fund, provided, however, that all revenue from the water supply system shall be applied only to the operation and maintenance of said system and for the payment of interest on and the retirement of bonds or for other purposes of said system, except as otherwise provided by Section 16 of the Providence Water Supply Act of 1974, and provided further; that all payments made by the state or federal governments to the city of Providence for the support of public schools, all poll taxes collected and the balance of all dog license fees, together with tuition fees earned by the school department and all miscellaneous receipts of the school department now available to that department for expenditure in accordance with the provisions of law shall be paid over and credited to the school fund by the city treasurer, in accordance with the provisions of law."

ARTICLE III.

PROVIDENCE WATER SUPPLY ACT OF 1974.

SEC. 5. Title. - This article shall be known and may be cited as the "Providence Water Supply Act of 1974"

SEC. 6. Lease. - The water resources board, acting on behalf of the state, with the approval of the governor, is authorized to lease to the city of Providence, and the city of Providence, acting by its water supply board, with the approval of the city council, is authorized to lease from the state, for water supply and distribution purposes, the lands, improvements, dams, waters, water rights, flowage rights, rights of way, easements, and other real property or interests in real property owned by the state (including certain property owned by the board of regents in trust for the state, as to which the lease shall be binding on the board of regents) located within the following areas, including rights so owned which are appurtenant to lands so located:

(a) the area enclosed by boundary lines marked with a heavy dot and dash or broken line on the plat filed in the office of the secretary of state marked "'Preliminary plan of proposed Big River reservoir project,' Coventry, West Greenwich, East Greenwich, and Exeter, Rhode Island, Charles A. Maguire & Associates, engineers, September 24, 1959," revised April 1961, being the Big River area referred to in the first paragraph of section 18 of chapter 133 of the public laws of 1964; and

(b) the area enclosed by a boundary line marked with a heavy dot and dash or broken line and designated "Proposed Acquisition Line", as modified by a boundary line marked with a heavy dot and dash or broken line and designated "Revised Taking Line", on the plat filed in the office of the Secretary of State marked "Preliminary plan of proposed 'Wood River Reservoir', West Greenwich and Exeter, Rhode Island, Charles A. Maguire & Associates, engineers, Providence, Rhode Island, July, 1959, Revised April, 1961, Revised 1972", being the Wood River area referred to in the first paragraph of section 18 of chapter 133 of the public laws of 1964 as modified by the 1972 revision of the plat.

The lease shall describe the property in such detail as may be necessary and, in entering into the lease, the parties may make such corrective changes in the boundaries as they find necessary. If the

title to any portion of the property is such that the parties deem it necessary to provide for the lease of water rights, flowage rights, rights of way, easements or other interests satisfactory to the city rather than leasing the property itself, the lease may so provide. If the title to any portion of the property is such that the parties deem it necessary to omit such portion from the lease, such portion may be omitted from the lease. If the title to any portion of the property is such that the parties deem it necessary to restrict or otherwise provide for the use thereof under the lease, the lease may so provide.

The cost attributable to the acquisition of the leased property by the state, including interest to maturity on all obligations issued by the state to finance the same, less any earnings realized by the state from the temporary investment of the proceeds of such obligations, and less any applicable federal grants received by the state, shall be determined by the water resources board and the lease shall provide for an annual rent equal to one-ninety-ninth ($1/99$) of the net cost so determined. The lease shall be for a term commencing on the date stated in the lease and expiring ninety-nine (99) years after the date of regular operation, as defined in the lease, of the reservoir project to be constructed by the city on the Big River site. The date of regular operation may be defined so as to take account of the time required to fill the reservoir after construction. The annual rental shall be payable for the period beginning with such date of regular operation. The lease shall provide for an option to the city to renew the lease for an additional period of ninety-nine (99) years at the same annual rental. The rental provisions specified herein are hereby declared to be fair and reasonable.

In addition to the provisions required by this article, the lease shall contain such other provisions as the parties deem necessary in the public interest. While the lease is in force, the leased property shall constitute a part of the water supply and distribution system of the city of Providence, its use shall be subject to the control of the

water supply board of the city of Providence and section 22 of chapter 133 of the public laws of 1964 shall not be applicable. The water supply board may permit any part of the same to be used for recreational or other purposes, subject to such fees and charges as the board finds reasonable, to the extent and only to the extent that the board finds such uses to be compatible with the purposes of this act. Notwithstanding the foregoing, the use of any part of the leased property acquired subject to use provisions shall be subject to such provisions to the extent they remain in force and applicable.

SEC. 7. Use of Annual Rentals by State. - The annual rentals received by the state hereunder shall be credited to a special sub-account called "Water Development Fund - Providence Rentals", within and for the same purposes as the Water Development Fund established by section 46-15-24 of the general laws. The lease may contain such covenants as to the investment or use of such annual rentals as the parties deem necessary to avoid treatment of the city's water bonds and notes as arbitrage bonds for federal income tax purposes.

SEC. 8. Payments in Lieu of Taxes. - In addition to the annual rentals, the lease shall provide for the payment by the city to the state of sums in lieu of local property taxes on the leased property. Said sums shall be payable for the same period as the annual rental. They shall be based upon the respective local real property tax rates applicable to the periods for which they are payable as applied to the average assessed taxable valuation of the leased property for the three years prior to its acquisition by the state. If any property not owned by the state is added to the leased property pursuant to the following section, it shall be subject to the provisions of this section after its acquisition by the city but in that event the valuation used shall be the average taxable valuation for the three years prior to its acquisition by the city.

The sum so received by the state for any year with respect to the leased property located in a municipality is hereby appropriated to

make any payment then required by law from the state to such municipality in lieu of taxes on the leased property for such year. If the amount so received by the state for any year with respect to the leased property located in a municipality exceeds the payment then required by law from the state to such municipality in lieu of taxes on the leased property for such year, the excess shall be used to reimburse the state for payments previously made by the state from other sources to the municipality in lieu of taxes on the leased property and for payments previously made by the state from other sources to pay the cost of educating children residing on such property after its acquisition by the state. If any excess still remains, it is hereby appropriated to make additional payments to the municipality in lieu of taxes on the leased property.

SEC. 9. Projects Authorized. - The city of Providence, acting by its water supply board, is authorized to construct, improve, enlarge, reconstruct, alter and operate a reservoir or reservoirs on the leased property and an aqueduct or aqueducts to connect the same to its existing water supply and distribution system, together with such pumping stations, treatment plants and other appurtenant works as may be deemed necessary. Contracts for planning, engineering, finance advisory and legal services related to the projects shall be made on behalf of the city by the water supply board, whose authority to engage persons, firms and corporations to perform such services is hereby confirmed. Agreements relative to the acquisition of land shall be made on behalf of the city in accordance with the following section of this act. Other contracts to carry out the projects shall be made on behalf of the city in the manner and subject to the provisions set forth in sections 6.4 through 6.6 of the city charter (sections 4 through 6, chapter 1665 of the public laws of 1945) and sections 21-26 through 21-38 of the Code of Ordinances of the City of Providence, provided that the water supply board shall cause the requisite plans and specifications to be prepared. When bonds are authorized hereunder or an agreement is made

for federal or state aid, the proceeds of such bonds or of such federal or state aid shall be deemed appropriated for the projects for which they are to be expended.

SEC. 10. Acquisition of Land. - Use of Highways. For the purpose of carrying and conveying water from the leased property to its existing water supply and distribution system, the city of Providence is hereby authorized, at any time and from time to time, to take by eminent domain or acquire by purchase land, water rights, easements and other property or interests in property, public and private, and to lay, maintain and repair water pipes, mains, aqueducts, tunnels and appurtenances in and under public highways, turnpikes, freeways and streets in the manner and subject to the provisions set forth in sections 21-40 through 21-43 and 21-45 of the Code of Ordinances of the City of Providence and in chapter 40 of the public laws of 1965, provided that the dollar limitation contained in said section 21-45 shall not apply, and provided further that the width limitation contained in said chapter 40 shall not apply to pumping stations, treatment plants and other facilities appurtenant to the aqueduct or aqueducts where the water supply board finds a greater width to be required for such pumping stations, treatment plants or other appurtenant facilities.

The city of Providence is also authorized, at any time and from time to time, to take by eminent domain or acquire by purchase, in whole or in part, for the purposes of this article, any outstanding interest, public or private, in property leased by the state to the city hereunder, and any land, water rights, easements and other property or interests in property, public and private, not owned by the state and located within the areas described in section 6 hereof. If any property owned by or in trust for the state within said areas is subject to a public trust such that it cannot be leased and used for the purposes of this article without acquiring the outstanding public trust interest by purchase or eminent domain, the city is authorized, at any time and from time to time, to take the same by eminent domain or

acquire the same by purchase, in whole or in part, for the purposes of this article, and the compensation paid by the city for such taking or purchase shall be substituted in public trust for the interest so taken or purchased. A taking or purchase under this paragraph shall be made in the manner and subject to the provisions of law and ordinance referred to in the foregoing paragraph, provided that the dollar limitation contained in said section 21-45 and the width limitation contained in chapter 40 shall not apply. The lease shall provide that any land, water rights, easements and other property or interests in property taken or purchased under this paragraph shall become the property of the state and part of the leased property.

SEC. 11. Surveys and drillings. - For the purpose of this article, the city of Providence, acting by its water supply board, may enter any lands and waters to make preliminary surveys, soundings, drillings and examinations without the same constituting a trespass or an entry for eminent domain purposes. The city shall repair any actual damage caused thereby or compensate the owner therefor.

SEC. 12. Bonds. - (a) The city of Providence, acting by its water supply board, when authorized by its city council, may borrow money for project costs under this article and issue bonds of the city therefor. Such project costs may include all costs (whether incurred prior to or after the issue of bonds or notes hereunder) of acquisition, site development, construction, improvement, enlargement, reconstruction, alteration, machinery, equipment, furnishings, demolition or removal of existing buildings or structures (including the cost of acquiring any lands to which such buildings or structures may be moved), financing charges, interest prior to and during the carrying out of any project, interest, rent and payments in lieu of taxes for up to one year after the date of regular operation of any project, planning, engineering, finance advisory and legal services, administrative expenses, the funding of notes issued for project costs as hereinafter provided such reserves for debt service or other capital or current expenses as may be required by a trust agreement or resolution

securing notes or bonds, and all other expenses incidental to the determination of the feasibility of any project or to carrying out the project or to placing the project in operation. The date of regular operation may be defined in the applicable trust agreement or resolution and may take account of the period required for filling up any reservoir.

(b) The bonds of each issue shall be dated, shall bear interest at such rate or rates, shall mature at such time or times not exceeding forty years from their dates of issue, as may be determined by the board, and may be made redeemable before maturity at such price or prices and under such terms and conditions as may be fixed by the board prior to the issue of the bonds. The board shall determine the form of the bonds, including any interest coupons to be attached thereto, and the manner of their execution by an officer or officers of the board or of the city, and shall fix the denomination or denominations of the bonds and the place or places of payment of the principal and interest, which may be at any bank or trust company within or without the state. The bonds shall bear the seal of the city or a facsimile thereof.

(c) In case any officer whose signature or a facsimile of whose signature shall appear on any bonds, coupons or notes issued hereunder shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until after such delivery.

(d) The bonds may be issued in coupon or in registered form, or both, as the board may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, for the reconversion into coupon bonds of any bonds registered as to both principal and interest, and for the interchange of registered and coupon bonds. The board may sell the bonds in such manner, either at public or private sale, and for such

price, as it may determine will best effect the purposes of this article.

(e) Prior to the preparation of definitive bonds, the board may issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The board may also provide for the replacement of any bonds, notes or coupons which shall become mutilated or shall be destroyed or lost.

SEC. 13. Notes. In anticipation of the authorization or issue of bonds, or in anticipation of the receipt of federal or state aid for the purposes of this article, the city of Providence, acting by its water supply board, when authorized by its city council, may issue temporary notes. The board shall determine the manner of execution of the notes, may provide for the sale of the notes at public or private sale and may determine the interest rate or rates, maturity or maturities, redemption privileges (if any), form, denomination and place or places of payment or provide for the determination or determinations thereof by an officer or officers of the board or of the city. Temporary notes issued hereunder shall be payable within five years from their respective dates, but the principal of and interest on notes issued for a shorter period may be renewed or paid from time to time by the issue of other notes hereunder, provided the period from the date of issue of an original note to the maturity of any note issued to renew or pay the same debt or the interest thereon shall not exceed five years.

SEC. 14. Pledge of Revenues and Other Funds. (a) In the discretion of the board, any bonds or notes issued hereunder may be secured by a trust agreement between the city and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the state. Such trust agreement shall be in such form and executed in such manner as may be determined by the board. Such

trust agreement or the resolution providing for the issue of the bonds or notes may pledge or assign, in whole or in part, the revenues and other moneys derived or to be derived from the water supply and distribution system, and any contract or other rights to receive the same, whether then existing or thereafter coming into existence and whether then held or thereafter acquired by the city, and the proceeds thereof, but shall not convey or mortgage the system or any part thereof. Such trust agreement or resolution may contain, with respect to the system and its finances, such provisions for protecting and enforcing the rights, security and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including (without limiting the generality of the foregoing) provisions defining defaults and providing for remedies in the event thereof (which may include the acceleration of maturities) and covenants setting forth the duties of, and limitations on, the city in relation to the acquisition, construction, improvement, enlargement, alteration, equipping, furnishing, maintenance, use, operation, repair, insurance and disposition of property, the custody, safeguarding, investment and application of moneys, the issue of additional bonds or notes, the fixing, revision and collection of fees and charges, the use of any surplus bond or note proceeds and the establishment of reserves. Such trust agreement or resolution may provide for the payment of general obligation bonds and notes issued by the city for water purposes, either on a parity with any or all bonds and notes issued hereunder or otherwise. Subject to the provisions of this act, to the extent of any inconsistency between the trust agreement or resolution and any law or ordinance as to the accounts or funds to or into which moneys borrowed or otherwise received or derived with respect to or from the system shall be credited or deposited, or as to the custody or investment thereof, the former shall prevail, provided that moneys not deposited in trust with a corporate trustee shall be in the custody of the city treasurer. Moneys to be applied pursuant to the trust agreement or resolution shall be deemed appropriated for the purposes to which they are to be so applied.

(b) It shall be lawful for any bank or trust company to act as a depository or trustee of the proceeds of bonds or notes or of revenues or other moneys under any such trust agreement or resolution and to furnish such indemnifying bonds or to pledge such securities as may be required by the board. Any such trust agreement or resolution may set forth the rights and remedies of the bondholders or noteholders and of the trustee, and may restrict the individual right of action by bondholders or noteholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as part of the board's current expenses. The pledge by any such trust agreement or resolution shall be valid and binding, and shall be deemed continuously perfected for the purposes of the Uniform Commercial Code, from the time when the pledge is made; the revenues, moneys, rights and proceeds so pledged and then held or thereafter acquired or received by the city shall immediately be subject to the lien of such pledge without any physical delivery or segregation thereof or further act; and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the city, irrespective of whether such parties have notice thereof. Neither the resolution nor any trust agreement by which a pledge is created need be filed or recorded except in the records of the board, and no filing need be made under the Uniform Commercial Code.

SEC. 15. Investment. - Subject to the trust agreement or resolution, the proceeds of bonds or notes issued hereunder, any applicable federal or state assistance and any other moneys governed by the trust agreement or resolution may be deposited or invested in demand deposits, time deposits or savings deposits in banks which are members of the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United States of America or by any agency or instrumentality thereof or as may be provided by any other applicable law.

SEC. 16. Fair return. - At the close of each fiscal year, the water supply board shall determine the fair return to the city for such

year under the standards set forth in Section 18A of Chapter 1278 of the public laws of 1915 as amended. To the extent of the revenues actually available from the water supply and distribution system, and subject to the provisions of any applicable trust agreement or resolution under Section 16 of this article, the board shall then release the amount of said fair return to the general fund of the city.

SEC. 17. Limited Obligations. - The bonds and notes issued hereunder shall be payable solely from the funds provided therefor hereunder and a statement to this effect shall be included on the face of such bonds and notes. All bonds and notes issued under this article shall be excepted from the operation of section 45-12-2 of the general laws and no such obligation shall at any time be included in the debt of the city for the purpose of ascertaining its borrowing capacity.

SEC. 18. Trust funds. - All moneys received by the city pursuant to the provisions of this article shall be deemed to be trust funds to be held and applied solely as provided in this article.

SEC. 19. Remedies. - Any holder of bonds or notes issued hereunder, or of any of the coupons appertaining thereto, and the trustee under a trust agreement or resolution securing the same, except to the extent the rights herein given may be restricted by such trust agreement or resolution, may bring suit upon the bonds, notes or coupons and may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under such trust agreement or resolution, and may enforce and compel the performance of all duties required by this article or by such trust agreement or resolution to be performed by the city or by any officer thereof.

SEC. 20. Bonds and Notes Eligible for Investment. - Bonds and notes issued hereunder are hereby made securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, savings banks, banks, credit unions, building and loan associations, investment companies, executors,

administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds and notes are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations is now or may hereafter be authorized by law.

SEC. 21. Investment Securities. - Notwithstanding any of the provisions of this article or any recitals in any bonds and notes issued hereunder, all such bonds and notes shall be deemed to be investment securities under the Uniform Commercial Code.

SEC. 22. Exemption of Bonds and Notes from Taxation.- The bonds and notes issued hereunder, their transfer and the income therefrom (including any profit made on the sale thereof) shall at all times be free from taxation within the state.

SEC. 23. Refunding Bonds. - The city of Providence, acting by its water supply board, when authorized by its city council, may issue refunding bonds for the purpose of paying bonds issued hereunder at maturity or upon acceleration or redemption. The refunding bonds may be issued in sufficient amounts to pay or provide the principal of the bonds being refunded, together with any redemption premium thereon, any interest accrued or to accrue to the date of payment of such bonds, the expenses of issue of the refunding bonds, the expenses of redeeming the bonds being refunded and such reserves for debt service or other capital or current expenses from the proceeds of such refunding bonds as may be required by a trust agreement or resolution securing bonds or notes. The refunding bonds may be issued not more than five years prior to the maturity or redemption date of bonds being refunded, as the board may determine to be in the public interest. The issue of refunding bonds, the maturities and other details thereof, the security therefor, the rights of the holders thereof, and the rights, duties and obligations of the city in respect of the same shall be governed by the

provisions of this article relating to the issue of bonds other than refunding bonds in so far as the same may be applicable, but no bonds shall be refunded to a date more than forty years from the date of their original issue.

SEC. 24. Other Proceedings. - Bonds and notes may be issued, and projects carried out, under this article without the consent of any department, division, commission or agency of the state or of any political subdivision thereof and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required therefor by this article or by section 18 of chapter 1278 of the public laws of 1915 or which are required therefor by the Constitution of the United States or the Constitution of Rhode Island. Without limiting the foregoing, section 2.13 of the city charter (section 135 of chapter 832 of the public laws of 1940) shall not apply to the authorization or issue of bonds or notes hereunder.

SEC. 25. Federal and State Aid. - The city of Providence, acting by its water supply board, is authorized to apply for, contract for and expend any federal or state advances or other grants or assistance which may be available for the purposes of this article. To the extent of any inconsistency between any law of this state and any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with interest where applicable, whether contracted for prior to or after the effective date of this article, may be repaid as project costs under this article. The water resources board and all other agencies of this state are authorized to take such action as may be necessary to assist the city in obtaining federal assistance for the purpose of this article.

ARTICLE IV.

MISCELLANEOUS

SEC. 26. Interpretation. - This act shall be literally construed to accomplish its purposes. If any provision of this act shall be held

invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances. This act shall be construed in all respects so as to meet all constitutional requirements. In carrying out its purposes and provisions, all steps shall be taken which are necessary to meet constitutional requirements whether or not such steps are required by statute. All references herein to existing laws and ordinances shall be deemed to refer to them as they may have been amended in the past and, subject to the provisions of an applicable trust agreement or resolution securing bonds or notes, as they may be amended in the future from time to time.

SEC. 27. Effective date. - This act shall take effect upon its passage.