



LAW no. 41 of 25 May 1981 (published in the Register of the Government Building on 4 June 1981)

Articles of Association of the Public Utilities Autonomous State Corporation.

We the Captains Regent of the Most Serene Republic of San Marino

Hereby promulgate and order the publication of the following Law, approved by the Great and General Council during its sitting of 25 May 1981.

**TITLE I
NATURE, PURPOSE AND BODIES OF THE CORPORATION**

Art. 1

The Public Utilities Autonomous State Corporation shall be governed by Law no. 88 of 26 November 1980, by the special rules in force on this matter and by these Articles of Association.

Art. 2

The purpose of the Corporation shall be the establishment and provision of the following services:

- 1) Water and Gas
- 2) Electricity
- 3) City Cleaning
- 4) Public Transport

and shall prepare and perform all legal acts and procedures necessary to achieve its statutory purposes, and may be a party to legal proceedings in respect of the actions deriving therefrom.

Art. 3

The Corporation may, by decision of the Great and General Council, take on other services or organise other economy-related productive interventions. This may take place by direct recruitment or by merging with other State Corporations.

Art. 4

The bodies of the Corporation shall be the Board of Directors, the Chairman of the Board of Directors and the Board of Statutory Auditors.

TITLE II ADMINISTRATION

Art. 5

The administration of the Corporation shall be entrusted to a Board of Directors consisting of five full members, including the Chairman.

The members of the Board of Directors shall be chosen from among persons with administrative or technical competence and who do not engage in any other activity, whether public or private, that conflicts with the interests of the Corporation.

The term of office for the members of the Board of Directors and its Chairman shall be five years and shall be renewable.

State employees working in similar fields of competence, or in any case connected with the Corporation's services, shall be incompatible with the office of member of the Board of Directors.

Art. 6

Members of the Board of Directors who fail to attend three consecutive meetings without a justified reason, or whose conduct is detrimental to the interests of the Corporation, shall be removed from office.

Removal from office shall be declared, with immediate effect, by the Congress of State within thirty days of notification of the measure by the Board of Directors.

The proposed removal shall be notified to the person concerned at least five days before the decision adopted by the Congress of State.

The Board of Directors shall take note of resignations of its members and shall notify the Congress of State thereof. If it fails to take note thereof or to notify it, this shall be done by the Congress of State.

Resigning members shall remain in office until their replacement by the Great and General Council.

Art. 7

Members shall be immediately replaced after the vacancy has occurred.

The Chairman of the Board of Directors shall be obliged to notify the Congress of State of any vacancies within five days of their occurrence.

Replacements shall take effect from the date of their approval by the Great and General Council.

Replacing members shall remain in office as long as their predecessors would have.

Art. 8

The meetings of the Board of Directors shall not be public. The Board of Directors shall meet in ordinary session at least once a month.

It shall meet in extraordinary session, provided that it is necessary:

- upon invitation of the Chairman;
- upon request of two members of the Board of Directors;
- upon request of the Director;
- by order of the competent Minister.

The Chairman shall be responsible for drawing up the notices of the sitting containing the agenda and for sending them five days in advance.

In cases of justified urgency, the Board of Directors may also meet on the same day when the notice of the sitting is sent.

Art. 9

For the meeting to be valid, the presence of an absolute majority of the members of the Board, including the Chairman or his/her delegate, shall be required.

The Board shall decide by an absolute majority of votes. In the event of a tie, the Chairman shall have the casting vote.

Art. 10

The Director shall attend the meetings of the Board of Directors in an advisory capacity, unless he/she has been exempted therefrom by the Chairman or the Board.

Art. 11

The minutes of the meetings shall be drawn up by the Director or by another official designated by the Board of Directors to act as secretary.

At the end of the year, the original minutes shall be included in a special register, signed by the Chairman and by those who have acted as secretary.

A copy of the minutes of the decisions may be provided to any member of the Great and General Council who requests it in writing; such minutes may be read or referred to by any citizen upon request and following an authorisation by the Chairman.

Art. 12

The members of the Board of Directors shall not take part in any discussions, decisions, acts, contracts or measures in which they, or their blood relatives or relatives by affinity up to the second degree, have a personal interest.

Art. 13

For the performance of competence-related functions, the Congress of State shall establish, in addition to the reimbursement of any expenses incurred, a monthly allowance and an attendance fee in favour of the Chairman and members of the Board of Directors.

Art. 14

The Board of Directors may assign special tasks to its members within the scope of its competences.

Art. 15

In case of absence or temporary impediment, the Chairman shall be replaced by the member of the Board of Directors expressly delegated by him/her.

If this is not possible, the oldest member shall replace him/her.

Art. 16

The functions of administrative auditing shall be performed by the Board of Statutory Auditors referred to in Article 8 of Law no. 88 of 26 November 1980.

Art. 17

Members of the Board of Statutory Auditors who fail to attend, without a justified reason, three consecutive meetings of the Board of Statutory Auditors or who, by their conduct, damage the interests of Corporations shall be removed from office.

Removal from office shall be declared, with immediate effect, by the Congress of State within thirty days of reporting by the Corporations.

The proposed removal shall be notified to the person concerned at least five days before the decision adopted by the Congress of State.

The Board of Statutory Auditors shall take note of resignations of its members and shall notify the Corporations and Congress of State thereof.

If it fails to take note thereof or to notify it, this shall be done by the Congress of State.

Resigning members shall remain in office until their replacement by the Great and General Council.

Art. 18

Members shall be immediately replaced after the vacancy has occurred.

The Chairman of the Board of Statutory Auditors shall be obliged to notify the Congress of State of any vacancies within five days of their occurrence.

Replacements shall take effect from the date of their approval by the Great and General Council.

Replacing members shall remain in office as long as their predecessors would have.

Art. 19

Minutes of the meetings of the Board of Statutory Auditors and the results of the quarterly audits shall be drawn up and sent to the Congress of State by the Chairman of the Board of Statutory Auditors.

TITLE III DIRECTOR

Art. 20

Direction function and duties shall be entrusted to a natural person who shall assume the title of Director.

Art. 21

The functions of Director shall be incompatible with any other employment, trade, industry or profession.

The Director shall not carry out any duties outside the Corporation without the authorisation of the Chairman.

Art. 22

The following requirements shall be met to be appointed as Director:

- a) being a San Marino citizen;
- b) enjoying civil and political rights;

- c) not having been convicted by a criminal judgement of a crime committed intentionally and punished with more than one year's restriction of personal liberty or disqualification from public offices, to be demonstrated by submitting the criminal record;
- d) having obtained a university degree.

Art. 23

The Director shall be appointed for a term of three years.

The Director may be reconfirmed every three years upon proposal of the Board of Directors. The Director shall not be removed from office before the expiry of the three-year term for which he/she was appointed without a reasoned decision adopted by the Board of Directors with at least two-thirds majority of its members.

If, before the expiry of the three-year period, the Congress of State has not decided on the removal from office or reappointment of the Director, the latter shall be tacitly confirmed for another three-year term.

The Director shall be notified of the decision not to reappoint him/her at least six months before the expiry of the three-year term.

Art. 24

During the three-year period, the Director may be removed from office if he/she is guilty of serious misconduct, in particular if he/she:

- a) has failed to fulfil the duties of his/her office in such a way as to seriously jeopardise the smooth running of the service;
- b) has committed serious violations of laws and regulations relating to the Corporation;

c) has shown, in the unquestionable opinion of the Board of Directors, ineptitude, incapacity, poor performance and disloyalty.

The Board of Directors may propose that the Director be relieved from duty if he/she is no longer able to perform his/her functions for duly established health reasons.

Against the removal from office or relief, the Director shall be entitled to lodge an appeal to the Council of the Twelve, which shall decide with an obligation to consult an advisor.

Art. 25

The Director's remuneration shall be set by Article 14 of Law no. 88 of 26 November 1980.

TITLE IV INTERNAL ORGANISATION OF THE CORPORATION

Chapter I

Organisation

Art. 26

The Corporation shall be divided into:

- a) Administration.
- b) Operation (technical services).
- c) Programming, studies and projects.

Art. 27

The administration shall be divided into:

- 1) General Secretariat, personnel.
- 2) Accounting.

- 3) Procurement.
- 4) Sales office.

Art. 28

The tasks of the administration shall be:

- 1) General Secretariat, personnel

To deal with correspondence, compile decision-making acts, conclude contracts, organise the registry and the archive, deal with general affairs.

To deal with the general affairs of the employees, with particular reference to their legal and remuneration status.

- 2) Accounting

To deal with accounting entries, revenues and payments, calculate salaries of employees, draw up the budget upon instruction of the Director, compile the balance sheet, keep the mandatory accounting books regularly up to date, deal with stock records and the related organisation.

- 3) Procurement

To purchase the various materials based on requests and indications from the technical offices. Purchases shall be made according to an annual budget and based on appropriate administrative regulations.

- 4) Sales office

To maintain relations with users and conclude the various user contracts.

Art. 29

Operations shall include the following technical services:

- 1) Water and gas.
- 2) Electricity and measurement.
- 3) City cleaning.
- 4) Transport.

Art. 30

The tasks of the technical services shall be:

- 1) Water and gas service

Catchment, transport and distribution of water and gas.

- 2) Electricity and measurement service

Procurement, transport and distribution of electricity, calibration laboratories and control of measurement instruments for the services provided. Maintenance of technological installations owned by the State.

- 3) City cleaning

Collection, transport and disposal of urban solid waste, road sweeping, management of sewage treatment plants, biological tanks, pest and rodent control, disinfection, snow removal, gardening.

- 4) Transport

Urban, suburban, extra-urban, school and tourist transport, cable car, management of the general maintenance workshop of the entire fleet of vehicles of the Autonomous Corporation and of the State.

Art. 31

In agreement with the Director, the planning, studies and projects section shall be responsible for the Corporation's general planning and, in agreement with the competent services, for the study and design of plants.

Chapter II

Personnel

Art. 32

The employment relationship of the Corporation's employees shall be governed by Law no. 88 of 26 November 1980.

Extraordinary or temporary recruitments shall be carried out exclusively on the basis of the lists provided for in the current employment regulations.

TITLE V LIABILITIES

Art. 33

The members of the Board of Directors, the Director and executives shall be liable for any financial damage caused to the Corporation due to gross negligence and non-compliance with laws and regulations.

Art. 34

The Director shall be personally liable for anything concerning the technical and administrative operation of the Corporation within the limits of his/her powers, both for his/her own actions and omissions and for those of other employees.

The Director's liability shall not exempt employees from any liability that they may personally incur for their actions and omissions, taking into account the powers and duties of each of them.

TITLE VI
ASSETS - ACCOUNTING - FINANCE

Art. 35

Within twelve months of the approval of these Articles of Association, the assets of the Corporation shall be established on the basis of a special inventory of movable and immovable property necessary for its operation.

Art. 36

Within two months of the approval of these Articles of Association, the Congress of State shall issue a specific administrative regulation pursuant to Law no. 70 of 9 November 1979.

Art. 37

In order to ensure the performance of its business activities and the continuity of its services, the Corporation shall receive from the State cash advances commensurate with its real needs, to be demonstrated by regular cash balances.

TITLE VIII
PERSONNEL STRUCTURE

Art. 38

The Corporation's personnel structure, including job specifications, salary levels, requirements and procedures for the placement of personnel, shall be established in accordance with Law no. 88 of 25 November 1980.

Art. 39

These Articles of Association shall enter into force on the fifteenth day following that of its legal publication.

Done at Our Residence, on 1 June 1981/1680 since the Foundation of the Republic.

THE CAPTAINS REGENT Gastone Pasolini - Maria Lea Pedini Angelini

THE MINISTER OF INTERNAL AFFAIRS Alvaro Selva