

(S. B. 2505)
(Conference)

(No. 321)

(Approved December 28, 2003)

AN ACT

To amend the Title and Section 1 of Act No. 17 of April 11, 1968, as amended, to increase the guarantee limit of the Commonwealth of Puerto Rico from two point five billion dollars (\$2,500,000,000) to three point three hundred twenty five billion (\$3,325,000,000) dollars for bonds to be issued or outstanding by the Public Buildings Authority.

STATEMENT OF MOTIVES

Through Act No. 86 of March 13, 2003, Act No. 17 of April 11, 1968, was amended to increase by \$400 million the guarantee limit of the Commonwealth of Puerto Rico for bonds to be issued or outstanding by the Public Buildings Authority. At present, and as approved by means of Act No. 86 of March 13, 2003, the maximum amount that the Authority may issue in bonds is \$2.5 billion.

After the approval of Act No. 86 of 2003, and as a means to advance economic development, the public policy of the present administration is centered upon strengthening the economy in each region of the Island. The implementation of this concept consists in strengthening regional nuclei with government investments in infrastructure, special projects and the development of specific industrial activities. These investments, in turn, generate greater economic activity in the neighboring areas, thus stimulating the creation of more jobs in said regions.

The strengthening of regional nuclei caused many infrastructure agencies to advance the starting dates of the capital improvements projects as

a means to bolster the construction industry in Puerto Rico. This is the case of the Authority, which also joined this effort by advancing all the dates of the projects that comprise the Capital Improvements Program approved for the period between 2002 and 2006.

To dynamically ensure the continuity of the capital improvements program and to guarantee that there shall be an available margin when the need for resources arises, so that the Government Development Bank may continue to provide backing to the Authority through the mechanism of provisional financing, it is necessary to amend Act No. 17 to raise the maximum guarantee limit of the bonds of the Authority to \$3 billion.

The Capital Improvements Program of the Authority, as approved for the period between fiscal years 2002 through 2006, consists of 282 projects at a total estimated cost of \$1,580,624,345.

On the other hand, it is pertinent to clarify that the last sentence of paragraph 4 of the Statement of Motives of Act No. 86 of 2003 should read as follows: "Furthermore, it shall also be provided for the reserve of future bond issues, the cost of the issuing and other contingencies." The end of said sentence was omitted due to an error during the legislative procedures that ended with the approval of said Act.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- The Title of Act No. 17 of April 11, 1968, as amended, is hereby amended to read as follows:

"To provide for the warranting by the Commonwealth of Puerto Rico of any kind of bonds of the Public Buildings Authority not to exceed three point three hundred twenty five billion dollars (\$3,325,000,000) to be issued or that are outstanding to be used for capital improvements of said Authority; and to extend said guarantee to cover the premiums and interest accrued with

regard to said bonds.”

Section 2.- Section 1 of Act No. 17 of April 11, 1968, as amended, is hereby amended to read as follows:

“Section 1.- The Commonwealth of Puerto Rico hereby guarantees the payment of the principal and interest on outstanding bonds at any given time, for a total principal amount that shall not exceed three point three hundred twenty five billion (\$3,325,000,000) dollars issued from time to time by the Public Buildings Authority for the development of its capital improvements as authorized by Act No. 56. The bonds covered by this guarantee shall be those specified by the Authority, and a statement of such warranty shall be affixed on the face of said bonds. If at any time the revenues, or income and any other moneys of the Authority pledged for the payment of the principal and interest on such bonds were not sufficient for the payment of such principal or interest when due, nor to maintain the Reserve Fund for the bonds that the Authority has pledged to maintain, the Secretary of the Treasury shall withdraw from any available funds in the Treasury of Puerto Rico, such sums as may be necessary to cover the deficiency in the amount required for the payment of such principal and interest, and to return said reserve fund to the required maximum agreed by the Authority, and shall direct that the sums thus withdrawn be applied to such payment and purpose.

For the purposes of this Section, those bonds of the Authority that have been refinanced and for which the payment thereof when due or redeemed has been reserved through a special reserve, a secured investment contract or other acceptable guarantee, shall not be deemed as outstanding bonds. The good faith and credit of the Commonwealth of Puerto Rico is hereby pledged to make the payments described in the above paragraph.

It is hereby understood that part of this guarantee on the Issue of Bonds shall be used in the construction of the following projects:

Héctor I. Rivera Elementary School	Adjuntas
Josefina Pastrana High School	Aguas Buenas
East Area Police Headquarters	Fajardo
Luciano Ríos Elementary School	Humacao
Bo. Piletas Middle School	Lares
A. D. A. Improvements José de Diego High School	Mayagüez
Police Headquarters Improvements	Mayagüez
Pugnado Afuera Middle School	Vega Baja
Bo. Caimito High School	Cupey
Eugenio María de Hostos High School	Mayagüez
María Cadilla High School	Arecibo
Carmen Benítez New Elementary School	Las Piedras
Isabel Flores Urban School	Juncos
Rosario Second Unit School	San Germán
Puerto Real Second Unit School	Cabo Rojo”

Section 3.- The fourth paragraph of the Statement of Motives of Act No. 86 of March 13, 2003, is hereby amended to read as follows:

“The requested increase in guarantee of \$400,000,000 to be consigned in this Act shall secure the total estimated cost of the capital improvements program of the Authority for the next four (4) fiscal years. Furthermore, it shall also provide for the reserve of future bond issues, issuing expenses and other contingencies.”

Section 4.- This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 321 (S.B. 2505) (Conference) of the 6th Session of the 14th Legislature of Puerto Rico:

AN ACT to amend the Title and Section 1 of Act No. 17 of April 11, 1968, as amended, to increase the guarantee limit of the Commonwealth of Puerto Rico from two point five billion dollars (\$2,500,000,000) to three point three hundred twenty five billion (\$3,325,000,000) dollars for bonds to be issued or outstanding by the Public Buildings Authority,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 27th of October of 2004.

Elba Rosa Rodríguez-Fuentes
Director