

(H. B. 2684)

**(No. 75-2010)**

(Approved July 12, 2010)

## **AN ACT**

To amend Section 1 of Act No. 45 of July 28, 1994, as amended, in order to extend the surety that the Commonwealth of Puerto Rico provides for the payment of the principal and premium of, if any, and interest on the bonds of the U.S. Department of Agriculture, Rural Development (formerly, Farmer's Home Administration), and the loan programs of the State Clean Water Revolving Fund and the State Drinking Water Revolving Fund of the Aqueduct and Sewer Authority that have been issued and are outstanding on the effective date of this Act, and those issued by the Authority on or before June 30, 2015.

### **STATEMENT OF MOTIVES**

Public investment in infrastructure is indispensable for the promotion of the economic development of Puerto Rico, not only because it generates an immediate flow of economic activity, but also because it promotes private investment which is based, in part, on the availability of infrastructure facilities developed by the public sector. Aqueduct and sewer systems and related facilities are classic examples of the infrastructure to which we are referring.

In order to continue with investments in an encompassing program of infrastructure projects, the agencies, instrumentalities, and public corporations need to have access to funds taken on loan, whether through the public capital market or from other sources. The Aqueduct and Sewer Authority, hereinafter "the Authority," is one of those public corporations that, due to its nature and purpose, needs to have frequent access to the various existing sources of financing in order to carry out its infrastructure works.

At present, the loans and donations of the U. S. Department of Agriculture, Rural Development (formerly Farmer's Home Administration), and the loan programs under the State Clean Water Revolving Fund, created under Title VI of the Federal Clean Water Act, and the State Drinking Water Revolving Fund, created under the Title of the Federal Safe Drinking Water Act (the "State Revolving Funds"), are the main source of financing of projects within the Capital Improvements Program of the Authority. Most of the funding arises from the American Recovery and Reinvestment Act of 2009 (ARRA).

This Legislative Assembly recognized the need for the Authority to have access to the various financing sources, for which it approved Act No. 45 of July 28, 1994, as amended. Pursuant to the provisions of this Act, the Commonwealth of Puerto Rico currently secures the payment of the principal and premium of, if any, and interest on the following bonds and obligations: refinancing bonds of the Aqueduct and Sewer Authority, hereinafter "the Authority," 1995 series; and the Revenue Bonds of the Authority, FmHA issue, series K to Z; series A "Special Obligation Bonds" (U. S. Department of Agriculture, Rural Development); and all loans granted by State Revolving Funds, pursuant to the Federal Clean Water Act of 1972, as amended, and the Federal Safe Drinking Water Act of 1996, as amended (the "bonds or obligations in effect"). All bonds or other obligations that could be issued by the Authority to the U. S. Department of Agriculture, Rural Development, and the loans that could be granted by the State Revolving Funds to the Authority, pursuant to the Federal laws until June 30, 2010, the ("future bonds or obligations")[sic].

In order to continue with its infrastructure works, the Authority has had to use, among other financing sources, the mechanisms available through the U. S. Department of Agriculture, Rural Development, and State Revolving Funds, as well as funds from the American Recovery and Reinvestment Act of 2009

(ARRA). However, due to the precarious financial situation of the Authority, these financing programs are at a real risk of being adversely affected. Taking into consideration the importance of these programs in the development of the aqueduct and sewer projects of the Authority, it is necessary to extend the payment surety of the government of Puerto Rico to the obligations already issued under these programs, as well as those to be issued in subsequent years.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

Section 1.— Section 1 of Act No. 45 of July 28, 1994, as amended, is hereby amended to read as follows:

“Section 1.— The Commonwealth of Puerto Rico secures the payment of the principal and premium of, if any, and interest on the following bonds and obligations:

(a) The refinancing bonds of the Aqueduct and Sewer Authority, hereinafter ‘the Authority,’ 1995 series; and the Revenue Bonds of the Authority, RD issue, formerly FmHA, series K to Z; series A, AA, BB, CC, DD, EE, FF, and GG ‘Special Obligation Bonds’ (U. S. Department of Agriculture, Rural Development); and all loans granted by State Revolving Funds pursuant to the Federal Clean Water Act of 1972, as amended, and the Federal Safe Drinking Water Act of 1996, as amended (the ‘bonds or obligations in effect’).

(b) All bonds or other obligations that could be issued by the Authority to the U. S. Department of Agriculture, Rural Development, and the loans that could be granted by the State Revolving Funds to the Authority pursuant to the Federal laws cited in subsection (a) of this Section after the date of effectiveness of this Act until June 30, 2015, the (‘future bonds or obligations’)[sic]. The future bonds or obligations to be covered by this surety shall be those specified through a resolution of the Authority, and a statement of said surety shall appear on the face of said future bonds or obligations. The surety provided in this Section shall

remain in effect on those bonds covered only for such term in which they are deemed in effect under the trust deed or other agreements as per the sum totals that were issued and backed.

...”

Section 2.— This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 75-2010 (H. B. 2684)** of the **3<sup>rd</sup> Session of the 16<sup>th</sup> Legislature** of Puerto Rico:

**AN ACT** to amend Section 1 of Act No. 45 of July 28, 1994, as amended, in order to extend the surety that the Commonwealth of Puerto Rico provides for the payment of the principal and premium of, if any, and interest on the bonds of the U.S. Department of Agriculture, Rural Development (formerly, Farmer's Home Administration), and the loan programs of the State Clean Water Revolving Fund and the State Drinking Water Revolving Fund of the Aqueduct and Sewer Authority that have been issued and are outstanding on the effective date of this Act, and those issued by the Authority on or before June 30, 2015.

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

In San Juan, Puerto Rico, on the 30<sup>th</sup> day of October, 2012.

María del Mar Ortiz Rivera