

(H. B. 740)

**(No. 20-2013)**

(Approved May 20, 2013)

## **AN ACT**

To amend subsection (l) of Section 1.03 and Section 2.01 of Act No. 351-2000, as amended, known as the “Puerto Rico Convention Center District Act,” in order to restructure and reorganize the governing body of the Convention Center District Authority and modify the term of appointment of its members.

### **STATEMENT OF MOTIVES**

This Legislative Assembly has a commitment to the People of Puerto Rico to reexamine the government structures for the purpose of ensuring that they truly represent them; that public instrumentalities operate in an efficient and transparent manner; and that the services offered to citizens are of the best quality possible. Section 16 of Article III of the Constitution of the Commonwealth of Puerto Rico grants the Legislative Assembly one of the most important powers to operate the State: “the power to create, consolidate or reorganize executive departments and to define their functions.” This is the power to configure the structure of every government agency entrusted with administering public resources, and providing services to all citizens. The manner in which each agency, administration, instrumentality, or public corporation is configured, in regards to the way it works and operates, determines the success or failure of the public policies that warranted its creation in the first place.

Public corporations are fundamental pieces of the government structure; for such reason, these corporations have attributes such as their own juridical personalities and various degrees of autonomy in their functioning and operations. The governing boards or bodies of public corporations have duties and powers that,

if exercised bearing in mind the socioeconomic impact thereof and aware of their duty to serve the People of Puerto Rico, are critical to make public projects feasible and to maximize the general wellbeing.

The Puerto Rico Convention Center District Authority was created as a public corporation and government instrumentality whose purpose is to “possess, finance, acquire, dispose of, lease, sublease, sell, transfer, plan, design, develop, construct, operate, maintain, repair, replace, administer, market, improve, and promote, on its own or through contracts with third parties, the [Puerto Rico Convention] Center, or any portion thereof, the private parcels and projects in the private parcels and any other project, or related or support service, and promote the development, construction, expansion, operation, administration, improvement, and promotion of the Center, the private parcels, and the projects in the private parcels...” Naturally, in order for the Authority to fully comply with its duties and responsibilities, it is necessary for its Board to be comprised of persons with broad knowledge in the areas of humanities or liberal arts, engineering, planning or real-estate, corporate finances, marketing, tourism, hotels, or the operation of convention centers, in the field of arts, culture, or sports in Puerto Rico, and in law.

Since the Act does not provide for the qualifications, education, experience, and representativeness of board members, it is possible that the boards or governing bodies of the public corporations lack the representativeness, balance, and qualifications to effectively meet the challenges faced by such government entities in their administration and when offering services to the Island. In light of the foregoing, it is necessary to adjust the provisions of the “Puerto Rico Convention Center District Act” in order to restructure and reorganize the composition of the governing body of the Convention Center District Authority to ensure that said body is composed, at all times, of members who represent the people affected by the policies of said public corporation and who have the

appropriate education or professional experience so that said instrumentality may fully meet its public and legal responsibilities. For all of the foregoing, by the power vested in the Legislative Assembly by the Constitution of the Commonwealth of Puerto Rico under Section 16 of Article III, the restructuring and reorganization of the governing body of the Convention Center District Authority is hereby directed pursuant to the parameters established in this Act.

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

Section 1.- Subsection (1) of Section 1.03 of Act No. 351-2000, as amended, is hereby amended to read as follows:

“ ...

(1) Board.- Shall mean the Governing Board of the Authority.

...”

Section 2.- Section 2.01 of Act No. 351-2000, as amended, is hereby amended to read as follows:

“The powers and duties of the Authority shall be exercised by a Governing Board to be known as the Governing Board of the Puerto Rico Convention Center District Authority, and to be composed and governed as provided below:

(a) Composition of the Board.- The Board shall be composed of nine (9) members, three (3) of which shall be *ex officio* members; one (1) shall be a graduate-level professor in the field of humanities or liberal arts; one (1) shall be a professor or professional with a graduate degree in engineering, planning, or real estate; one (1) shall be a lawyer with more than seven (7) years of experience practicing law in Puerto Rico; one (1) shall be a person with broad knowledge and experience in corporate finances; one (1) shall be a renowned person in the field of the arts, culture, or sports in Puerto Rico, and one (1) representative of the private sector with experience in the field of marketing, tourism, hotels, or the operation of convention centers. The three (3) *ex officio* members shall be the Secretary of the

Department of Economic Development and Commerce, the President of the Government Development Bank, and the Director of the Puerto Rico Tourism Company. The Secretary of the Department of Economic Development and Commerce shall be the Chair of the Board. The Executive Director of the Puerto Rico Tourism Company shall be the Vice-Chair of the Board. No member of the Board representing the private sector shall be allowed to participate, vote, or otherwise be involved (including, but not limited to, receiving information or attending Board meetings) in matters related to the selection, negotiation, development, design, or construction of private parcels.

Two (2) Executive Committees shall be created as part of the Board; one to address matters related to the District and the other Committee to deal with matters related to the 'José Miguel Agrelot' Coliseum. Both Committees shall be composed of three (3) members who shall be elected by the members of the Governing Board from among its members. These Executive Committees shall be the bodies that shall provide the Board with recommendations on the public policy of these two (2) facilities. The whole Board shall vote to approve the public policy recommended for each of these facilities.

(b) Term of office.- Except for the three (3) *ex officio* members, the Governor shall appoint the members of the Board, with the advice and consent of the Senate. The term of appointment of such six (6) Board members shall be four (4) years or until their successors take office.

(c) Compensation.- No Board member shall receive compensation for his services.

(d) Quorum and voting.- A minimum of five (5) Board members shall constitute a quorum for the purpose of holding any Board meeting, and all actions of the Board shall be approved by the affirmative vote of a majority of Board members that are present. Provided, however, that: (i) with respect to such matters

whereby five (5) or six (6) Board members have any type of conflict of interest in a particular matter or subject, in accordance with the provisions of subsection (g) of this Section, a minimum of three (3) members shall constitute a quorum and all actions related to said matters must be approved by the affirmative vote of at least these three (3) members, who shall constitute a majority of the Board for such matters; and (ii) in the event that seven (7) or more members of the Board have any conflict of interest in a particular matter or subject, pursuant to subsection (g) of this Section, the Authority shall not be authorized to participate in said particular matter or subject.

It is further provided that the attendance of the Chair or the Vice-Chair to the Board meetings shall be a *sine qua non* requirement for the constitution of a quorum in any of the aforementioned instances.

(e) Executive Director.- The Board shall appoint an Executive Director who shall act as the chief executive officer of the Authority, while he enjoys the trust of the majority of the Board members. The Executive Director shall be in charge of carrying out the duties and powers that are delegated to him by the Board of the Authority, the general administration of the District and the Coliseum, and shall represent them in all acts and any contracts to be executed as necessary in the exercise of his functions and shall perform the duties and assume the responsibilities, faculties, powers, and authority delegated to him by the Board. Likewise, as delegated by the Board, the Executive Director shall supervise all officials, employees, agents, contractors, and subcontractors of the Authority. The Executive Director shall be selected based on his merits, to be determined upon consideration of the technical education, expertise, experience, and other qualities that specifically qualify him to discharge the responsibilities imposed by this Act.

The duties of the Executive Director shall be the following, among others:

(a) To prepare a Five-Year Strategic Plan in accordance with the public policy established by this Act, which shall be submitted to the Board for its evaluation, recommendation, and approval.

(b) To represent the Authority in the execution of any necessary contracts; perform the duties and assume the responsibilities, powers, and authority delegated by the Board of Directors.

(c) To evaluate work plans and submit reports to the Board, along with recommendations for the Board's approval or rejection.

(d) To coordinate the operation and proper administration of the Puerto Rico 'José Miguel Agrelot' Coliseum and the Center, respectively.

(e) To organize the operations and proper administration of the Puerto Rico 'José Miguel Agrelot' Coliseum and the Center, respectively, in accordance with the Administrative Organization Plan approved by the Board.

(f) To select the personnel deemed necessary to perform the functions of the Center and the Puerto Rico 'José Miguel Agrelot' Coliseum, and to appoint said personnel without being subject to Act No. 184-2004, as amended, known as the 'Public Service Human Resources Administration Act of the Commonwealth of Puerto Rico,' but subject to the rules and regulations adopted by the Board to such effect.

(g) To submit, for the approval of the Board, regulations as are necessary to achieve the purposes of this Act.

(h) To hire the professional, consulting, and technical services that are necessary to comply with the purposes of this Act, including the administration of the Puerto Rico 'José Miguel Agrelot' Coliseum and the Center.

(i) To prepare and submit, for the approval of the Board, the operating expense budget thereof and administer the same.

(j) To keep a register and a full and detailed account of all expenses, disbursements, and income of the Puerto Rico 'José Miguel Agrelot' Coliseum and the Center, respectively, pursuant to the applicable laws and regulations.

(k) To submit periodic work reports to the Board as it prescribes through regulations.

(l) To perform any other function entrusted by the Board.

(m) To designate the personnel necessary to coordinate and supervise the contractors that provide services for the operations, management, and maintenance of the Puerto Rico 'José Miguel Agrelot' Coliseum and the Center.

(n) To designate a Deputy Executive Director to address matters related to the Coliseum. The Deputy Executive Director shall be selected based on merits to be determined upon consideration of his technical training, expertise, and experience in facilities of this type.

(f) Non-Liability of the Members.- The members of the Board shall not be personally liable for the obligations of the Authority, and the rights of the creditors of the Authority shall be solely against the Authority. The Authority, on its own account or by contract, shall defend the members of the Board, and shall indemnify and hold harmless all Board members, whether or not they are members thereof at the time of the claim, from and against any and all personal liabilities, acts, causes of action, and any and all claims against said members for acting in good faith while performing and within the scope of their duties as Board members, pursuant to the provisions of this Act and of any other applicable laws, except in cases of clear and proven acts of gross negligence or willful misconduct.

(g) Conflicts of interest.- No member of the Board shall participate in any decision or have access to any information pertaining to the matter or matters in which he has a personal or financial interest as such terms are defined hereinbelow. For purposes of this subsection, the term ‘financial interest’ shall mean the direct or indirect ownership, either legally or equitably, by an individual or any member of his family unit (as defined hereinbelow), of (1) at least ten percent (10%) of the outstanding shares of a corporation; (2) at least ten percent (10%) interest in any other entity, or (3) the ownership of sufficient shares or interest in an entity to grant such person effective control over the decisions in such entity.

The term ‘personal interest’ shall mean any personal, family, or business relationship that could be construed to affect the objectivity of a Board member. The term ‘family unit’ shall mean the spouse of a person, his children, dependents, or those persons that share his legal residence or whose financial affairs are under the *de jure* or *de facto* control of said person. The Authority may issue all the rules, regulations, or circular letters that it deems necessary to implement the provisions of this subsection.

It is hereby prohibited for the company (or any of its affiliates) that is managing the Coliseum or the Center, respectively, at the time of approval of this Act or the company (or affiliate) that manages the same in the future, if that were the case, to be the promoter or producer of public events in the facilities of the ‘José Miguel Agrelot’ Coliseum or the Center.”

### Section 3.- Severability Clause

If any clause, paragraph, subparagraph, article, provision, section, subsection, or part of this Act were held to be unconstitutional by a court of competent jurisdiction, said holding shall not affect, impair, or invalidate the remaining provisions of this Act. The effect of said holding shall be limited to the



clause, paragraph, subparagraph, article, provision, section, subsection, or part thereof thus held to be unconstitutional.

#### Section 4.- Effectiveness

This Act shall take effect immediately after its approval. Once this Act takes effect, all members of the Board shall be relieved of their duties when their successors take office. The organization, formation, and appointment of the members of the Governing Board, pursuant to this Act, shall begin immediately. The provisions of this Act shall have the effect of modifying any statutory or regulatory provision in effect making reference to the Board of Directors of the Convention Center District Authority in order for it to read and make reference to the Governing Board of the Convention Center District Authority.

## CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 20-2013 (H. B. 740)** of the **1<sup>st</sup> Regular Session** of the **17<sup>th</sup> Legislative Assembly of Puerto Rico**:

**AN ACT** to amend subsection (l) of Section 1.03 and Section 2.01 of Act No. 351-2000, as amended, known as the "Puerto Rico Convention Center District Act," in order to restructure and reorganize the governing body of the Convention Center District Authority and modify the term of appointment of its members.

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

In San Juan, Puerto Rico, on this 12<sup>th</sup> day of February, 2018.

Orlando Pagán-Ramírez  
Acting Director