

(S.B. 802)

(No. 142)

(Approved October 4, 2001)

## **AN ACT**

To amend Sections 1.01, 1.03, 1.04, 1.05, and 1.06 of Chapter 1; Sections 2.01, 2.02, 2.03, 2.04 and 2.06 of Chapter II; amend Sections 3.01 and 3.02 of Chapter III; amend the Title of Chapter III; amend Sections 4.01 and 4.02 of Chapter IV; amend Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.06, 5.07, 5.08, 5.09, 5.10, and 5.11 of Chapter V; amend Sections 6.01, 6.03, 6.04, 6.05, 6.06, 6.07, 6.08 and repeal Section 6.09, amend and renumber Sections 6.10, 6.11, 6.12, 6.13, and 6.14 as 6.09, 6.10, 6.11, 6.12, and 6.13, respectively; add a new Section 6.14, repeal Section 6.15 of Chapter VI of Act No. 351 of September 2, 2000, as amended, known as the “Las Américas World Trade District Act,” in order to integrate the provisions that create and govern the Puerto Rico Convention Center and the Las Américas World Trade District, under a single Act; to amend the title of Act No. 351 of September 2, 2000, as amended, to read as the “Puerto Rico Convention Center District Act”; to rename the “Las Américas World Trade District Corporation” as the “Puerto Rico Convention Center District Authority”; to restructure the composition and the terms of the members of the Board of Directors of said Authority and to grant it the power to develop and govern all matters concerning the Puerto Rico Convention Center District; to repeal the English version of Act No. 351 of September 2, 2000, as amended, and repeal Act No. 400 of September 9, 2000, as amended, known as the “Puerto Rico Convention Center Authority Act”; and for other purposes.

## STATEMENT OF MOTIVES

The Government of the Commonwealth of Puerto Rico approved Act No. 400 of September 9, 2000, as amended, known as the “Puerto Rico Convention Center Authority Act,” with the main purpose of creating a government entity that would be responsible for the development of a Convention Center with facilities to attract and adequately accommodate large national and international groups. In this manner, one of the sectors of our tourist industry that can generate the most benefits for the people of the Commonwealth of Puerto Rico, would be promoted.

Together with the approval of said Act No. 400, Act No. 351 of September 2, 2000, as amended, known as the Las Américas World Trade District Act, was also approved, which created the Las Américas World Trade District Corporation, whose main responsibility was to provide support to the Convention Center, created by Act No. 400, *supra*.

Each of these entities constitutes a new government entity with independent personality from that of the Government of the Commonwealth of Puerto Rico. This Legislature, after evaluating the necessity and convenience of having two such entities, deems that the ends and purposes for which they were created do not justify the existence of two entities, and that one of them should perform the functions assigned to both. Thus, Act No. 400, *supra*, which created the Puerto Rico Convention Center Authority, is hereby repealed and Act No. 351, which created the Las Américas World Trade District, is hereby amended to incorporate the powers, rights and responsibilities of both entities.

As part of the Puerto Rico Convention Center District, the area where the Isla Grande Airport known as the “Rivas-Dominicci Airport” is located,

is hereby included and renamed as the “Rivas-Dominicci Executive Airport.” This airport is an infrastructure of great importance to the economy and development of tourism in Puerto Rico. Moreover, apart from the Luis Muñoz-Marín Airport in Carolina, it is the only other airport that gives direct access by air to our capital city of San Juan.

We believe that in this manner we would fulfill our purpose of developing a Convention Center and a District to support the latter in the best coordinated, efficient and effective way.

This Legislature believes that the creation of new government entities should be avoided when existing entities are able to fulfill the purposes for which a new entity would be created.

***BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:***

Section 1.—The Title of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“To establish the ‘Puerto Rico Convention Center District Act’; create the Puerto Rico Convention Center District Authority; establish its duties, powers and rights; create its Board of Directors; fix penalties; and establish the ‘Convention Center Fund.’”

Section 2.—Section 1.01 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 1.01.—Title.—

This Act shall be known and may be cited as the ‘Puerto Rico Convention Center District Act.’”

Section 3.—Section 1.03 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 1.03.—Definitions.—

The following words and terms, when used or referred to in this Act, shall have the meaning stated below, unless another meaning can be construed from the context:

- (a) ‘Article’ or ‘articles’ shall mean any object, artifact, goods or thing, introduced, sold, consumed, used, transferred or acquired in Puerto Rico, which is taxed pursuant to the provisions of Subtitle B of Act No. 120 of October 31, 1994, as amended, known as the ‘Puerto Rico Internal Revenue Code of 1994.’
- (b) ‘Authority’ shall mean the Puerto Rico Convention Center District Authority created pursuant to this Act.
- (c) ‘Bond’ or ‘bonds’ shall mean any bond, note, or other evidence of indebtedness issued or contracted by the Authority under the provisions of, and pursuant to this Act.
- (d) ‘Charge for benefits’ or ‘charges for benefits’ shall mean the fees that will be imposed by the Authority under Section 4.02 of this Act.
- (e) ‘Center’ shall mean the Puerto Rico Convention Center to be developed and operated in the real property owned or leased by the Authority, or by the persons or entities designated thereby, and which shall be suitable for the following purposes and events: congresses, conventions, conferences, trade fairs, exhibitions, meetings, and other business, entertainment, social, cultural, historic, scientific and public interest events. The term Center shall include all the facilities, furnishings, fixtures and equipment necessary or incidental thereto, including, but not limited to meeting rooms, dining rooms, kitchens, ballrooms, reception and

registration areas, and foyers for functions; loading areas for trucks (including access to said areas), access ways, common areas, lobbies, offices, restaurants, and other facilities for the sale of food, beverages, publications, souvenirs, novelties, office services and other convenience services, and any areas and facilities appurtenant thereto; also including, but not limited to other buildings, structures, or facilities to be used along with the above; parking facilities, streets, highways, pedestrian accesses, canals, fountains, public services; aqueduct, sewer, gas, electric and other utility services; security guard facilities; landscaping, infrastructure, storage facilities, hotels or other lodgings, or retail sales areas, and other improvements related to the Center that are owned or rented by or to the Authority for the convenience of the users thereof, and to produce revenues that will help defray any cost or expense related to the Center.

- (f) 'Internal Revenue Code of 1994' shall mean Act No. 120 of October 31, 1994, as amended, known as the 'Puerto Rico Internal Revenue Code of 1994.'
- (g) 'Costs' shall mean the pre-construction and construction costs; cost of acquisition of all land, structures, rights of way, franchises, easements, and other proprietary rights and interests; cost of demolition, removal or relocation of any building or structure on the acquired land, including the cost for the acquisition of any property to which said buildings or structures may be transferred or relocated; cost of all labor, materials, machinery, equipment, personal and real property according to its use; financing fees and interest on all bonds prior to and during the construction and for

such period as the Authority may reasonably determine is necessary to put the Center or any part thereof into operation; or improvement projects, projects on private parcels or the District; cost of engineering, financial, and legal advisors; blueprints, specifications, studies, measurements, costs and income estimates, and any other expenditures necessary or incidental to the determination of feasibility and desirability to build the Center, or any expansion thereto, improvement projects and projects in private parcels; fees for issuing letters of credit, bond guarantees, debt or insurance service for debt service reserves, bonds, or other similar instruments that increase credit capacity; administrative expenses, provision for working capital, reserves for the principal and the interest and for extensions, expansions, additions and improvements; any other expenses necessary or incidental to the development, the construction of the Center, or any expansion thereof, or of the improvement projects, and projects on private parcels, or the financing of construction, and to put the Center and said projects into operation; the cost of creating and maintaining a reserve account for operating expenses and any other costs the Authority may deem appropriate for its corporate purposes and for complying with its corporate powers.

- (h) 'District' shall mean the Puerto Rico Convention Center established in Section 1.04 of this Act.
- (i) 'Convention Center Fund' shall mean the fund created as provided in Section 6.07 of this Act that shall be used by the Authority at its absolute discretion, pursuant to this Act.

- (j) 'Government of Puerto Rico' shall mean the Commonwealth of Puerto Rico.
- (k) 'Occupancy tax revenues' shall mean all revenues and funds, plus any related interest and penalties thereon, collected through the room occupancy tax, pursuant to Section 2051 of the Internal Revenue Code of 1994, that is deposited in a special account or other account to be used by the Authority for the benefit of the Center, pursuant to Section 2084 of said Code.
- (l) 'Board' shall mean the Board of Directors of the Authority.
- (m) 'Authority Act' shall mean the Puerto Rico Convention Center District Authority Act.
- (n) 'Bureau' shall mean the Puerto Rico Convention Bureau, the principal nonprofit organization devoted to the promotion of Puerto Rico as a destination for holding meetings and conventions.
- (ñ) 'Private parcel' or 'private parcels' shall mean any portion of the District designated by the Authority as a private parcel, that is sold, leased, subleased or otherwise transferred by the Authority to third parties for its development, construction, operation or administration, whether as a hotel, building or retail sales facility, office buildings or facilities, attractions, tourist, marine, recreational or entertainment facilities, restaurants, residences or any other use that is in accord with the purposes of this Act or the purposes of the District, and that shall benefit from the Center, from the improvement projects and from other projects in private parcels.

- (o) ‘Improvement project’ or ‘improvement projects’ shall mean any proposed development, improvement, infrastructure, facility, work, enterprise or service provided, constructed, operated, or maintained by the Authority or by third parties for the Authority or for the benefit of the District, the cost of which shall be financed by the Authority pursuant to the mechanisms provided in this Act.

An improvement project may include without being limited to, marine facilities, hotels, retail sales facilities and buildings, office facilities and buildings, tourist facilities, aqueduct, sewer, gas, electric power and other utilities, recreational facilities and other attractions, port facilities, highways, parking lots, canals, fountains, security facilities, landscaping, transportation facilities and equipment, public areas, educational facilities, restaurants, entertainment facilities, telecommunication facilities, security systems and any related services provided by the Authority or by third parties in benefit of the Authority and the District. The improvement projects shall comply with all applicable laws, regulations and ordinances of the Government of the Commonwealth of Puerto Rico and the municipalities, including, but without being limited to those related to land use, and the protection of the environment, except for any provision in this Act to the contrary. The improvement projects may be located within or outside the District, provided, that in the event the improvement is located outside the District, the owner of the real property where it will be located must give his/her consent for it to be executed on his/her property.”



Section 4.—Section 1.04 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 1.04.—Establishment of the District.—

With the purpose of supporting the Center to be developed, administered, operated and maintained pursuant to this Act by the Authority, the Puerto Rico Convention Center District is hereby established and created, comprised within the geographic area that shall be delineated on a map that shall be kept in the corporate offices of the Authority. Said geographic area shall consist of all the real property now owned or hereinafter acquired by the Authority which is germane to the purposes of this Act (which may or may not be sold, leased, subleased, or otherwise transferred to third parties as a private parcel), but excluding all the real property acquired or leased by the Authority designated thereby at the time it is acquired or leased, as property that shall not constitute a part of the District. The area on which the Isla Grande Airport, known as the ‘Rivas Dominicci Airport’ is located, and which shall be renamed as the ‘Rivas Dominicci Executive Airport,’ is included as part of the Puerto Rico Convention Center District. The District shall also include the geographic area on which the Center shall be developed. After the effective date of this Act, no portion of the District shall be exempted from the provisions of this Act for any reason during the term of the existence of the Authority.”

Section 5.—Section 1.05 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 1.05.—Creation of the Authority.—

A corporate body politic is hereby created which will constitute a public corporation and government instrumentality with its own juridical

personality, which shall be known as the ‘Puerto Rico Convention Center District Authority.’”

Section 6.—Section 1.06 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 1.06.—General Purpose of the Authority.—

Without limiting the general purpose of any other provision of this Act, the general purpose of the Authority shall be 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 a contract with third parties, the 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, subject to the provisions of this Act.”

Section 7.—Section 2.01 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 2.01.—Board of Directors.—

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

- (a) Composition of the Board.—The Board shall be composed of the following seven (7) members: the Secretary of Economic Development and Commerce; the Executive Director of the Puerto Rico Tourism Company; the Executive Director of the Ports Authority; one (1) official, employee, or member of the

public sector of a board, commission, agency, authority or municipality of the Commonwealth of Puerto Rico, with experience in the fields of hotels, tourism, planning, marketing, engineering, real estate or convention centers, who shall be appointed by the Governor of the Commonwealth of Puerto Rico with the advice and consent of the Senate, and three (3) representatives of the private sector with experience in the fields of hotels, tourism, planning, marketing, engineering, real estate or convention centers, one of whom shall represent the center employees, who shall be appointed by the Governor of the Commonwealth of Puerto Rico with the advice and consent of the Senate. The Chairperson of the Board shall be the Secretary of Economic Development and Commerce. The Vice Chairperson of the Board shall be the Executive Director of the Puerto Rico Tourism Company. However, no member of the Board representing the private sector shall be allowed to participate, vote, or otherwise be involved (including, but not being limited to receiving information or attending Board meetings) in matters related to the selection, negotiation, development, design or construction of private parcels.

- (b) Term of Office.—The four (4) members of the Board appointed by the Governor of the Commonwealth of Puerto Rico shall serve staggered terms of three (3) years, with the exception of the first four (4) members who are appointed after the effective date of this Act. One (1) of these members shall serve for a term of one (1) year; and one (1) of these members shall serve for a term of two (2) years, and two (2) members shall serve for a term of three (3)

years, as determined by the Governor, from the date they are appointed. The Secretary of Economic Development and Commerce, the Executive Director of the Tourism Company and the Executive Director of the Puerto Rico Ports Authority shall remain as members of the Board as long as their terms of office that empower them to belong to said Board, persists. Any vacancy caused by the resignation, death, disability or removal of an appointed member of the Board shall be filled by the Governor within a term of sixty (60) days from the date said vacancy occurs and for the remainder of the term of the director that is being replaced.

- (c) Compensation.—No member of the Board shall receive compensation for his/her services. The members of the Board, except those who are officials of the Government of the Commonwealth of Puerto Rico, shall receive per diems for each Board meeting they attend equal to the lesser of the per diems that the members of the Legislature receive when attending sessions or committee meetings.
- (d) Quorum and Voting.—A minimum of five (5) members of the Board shall constitute quorum to hold any meeting of the Board, and all the actions of the Board must be approved by the affirmative vote of the majority of the members present; provided, however, that: one (1), with regard to those matters for which this Act provides that the members of the Board from the private sector are unable to vote, pursuant to Section 2.01(a) of this Act, a minimum of three (3) members of the public sector shall constitute quorum, and all actions related to such matters must be

approved by the affirmative vote of at least three (3) members of the public sector, who shall constitute a majority of the Board for said matters; and two (2), that in the event that five (5) or more members of the Board were to have a conflict of interest in a specific issue or matter pursuant to the provisions of Section 2.01 (g) of this Act, the Authority shall not be authorized to participate in said specific issue or matter.

- (e) Executive Director.—The Board shall appoint an Executive Director who shall serve as chief executive officer of the Authority and who shall be given a compensation plan that is competitive with that of other jurisdictions in which facilities analogous to the Center and the District are operated. The Executive Director shall be in charge of executing the faculties and powers delegated to him/her by the Board of the Authority and of its general administration, and shall represent the Authority at all acts and in all contracts that must be executed in the exercise of its functions, and shall perform those duties and have those responsibilities, faculties, powers and authority delegated to him/her by the Board. Likewise, through the delegation of the Board he/she shall supervise all officials, employees, agents, contractors, and subcontractors of the Authority. The Executive Director shall be selected on his/her merits, which shall be determined by taking into consideration the technical training, expertise, experience, and other qualities that specifically enable him/her to perform the duties imposed by this Act.
- (f) 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 shall be solely against of the Authority. The Authority, *per se* or by contract, shall defend the members of the Board, and shall compensate and hold harmless all the members of the Board, whether they are, or not, members thereof at the time of the claim, against and from any and all personal liabilities, acts, causes of action, and any and all claims that are made against said members for any act in good faith by them during the performance and within the scope of their work as members of the Board, pursuant to the provisions of this Act and any other applicable laws, except in cases of clear and proven gross negligence or illegal acts.

- (g) Conflicts of Interest.—No member of the Board may participate in any decision or have access to any information related to the matter or matters in which he/she has a personal and financial interest, as these terms are defined below. For the purposes of this subparagraph, the term ‘financial interest’ shall mean the direct or indirect title, whether legal or in equity, of an individual or a member of his/her family unit (as defined hereinbelow) of: (1) at least 10% interest in the issued stock of a corporation; (2) at least 10% interest in any other entity; or (3) the title to sufficient stock or shares in an entity that grants said person an effective control of the decisions of said entity. The term ‘personal interest’ shall mean any personal, family or business relationship that could be interpreted as affecting the objectivity of a member of the Board. The term ‘family unit’ means the spouse of a person, his/her children, dependents or those persons who share his/her 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 subparagraph.”

Section 8.—Section 2.02 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 2.02.—Specific Powers of the Authority.—

The Authority shall have the following powers and rights:

- (a) Determine the symbol and logotype through which the Center and any other structure of the Authority shall be known, and at its sole discretion may modify, alter or change them from time to time, as deemed necessary, and to grant concessions, licenses, or any other type of agreement whereby the use of the name or rights on the name, symbols, and logotypes of the Center and any other structure of the Authority by third persons is authorized, without having to comply with any other legal requirement or applicable regulations.
- (b) Sue, be sued and defend itself in all courts that have jurisdiction over the Authority, the Center or the District.
- (c) Acquire by gift, purchase or otherwise hold, receive, lease, sublease and use any license, franchise or personal, real or mixed, tangible or intangible property, or any interest thereon, whether it is located in or outside of the District.
- (d) Sell, transfer, lease, sublease, cede, or otherwise dispose or transfer any of its personal, real or mixed, tangible or intangible property or any interest thereon, whether located in or outside of the District.

- (e) Enter into or execute contracts, agreements and other instruments, to carry out the purposes of this Act or any other provision of law.
- (f) Acquire, retain, develop, design, construct, improve, maintain, administer, operate, furnish, install, equip, repair, possess, lease or sublease the Center, the improvement projects, projects in private parcels, the District, or any part thereof, and enter into or execute contracts with any person association, partnership, corporation, Federal agency or public or municipal body of the Government of the Commonwealth of Puerto Rico, to develop, design, finance, construct, improve, maintain, promote, market, operate, administer, furnish, install, equip, replace and repair the Center, the improvement projects, projects in private parcels or the District, or any part thereof.
- (g) Draft and adopt regulations for the administration and regulation of its affairs, and promulgate rules, regulations and policies regarding the performance of its functions and duties.
- (h) Make loans in order to finance the costs of the Center, the improvement projects and the projects in private parcels or the District, and comply with any of its corporate purposes and powers at the discretion of the Board; make and issue negotiable bonds of the Authority; secure the payment of said bonds or any part thereof, through the pledge, mortgage, assignment, trust indentures of the properties of the Authority located in or outside of the District, charges for benefits, occupancy tax revenues, other income, rents, fees, receipts, and any interest in contracts, leases or subleases; enter into any agreements with the buyers or holders of said bonds or with other persons with whom the authority has



an obligation with regard to any bond, issued or to be issued, as the Authority deems advisable, which shall constitute contracts with said buyers or holders; obtain any asset which increases its capacity to borrow money, or for debt financing that will increase its liquidity with regard to any bonds, in the manner that the Authority deems beneficial; and, in general, provide collateral security for the payment of the bonds and the rights of the holders thereof.

- (i) Pledge, mortgage, or otherwise encumber or assign any of its present or future personal, real or mixed, tangible or intangible properties, and its present and future revenues or receipts, including, but not limited to any interest in contracts, leases, subleases, or concessions, charges for benefits, and occupancy tax revenues, or other income.
- (j) Procure insurance with such coverage, including, but not limited to insurance covering the timely payment in full of all the principal and interest on the bonds issued by the Authority, in the amounts, and from the insurers that the Authority deems are necessary or desirable for its purposes, and for the operation of the District and the Center.
- (k) Invest its moneys pursuant to the regulations promulgated by the Government Development Bank for Puerto Rico for government entities, pursuant to Act No. 113 of August 3, 1995, as amended, or any successor provision of law.
- (l) Appoint and hire all the officials, representatives, employees or managers that are required for the performance of its duties, fix and determine their qualifications, duties and remuneration, and

retain or employ other agents or consultants, including, but not limited to architects, auditors, engineers, lawyers and private consultants, by contract or otherwise, to render and provide professional or technical services and advice.

- (m) Appoint and hire an Executive Director, who shall be the chief executive officer of the Authority, who shall receive the compensation determined by the Board based on studies of competitiveness in salaries for similar positions in other jurisdictions, and who shall serve according to the parameters established by the Board. The Executive Director shall be recruited on the basis of his/her experience, knowledge and administrative and managerial skills in the management of public facilities related to the tourist industry, such as convention centers, stadiums, arenas, or others.
- (n) Adopt, promulgate, and implement such rules and regulations that are not in conflict with any other applicable law governing the use and operation of the Center and the District, its facilities, buildings and equipment, the private parcels, and the improvements located in them, the improvement projects, and the conduct of the employees and the public, in order to promote public safety in and around the Center and the District, to keep order and improve the image, reputation and projection of the tourist facilities in Puerto Rico at the international level.
- (o) Acquire, on behalf of the Authority, through purchase or otherwise, under the terms and in the form that the Authority deems appropriate, or through the exercise of the power of eminent domain, such land or rights on lands, public or private,

rights of way, and other interests as deemed necessary or appropriate to carry out its purposes.

- (p) Receive and accept concessions from any government agency for or in furtherance of the purposes of the Center or the District, receive and accept assistance or contributions from any source of money, properties, labor or other valuable considerations that are withheld, used and applied solely for the purposes for which said concessions and contributions are made.
- (q) Fix, charge, collect, alter and receive payments of rents, fees, prices and other charges that every tenant, lessee, concessionaire, user, exhibitor, franchisee or vendor shall pay to the Authority for the use of the Center or of any private parcel, improvement project, or any other part of the District, for the sale of goods and services within the Center, and/or for the goods and services to be provided by the Authority with regard to such uses.
- (r) Market and carry out other activities to promote the District, the Center, any improvement project, any private parcel, any project in any private parcel, and for any event or activity related to the Center, including, but not limited to, trade fairs, conventions, meetings, congresses, other tourist events and activities, and to contract with the Bureau or any other entity, with the purpose of promoting and marketing the Center, the District, any improvement project, any private parcel or project therein, trade fairs, conventions, meetings, other events, and tourism in the Commonwealth of Puerto Rico, and coordinate said marketing and promotional activities with the Puerto Rico Tourism Company, or any subsidiary of the Company thus designated, the

Department of Economic Development and Commerce of Puerto Rico, the Bureau, or any person, agency of the Government of the Commonwealth of Puerto Rico, or entity under contract with the Authority for said purposes.

- (s) Develop a comprehensive master plan and design criteria for the Center and the District and improvements to the Center and the District, and create, constitute, register and impose such conditions, restrictions, easements, and regulations for the development, use, maintenance and operation of the District and the Center, as necessary and convenient to ensure that the development, maintenance and operation is and continues to be in accord with the master plan; develop, use, administer, maintain, and operate the Center.
- (t) Enter into contracts and agreements, including, but without being limited to sales contracts, leases, joint ventures and partnerships, as deemed necessary to induce third parties to develop, improve, operate and administer the private parcels within the District, according to any master plan, design criteria and the conditions and restrictions adopted and imposed by the Authority.
- (u) Impose and collect charges for benefits, and impose and execute the tacit legal lien against the private parcels, which ensures the payment thereof for the purpose of financing in whole or in part, the costs of planning, developing, design, construction, expansion, acquisition, operation, marketing, repairs and maintenance of the Center or any part thereof, and to provide services to the Center or any part thereof, to the improvement projects, and projects in the

private parcels as applicable, or to guarantee or assure the reimbursement and payment of the loans issued for such purposes.

- (v) Promote special events and activities within the District.
- (w) Require, when deemed necessary by the Authority, that arrangements or contracts be made regarding the projects in private parcels with any municipality, local agency or other instrumentality of the Government of the Commonwealth of Puerto Rico for the planning, construction, opening, leveling and closing of streets, roads, alleys, or other places, or to provide public utility services or goods, or services related to any project within a private parcel.
- (x) Facilitate, provide or contract for private security services to be furnished, and coordinate and contract with the Police Superintendent for the creation of a special division of the Puerto Rico Police, to be in charge of rendering security services in the Center and the District.
- (y) Facilitate, provide or contract for transportation services within, to or from the District and the Center, as the Authority deems necessary or appropriate.
- (z) Accept the assignment and assume all the obligations and contractual rights, as well as incurred debts, instruments in evidence of said debts and collateral instruments executed in relation to said debts, by the Puerto Rico Tourism Company related to the Center and the District prior to the appointment of the Board, and reimburse the Puerto Rico Tourism Company for any amount spent in relation to the Center and the District before the Authority commences its operations.

- (aa) Prepare and file any applications required by the Department of the Treasury and other departments and agencies of the United States Government, for the establishing, operation and maintenance within the Center and the District, of a free port, foreign trade zones or sub-zones, or areas to receive foreign trade goods; expedite and promote foreign trade, and the management, processing and delivery of duty-free foreign trade goods; reach any agreement required by said departments or agencies in connection with said purpose, and execute everything that is necessary and appropriate to achieve the establishing, operation and maintenance of said area, port or zone.
- (bb) Execute or enter into contracts with third parties for the performance and execution of any of its powers, rights and responsibilities.
- (cc) Have full control and intervention over all of its properties and activities, including the power to determine the use and investment of its funds, including the occupancy tax revenues assigned pursuant to the provisions of Section 2084 of the Internal Revenue Code of 1994, as amended, and the nature and necessity of all the expenditures and how they shall be incurred, authorized and paid, without taking into consideration any provision of law that regulates the disbursement of public funds. Said determination shall be final and binding.
- (dd) Lend money from the proceeds of the sale of bonds or otherwise, with the purpose of financing the costs of the Center, the improvement projects and projects on private parcels, or in the District, and to further any of the purposes of the Authority; and

to make and execute those financing and security contracts and documents needed to evidence such indebtedness, and to establish the terms and secure the payment thereof to the Authority and under such terms and conditions that the Authority may require in its sole discretion.

- (ee) Sell or dispense, or allow others to sell or dispense alcoholic beverages to be consumed in the Center and the District, after obtaining the appropriate licenses.
- (ff) Do whatever is necessary or convenient for the promotion of its purposes and the general welfare of the Center and the District, and to carry out the powers granted to the Authority by this Act or any other law.”

Section 9.—Section 2.03 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 2.03.—Acquisition of Personal and Real Property.—

In order to perform the functions and comply with the purposes of this Act, the Authority shall have the right to acquire real and personal property by purchase, exchange, donation, exercise of eminent domain, or by any other legal means available.”

Section 10.—Section 2.04 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 2.04.—Eminent Domain.—

The exercise of eminent domain, which power is granted to the Authority by this Act, shall be requested by the Board in the name and on behalf of the Authority for the acquisition, use, usufruct, lease of any right or interest in the real or personal property subject to expropriation.”

Section 11.—Section 2.05 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 2.05.—Declaration of Public Utility.—

To the ends and purposes provided by this Act, all works and projects that the Authority carries out, and all the real and personal property, and every right or interest in the property they are on, that is needed for the enunciated purposes, that are acquired through the exercise of eminent domain, are hereby declared of public utility, and said real and personal property and any rights or interest thereon may be expropriated without a prior declaration of public utility as foreseen in Section 2 of the Act of March 12, 1903, as amended, known as the ‘General Condemnation Act.’”

Section 12.—Section 2.06 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 2.06.—Applicable Exercise of Eminent Domain.—

The provisions of the General Condemnation Act of March 12, 1903, as amended, or any subsequent Act, are hereby extended and made available to the Authority, provided that said provisions are not incompatible with any other provision of this Act, and shall be applicable to the power of eminent domain granted to the Authority under this Act. In those cases that the legal dispute is circumscribed to the price or worth of the property that is subject to expropriation, and the requirements of Section 5(a) of the General Condemnation Act of March 12, 1903, as amended, or any subsequent provisions of law for the declaration of acquisition and material delivery of the property, the Authority shall comply with the requirement of obtaining a bond or placing a deposit that, in the opinion of the Court, shall be sufficient to cover the difference between the amount estimated by the Authority and the amount requested by the owner of the property that is subject to



expropriation, as fair compensation, and to also cover any interest to which the owner of the property subject to expropriation is entitled.”

Section 13.—The Title of Chapter III of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“CHAPTER III.—DEVELOPMENT AND ADMINISTRATION OF THE CENTER AND THE DISTRICT.”

Section 14.—Section 3.01 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 3.01.—Development of the Center and the District.—

For the purposes of the development, design, and construction of the Center, improvement projects and other projects on private parcels within the District, the Authority shall:

- (a) Contract the services of planners, architects, engineers, and a construction crew, all of which shall be experienced in the planning, design or development of convention centers and other tourist-related facilities complementary to said centers, to develop the master plan and design criteria for the Center and the District. To execute the development of said master plan, the design criteria for the Center and the District, and the development of any real property located in the District, the Board of Directors of the Authority shall consult all the pertinent agencies and regulatory bodies.
- (b) Promote, establish, and coordinate the planning, design and development of the Center and the District, all projects in private parcels and the improvement projects, including the creation, imposition, registration and administration of conditions and restrictions to ensure compliance with any master plan and design

criteria adopted by the Authority, and that shall include a procedure whereby the Authority, or a committee appointed by the Authority, will review and approve the compliance of all the proposed improvement plans for all the private parcels with said conditions and restrictions, master plan and design criteria. The Authority may impose a charge for said review.”

Section 15.—Section 3.02 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 3.02.—Administration of the Center and the District.—

(a) For purposes of the administration, operation and management of the Center, the Authority may, on its own or through the contracting of a private firm, administer, operate and manage the Center, in coordination with the sales and marketing efforts of the Bureau, including, but without being limited to the control of the reservations calendar of the Center, in coordination with the sales and marketing efforts of the Bureau, the programming of the use of the Center pursuant to the reservations policy of the Center, administration of the lease contracts with clients of and for the services provided in the Center, contracting of salespersons, purveyors and employees, and the promulgation of rules related to the use of the Center. The Authority or the management company, as applicable, shall subcontract, or provide the following services to the client:

(1) Promotion services, including but without being limited to generating press releases, developing client relations, communicating and delivering the norms and rules related to the use of the Center to potential clients and clients that have

reserved the use of the Center, and the sale and promotion of the Center and its services.

- (2) Operating services, including, but not limited to cleaning, repair and maintenance services, as well as all public utilities, mechanical services, telecommunications, technical and other similar services that are necessary or convenient to carry out the events in the Center.
  - (3) Food services, including, but not limited to providing food services for the events held in the Center, through concessions, restaurants, and other means.
  - (4) Private security services, including, but not limited to general security in the Center and in the events in the Center.
  - (5) Office and business services, including, but not limited to fiscal accounting, services related to the information systems, business center, human resources and services for exhibits.
- (b) For purposes of the administration of the District, the Authority may contract a private management firm that shall be responsible for the administration of the District, including, but not limited to the marketing of private parcels and the projects thereon, as well as the District, the operation and maintenance thereof, the improvement projects and all the services provided by the Authority, and its fiscal administration.”

Section 16.—Section 4.01 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 4.01.—Nature and Uses of the Charges for Benefits.—

- (a) Nature.—The charges for benefits shall constitute a tacit legal lien imposed by the Authority on private parcels, in proportion to the benefits or utilities received or to be received from improvement projects, projects in private parcels and the Center, as applicable. The procedure to establish the amount of the charges for benefits to be imposed on each private parcel shall be established by Regulations.
- (b) Uses.—The proceeds from the collection of the charges for benefits or the bonds secured by the charges for benefits shall only be used to finance the operation, and the expenses of the Authority, and the planning, development, construction, operation, repair, replacement, marketing, maintenance of the Center and the provision of services to it or to the improvement projects, projects on private parcels and the District, as applicable.”

Section 17.—Section 4.02 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 4.02.—Imposition of Charges for Benefits.—

- (a) Charges for Benefits.—The Board is hereby authorized to impose charges against one or more private parcels in the District that are particularly and substantially benefited by the Center or any part or expansion thereof, or of one or more improvement projects or projects in private parcels developed or to be developed in the District. The amount of the charge to be imposed shall be based on the benefit or utility that each private parcel receives or will receive from, or of the service or improvement thereto, or of said

improvement projects or projects in private parcels, as determined by the Board.

(b) Adoption of the Budget.—Before the beginning of each fiscal year, the Board shall prepare and adopt an annual budget of the foreseeable expenses for the following fiscal year of the Center and the District, and the development, construction, maintenance, repair, replacement, renewal, expansion, marketing and operation by the Authority, the Center, the District and the improvement projects designated and improvements on private parcels. The annual budget may be amended by the Authority from time to time, as necessary, to cover any increment in expenses, or additional expenses of the District or the Authority, and to cover any increment in the charges for benefits. The annual budget shall include the following information:

- (1) A description of the improvement projects and the improvements on private parcels, or expansions thereof that shall be constructed;
- (2) The estimated cost of the improvement projects and improvements on private parcels, or expansions thereof, that shall be built and the estimated cost of maintenance, repair, replacement, renewal, marketing and operation of the improvement projects and improvements on private parcels, or parts thereof that are in existence;
- (3) The total amount to be imposed and collected for charges for benefits;
- (4) The amount of the charges for benefits to be imposed on each private parcel within the District; and

- (5) The description and cost of the improvements in the Center that shall be constructed, replaced or renewed, and the expenses of the Center that shall be financed by the charges for benefits to be imposed.
- (c) Exemption from the Payment of Charges for Benefits.—Any portion of the District that is exempted from the payment of property taxes pursuant to a determination of a public entity or the Governor of the Commonwealth of Puerto Rico, according to any government incentives program, shall not be exempt from the payment of charges for benefits. Any part of the property within the District owned by the Authority that has not been sold, leased, subleased, or otherwise transferred by the Authority as a private parcel, shall be exempted from the payment of charges for benefits. Unless otherwise provided in this Act, no owner or leaseholder of a private parcel shall be exempted from the payment of the charges for benefits for the waiving of use, or the benefit received, or by abandonment of the encumbered private parcel, the improvement projects, the improvements on private parcels, or the Center, to be financed by such charges.
- (d) Collection of Charges for Benefits.—Upon the adoption of the annual budget or any amendment thereto, the Board shall notify to, impose and collect the charges for benefits from each owner or leaseholder of the private parcels. The charges for benefits imposed against each private parcel shall be payable in equal monthly fees or any other manner determined by the Board, on the first day of each month or on any other day as determined by the Board. Any payment received by the Board after the tenth

(10<sup>th</sup>) day of each month, or after any other time frame determined by the Board, shall be in default, and the total amount of the charges for benefits from that date on, shall be subject to a late charge and shall accrue interest in an amount to be determined by the Board pursuant to the applicable statute, from the day that the charge for benefits is due until the date of payment. Any payment received by the Board shall be applied, firstly, to any interest accrued on the unpaid charge for benefits; then, to any late charge imposed by the Board; then, to any attorney fees and expenses incurred by the Board in the collection process; and lastly, to the payment of the charge for benefits due. After the tenth (10<sup>th</sup>) day of each month, or after any other time frame determined by the Board, the Authority shall require the payment of all amounts owed at that time to the Authority from the leaseholders or owners of private parcels in default, by means of certified mail with acknowledgment of receipt. If said leaseholders or owners do not pay all the amounts in arrears to the Authority within fifteen (15) days after the requirement of payment is remitted by the [Corporation] Authority, the Authority may require the payment of all the amounts then due, through the courts. The unpaid charges for benefits plus any penalty, interest, and charges for late payment, may be claimed judicially, according to the provisions of Rule 60 of the Rules of Civil Procedure of 1979, as amended, or any successor rule, without any consideration of the amount of the charges for benefits in default.

In the event that the delinquent amounts are payable by a leaseholder of a private parcel of the Authority, or any portion

thereof, the court may order said leaseholder to deposit in the court, in benefit of the Authority, all the rents, income or products received by said leaseholder related to the private parcel, until the charges for benefits in default and any penalty, late charges or interest thereon have been fully paid up.

- (e) Tacit Legal Lien.—The charges for benefits imposed on the private parcels pursuant to the provisions of this Act, shall constitute a tacit legal lien on said private parcels, that shall have priority over any other liens on said property, regardless of their nature, that are imposed on the property before or after the tacit legal lien determined by the charges for benefits, except that they shall be subordinated to:
- (1) the fiscal lien that secures the payment of back taxes transferred pursuant to Section 6 of Act No. 21 of June 20, 1997, as amended;
  - (2) the property tax lien imposed by Act No. 83 of August 30, 1991, as amended, known as the ‘Municipal Property Tax Act of 1991,’ or any successor statute; and
  - (3) liens constituted prior to September 2, 2000.

The tacit legal lien for charges for benefits only secures the payment of charges for benefits described in this Act, pursuant to the applicable annual budget approved by the Board, as it may be amended. The tacit legal lien created by this Act shall be in favor of the Authority and shall only secure the payment of all the unpaid charges for benefits, late charges, interest and all the reasonable costs and expenses, and attorney fees, incidental to the collection procedure, incurred by the Board.



- (f) Full Payment in Advance.—The charge for benefits may be paid in advance and in full for the year for which it is imposed, at the discretion of the owner or leaseholder, and the Authority may grant, in exchange, a discount it deems appropriate, as provided in its regulations or rules, which shall be uniform for all the owners or leaseholders.”

Section 18.—Section 5.01 of Act No. 351 of September 2, 2000, as amended is hereby amended to read as follows:

“Section 5.01.—Authority; Terms and Conditions; Execution and Validity of Bonds; Uses of the Proceeds.—

The Authority is hereby authorized to issue and sell its bonds from time to time for those amounts of principal, and under such terms and conditions that are needed, in the opinion of the Authority, to provide sufficient funds to finance the costs of the Center and the improvement projects and projects in private parcels or the District, and to promote any of its purposes and execute any of its powers. All the bonds issued by the Corporation shall be subject to the following:

- (a) Terms and Conditions of the Bonds.—The Authority, through the adoption of a resolution or resolutions authorizing the issue of its bonds, shall determine or provide for the following: date or dates due; rate or rates of interest (that shall not exceed the maximum rate allowed by law); denominations; forms; series; conversion privileges; manner of execution; means, medium, source and place of repayment; guarantees; redemption terms, with or without premiums; acceleration; replacement of mutilated, destroyed, stolen or lost bonds; manner and terms of authentication; and all the other conditions and agreements that

the Authority deems convenient with regard to the bond issue. The bonds may be sold at public or private sale for the price or prices determined by the Authority. Notwithstanding their form and tenure, and in the absence of a provision on the face of the bond indicating that the bond is non-negotiable, all the bonds of the Authority shall be negotiable instruments at all times, for all purposes.

- (b) Execution and Validity of Bonds.—The bonds bearing the signature of the officials of the Authority in office on the date of the signing thereof, shall constitute valid and binding obligations, even when before the delivery or payment of said bonds, any or all the officials whose signature or signatures by facsimile appear thereon, have ceased in their functions as officials of the Authority. The validity of the authorization and the issue of the bonds shall not depend or shall not be affected in any way by any procedure related to the project for which the bonds were issued or by any contract executed with regard to said project. Any resolution authorizing the bonds may provide that any such bonds may have a mention to the effect that it was issued pursuant to the provisions of this Chapter, and any bond that bears said mention shall be deemed conclusively valid and issued pursuant to the provisions of this Chapter. Temporary or interim bonds, receipts or certificates may be issued pending the execution and delivery of definitive bonds, in such form and containing such provisions as stated in said resolution or resolutions.

- (c) Use of the Proceeds of the Sale of Bonds.—All proceeds from the sale of bonds shall be used for those purposes that are indicated in the resolution of the Authority authorizing their issue.
- (d) Pledge of the Corporation.—Any pledge of the Authority shall be binding from the moment that it was made, and any funds or property thus pledged shall be subject to the lien of the pledge without the need of its actual delivery. The lien on the pledge of the Authority shall be binding on any party that has a claim for damages, contracts or other claims against the Authority, regardless of the fact they have been duly served. No instrument that creates the pledge shall have to be recorded in a registry to be effective against third parties.
- (e) Other Terms and Conditions.—Any resolution adopted by the Authority that authorizes the issue of bonds or a trust agreement with the holders of the bonds, may contain any of the following provisions that shall be part of the contract with the holders of the bonds:
  - (1) on the disposition of a portion of, or all of the present or future gross or net revenues (including the charges for benefits of the Authority and the tacit legal lien securing the payment thereof) of the Authority or of the owners or leaseholders of projects in the private parcels financed under this Act, including the pledge of all or part of said revenues to secure or guarantee the payment of the bonds;
  - (2) on the pledge, lien, or mortgage of all or part of the revenues, rents or properties of the Authority or of projects on private parcels financed under this Act;

- (3) on the establishing of reserves for the bonds or projects financed under this Act and the regulation and disposal thereof;
- (4) on the limitations of the purposes for which the proceeds of the sale of any bond issue may be used;
- (5) on the limitations regarding the issue of additional bonds;
- (6) with regard to the procedure by which the terms of any resolution that authorizes the bond issue, any trust agreement or any other contract with the holders of bonds, may be amended or revoked, and with regard to the number of bonds whose holders must consent thereto and the manner that said consent may be given;
- (7) on any agreement prohibiting the pledging of all or any part of the present or future revenues or funds of the Authority;
- (8) on events of noncompliance and the terms and conditions under which the bonds should or can be declared due and payable before their maturity date, and with regard to the terms and conditions under which said statement and its consequences may be waived;
- (9) on the rights, remedies, liabilities, powers and obligations resulting from the breach by the Authority of any of its covenants, conditions or obligations;
- (10) on conferring on one or more trusts, the right to enforce any agreement made with regard to the bonds, and with regard to powers, duties and limitations of each trustee; and

(11) on any other act or condition that may be necessary or convenient to secure the bonds, or that may make them more marketable.”

Section 19.—Section 5.02 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.02.—Bonds for Projects on Private Parcels.—

In addition to the improvement projects initiated by the Authority, any local agency or any person or entity may submit a proposal to the Authority for the financing, through the issue of bonds or otherwise, of a project or improvement within any of the private parcels, using the forms and following the instructions which may be prescribed by the Authority. Said proposal shall establish the type and location of the project or improvement and shall include any other information and data available to said person or agency that submits the proposal, and to the prospective debtor, if any. The Authority may conduct or cause such investigations, evaluations, studies, reports, and examinations to be conducted that may be necessary and desirable, in its judgment, to determine the feasibility and desirability of the project, the manner that the project will contribute to the safety, health and welfare of the District, and with respect to the prospective debtor, the experience, background, past and present financial situation, present and past debt service record, the integrity and capacity of the debtor and the debtor’s management team, the manner that the project of the prospective debtor satisfies the criteria and requirements of this Chapter, and any other factors that are deemed pertinent or convenient to ensure compliance with the purposes of this Act.

For the purpose of approving the bond issue for the financing or any project or improvement on private parcels as provided in this Section, the

Authority shall be guided by and shall observe the following requirements and criteria; provided, however, that the determination of the Authority regarding the compliance of these criteria and requirements shall be final and conclusive:

- (a) The debtor, together with his guarantor, if any, of a project or improvements proposed under this Section, are financially responsible, fully capable and willing to fulfill their obligations under the proposed bond issue of the District, including the obligation to make payments in the amounts and on the dates required; to operate, repair, and maintain the project or improvements on their own account, pay the costs incurred by the Corporation with regard to the project or improvements, comply with the purposes of this Act and fulfill such other responsibilities that may be imposed pursuant to the applicable terms of the financing documents; and
- (b) Adequate provisions shall be made for the payment of the principal and interest on the bonds and the creation and maintenance of the reserves required for the payment thereof, if any, as the Authority may determine, and to pay the costs incurred by the Authority in connection with the project or improvements.

Upon the Authority's approval of the bond issue for the financing of a project or improvements pursuant to this Section, the Authority shall adopt a resolution to such effect that shall comply with all the other provisions of this Chapter, containing those other terms and conditions that are authorized in this Chapter. All bond issues under this Section shall be subject to and shall be in accordance with the other Sections in this Chapter."

Section 20.—Section 5.03 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.03.—Trust Agreement; Depository of the Proceeds of the Sale of Bonds.—

At the discretion of the Authority, any bond issued under the provisions of this Act shall be secured by a trust agreement between the Authority and any bank or trust company, as provided hereinbelow, which may be a bank or trust company located in or outside of Puerto Rico. Notwithstanding any provision of law to the contrary, said trust agreement shall not have to be constituted by means of a public deed to be deemed a valid trust under the laws of the Government of the Commonwealth of Puerto Rico. It shall be legal for any bank or trust company incorporated under the laws of the Government of the Commonwealth of Puerto Rico, the United States of America or any State of the United States of America that acts as the depository of the proceeds of the bonds, revenues or other moneys, to provide those indemnity bonds or pledge those securities required by the Authority. In addition, the trust agreement shall contain all those provisions that the Authority deems are reasonable and proper for the protection of the bondholders.”

Section 21.—Section 5.04 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.04.—Tax Exemption.—

The bonds issued by the Authority and the revenues, interest or income derived thereby shall be exempt from all kinds of taxes or imposts of the Government of the Commonwealth of Puerto Rico, its agencies and municipalities.”

Section 22.—Section 5.05 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.05.—Refunding Bonds.—

The Authority is hereby authorized to issue refunding bonds with the purpose of refunding those bonds that are outstanding and pending payment at that time, or to refund any outstanding obligations issued for the purposes of the Authority. The refunding bonds may be sold or exchanged for outstanding bonds issued under this Act, and for other outstanding obligations, and if sold, the proceeds of said sale may be applied, in addition to any authorized purpose, to the purchase, redemption, payment or defeasance of said outstanding bonds or obligations in effect, and may be invested pending such application. The refunding bonds may be issued at the discretion of the Board, at any time on or before their date or dates of maturity, or the date selected for the redemption of the bonds or obligations that are being refunded.”

Section 23.—Section 5.06 is hereby repealed and the subsequent Sections of Chapter V of Act No. 351 of September 2, 2000, as amended, are renumbered to read as follows:

“The bonds issued by the Corporation do not constitute a debt of the Government of the Commonwealth of Puerto Rico or any of its political subdivisions, and neither the Government of the Commonwealth of Puerto Rico nor any of its political subdivisions shall be liable for them, and said bonds shall be payable solely from those funds that have been set aside for their payment.

The Authority shall not be deemed to be acting on behalf of, or that it has incurred any obligation to holders of any debt of the Government of the Commonwealth of Puerto Rico.”



Section 24.—Section 5.07 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.07.—Personal Liability.—

Neither the members of the Authority nor any person who executes the bonds shall be personally liable for said bonds.”

Section 25.—Section 5.08 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.08.—Purchase of Outstanding Bonds.—

The Authority is hereby authorized to purchase any outstanding bond issued, or obligation assumed by the Corporation with any of its funds available for such purpose, at a price that shall not be greater than the principal amount or their current refunding price plus the accrued interest.”

Section 26.—Section 5.09 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.09.—Bonds as Legal Investments and as Security for Deposits.—

The bonds of the Authority shall be legal investments and may be accepted as securities by any trustee, trust and public fund whose investment or deposit shall be under the authority and control of the Government of the Commonwealth of Puerto Rico or any official or officials thereof.”

Section 27.—Section 5.10 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.10.—

The Government of the Commonwealth of Puerto Rico pledges and agrees with the holders of any bonds issued under this Act, and with those persons or entities that enter into contracts with the Authority pursuant to the provisions of this Act, that it shall not limit nor alter the rights hereby

conferred to the Authority until those bonds and the interest thereon are paid in full and said contracts are fully executed and honored by the Authority; provided, however, that nothing provided herein shall affect or alter said limitation if adequate measures are provided by law for the protection of said bondholders, or of those who have entered into contracts with the Authority. The Authority, as an agent of the Government of the Commonwealth of Puerto Rico, is authorized to include this pledge on behalf of the Government of the Commonwealth of Puerto Rico on said bonds or contracts.”

Section 28.—Section 5.11 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 5.11.—Approval of Bond Issue.—

Prior to the issue of its bonds, the Authority shall request and obtain a resolution approving said issue from:

- (a) the Board of Directors of the Puerto Rico Tourism Company; and
- (b) the Board of Directors of the Government Development Bank for Puerto Rico; or
- (c) those committees that said Boards may designate for these purposes.

The Board of Directors of the Government Development Bank for Puerto Rico, or that committee designated by it, shall consider the following factors for the approval of said issue:

- (a) Whether the Corporation or the debtor, as pertinent, with its guarantor, if any, is financially responsible and is fully capable or willing to fulfill its obligations under the proposed bond issue, including its obligations to make payments in the amounts and on the dates required.

- (b) Whether adequate provisions shall be taken for the payment of principal and interest on the bonds, and to create and maintain the reserves required to such respect.
- (c) Whether, and to what extent, the bond issue will adversely affect bond issues or other pending obligations of the Government of the Commonwealth of Puerto Rico or any of its instrumentalities.

The Board of Directors of the Government Development Bank for Puerto Rico and the Board of Directors of the Puerto Rico Tourism Company shall establish, through regulations or a resolution, all the procedures and requirements that they deem are needed to authorize said issue.”

Section 29.—Section 6.01 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 6.01.—Tax Exemption of the Authority.—

It is hereby determined and stated that the purposes for which the Authority is created and for which it shall exercise its powers are public purposes for the general benefit of the People of Puerto Rico, the hospitality industry of Puerto Rico and the Commonwealth of Puerto Rico, and that the exercise of the faculties and the rights conferred under this Act constitute the performance of essential government functions. Therefore, the Authority shall be exempt from the payment of all taxes, excises, permits, tariffs, duties, costs and/or taxes on personal and real property levied by the Commonwealth of Puerto Rico or its municipalities on the properties of the Authority that have not been sold, leased, or otherwise transferred to third parties as private parcels, pursuant to this Act, including, but not limited to taxes on articles levied by Subtitle B of the Internal Revenue Code of 1994, including all the articles and construction materials to be used in projects of

the Authority. To such effects, it is hereby expressly provided that the provisions of Section 2004A of Subtitle B of the Internal Revenue Code of 1994 shall not be applicable to the Authority or to any successor entity or instrumentality thereof. The Authority or its successor shall also be fully exempt from the payment of any taxes on income derived from any activity or enterprise of the Authority, and of the municipal excise taxes imposed pursuant to Act No. 113 of July 10, 1974, as amended, known as the 'Municipal License Tax Act.' In addition, the Authority or its successor and its contractors or subcontractors shall be fully exempt from the municipal excise taxes on construction, levied by any municipal ordinance, pursuant to Act No. 81 of August 31, 1991, as amended, known as the 'Autonomous Municipalities Act of the Commonwealth of Puerto Rico of 1991.' The Authority shall also be exempted from the payment of all types of charges, internal revenue stamps and vouchers, fees or taxes required by law for judicial proceedings, the issue of certifications in all the offices and dependencies of the Commonwealth of Puerto Rico, and the granting of public or private documents of the Commonwealth of Puerto Rico. The contractors or subcontractors who perform work for the Authority shall determine their volume of business for the purposes of the municipal license fees, discounting the payments they are bound to pay to subcontractors under the primary contract with the Authority. The subcontractors that, in turn, use other subcontractors within the same project, shall also discount these payments from the determination of their volume of business. A contractor or subcontractor may discount the payments described in the above paragraph from their respective volume of business, only if said contractor or subcontractor certifies to the Executive Director that he/she did not include an item in the contract signed for the works or services to be

rendered, equivalent to the municipal license resulting from the volume of business discounted according to this paragraph. Every contractor and subcontractor who performs work for the Authority shall file a copy of every contract related to said work within ten (10) calendar days from its execution, in the municipality or municipalities where said work shall be rendered, and shall provide the name, physical and mailing address, and employer number of every subcontractor. The Executive Director shall provide by regulations: the requirements and procedures to determine whether the contract thus signed complies with the provisions of this paragraph, including the filing of a copy thereof in the corresponding municipality or municipalities, and the penalties for noncompliance with the provisions of this paragraph.”

Section 30.—Section 6.03 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 6.03.—Tax Exemption of Articles; Prohibitions and Restrictions.—

- (a) Exemption.—Any person who introduces articles to Puerto Rico to be exhibited in this Center or in the authorized areas of the District pursuant to the provisions of subsection (d) of this Section, which are exempt from the payment of excise taxes pursuant to Section 2033(a)(1) of the Puerto Rico Internal Revenue Code of 1994, as amended, shall not have to post bond or any other guarantee of payment, and shall not have to pay the excise taxes or imposts provided in the Puerto Rico Internal Revenue Code of 1994, as amended, or any similar or successor law, at the time of their introduction to Puerto Rico.

- (b) Sale.—No sale, assignment, exchange, or any other type of transfer in consideration may be carried out within the Center or in the authorized areas of the District pursuant to the provisions in subsection (d) of this Section, of the articles contemplated in subsection (a) above, which are to be used or distributed in Puerto Rico, unless said transaction has been authorized in writing by an authorized official of the Department of the Treasury.

Any person who purchases, acquires or receives an article introduced in Puerto Rico as part of an exhibition or fair, convention or group in the Center or in the authorized areas of the District, pursuant to the provisions of subsection (d) of this Section, without the prior authorization in writing of an authorized official of the Department of the Treasury, shall be jointly and severally liable before the Department of the Treasury along with the vendor or transferor of said article, for the unpaid amount of excise taxes and any applicable interest, surcharges and penalties.

- (c) Responsibility of the Authority.—The Authority shall obtain a bond from a company authorized to issue bonds in the Commonwealth of Puerto Rico in favor of the Department of the Treasury to guarantee the payment of the taxes corresponding to the articles introduced to Puerto Rico under the provisions of subsection (a) of this Section, that are sold or assigned in contravention of the herein established, in the authorized areas of the District, whose amount, terms, and conditions shall be determined pursuant to the provisions of subsection (d) of this Section. Nothing of the herein provided shall be understood as an

assumption of responsibility of, or that the Authority is responsible for the excise taxes or any other impost or duty that is owed with respect to the articles contemplated in subsection (a) above, beyond the total amount of the bond provided in subsection (d) of this Section.

- (d) Regulations.—The Authority and the Department of the Treasury shall establish by regulations approved jointly, all the procedures they deem necessary and convenient for an adequate supervision of the introduction, custody and removal of the articles contemplated in subsection (a) above, from the areas of the Center and the District that are authorized for such purposes through said regulations. Said regulations shall include, without it being understood as a limitation, the following aspects: (1) the requirements to be met by the authorized areas in the District or the Center where the articles contemplated in subsection (a) above may be introduced; (2) designation of personnel of the Department of the Treasury in the authorized areas of the Center and the District; (3) notification to the owners of the articles contemplated in subsection (a) above, and to the public that attends the authorized areas of the Center or the District of the rules and penalties that apply to the sale or transfer of said articles in said areas; (4) custody, procedures and protocol to be followed to regulate the introduction and removal of said articles from the authorized areas of the Center or the District; and (5) the amount, terms and conditions of the bond contemplated in subsection (c) above.”

Section 31.—Section 6.04 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 6.04.—Reports.—

The Authority shall submit an annual report to the Governor of the Commonwealth of Puerto Rico, which shall include the following information:

- (a) a report and financial statement of the business of the Authority during the preceding year;
- (b) a description of the contracts and transactions of the Authority during the preceding year; and
- (c) the status and progress of the financing and activities as of the date of the report.”

Section 32.—Section 6.05 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 6.05.—Exemption from Public Bidding Requirements.—

The Authority shall be exempted from any requirement related to the public auction or bidding for the adjudication of construction, services, purchase, or any other type of contracts when it is necessary or convenient to comply with its purposes and as authorized by the Board in each case, through a resolution to such effect. Any of said resolutions shall establish the circumstances that justify the exemption of the Authority from the public bidding requirements. The Authority shall establish through regulations, all the rules and procedures that are needed for the adequate use of its funds and resources, which shall comply with the parameters of sound administration.

The Authority may use the construction methodology known as construction management, or construction manager, as constructor, or any variation thereof in the contracting for any of its construction projects. The



Authority may issue all the regulations, rules, administrative rulings, or circular letters it deems necessary to implement the contracting of such contracting [*sic*] methodology and its uses.”

Section 33.—Section 6.06 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 6.06.—Contents of Deeds or Contracts.—

Every contract, lease, deed of purchase, transfer or assignment of any portion of the property in the District shall explicitly establish that the buyer, lessee, assignee, or donee is aware of and cognizant, and shall fully comply with the provisions of this Act, the criteria of the charges for benefits to be imposed, any master plan and design criteria adopted or to be adopted by the Authority, and all the conditions and restrictions imposed on the District by the Authority. Said representation shall be printed in bold type in the contract, deed, lease or other transfer document.”

Section 34.—Section 6.07 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 6.07.—Puerto Rico Convention Center Fund.—

The Puerto Rico Convention Center Fund is hereby created to finance capital improvements to any improvement existing in the Center and for any future expansion thereof. The Authority shall deposit in the Convention Center Fund the charges for benefits and any available remaining income, after payment of interest and principal and the financing of all costs, expenses, and obligations related to the bonds issued by the Authority, debt service payments of the Authority, any reserves of the District maintained by the Authority, and all the administrative and operating costs of the Center, the Authority and the District.”

Section 35.—Section 6.08 of Act No. 351 of September 2, 2000, as amended, is hereby amended to read as follows:

“Section 6.08.—Non-applicability of Act No. 75 and Act No. 21.—

The provisions of Act No. 75 of June 24, 1964, as amended, and Act No. 21 of December 5, 1990, or of any successor statute shall not be applicable to any contract or agreement which the Authority is a party to.”

Section 36.—Section 6.09 is hereby repealed, and the following sections of Chapter VI of Act No. 351 of September 2, 2000, as amended, are hereby renumbered.

Section 37.—Section 6.10 is hereby amended and renumbered as Section 6.09 of Act No. 351 of September 2, 2000, as amended, to read as follows:

“Section 6.09.—Funds and Accounts; Accounting System.—

The moneys of the Authority shall be deposited with recognized depositories for the funds of the Commonwealth of Puerto Rico, but shall be kept in a separate account or accounts in the name of the Authority. Disbursements shall be made by it according to the budget regulations approved by the Board.

The Authority, in consultation with the Secretary of the Treasury, shall establish the accounting system required for the adequate control and statistical registration of all expenses and income belonging to or administered or controlled by the Authority. The accounts of the Authority shall be kept in such a form that they may appropriately be segregated, insofar as advisable, with regard to the different types of operations, projects, enterprises and activities of the Authority.”

Section 38.—Section 6.11 is hereby amended and renumbered as Section 6.10 of Act No. 351 of September 2, 2000, as amended, to read as follows:

“Section 6.10.—Transfer of Funds and Property Between the Authority and other Government and Municipal Bodies.—

Notwithstanding any provision of law or regulations to the contrary, all agencies, departments, public corporations, instrumentalities, municipalities and any other political subdivisions of the Government of the Commonwealth of Puerto Rico are hereby authorized to cede or otherwise transfer to the Authority, upon its request, and under the terms and conditions that are deemed reasonable, any personal or real property or any interest or rights thereon (including, but without being limited to property already devoted to public use), that the Authority deems is necessary or convenient to perform any of its corporate purposes.

In addition to what is provided in the above paragraph, any procedure, transaction, agreement or contract, including, but not being understood as a limitation, the expropriation, acquisition, sale, lease, usufruct, surface rights, constitution of any easement, or any other transfer, alienation, or assignment of any personal or real property, or any rights thereon, in which the Authority is a party to, shall not be subject to the applicable provisions of: (a) Act No. 12 of December 10, 1975, as amended, or any successor act thereof; and (b) any other similar provision of law or regulations.”

Section 39.—Section 6.12 is hereby amended and renumbered as Section 6.11 of Act No. 351 of September 2, 2000, as amended, to read as follows:

“Section 6.11.—Regulations.—

The Authority may formulate by any necessary means, as it deems necessary, operating and regulatory guidelines, for the best operation of the Center and the District. Likewise, the Board shall have the power to adopt, formulate, amend, and repeal rules and regulations when it deems it necessary, or when it is provided by law, to govern the norms of its activities and execute the powers and duties that are granted by this Act, subject to the provisions of Act No. 170 of August 12, 1988, as amended, known as the ‘Commonwealth of Puerto Rico Uniform Administrative Procedures Act.’”

Section 40.—Section 6.13 is hereby amended and renumbered as Section 6.12 of Act No. 351 of September 2, 2000, as amended, to read as follows:

“Section 6.12.—Penalties.—

Any violation to the provisions contained in the rules, regulations or administrative determinations promulgated by the Authority under this Act that is related to the safety of the District or the Center shall constitute a misdemeanor punishable with a fine not greater than one thousand (1,000) dollars, or the penalty of imprisonment for a term not greater than six (6) months, or both penalties at the discretion of the Court.

Any violation to the provisions contained in the rules, regulations or administrative determinations promulgated by the Authority under this Act that is not related to the safety of the District or the Center shall be sanctioned with an administrative fine of up to ten thousand (10,000) dollars, pursuant to the procedure established for these cases through the regulations adopted by the Authority.”

Section 41.—Section 6.14 is hereby renumbered as Section 6.13 of Act No. 351 of September 2, 2000, as amended, to read as follows:

“Section 6.13.—Severability Clause.—

If any provision of this Act were to be found unconstitutional, illegal or null by a competent court with jurisdiction, said finding shall not impair or invalidate the remaining provisions of this Act, and the effect of said finding shall be limited exclusively to the article, section, paragraph, subsection, clause or subclause found to be unconstitutional, illegal or null.”

Section 42.—A new Section 6.14 is hereby added to Act No. 351 of September 2, 2000, as amended, to read as follows:

“Section 6.14.—Provisional Measures.—

The Board of Directors of the Puerto Rico Tourism Company is hereby conferred all the powers and duties that this Act confers to the Board of Directors of the Authority until the Board of Directors of the Authority is duly constituted. The Chairperson of the Board of Directors of the Authority shall promptly notify the Chairperson of the Board of Directors of the Puerto Rico Tourism Company and the Executive Director of the Puerto Rico Tourism Company that the Board of Directors of the Authority has been duly constituted.”

Section 43.—Section 6.15 of Act No. 351 of September 2, 2000, as amended, is hereby repealed.

Section 44.—The text in the English language of Act No. 351 of September 2, 2000, as amended, is hereby repealed.

Section 45.—Act No. 400 of September 9, 2000, as amended, is hereby repealed.

Section 46.—This Act shall take effect immediately after its approval.

September 19, 2002

Elba Rosa Rodríguez-Fuentes, Esq., Director of the Office of Legislative Services of the Legislature of Puerto Rico, hereby certifies to the Secretary of State that she has duly compared the English and Spanish texts of Act No. 142 (S.B. 802) of the 2<sup>nd</sup> Session of the 14<sup>th</sup> Legislature of Puerto Rico, entitled:

**AN ACT** to amend Sections 1.01, 1.03, 1.04, 1.05, and 1.06 of Chapter 1; Sections 2.01, 2.02, 2.03, 2.04 and 2.06 of Chapter II; amend Sections 3.01 and 3.02 of Chapter III; amend the Title of Chapter III; amend Sections 4.01 and 4.02 of Chapter IV; amend Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.06, 5.07, 5.08, 5.09, 5.10, and 5.11 of Chapter V; amend Sections 6.01, 6.03, 6.04, 6.05, 6.06, 6.07, 6.08 and repeal Section 6.09, amend and renumber Sections 6.10, 6.11, 6.12, 6.13, and 6.14 as 6.09, 6.10, 6.11, 6.12, and 6.13, respectively; add a new Section 6.14, repeal Section 6.15 of Chapter VI of Act No. 351 of September 2, 2000, as amended, known as the “Las Américas World Trade District Act,” etc.,

and finds the same are complete, true and correct versions of each other.

Elba Rosa Rodríguez-Fuentes