

(b) The moneys appropriated in pursuance of subsection (a) of this section, any amounts collected for services rendered under section 5 (b), and all collections of principal and interest of loans made under this Act may be used by the Governor for making loans under this Act, and for all necessary administrative expenses incurred in connection with the making and collection of such loans.

(c) Expenditures for printing and binding necessary in carrying out the provisions of this Act may be made without regard to the provisions of section 3709 of the Revised Statutes.

Approved, January 29, 1937.

ACTS

OF THE

FOURTH SPECIAL SESSION

OF THE

THIRTEENTH LEGISLATURE OF PUERTO RICO

SEPTEMBER 21-22, 1936

[No. 1]

AN ACT

PROVIDING FOR THE ACQUISITION OF THE PONCE ELECTRIC COMPANY AND FOR THE RECONSTRUCTION, IMPROVEMENT, BETTERMENT, EXTENSION, OPERATION AND MAINTENANCE BY THE PEOPLE OF PUERTO RICO OF REVENUE-PRODUCING UNDERTAKINGS FORMING PART OF THE SYSTEM OF UTILIZATION OF THE WATER RESOURCES OF THE INSULAR GOVERNMENT, TO CONTINUE TO COMPLETION THE DEVELOPMENT OF THE WATER RESOURCES OF THE ISLAND; PROVIDING FOR THE FIXING OF RATES, FEES AND OTHER CHARGES FOR THE SERVICES OF SUCH UNDERTAKINGS AND FOR THE SEGREGATING OR COMBINING AND THE PLEDGING, CHARGING AND OTHERWISE ENCUMBERING OF THE REVENUES THEREOF; AUTHORIZING AND REGULATING THE ISSUANCE AND SALE OF REVENUE BONDS TO THE UNITED STATES OF AMERICA OR TO ANY AGENCY OR INSTRUMENTALITY THEREOF FOR FINANCING SUCH UNDERTAKINGS; PROVIDING FOR THE PAYMENT OF SAID BONDS AND FIXING THE RIGHTS OF THE HOLDERS THEREOF, PRESCRIBING THE DUTIES OF OFFICIALS OF THE INSULAR GOVERNMENT IN CONNECTION THEREWITH, AND FOR OTHER PURPOSES.

Be it enacted by the Legislature of Puerto Rico:

Section 1.—*Short Title of Act.*—This Act may be cited as “The Insular Government Revenue Bond Act of 1936.”

Section 2.—*Definitions.*—Whenever used in this Act, unless a different meaning clearly appears from the text—

(a) The term “undertaking” shall mean any one or a combination of two or more of the following for continuing to completion the development of the water resources of the Island: Water, irrigation, electric, heat, light or power works, plants or systems from which revenue may be derived, together with all parts thereof, appurtenances thereto and lands, rights in lands, rights and privileges in connection therewith and including, but not limited to, hydro-electric supply and distribution systems, reservoirs, dams, canals, conduits, transmission lines and generating plants and stations.

(b) The term “construct” and its variations shall mean and include: to construct, reconstruct, improve, better or extend.

(c) The term “acquire” and its variations shall mean and include: to acquire by purchase, lease, gift, the exercise of the right of eminent domain (subject to the procedural provisions of existing law for the condemnation of private property) or other mode of acquisition from any person, natural or artificial, including any association, partnership, corporation or other entity.

(d) The term "to pledge" and its variations shall mean and include: to pledge, charge or otherwise encumber.

(e) The term "System of the Utilization of the Water Resources" shall mean such System belonging to The People of Puerto Rico, constructed, operated or maintained under the provisions of an act entitled "The Act for the Development of the Water Resources," approved April 29, 1927, and of Act No. 58, approved April 30, 1928, including the systems heretofore consolidated and that which will hereafter be consolidated with or incorporated into said system under the provisions of this Act.

(f) The term "Executive Council" shall mean the Executive Council established by an act of the Congress of the United States approved March 2, 1917, entitled "An Act to provide a civil government for Porto Rico and for other purposes."

(g) The term "revenue bonds" shall mean bonds issued and sold to the United States of America or to any agency or instrumentality thereof pursuant to the provisions of this Act.

Section 3.—*Acquisition or Construction of Undertakings.*—Notwithstanding the provisions of any other law, general, special or local, the Governor of Puerto Rico, with the approval of the Executive Council, is authorized in the name and on behalf of the People of Puerto Rico to acquire under the provisions of this Act by gift, purchase, lease, the exercise of the right of eminent domain (subject to the procedural provisions of existing law for the condemnation of private property) or other mode of acquisition, from any person, natural or artificial, including any association, partnership, corporation or other entity, the undertaking to be acquired under the provisions of this Act. The Governor shall also have power to authorize the Commissioner of the Interior to construct, reconstruct, improve, better or extend any such undertaking which forms a part of the System of the Utilization of the Water Resources; *Provided, however,* That no financial obligation other than the revenue bonds herein authorized to be issued, shall be incurred on behalf of the People of Puerto Rico in connection with any such acquisition or modification except in the manner and to the extent permitted by existing law.

Section 4.—*Powers of the Insular Government in Connection with any Undertaking.*—To finance in whole or in part the cost of the acquisition of the undertaking and the modifications referred to

in this Act, the Governor, with the approval of the Executive Council, is authorized in the name and on behalf of the People of Puerto Rico (a) to issue revenue bonds to the United States of America or any agency or instrumentality thereof, (b) to fix and provide for the collection of rates, fees and charges for the services, facilities and commodities furnished by such undertaking, and (c) to pledge to the punctual payment of said revenue bonds and interest thereon an amount of the revenues of all or part of such undertaking (including improvements, betterments or extensions thereto thereafter constructed or acquired), together with or independently of all or any part of the revenues (not irrevocably pledged to, or as security for, the payment of any outstanding obligation of The People of Puerto Rico) derived from the sale of electric power from all or any part of the System of the Utilization of the Water Resources, but all after deduction therefrom of the reasonable operating and maintenance expenses thereof, sufficient to pay said revenue bonds and the interest thereon as the same shall become due and to create and maintain reasonable reserves therefor. To the extent pledged to the payment of the principal and interest of revenue bonds, all surplus profits, receipts or income from the sale of power in any irrigation system shall not be subject to the provisions of any existing law requiring such profits, receipts or income to be covered into any special, irrigation or other fund or to be used for any purpose other than the payment of such bonds. The Governor and the Executive Council in determining such cost of the undertaking to which this Act refers, may include all costs and estimated costs of the issuance of said revenue bonds, all engineering and inspection expenses, and interest which it is estimated will accrue during the period of such modifications and for six months thereafter on money borrowed or to be borrowed for the acquisition of the Ponce Electric Company domiciled in the City of Ponce.

Section 5.—*Authorization of Revenue Bonds and Pledge of Revenues.*—The acquisition of the said undertaking, Ponce Electric Company, or of the modifications of the undertakings which form a part of the System of Utilization of the Water Resources, as well as the cost thereof, may be determined and authorized, and revenue bonds may be authorized to be issued and the revenues for the payment of the principal thereof and interest thereon may be pledged by the Governor, with the approval of the Executive Council by

resolution to be adopted by a majority of the members of that Council then in office. Before the adoption under this Act of any resolution or resolutions authorizing the acquisition of the said undertaking or the modifications above referred to, the issuance of revenue bonds or the pledging of any revenues as hereinabove provided, the Governor and the Executive Council may request from and shall be furnished by the Commissioner of the Interior such information pertaining to the System of the Utilization of the Water Resources as they may deem expedient or advisable in the premises.

Section 6.—*Form and Contents of Bonds.*—Said revenue bonds shall bear interest at such rate or rates not exceeding five per cent, per annum, payable semi-annually, may be in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty (40) years from their respective dates, may be payable in such place or places in Puerto Rico or in the continental United States, may carry such registration privileges, may be subject to such terms of redemption, with or without premium, may be executed in such manner, may contain such terms, covenants and conditions, may be made payable to bearer, and may be in such form, either coupon or registered, as such resolution or resolutions may provide.

All such revenue bonds shall bear the manual or engraved facsimile signatures of the Governor and the Treasurer of Puerto Rico, and the coupons shall bear the facsimile signature of the Treasurer.

Section 7.—*Sale and Negotiability.*—Such bonds shall be sold at not less than par to the United States of America or any agency or instrumentality thereof. Pending the preparation of the definitive bonds, interim receipts or certificates in such forms and with such provisions as the Governor, with the approval of the Executive Council, may determine may be issued to the purchaser of such bonds. Such bonds and interim receipts or certificates shall be fully negotiable within the meaning and for all the purposes of the Uniform Negotiable Instruments Act in force in Puerto Rico (Title XI of the Code of Commerce of 1932.)

Section 8.—*Covenants in Resolutions Authorizing Issuance and Sale of Bonds.*—Any resolution or resolutions approving the action of the Governor in the premises and authorizing the issuance and sale of revenue bonds under this Act may contain provisions as to—

(a) the purpose or purposes to which the proceeds of sale of said revenue bonds may be applied and the use and disposition thereof,

(b) the fixing and collecting of rates, fees or charges and the use and disposition of the revenues of the undertaking for which said revenue bonds are to be issued, including the creation and maintenance of reserves, but providing first for the reasonable operating and maintenance expenses thereof,

(c) the transfer from the regular funds of the Insular Government to the account or accounts of the undertaking of an amount substantially equal to the cost of furnishing said Government or any of its departments, boards or agencies with the services, facilities and commodities of said undertaking,

(d) prohibiting or limiting the issuance of other or additional bonds payable from the revenues of said undertaking,

(e) the operation and maintenance of such undertaking as an integral part of, in connection with or independent of the System of Utilization of the Water Resources,

(f) the insurance to be carried on the undertaking and the use and disposition of insurance moneys,

(g) books of account and the inspection and audit thereof, and

(h) the terms and conditions upon which the holders of said revenue bonds or any proportion of them or any trustee therefor shall be entitled to the appointment of a receiver or judicial administrator by the insular district court within whose jurisdiction the undertaking may be situated, which court shall have jurisdiction in such proceedings and which receiver or judicial administrator may enter and take possession of said undertaking, operate and maintain the same, prescribe rates, fees or charges, and collect, receive and apply all revenue thereafter arising therefrom in the same manner as the Insular Government itself might do in the operation of the undertaking; provided, that the purchaser of the revenue bonds shall not be bound to see to the application of the purchase money or of the revenues of the undertaking.

Such resolution or resolutions shall provide that the undertaking above referred to, or any modification which, in whole or in part are to be paid from the proceeds of the sale of such revenue bonds, shall be acquired or undertaken under the supervision of the Commissioner of the Interior in accordance with the plans and specifications approved by him; *Provided*, That, when in the opinion of the said Commissioner of the Interior it would be to the best

interests of The People of Puerto Rico, the same may be carried out by contract after public advertisement for bids. In this case every contract shall be entered into by the Commissioner of the Interior, with the approval of the Governor.

Such resolution or resolutions may also provide for the operation and maintenance of the undertaking acquired pursuant to this Act, or any modifications thereof, as an integral part of the System of Utilization of the Water Resources, subject to a prior lien upon and charge against the revenues of such undertaking, after deduction therefrom of the reasonable operating and maintenance expenses thereof, for the payment of the principal and interest of any revenue bonds issued for the construction or acquisition of such undertaking and modifications.

Such resolution or resolutions may further provide that the revenues of such undertaking shall be paid into a special account or accounts, separate from all other accounts and may also provide terms and conditions upon which so much of the revenues as may be pledged to the payment of the principal of and interest on any said revenue bonds may be transmitted to and held by the Treasurer of Puerto Rico. Such revenues so transmitted shall be held by the Treasurer of Puerto Rico for the purpose of paying such bonds and interest and for no other purpose.

Such resolution or resolutions may further provide for the authorization and execution of a trust agreement to secure the payment of any revenue bonds issued pursuant to this Act and to carry out the provisions contained in any such resolution or resolutions.

The provisions of this Act and any such resolution or resolutions of the Executive Council, approving the action of the Governor in the premises, shall be a contract with the holder or holders from time to time of said revenue bonds, and the duties of the Insular Government, its officers and the Executive Council under this Act and any such resolution or resolutions shall be enforceable by any bond-holder, by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 9.—*Validity of Bonds.*—Revenue bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding obligations, notwithstanding that before the delivery thereof and payment therefor any or all the persons whose signatures appear thereon shall have ceased to be such officers. The validity of said bonds shall not be dependent on or affected by the

validity or regularity of any proceedings relating to the construction or acquisition of the undertaking or modifications for which said bonds are issued.

Section 10.—*Lien of Bonds.*—All revenue bonds of the same issue (although delivered in installments) shall, subject to the prior and superior rights of outstanding bonds, claims or obligations, have a prior and paramount lien on the revenues pledged for the payment thereof (after deducting the reasonable operating and maintenance expenses of the undertakings from which derived), over and ahead of all bonds of any issue payable from said revenues or part thereof which may be subsequently issued and over and ahead of any claims or obligations of any nature against said revenues subsequently arising or subsequently incurred. All revenue bonds of the same issue shall be equally and ratably secured without priority by reason of number, date of bonds, of sale, of execution, or of delivery, by a lien on said revenues in accordance with the provisions of this Act and the resolution or resolutions authorizing said revenue bonds.

Section 11.—*Bonds Not a General Obligation of The People of Puerto Rico.*—No holder or holders of any revenue bonds issued under this Act shall ever have the right to compel any exercise of the taxing power of the Insular Government to pay said bonds or the interest thereon. Each bond issued under this Act and the interest thereon shall be payable solely from the revenue pledged to the payment thereof, and shall not constitute a public indebtedness of The People of Puerto Rico within the meaning of any limitations of indebtedness imposed by the Legislature of Puerto Rico or by the Congress of the United States, and each said bond shall contain suitable recitals to that effect.

Section 12.—*Undertakings to be Self-Supporting.*—The Executive Council shall fix and provide for the collection of reasonable rates, fees or charges for the services, facilities and commodities (including prices fixed for any interchange of electric energy authorized by law), of the undertaking the acquisition or modification of which is to be financed in whole or in part with funds obtained under the provision of this Act, and shall revise such rates, fees or charges from time to time and to the extent necessary

(a) to provide for all expenses of operation and maintenance of such undertaking and reserves therefor, and

(b) to produce revenues which, together with the proceeds of all other revenues pledged for the purpose, are at least sufficient to pay, when due, all revenue bonds and interest thereon for the payment of which the revenues of such undertaking are pledged, and to establish reserves therefor.

Section 13.—*Bonds Exempt from Taxation.*—Revenue bonds issued pursuant to this Act shall be exempt from taxation by the Government of Puerto Rico and of any political or municipal subdivision thereof.

Section 14.—*Consent of Insular Authorities.*—It shall not be necessary in the acquisition of the undertaking above referred to or in the issuance of revenue bonds under this Act to obtain any certificate of convenience or necessity, franchise, license, permit or other authorization from any bureau, board, commission, or other like instrumentality of the Insular Government except as may be otherwise provided in any resolution or resolutions of the Executive Council approving the action of the Governor in the premises.

Section 15.—*Construction of Act.*—The powers conferred by this Act shall be in addition and supplemental to the powers conferred by any other general, special or local law, and may be exercised without regard to the requirements, restrictions, limitations or other provisions contained in any such law, including any limitation of indebtedness or limitation upon the power to issue bonds.

Section 16.—*Separability Clause.*—If any provision of this Act or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Section 17.—*Repealing Clause.*—All laws or parts of laws in conflict herewith are hereby repealed.

Section 18.—*Time of Taking Effect.*—It is hereby declared that an emergency exists for the immediate taking effect of this Act, and this Act is of imperative, immediate necessity for the well-being of the People of Puerto Rico and therefore it shall take effect upon its approval.

Approved, September 22, 1936.

[No. 2]

AN ACT

APPROPRIATING A CERTAIN AMOUNT FROM ANY FUNDS IN THE TREASURY NOT OTHERWISE APPROPRIATED, TO PROVIDE FOR THE PAYMENT OF THE EXPENSES INCURRED BY THE SENATE OF PUERTO RICO DURING THE FOURTH SPECIAL SESSION OF THE THIRTEENTH LEGISLATURE, AND FOR OTHER PURPOSES.

Be it enacted by the Legislature of Puerto Rico:

Section 1.—The sum of five thousand (5,000) dollars, or so much thereof as may be necessary, is hereby appropriated from any funds in the Treasury not otherwise appropriated, for the payment of the expenses incurred by the Senate of Puerto Rico during the Fourth Special Session of the Thirteenth Legislature, including in the said expenses the per diems of senators, mileage, legislative printing, printing of the journal, telephone calls, and any other necessary expenses.

Section 2.—It is hereby provided that any balance remaining in the sum appropriated by this Act shall be transferred to the item "Incidental Expenses" of the Senate of Puerto Rico, appropriated in the budget for the fiscal year 1936-37.

Section 3.—This Act is hereby declared to be of an urgent and necessary character for paying the expenses of the Fourth Special Session of the Thirteenth Legislature and, therefore, it shall take effect upon its approval.

Approved, September 23, 1936.

[No. 3]

AN ACT

TO PROVIDE FOR THE EXTRAORDINARY EXPENSES OF THE HOUSE OF REPRESENTATIVES OF PUERTO RICO DURING THE FOURTH SPECIAL SESSION OF THE THIRTEENTH LEGISLATURE; TO APPROPRIATE THE FUNDS NECESSARY, AND FOR OTHER PURPOSES.

Be it enacted by the Legislature of Puerto Rico:

Section 1.—The following sums, or such part thereof as may be necessary, are hereby appropriated from any funds in the Treasury of Puerto Rico not otherwise appropriated: