

[No. 272]

[Approved, May 15, 1945]

AN ACT

AUTHORIZING THE DEVELOPMENT BANK OF PUERTO RICO TO ACT AS FISCAL AGENT, PAYING AND CO-PAYING AGENT AND AS AGENT FOR OTHER PURPOSES OF THE INSULAR GOVERNMENT, ITS AGENCIES AND MUNICIPALITIES, AND OF THE TREASURER OF PUERTO RICO AND ON BEHALF OF THE TREASURER OF PUERTO RICO; AUTHORIZING AND DIRECTING THE DEVELOPMENT BANK OF PUERTO RICO TO ACT AS FINANCIAL ADVISORY AND REPORTING AGENCY TO THE GOVERNOR OF PUERTO RICO, TO THE EXECUTIVE COUNCIL OF PUERTO RICO AND TO THE TREASURER OF PUERTO RICO; AUTHORIZING AND APPOINTING THE DEVELOPMENT BANK OF PUERTO RICO AS FISCAL AGENT, PAYING AGENT AND AS AGENT FOR THE PURCHASE, SALE, ISSUE AND EXCHANGE OF ALL BONDS, NOTES OR OTHER EVIDENCES OF INDEBTEDNESS FOR ALL PUBLIC SERVICE ENTERPRISES AND AUTHORITIES OWNED AND CONTROLLED BY THE INSULAR GOVERNMENT; AUTHORIZING AND DIRECTING ALL PUBLIC SERVICE ENTERPRISES AND AUTHORITIES OWNED AND CONTROLLED BY THE INSULAR GOVERNMENT TO CONTRACT WITH THE DEVELOPMENT BANK OF PUERTO RICO FOR CERTAIN PURPOSES, DEFINING AND DETERMINING THE TERMS AND CONDITIONS OF CONTRACTS THEREFOR AND PROVIDING FOR A METHOD OF APPEAL FROM THE DECISIONS OF THE DEVELOPMENT BANK AS TO RATE AND OTHER ASPECTS OF SUCH CONTRACTS; DEFINING THE RESPONSIBILITIES OF THE DEVELOPMENT BANK AND LIMITING THE RATES IT MAY CHARGE; STATING THE AUTHORITY OF THE BANK TO BUY, SELL, OWN, HOLD AND DEAL IN ANY OF THE BONDS, NOTES, EVIDENCES OF INDEBTEDNESS AND OF INTEREST COUPONS OR EVIDENCES OF INTEREST, APPURTENANT THERETO, OF THE INSULAR GOVERNMENT, ITS AGENCIES, MUNICIPALITIES AND AUTHORITIES AND OF THE TREASURER OF PUERTO RICO AND TO JOIN IN ANY ACTION AT LAW RELATIVE TO SUCH SECURITIES; TO DECLARE THE OFFICIAL TEXT OF THIS LAW IN THE ENGLISH LANGUAGE; TO DECLARE THAT THE SAME WILL PREVAIL OVER THE SPANISH TEXT; TO DECLARE AN EMERGENCY, AND FOR OTHER PURPOSES.

*Be it enacted by the Legislature of de Puerto Rico:*

Section 1.—The Development Bank of Puerto Rico (hereinafter called the “Bank”) shall be and it is hereby authorized to act as fiscal agent of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico for the purpose of registering, authenticating or countersigning, the bonds, notes or other evidences of indebtedness of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico, and to perform, without limitation, such other services for the Insular Government, its agencies and municipalities and for the Treasurer of Puerto Rico, for any purpose not contrary to already existent legislation, subject, however, to the approval of the Treasurer of Puerto Rico on such terms as may be agreed upon by and between the Bank and the Treasurer of Puerto Rico for services rendered to the Insular Government, its agencies and the Treasurer

of Puerto Rico, and on such terms as may be agreed upon by and between the Bank and the municipalities of Puerto Rico for services rendered to the municipalities of Puerto Rico.

Section 2.—The Bank shall be and is hereby authorized to act as paying agent or co-paying agent, with or on behalf of the Treasurer of Puerto Rico for the payment of interest and principal of bonds, notes or other evidences of indebtedness issued by the Insular Government and its agencies, and by the Treasurer of Puerto Rico and by or on behalf of the municipalities of Puerto Rico, on such terms as may be agreed upon by and between the Bank and the Treasurer of Puerto Rico. No agency of the Insular Government nor municipality thereof, shall select any other Bank, Trust Company, individual, partnership or corporation to act as such paying agent or co-paying agent for such purposes, unless the Treasurer of Puerto Rico shall otherwise determine.

Section 3.—The Bank shall be and it is hereby appointed and authorized to act as Financial Advisory and Reporting Agency to the Governor of Puerto Rico and to the Treasurer of Puerto Rico. The Bank is hereby directed to prepare and submit to the Governor of Puerto Rico and to the Treasurer of Puerto Rico, prior to the issuance, sale or exchange by the Insular Government or by the Treasurer of Puerto Rico of any bonds, notes or other evidences of indebtedness, issued pursuant to the provisions of any law authorizing the issuance, sale or exchange of such bonds, notes or other evidences of indebtedness by the Insular Government, its agencies or by the Treasurer of Puerto Rico, a report as to the feasibility of such financing procedure, including the Bank's recommendation as to maximum interest rate, redemption privileges and premium therefor, maturity schedule, proper sale procedure and other relevant information.

Section 4.—The Treasurer of Puerto Rico is hereby authorized and directed to make available to the Bank for the purposes of Section 3 of this Act, prior to the issuance, sale or exchange by the Insular Government or its agencies, or by the Treasurer of Puerto Rico, of any bonds, notes or other evidences of indebtedness, such transcripts, certificates, documents or other information, as the bank may in its discretion require for an understanding of the financing procedure proposed by the Insular Government or its agencies, or by the Treasurer of Puerto Rico.

Section 5.—The Bank shall be and is hereby appointed and authorized to act as a Financial Advisory and Reporting Agency to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico. The Bank is hereby directed to prepare and submit to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico, prior to the issuance, sale or exchange by any municipality of Puerto Rico or by the Treasurer of Puerto Rico on the behalf of any municipality, of any bonds, notes or other evidences of indebtedness, issued pursuant to the provisions of any law, authorizing the issuance, sale

or exchange of such bonds, notes or other evidence of indebtedness by the Municipalities of Puerto Rico, or by the Treasurer of Puerto Rico, on behalf of the Municipalities of Puerto Rico, a report as to the feasibility of such financing procedure, including the Bank's recommendation as to maximum interest rate, redemption privileges and premiums therefor, maturity schedule, proper sale procedure and other relevant information.

Section 6.— The Municipalities of Puerto Rico and the Treasurer of Puerto Rico are hereby authorized and directed to make available to the Bank, for the purposes of Section 5 of this Act, prior to the issuance, sale or exchange by the Municipalities of Puerto Rico or by the Treasurer of Puerto Rico on behalf of the Municipalities of Puerto Rico, of any bonds, notes or other evidences of indebtedness, such transcripts, certificates, documents or other information, as the Bank may, in its discretion, require for an understanding of the financing procedure proposed by any Municipality of Puerto Rico or by the Treasurer of Puerto Rico on behalf of any Municipality of Puerto Rico.

Section 7.—The Bank shall be and is hereby appointed and authorized to act as agent for the payment of interest and principal of bonds, notes or other evidences of indebtedness issued by any public service enterprise or authority owned or controlled by the Insular Government heretofore created or hereinafter created, including but without limiting thereto, the Puerto Rico Water Resources Authority, Puerto Rico Transportation Authority, Development Company of Puerto Rico, Puerto Rico Agricultural Development Company, Puerto Rico Aqueduct and Sewerage Service, Puerto Rico Land Authority, Puerto Rico Communications Authority (each of which is hereinafter sometimes referred to as a "unit"). No such unit shall select any other Bank, Trust Company, individual or partnership or corporation to act as such paying agent, for such purposes, unless the Bank shall, by resolution of its Board of Directors, determine not to act as such paying agent, for such unit, in such instance. In the event that the Bank shall determine not to act as such paying agent, for such unit, in such instance, the selection of the paying agent or paying agents, in the event that the appointment of more than one is determined to be advisable, shall be at the election of the Bank and it shall further be within the discretion of the Bank, by resolution of its Board of Directors, to determine to act as co-paying agent for each unit in each instance.

Section 8.—The Bank shall be and is hereby authorized and appointed to act as agent for any unit for the purpose of registering, authenticating or countersigning, the bonds, notes or other evidences of indebtedness of any such unit, on such terms as may be agreed upon by and between the Bank and such unit. No such unit shall select any other Bank, Trust Company, individual, corporation, association or partnership, to act as such fiscal agent for such purposes, unless the Bank shall, by

resolution of its Board of Directors, determine not to act as such fiscal agent for such unit, in such instance. In the event that the Bank shall determine not to act as such fiscal agent for such unit, in such instance, the selection of the fiscal agent or fiscal agents, in the event that the appointment of more than one is determined to be advisable, shall be at the election of the Bank, and it shall further be within the discretion of the Bank, by resolution of its Board of Directors, to act as co-fiscal agent, for each unit, in each instance.

Section 9.—In the event there is already existent, prior to the enactment of this legislation, a contract between any such unit and any other Bank, Trust Company, individual, corporation, association or partnership, to act as fiscal agent and/or paying agent, and/or co-paying agent, such contract on such issue for such unit for such purpose, shall not be invalidated by the enactment of this legislation, until such time as such unit shall have discharged its liabilities for such issue, either thru payment in full of the principal amount of the indebtedness of such issue together with all accrued interest thereon, or until such unit shall redeem such issue thru the call of such issue prior to maturity and shall have discharged its obligation thru the payment in full of the principal amount of such issue then outstanding, together with the interest thereon and any and all premiums that may be required thereon or thru the retirement in full of such issue thru the purchase of such issue and all coupons or interest obligations appurtenant thereto, either by such unit or by the Insular Government or by the Bank.

The existence of such relationship as described in this Section, shall in no way impair the appointment of, nor the authorization of the Bank to act as fiscal agent or paying agent or co-paying agent on any subsequent issue of such unit, nor shall contract, as described in this section, impair the appointment, authorization, powers, duties or obligations of the Bank to act under any other section or sections of this Act, singly or severally, as may be determined by resolution of its Board of Directors.

Section 10.—The Bank shall be and is hereby authorized and appointed as agent for each unit for the purpose of creating by and between the Bank and each unit, a proceeding or fiscal agency purchase and sales contract for the issuance, purchase, sale and exchange of all bonds, notes or other evidence of indebtedness, on such terms as to payment of fees and expenses as may be agreed on by and between the Bank and each unit; *Provided*, That such contract shall authorize and empower the Bank to determine the form of the issue including maturity schedule, redemption privileges and premiums therefor maximum interest rate or rates, method of sale and all other factors which the Bank may in its discretion determine as being essential for the protection of each unit and of the Insular Government and for proper sale procedure. No unit shall select any investment banker, Bank, Trust Company, individual, corporation, association, partnership, or combination thereof, for the purpose of

this Section, unless the Bank shall, by resolution of its Board of Directors, determine not to act as such agent, for such unit, in such instance, then in such event the selection of an agent, for the purposes of this section, for such unit, shall be at the election of the Bank; *Provided, further,* That no such contract shall impair the appointment, authorization, powers, duties or obligations of the Bank to act under any other Section or Sections of this Act, singly or severally, as may be determined by resolution of its Board of Directors.

Section 11.—Each unit shall be and is hereby authorized and directed to execute a contract with the Bank for the purposes of Section 10 of this Act. Such contract shall be a proceeding or fiscal agency purchase and sales contract for the issuance, purchase, sale and exchange of all bonds, notes or other evidences of indebtedness for such unit; *Provided,* That such contract shall authorize and empower the Bank to determine the form of the issue including maturity schedule, redemption privileges and premiums therefor, maximum interest rate or rates, method of sale and all other factors which the Bank may, in its discretion, determine as being essential for the protection of such unit and of the Insular Government and for proper sale procedure. The terms for payment of fees and expenses by each unit to the Bank for services rendered or to be rendered shall be agreed on by and between each unit and the Bank; *Provided,* That in the event such terms cannot be agreed upon by and between any unit and the Bank, such unit may appeal to the Governor of Puerto Rico for his judgment in the matter, and both, the unit and the Bank, shall accept the decision of the Governor as final. In the event that any unit shall contest the decision of the Bank as to terms for purchase, sale, issue or exchange of any bonds, notes or other evidence of indebtedness of such unit, such unit may appeal to the Executive Council as final.

Section 12.—In the event that there shall exist, prior to the enactment of this legislation, any proceeding or fiscal agency purchase or sales contract, by and between any unit and any investment banker, bank, trust company, individual, corporation, association, partnership, or a combination thereof, for the issuance, sale, exchange or purchase by any unit, of bonds, notes or other evidences of indebtedness, such contract shall in no way impair the appointment or authorization of the Bank to act as fiscal agent, paying agent or co-paying agent of such unit, on such issue, nor shall it impair the rights, duties, or obligations of the Bank, under any other section or sections of this Act, either singly or severally.

Section 13.—The Bank is hereby charged with the responsibility of basing its determination to act or not to act for or on the behalf of any unit, on the sole basis that such determination will best serve The People of Puerto Rico, its Municipalities, Agencies, Authorities and other political subdivisions, and is further charged with the responsibility of fixing the fees and expenses chargeable to the

Insular Government, its agencies and municipalities, and to the Treasurer of Puerto Rico, and to units (as described in Section 7 of this Act) on an amount that would not exceed normal commercial rates for identical services, in each instance, where such rates are a matter of established record in Banks and Trust Companies, and in all other instances, on a basis that will afford reasonable compensation to the Bank for services rendered.

Section 14.—The Bank may in good faith, buy, sell, own, hold and deal in any of the bonds, notes, evidences of indebtedness and/or interest coupons or evidences of interest appurtenant thereto, of the Insular Government, its agencies and municipalities, and of the Treasurer of Puerto Rico, and of any unit, as described in Section 7 of this Act, and may join in any action which any bondholder, noteholder or holder of evidence of indebtedness, may be entitled to take with like effect, as if the Bank were not acting singly or severally under any Section or Sections of this Act.

Section 15.—Subdivision (a).—The official translation into the English language of the title of this Act shall be as follows:

“Authorizing the Development Bank of Puerto Rico to Act as fiscal agent, paying and co-paying agent and as agent for other purposes of the Insular Government, its agencies and municipalities, and of the Treasurer of Puerto Rico and on behalf of the Treasurer of Puerto Rico; authorizing and directing the Development Bank of Puerto Rico to Act as financial advisory and reporting agency to the Governor of Puerto Rico, to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico; authorizing and appointing the Development Bank of Puerto Rico as fiscal agent, paying agent and as agent for the purchase, sale, issue and exchange of all bonds, notes or other evidences of indebtedness for all public service enterprises and authorities owned and controlled by the Insular Government; authorizing and directing all public service enterprises and authorities owned and controlled by the Insular Government to contract with the Development Bank of Puerto Rico for certain purposes, defining and determining the terms and conditions of contracts therefor and providing for a method of appeal from the decisions of the Development Bank as to rate and other aspects of such contracts; defining the responsibilities of the Development Bank and limiting the rates it may charge; stating the authority of the bank to buy, sell, own, hold and deal in any of the bonds, notes, evidences of indebtedness and of interest coupons or evidences of interest, appurtenant thereto, of the Insular Government, its agencies, municipalities and authorities and of the Treasurer of Puerto Rico and to join in any action at law relative to such securities; to declare the official text of this law in the English language; to declare that the same will prevail over the Spanish text; to declare an emergency, and for other purposes.”

Subdivision (b).—The official translation into the English language of sections numbers 1 to 14, both inclusive, of this Act shall be as follows:

Section 1.—The Development Bank of Puerto Rico (hereinafter called the “Bank”) shall be and it is hereby authorized to act as fiscal agent of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico for the purpose of registering, authenticating or countersigning, the bonds, notes or other evidences of indebtedness of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico, and to perform, without limitation, such other services for the Insular Government, its agencies and municipalities and for the Treasurer of Puerto Rico, for any purpose not contrary to already existent legislation, subject, however, to the approval of the Treasurer of Puerto Rico on such terms as may be agreed upon by and between the Bank and the Treasurer of Puerto Rico for services rendered to the Insular Government, its agencies and the Treasurer of Puerto Rico, and on such terms as may be agreed upon by and between the Bank and the municipalities of Puerto Rico for services rendered to the municipalities of Puerto Rico.

Section 2.—The Bank shall be and is hereby authorized to act as paying or co-paying agent, with or on behalf of the Treasurer of Puerto Rico for the payment of interest and principal of bonds, notes or other evidences of indebtedness issued by the Insular Government and its agencies, and by the Treasurer of Puerto Rico and by or on behalf of the municipalities of Puerto Rico, on such terms as may be agreed upon by and between the Bank and the Treasurer of Puerto Rico. No agency of the Insular Government nor municipality thereof, shall select any other Bank, Trust Company, individual, partnership, or corporation to act as such paying agent or co-paying agent for such purposes, unless the Treasurer of Puerto Rico shall otherwise determine.

Section 3.—The Bank shall be and it is hereby appointed and authorized to act as Financial Advisory and Reporting Agency to the Governor of Puerto Rico and to the Treasurer of Puerto Rico. The Bank is hereby directed to prepare and submit to the Governor of Puerto Rico and to the Treasurer of Puerto Rico, prior to the issuance, sale or exchange by the Insular Government or by the Treasurer of Puerto Rico of any bonds, notes or other evidences of indebtedness, issued pursuant to the provisions of any law authorizing the issuance, sale or exchange of such bonds, notes or other evidences of indebtedness by the Insular Government, its agencies or by the Treasurer of Puerto Rico, a report as to the feasibility of such financing procedure, including the Bank’s recommendation as to maximum interest rate, redemption privileges and premium therefor, maturity schedule, proper sale procedure and other relevant information.

Section 4.—The Treasurer of Puerto Rico is hereby authorized and directed to make available to the Bank for the purposes of Section 3 of this Act, prior to the issuance, sale or exchange by the Insular Government or its agencies, or by the Treasurer of Puerto Rico, of any bonds, notes or other evidences of indebtedness, such transcripts, certificates, documents or other information, as the bank may in its discretion require for an understanding of the financing procedure proposed by the Insular Government or its agencies, or by the Treasurer of Puerto Rico.

Section 5.—The Bank shall be and is hereby appointed and authorized to act as a Financial Advisory and Reporting Agency to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico. The Bank is hereby directed to prepare and submit to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico, prior to the issuance, sale or exchange by any Municipality of Puerto Rico or by the Treasurer of Puerto Rico on the behalf of any municipality, of any bonds, notes or other evidences of indebtedness, issued pursuant to the provisions of any law, authorizing the issuance, sale or exchange of such bonds, notes or other evidences of indebtedness by the Municipalities of Puerto Rico, or by the Treasurer of Puerto Rico, on behalf of the Municipalities of Puerto Rico, a report as to the feasibility of such financing procedure, including the Bank’s recommendation as to maximum interest rate, redemption privileges and premiums therefor, maturity schedule, proper sale procedure and other relevant information.

Section 6.— The Municipalities of Puerto Rico and the Treasurer of Puerto Rico are hereby authorized and directed to make available to the Bank, for the purposes of Section 5 of this Act, prior to the issuance, sale or exchange by the Municipalities of Puerto Rico or by the Treasurer of Puerto Rico on behalf of the Municipalities of Puerto Rico, of any bonds, notes or other evidences of indebtedness, such transcripts, certificates, documents or other information, as the Bank may, in its discretion, require for an understanding of the financing procedure proposed by any Municipality of Puerto Rico or by the Treasurer of Puerto Rico on behalf of any Municipality of Puerto Rico.

Section 7.—The Bank shall be and is hereby appointed and authorized to act as agent for the payment of interest and principal of bonds, notes or other evidences of indebtedness issued by any public service enterprise or authority owned or controlled by the Insular Government heretofore created or hereinafter created, including but without limiting thereto, the Puerto Rico Water Resources Authority, Puerto Rico Transportation Authority, Development Company of Puerto Rico, Puerto Rico Agricultural Development Company, Puerto Rico Aqueduct and Sewerage Service, Puerto Rico Land Authority, Puerto Rico Communications Authority (each of which is hereinafter sometimes referred to as a “unit”). No such unit shall select any other Bank, Trust Company, individual or partnership or

corporation to act as such paying agent, for such purposes, unless the Bank shall, by resolution of its Board of Directors, determine not to act as such paying agent, for such unit, in such instance. In the event that the Bank shall determine not to act as such paying agent, for such unit, in such instance, the selection of the paying agent or paying agents, in the event that the appointment of more than one is determined to be advisable, shall be at the election of the Bank and it shall further be within the discretion of the Bank, by resolution of its Board of Directors, to determine to act as co-paying agent for each unit in each instance.

Section 8.—The Bank shall be and is hereby authorized and appointed to act as agent for any unit for the purpose of registering, authenticating or countersigning, the bonds, notes or other evidences of indebtedness of any such unit, on such terms as may be agreed upon by and between the Bank and such unit. No such unit shall select any other Bank, Trust Company, individual, corporation, association or partnership, to act as such fiscal agent for such purposes, unless the Bank shall, by resolution of its Board of Directors, determine not to act as such fiscal agent for such unit, in such instance. In the event that the Bank shall determine not to act as such fiscal agent for such unit, in such instance, the selection of the fiscal agent or fiscal agents, in the event that the appointment of more than one is determined to be advisable, shall be at the election of the Bank, and it shall further be within the discretion of the Bank, by resolution of its Board of Directors, to act as co-fiscal agent, for each unit, in each instance.

Section 9.—In the event there is already existent, prior to the enactment of this legislation, a contract between any such unit and any other Bank, Trust Company, individual, corporation, association or partnership, to act as fiscal agent and/or paying agent, and/or co-paying agent, such contract on such issue for such unit for such purpose, shall not be invalidated by the enactment of this legislation, until such time as such unit shall have discharged its liabilities for such issue, either thru payment in full of the principal amount of the indebtedness of such issue together with all accrued interest thereon, or until such unit shall redeem such issue thru the call of such issue prior to maturity and shall have discharged its obligation thru the payment in full of the principal amount of such issue then outstanding, together with the interest thereon and any and all premiums that may be required thereon or thru the retirement in full of such issue thru the purchase of such issue and all coupons or interest obligations appurtenant thereto, either by such unit or by the Insular Government or by the Bank.

The existence of such relationship as described in this Section, shall in no way impair the appointment of, nor the authorization of the Bank to act as fiscal agent or paying agent or co-paying agent on any subsequent issue of such unit, nor shall contract, as described in this section, impair the

appointment, authorization, powers, duties or obligations of the Bank to act under any other section or sections of this Act, singly or severally, as may be determined by resolution of its Board of Directors.

Section 10.—The Bank shall be and is hereby authorized and appointed as agent for each unit for the purpose of creating by and between the Bank and each unit, a proceeding or fiscal agency purchase and sales contract for the issuance, purchase, sale and exchange of all bonds, notes or other evidence of indebtedness, on such terms as to payment of fees and expenses as may be agreed on by and between the Bank and each unit; *Provided*, That such contract shall authorize and empower the Bank to determine the form of the issue including maturity schedule, redemption privileges and premiums therefor maximum interest rate or rates, method of sale and all other factors which the Bank may in its discretion determine as being essential for the protection of each unit and of the Insular Government and for proper sale procedure. No unit shall select any investment banker, Bank, Trust Company, individual, corporation, association, partnership, or combination thereof, for the purpose of this Section, unless the Bank shall, by resolution of its Board of Directors determine not to act as such agent, for such unit, in such instance, then in such event the selection of an agent, for the purposes of this section, for such unit, shall be at the election of the Bank; *Provided, further*, That no such contract shall impair the appointment, authorization, powers, duties or obligations of the Bank to act under any other Section or Sections of this Act, singly or severally, as may be determined by resolution of its Board of Directors.

Section 11.—Each unit shall be and is hereby authorized and directed to execute a contract with the Bank for the purposes of Section 10 of this Act. Such contract shall be a proceeding or fiscal agency purchase and sales contract for the issuance, purchase, sale and exchange of all bonds, notes or other evidences of indebtedness for such unit; *Provided*, That such contract shall authorize and empower the Bank to determine the form of the issue including maturity schedule, redemption privileges and premiums therefor, maximum interest rate or rates, method of sale and all other factors which the Bank may, in its discretion, determine as being essential for the protection of such unit and of the Insular Government and for proper sale procedure. The terms for payment of fees and expenses by each unit to the Bank for services rendered or to be rendered shall be agreed on by and between each unit and the Bank; *Provided*, That in the event such terms cannot be agreed upon by and between any unit and the Bank, such unit may appeal to the Governor of Puerto Rico for his judgment in the matter, and both, the unit and the Bank, shall accept the decision of the Governor as final. In the event that any unit shall contest the decision of the Bank as to terms for purchase, sale, issue or exchange of any bonds, notes or

other evidence of indebtedness of such unit, such unit may appeal to the Executive Council for intervention, and, both the unit and the Bank, shall accept the decision of the Executive Council as final.

Section 12.—In the event that there shall exist, prior to the enactment of this legislation, any proceeding or fiscal agency purchase or sales contract, by and between any unit and any investment banker, bank, trust company, individual, corporation, association, partnership, or a combination thereof, for the issuance, sale, exchange or purchase by any unit, of bonds, notes or other evidences of indebtedness, such contract shall in no way impair the appointment or authorization of the Bank to act as fiscal agent, paying agent or co-paying agent of such unit, on such issue, nor shall it impair the rights, duties, or obligations of the Bank, under any other section or sections of this Act, either singly or severally.

Section 13.—The Bank is hereby charged with the responsibility of basing its determination to act or not to act for or on the behalf of any unit, on the sole basis that such determination will best serve The People of Puerto Rico, its Municipalities, Agencies, Authorities and other political subdivisions, and is further charged with the responsibility of fixing the fees and expenses chargeable to the Insular Government, its agencies and municipalities, and to the Treasurer of Puerto Rico, and to units (as described in Section 7 of this Act) on an amount that would not exceed normal commercial rates for identical services, in each instance, where such rates are a matter of established record in Banks and Trust Companies, and in all other instances, on a basis that will afford reasonable compensation to the Bank for services rendered.

Section 14.—The Bank may in good faith, buy, sell, own, hold and deal in any of the bonds, notes, evidences of indebtedness and/or interest coupons or evidences of interest appurtenant thereto, of the Insular Government, its agencies and municipalities, and of the Treasurer of Puerto Rico, and of any unit, as described in Section 7 of this Act, and may join in any action which any bondholder, noteholder or holder of evidence of indebtedness, may be entitled to take with like effect, as if the Bank were not acting singly or severally under any Section or Sections of this Act.

Section 16.—If in the interpretation and application of this Act any conflict arises as between the Spanish and the English texts thereof, the latter shall prevail over the former.

Section 17.—Notwithstanding any other evidence to the contrary, it is hereby declared that if the provisions of this Act, or the application of said provisions to the Insular Government, or to the municipalities or agencies thereof, or to the Treasurer of Puerto Rico, or to any unit or circumstance, is declared invalid, the remainder of the Act and the application of said provisions to the Insular Government, to the municipalities and agencies thereof, to the Treasurer of Puerto Rico, and to any unit

or circumstance other than those as to which said declaration of nullity has been made, shall not be affected by such declaration; *Provided*, That if any clause, paragraph, section, article or part of this Act is declared unconstitutional by a court of competent jurisdiction, said judgment shall not affect, impair or invalidate the rest of this Act, but its effects shall be circumscribed to such clause, paragraph, section or article thereof as may have been declared unconstitutional.

Section 18.—All laws or parts of laws in conflict herewith are hereby repealed.

Section 19.—This Act, being of an urgent character, shall take effect immediately after its approval.

*Approved, May 15, 1945.*

[Transcribed from Laws of Puerto Rico, 1945]