

## ***“Metropolitan Bus Authority Act”***

Act No. 5 of May 11, 1959, as amended,

(Contains amendments incorporated by:

Act No. 9 of August 30, 1966

Act No. 138 of June 30, 1968

Act No. 70 of May 6, 1967

Act No. 81 of June 25, 1969

Act No. 241 of July 23, 1974

Act No. 67 of April 21, 1998

Act No. 108 of October 7, 2009)

To create the Metropolitan Bus Authority.

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

### **Section 1. — Title.** (23 L.P.R.A. § 601)

This Act may be cited as the "Metropolitan Bus Authority Act".

### **Section 2. — Definitions.** (23 L.P.R.A. § 602)

The following terms, whenever used or referred to in this Act, have the following meanings, except where the context indicates otherwise:

(a) *Authority*. — Means the Metropolitan Bus Authority created by this Act, which shall, for constitutional purposes, operate as a private enterprise or business.

(b) *Board*. — Means the Board of Directors of the Authority.

(c) *Bonds*. — Means the bonds, temporary bonds, refunding bonds, debentures, notes, provisional or interim bonds, receipts, certificates or other evidences of indebtedness or obligations which the Authority is authorized to issue pursuant to this Act, but shall not include the debts or accounts incurred in the usual course of business for expenses of the Authority.

(d) *Undertaking*. — Means any piece or pieces of property, or combination thereof, real, personal or mixed, owned, operated, managed, controlled or used or intended to be owned, operated, managed, controlled or used by the Authority, in connection with any of its activities, including, but without limitation, any and all system or systems, terminal stations and buildings with offices and commercial premises, for its own use or for rent to other entities or persons, offices, equipment, supplies, fuel, energy, services, facilities, structures, garages and parking spaces - whether or not such spaces are used for parking the Authority's own vehicles - plants, vehicles and rolling stock, together with all parts and appurtenances thereof, that are or may be used, useful or convenient in conducting or performing any of the activities or services usually

performed by common or public carriers of persons or property or activities or services auxiliary or supplemental thereto.

(e) *Federal agency*. — Means the United States of America, the President or any department thereof, or any corporation, agency, or instrumentality heretofore or hereafter created, designated, or established by the Government of the United States of America.

(f) *Holder of bonds or bondholder*. — Or any similar term means any person who is the bearer of any outstanding bond or bonds registered or not registered to bearer or the owner, according to the register, of any outstanding bond or bonds which at the time are registered other than to bearer.

(g) Words used in the singular number shall include the plural number and vice versa; the masculine gender shall be regarded as inclusive of the feminine, and vice versa; and words referring to persons shall include firms, partnerships of all kinds, corporations, or any other [juridical] person.

(h) Intermediate capacity vehicle or minibus. Shall mean a motor vehicle having a capacity to convey from fourteen to thirty passengers.

### **Section 3. — Creation.** (23 L.P.R.A. § 603)

(a) A body corporate and politic constituting a public body and governmental instrumentality of the Commonwealth of Puerto Rico is hereby created, to act on its own authority, by the name of the "Metropolitan Bus Authority" (hereinafter in this Act called "The Authority"), and shall be a public corporation having legal existence and personality separate and apart from those of the Government and from any of the officers thereof.

(b) The debts, obligations, contracts, bonds, notes, debentures, receipts, expenditures, accounts, funds, undertakings and property of the Authority, its officers, agents or employees shall be deemed to be those of said government-controlled corporation and not to be those of the Commonwealth Government or of any office, bureau, department, commission, dependency, municipality, branch, agent, officer or employee thereof.

### **Sections 4 and 5. — [Omitted]** (23 L.P.R.A. §§ 604, 605)

### **Section 6. — Powers.** (23 L.P.R.A. § 606)

The purposes of the Authority shall be to develop and improve, own, operate and manage any and all types of overland passenger transportation facilities and services in and through the territory comprising the Capital of Puerto Rico and the Metropolitan Area, as defined by the Puerto Rico Planning Board, including the city of Bayamón; Provided, That the operational jurisdiction of Bayamón shall not be of an exclusive character. The Public Service Commission is hereby empowered to extend franchises and fix rates for the operation of minibuses within the Metropolitan Area, as well as to decree applicable rates for the rendering of these services. Provided, That such franchises shall be granted for those routes and areas where there is no adequate public transportation and provided they are not in conflict with the routes covered by the Metropolitan Bus Authority. Provided, likewise, That franchises to operate minibuses must be granted preferably to labor cooperatives.

The Authority may cover the rest of the Island in nonscheduled chartered trips and make available to the inhabitants of Puerto Rico the benefits thereof in the widest economic manner, thereby fostering and promoting the general welfare of the community and increasing commerce and prosperity; and the Authority is granted and shall have and may exercise all rights and powers necessary or convenient for carrying out the aforesaid purposes, including, but without limiting the generality of the foregoing, the following:

- (a) To have perpetual existence as a corporation.
- (b) To adopt, alter and use a corporate seal, which shall be judicially noticed.
- (c) To prescribe, adopt, amend and repeal bylaws to govern the manner in which its general business may be conducted and to exercise and perform the powers and duties granted to and imposed upon it by law.
- (d) To have complete control and supervision of any undertaking constructed or acquired by it including the power to determine the character of and necessity for all its expenditures and the manner in which they shall be incurred, allowed and paid, and to prescribe, adopt, amend and repeal such rules and regulations as may be necessary or proper for the exercise and performance of its powers and duties or to govern the rendering, sale or exchange of transportation services or facilities.
- (e) To sue and be sued.
- (f) To make contracts and to execute all instruments necessary or convenient in the exercise of any of its powers.
- (g) To prepare or cause to be prepared plans, designs, and estimates of costs for the construction, reconstruction, extension, improvement, enlargement or repair of any undertaking or any part or parts thereof, and to modify from time to time such plans, designs or estimates.
- (h) To acquire in any lawful manner, hold, maintain, use and operate any undertaking or part or parts thereof.
- (i) To acquire in any lawful manner, produce, develop, manufacture, hold, conserve, use, distribute, supply, exchange, sell, rent and otherwise dispose of any and all equipment, supplies, services, goods, and such other property real and personal as the Authority deems necessary, proper, incidental or convenient in connection with its activities.
- (j) To acquire in any lawful manner and to hold and use any real, personal, or mixed, tangible or intangible property, or any interest therein, deemed by it to be necessary or convenient for carrying out the purposes of the Authority, and (subject to the limitations contained in this Act) to lease as lessor, or exchange, any property or interest therein at any time acquired by it.
- (k) To construct, reconstruct, and operate any undertaking or any part or parts thereof, and any additions, improvements and extensions to any undertaking of the Authority by contract or contracts, or under, through, or by means of its own officers, agents and employees.
- (l) To determine, fix, alter, charge and collect reasonable rates, fees, rentals, and other charges for the use of the facilities or services of the Authority, or other commodities sold, rendered, or furnished by it, which shall be sufficient for the payment of the expenses of the Authority incurred in the conservation, development, improvement, extension, repair, maintenance and operation of its facilities and properties, for the payment of the principal of and interest on its bonds, and for fulfilling the terms and provisions of such covenants as may be made with, or for the benefit of, the purchasers or holders of any bonds of the Authority; Provided, That, in fixing rates, fees, rentals, and other charges, the Authority shall have in view those factors leading to the encouragement of the widest economically possible diversified use of its facilities; and that

before making changes in the general rate structure for transportation service, a public hearing of an informative, quasi-legislative character shall be held, with respect to said changes, before the Board of Directors, or before any officer or officers as the Board of Directors may designate for such purpose, and upon such hearing, the Board of Directors, pursuant to the powers, duties, and obligations vested in and imposed upon it by this Act, may alter such charges in the light of the evidence produced therein.

(m) To appoint such officers, agents and employees and vest them with such powers and impose upon them such duties, and fix, change, and pay such compensation for their services as the Authority may determine.

(n) To borrow money, make and issue bonds of the Authority for any of its corporate purposes or for the purpose of financing, refinancing, paying or discharging any of its bonds or obligations, whether outstanding or assumed, and to secure payment of its bonds and of any and all other obligations by pledge or mortgage of or any other lien on all or any of its contracts, revenues, income or property.

(o) To make and issue bonds for the purpose of funding, refunding, purchasing, paying, or discharging any of the outstanding bonds or obligations issued or assumed by it or any bonds or obligations the principal of or interest on which is payable in whole or in part from its revenues.

(p) To accept donations from persons and private entities; and to accept grants from, and enter into contracts, leases, agreements, or other transactions with any federal agency, the Commonwealth of Puerto Rico or political subdivision thereof, and may expend the proceeds of any such grants or donations for its corporate purposes.

(q) To prepare and submit to the Public Service Commission a proposal of the sectors and routes of the Metropolitan Area in which the operation of minibuses would not be in conflict with the service rendered by the Authority. Said proposal must be submitted within two (2) months from the effective date of this act and subsequently amended as necessary.

(r) To enter on any lands or premises, upon the consent of the owners or holders thereof or their representatives, for the purpose of making surveys or examinations.

(s) To acquire, hold and dispose of stock, preferences in issues thereof, contracts, bonds or other interests in other corporations and to exercise any and all powers or rights in connection therewith and to obtain the organization in accordance with law, and exercise partial or complete control over, subsidiary, affiliated or associated corporations whenever, in the judgment of the Board of Directors, such an arrangement is necessary, appropriate and convenient for the effectuation of the Authority's purposes or the exercise of its powers; and to sell, lease, give or otherwise grant any property of the Authority or delegate or transfer any of its rights, powers, functions, or duties to any such corporation that may be subject to its control. The aforesaid power to delegate or transfer shall not include the right of eminent domain or of rate fixing, which shall be exercised by the Authority directly.

(t) To do all acts necessary or convenient to carry out the powers granted to it by this Act or by any other act of the Legislature of Puerto Rico, or by any act of the Congress of the United States; Provided, however, That the Authority shall have no power at any time or in any manner to pledge the credit or taxing power of the Commonwealth of Puerto Rico or any of its political subdivisions; nor shall the Commonwealth of Puerto Rico or any of its political subdivisions be liable for the payment of the principal of or interest on any bonds issued by the Authority.

**Section 7. — Officers and Employees.** (23 L.P.R.A. § 607)

(a) Appointments, removals, promotions, transfers, discontinuances, reinstatements, suspensions, leaves of absence and changes in grade, compensation or title of the officers and employees of the Authority shall be made as provided in rules and regulations to be approved by the Board of Directors, in consultation with the chief of personnel or the executive officer of the Office of Personnel of Puerto Rico, in pursuance of a general plan similar to that which may be in effect for employees of the Commonwealth Government under the personnel laws of Puerto Rico, insofar as the Board of Directors deems it consistent with the best interests of the Authority, of its employees and of its service to the public. For the purposes of the Personnel Act, the officers and employees of the Authority shall be within the exempt service. The Board of Directors and the officers and employees of the Authority shall be entitled to reimbursement for, or per diem payment in lieu of, such necessary travel expenses as shall be authorized or approved pursuant to rules and regulations of the Board of Directors.

Those officers and employees of any board, commission, agency, or department of the Commonwealth of Puerto Rico who are appointed to positions in the Authority and who, prior to said appointment, were beneficiaries of any existing pension, retirement or savings-and-loan fund system or systems, shall continue to have, after said appointment, the rights, benefits, obligations, and status with respect thereto that are prescribed by law for officers and employees holding similar positions in the Commonwealth of Puerto Rico, unless within six (6) months after this act takes effect or six (6) months after said appointment, whichever is later, the said officers or employees, or any of them, shall waive in writing such benefits, obligations or status. The provisions of this paragraph shall not apply to workers and employees covered by a collective bargaining agreement or unionized in a unit certified by the Labor Relations Board.

(b) No person shall hold office as director, officer, employee or agent of the Authority who has a direct or indirect financial interest in any privately owned enterprise engaged in the business of overland transportation or in any business whose primary activities are auxiliary thereto.

(c) For the purposes of Act No. 447, approved May 15, 1951 [3 L.P.R.A. §§ 761-788], creating the Employees Retirement System of the Commonwealth Government of Puerto Rico and its instrumentalities, the employees of the Ports Authority who became employees of the Metropolitan Bus Co., Inc., shall continue to be beneficiaries and to enjoy all the rights, benefits, obligations and status of the retirement plan established by the Ports Authority and of which they may be members. This provision shall be made retroactive to the date on which such employees were transferred to the Company.

(d) Notwithstanding the provisions of section 22 of Act No. 447 of 1951, only such employees shall be beneficiaries as the Board of Directors of the Authority shall determine with the approval of the Board of Trustees of the Employees Retirement System of the Commonwealth Government and its instrumentalities.

**Section 8. — Moneys and Accounts of the Authority.** (23 L.P.R.A. § 608)

(a) All moneys of the Authority shall be deposited in qualified depositories for funds of the Government of Puerto Rico; but they shall be kept in a separate account or accounts in the name of the Authority. Its funds shall be disbursed pursuant to such regulations and budgets as the Board of Directors may approve.

The President and General Manager shall, upon consultation with the Secretary of the Treasury and with his approval, set up the accounting system required for the proper statistical control and record of all expenses and income belonging to or managed or controlled by the Authority. The said Secretary of the Treasury shall require that the accounts of the Authority be kept in such manner as appropriately to segregate, insofar as advisable, the accounts in respect of the different classes of operations, projects, undertakings, and activities of the Authority. The Controller of Puerto Rico or his representative shall from time to time examine the accounts and books of the Authority, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other matters relating to its financial condition, and shall report thereon to the Board of Directors, the Governor of Puerto Rico, and the Legislature.

**Section 9. — Bylaws.** (23 L.P.R.A. § 609)

The regulations of the Authority shall govern the internal operation thereof and shall determine the conduct of the users, in addition to the attributions, duties and responsibilities of its officials or functionaries, as well as the procedures that shall govern the acquisitions and contracts for supplies, services and the construction of works. The regulations shall be approved by the Board of Directors and may be amended by it.

**Section 10. — Acquisition of Property by the Commonwealth of Puerto Rico for the Authority.** (23 L.P.R.A. § 610)

Upon request of the Authority, the Governor of Puerto Rico may, by the exercise of the right of eminent domain, acquire in the name and in behalf of the Commonwealth of Puerto Rico, title to any property or interest therein which the Board of Directors deems necessary or convenient for the purposes of the Authority. The Authority shall make available to said officer in advance such funds as may be required to pay for such property, and, upon acquisition thereof, shall reimburse the Commonwealth Government for any amount paid that has not been previously advanced. Upon such reimbursement to the Commonwealth Government (or, if the total cost or price has been previously advanced by the Authority, within such reasonable period as shall be determined by the Governor) title to the property so acquired shall pass to the Authority. The power hereby conferred shall not limit or restrict in any manner the power of the Authority to acquire property. The title to any property of the Commonwealth of Puerto Rico heretofore or hereafter acquired, and considered necessary or convenient for the purposes of the Authority, may be transferred to the Authority by the official in charge of said property or having the custody thereof, upon such terms and conditions as shall be determined by the Governor of Puerto Rico.

**Section 11. — Grant of Property by Municipalities and Political Subdivisions to the Authority.** (23 L.P.R.A. § 611)

Subject to the provisions of Section 6 of act, any other provision of law to the contrary notwithstanding, all municipalities and political subdivisions of Puerto Rico concerned are authorized to grant and convey to the Authority, at its request and upon reasonable terms and conditions, there being no need for a public sale to be held or for other formalities of law additional to the executing of the pertinent deed, any property or interest therein which the



Authority may deem necessary or convenient to effectuate its own purposes. Within the area fixed and prescribed in section 6, the Authority shall have the right and power to construct or place any part or parts of any of its undertakings across, on, over, under, through or along any street, public highway, or any land now belonging or which may hereafter belong to the Commonwealth Government, or any municipality or political subdivision concerned, with the approval of the Puerto Rico Planning Board. The Authority shall restore any such street, highway, or land to the condition or state it was at the beginning of the work and shall not use same so as to unnecessarily impair the usefulness thereof.

**Section 12. — Bonds of the Authority.** (23 L.P.R.A. § 612)

(a) By authority of the Commonwealth, hereby granted, the Authority is authorized to issue and sell its own bonds from time to time for its corporate purposes.

(b) The Board of Directors of the Authority is hereby authorized to direct the issue of bonds of the Authority, all at one time, or from time to time, in order to provide funds to be used by the Authority for any of its corporate purposes. The bonds shall be dated, shall bear interest at such rate or rates not exceeding six percent (6%) per annum, shall mature at such date or dates not exceeding forty (40) years from their respective date or dates, as the Board of Directors may determine, and may be made redeemable before maturity, at the option of the Authority, at such price or prices, and under such terms and conditions as may be fixed by the Board of Directors prior to the issue of the bonds. The Board of Directors shall determine the form and manner of execution of the bonds, including any interest coupons to be adhered thereto, and the denomination or denominations of the bonds, and, subject to the provisions of Act No. 272, approved April 15, 1945, [7 L.P.R.A. §§ 581-595], the place or places for the payment of the principal and the interest. In case any officer whose signature or facsimile signature appears on any bond or coupon ceases to be such officer before the delivery of such bonds, such signature or facsimile signature shall, however, be valid or sufficient for all purposes, as if said officer had remained in office until such delivery. Notwithstanding any other provision of this Act or any other provision included in any bonds issued under this Act, all these bonds shall be considered negotiable instruments under the laws of Puerto Rico. The bonds may be issued in coupon form or registered, or both, as determined by the Board of Directors, and provision may be made for the registering of any coupon bond only as regards principal, and also as regards principal and interest, and for the reconversion into coupon bond of any bond registered as regards principal and interest. The Board of Directors may sell such bonds in such manner, either at public or private sale, and at such price as it may determine most desirable to the best interests of the Authority, but such sale shall not be done at a price so low as to require that the interest paid on the money so received be at a rate higher than six percent (6%) per annum, computed in relation to the absolute maturity or maturities of the bonds according to the normal schedule of bond values, excluding, however, from such computation, the amount of any premium payable upon the redemption of any bonds before maturity.

Before the preparation of the definitive bonds, the Board of Directors may, under similar restrictions, issue interim receipts or provisional bonds, with or without coupons, exchangeable for definitive bonds when said bonds have been executed and are ready for delivery. The Board of Directors may also provide for the replacement of any bonds that may be mutilated, destroyed or lost.

Subject to the provisions of Act No. 272, approved April 15, 1945, [7 L.P.R.A. §§ 581-595] , known as Fiscal Agency Act, the Board of Directors may issue bonds under the provisions of this Act without need of obtaining the consent of any commission, board, bureau or agency of the Commonwealth of Puerto Rico, and without any procedures, conditions or things other than such procedures, conditions or things as may be required by this Act.

(c) Any bond issued by the Board of Directors under the provisions of this Act may be secured by a trust contract between the Government Development Bank for Puerto Rico and a corporate trustee, that may be any trust company or bank having the powers of a trust company within or without the Commonwealth of Puerto Rico. Any resolution or resolutions authorizing the issue of the bonds or trust contract may contain provisions which shall be a part of the contract with the holders of the bonds:

- (1) As to the disposition of the entire gross or net revenues and present or future income of the Authority, including the pledging of all or any part thereof to secure payment of the bonds;
- (2) as to the rates to be charged, and the application, use, and disposition of the amounts that may be raised by the collection of such rates and from other receipts of the Authority;
- (3) as to the setting aside of reserves for amortization funds, and the regulation and disposition thereof;
- (4) as to limitations on the right of the Authority to restrict and regulate the use of any undertaking or part thereof;
- (5) as to limitations on the purpose to which the proceeds of the sale of any bond issue may be applied;
- (6) as to limitations on the issuance of additional bonds;
- (7) as to the procedure for amending or abrogating the terms of any resolution authorizing bonds, or of any other contract with the bondholders; and as to the amount of the bonds the holders of which must consent thereto, and the manner in which such consent may be given;
- (8) as to the amount and kind of insurance to be maintained by the Authority on its undertakings, and the use and disposition of insurance moneys;
- (9) covenanting against pledging all or any part of the revenues and income of the Authority to which its right then exists or the right to which may thereafter come into existence;
- (10) as to events of default, and terms and conditions upon which any or all of the bonds shall become or may be declared due before maturity; and as to the terms and conditions upon which such declaration and its consequences may be waived;
- (11) as to the rights, liabilities, powers, and duties arising upon default of the Authority to fulfill any of its covenants, conditions or obligations;
- (12) as to investing a trustee or trustees with the right to enforce any covenants made to secure or pay, or otherwise act in relation to the bonds; as to the powers and duties of each trustee, or trustees, and the limitation of the liabilities thereof; and as to the terms and conditions upon which the holders of the bonds, or any proportion or percentage of them, may enforce any covenants made under this Act or the duties imposed hereby;
- (13) as to the manner of collecting the rates, fees, rentals, or other charges for the services, facilities, or commodities of undertakings of the Authority, and of combining in one sole bill the rates, fees, rentals, or other charges for the services, facilities, or commodities of any two (2) or more of such undertakings;



(14) as to the discontinuance of services, facilities, or commodities of any undertaking of the Authority, in the event that the rates, fees, rentals, or other charges for the services, facilities, or commodities of such undertaking are not paid, and

(15) as to any other acts and aspects not inconsistent with this Act that may be necessary or convenient for the security of the bonds, or as may render the bonds more marketable.

The Authority shall transmit to the Legislature a copy of the resolution or resolutions authorizing the issuance of bonds.

**Section 13. — Right to Receivership Upon Default.** (23 L.P.R.A. § 613)

(a) In the event that the Authority shall default in the payment of the principal of, or interest on, any of its bonds after the same shall become due, whether it be a default in the payment of principal and interest or in the payment of interest only at maturity or upon call for redemption, and such default shall continue for a period of thirty (30) days, or in the event that the Authority or its officers, agents, or employees shall default in any agreement made with the holders of the bonds, any holder or holders of the bonds (subject to any contractual limitation as to a specific percentage of such holders) or trustee therefor shall have the right to apply in an appropriate judicial proceeding to any court of competent jurisdiction in Puerto Rico for the appointment of a receiver of the undertakings, or parts thereof, the income or revenues of which are pledged to the payment of the bonds so in default, whether or not all the bonds have been declared due and payable and whether or not such holder, or trustee therefor, is seeking or has sought to enforce any other right to exercise any other remedy in connection with such bonds. Upon such application the court may appoint a receiver of such undertakings, but if the application is made by the holders of twenty-five percent (25%) in principal amount of such bonds then outstanding, or by any trustee or holders of bonds in such principal amount, the court shall appoint a receiver of such undertakings.

(b) The receiver so appointed shall forthwith, directly or by his agents or attorneys, enter into and upon and take possession of such undertakings and each and every part thereof, and may exclude the Authority, its officers, agents, and employees, and all persons claiming under them, wholly therefrom, and shall have, hold, use, operate, manage, and control the same and each and every part thereof, and, in the name of the Authority or otherwise, as the receiver may deem best, shall exercise all the rights and powers of the Authority with respect to such undertakings as the Authority itself might do. Such receiver shall maintain, restore, insure, and keep insured, such undertakings and from time to time shall make all such necessary or proper repairs as such receiver may deem expedient; shall establish, levy, maintain, and collect such rates, fees, rentals, and other charges in connection with such undertakings as such receiver may deem necessary, proper and reasonable; shall collect and receive all income and revenues and deposit the same in a separate account, and shall apply the income and revenues so collected and received in such manner as the court shall direct.

(c) Whenever all that is due upon the bonds, and interest thereon, and upon any other notes, bonds, or other obligations, and interest thereon, having a charge, lien, or encumbrance on the revenues of such undertakings under the terms of any covenants or agreements with bondholders shall have been paid or deposited as provided therein, and all defaults in consequence of which a receiver may be appointed shall have been cured and made good, the court may, in its discretion and after such notice and public hearing as it deems reasonable and proper, direct the receiver to

surrender possession of such undertakings to the Authority, the same right of the holders of the bonds to obtain the appointment of a receiver to exist upon any subsequent default as hereinabove provided.

(d) Such receiver shall act, in the performance of the powers hereinabove conferred upon him, under the direction and supervision of the court and shall at all times be subject to the orders and decrees of the court and may be removed thereby. Nothing herein contained shall limit or restrict the jurisdiction of the court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any functions specifically set forth in this Act.

(e) Notwithstanding anything in this section to the contrary, such receiver shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the Authority and useful for such undertakings, but the powers of any such receiver shall be limited to the operation and maintenance of such undertakings and to the collection and application of the income and revenues therefrom, and the court shall not have jurisdiction to enter any order or decree requiring or permitting said receiver to sell, transfer, mortgage, or otherwise dispose of any such assets.

#### **Section 14. — Agreement of the Commonwealth Government.** (23 L.P.R.A. § 614)

The Government of the Commonwealth of Puerto Rico does pledge to, and agree with, any person, firm or corporation, or any federal or state agency, or any agency of the Commonwealth, subscribing to or acquiring bonds or other securities of the Authority, that it will not pignorate, limit or restrict the bonds, revenues, rentals, rights or powers hereby vested in the Authority until all such bonds, at any time issued, together with the interest thereon, are fully met and discharged.

#### **Section 15. — Remedies of Bondholders.** (23 L.P.R.A. § 615)

(a) Any holder of bonds of the Authority or trustee therefor shall have the power and the right to equal benefit and protection as enjoyed by all bondholders under equal circumstances, but subject to any contractual limitations applicable to the holders of bonds of any issue, or trustee therefor, including, but without it being construed as a limitation, the restriction of the exercise of any remedies to a specific group of such holders:

(1) By mandamus or other action, suit or proceeding, to compel the Authority, its President and General Manager, and its officers, agents and employees, to perform and fulfill their duties and obligations pursuant to this Act, and their covenants with the bondholders.

(2) By action or suit, to require the Authority and its President and General Manager to account as if they were the trustees of an express trust.

(3) By suit or action, to enjoin any acts or activities which may be unlawful or in violation of the rights of the bondholders.

(4) To bring judicial actions based on the bonds.

(b) No remedy conferred by this Act upon any bondholder or any trustee therefor shall be construed as exclusive of any other legal remedy; on the contrary, each such remedy shall be cumulative and in addition to any other remedy and may be exercised without exhausting, and irrespective of, any other remedy conferred by this Act or any other act. The waiver of any

default of duty or contract, whether by any bondholder or trustee therefor, shall not extend to or affect any subsequent default of duty or contract, or impair any rights or remedies arising from such subsequent default. No delay or omission of any bondholder or any trustee therefor to exercise any right or power accruing upon default shall impair any such right or power; and it shall not be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the bondholders may be enforced or exercised at any time and as often as may be deemed expedient. In case any suit, action, or proceeding to enforce any right or exercise any remedy of the bondholders shall be brought or taken by them or by any trustee therefor, and then discontinued or abandoned, or shall be determined adversely to the holder of the bonds or any trustee therefor, the Authority or such holder or trustee shall be restored to their former positions with regard to any subsequent suit, action or proceeding, with the same rights or remedies as if no such suit, action, or proceeding had been brought or taken.

**Section 16. — The Commonwealth shall not be Liable on Bonds.** (23 L.P.R.A. § 616)

The bonds issued by the Authority shall not be a debt of the Commonwealth of Puerto Rico or any of its municipalities or political subdivisions, and neither the Commonwealth of Puerto Rico nor any such municipalities or political subdivisions shall be liable thereon, nor shall such bonds be payable out of any funds other than those of the Authority.

**Section 17. — Bonds Shall Be Legal Investments.** (23 L.P.R.A. § 617)

The bonds of the Authority shall be legal investments, and may be accepted as security, for all trust funds, special or public, the investment or deposit of which shall be under the authority or control of the Government of Puerto Rico or any officer or officers thereof.

**Section 18. — Declaration of Public Utility.** (23 L.P.R.A. § 618)

For the purposes of subdivision (h) of Section 6, all works, projects, and property and their accessories, which the Authority may deem necessary and convenient to use in carrying out the purposes expressed in this Act, are hereby declared of public utility.

**Section 19. — Tax Exemption.** (23 L.P.R.A. § 619)

(a) It is hereby found and declared that the purposes for which the Authority is created and shall exercise its powers are the promotion of the general welfare and the promotion of commerce and prosperity, all of them being public purposes for the welfare of the people of Puerto Rico in general, and that therefore the Authority shall not be required to pay any taxes, duties on commodities and/or any other kind of goods, excises, fees, or permit or license taxes, Commonwealth as well as municipal, on any of the properties acquired by it or under its jurisdiction, control, possession, or supervision, or on its activities in the operation and maintenance of any undertaking or on the income derived from any of its properties and activities.

The exemption herein granted to the Authority with respect to excise taxes shall include those articles that may be introduced by any introducer in the name of, and for the exclusive use of the Authority in its character of lessee of such articles, and provided the documents verifying the introduction and the use of such articles in accordance with the terms of the contract are delivered by the lessor and kept in the offices of the Authority, subject to examination by the officers of the Bureau of General Excise Taxes of the Department of the Treasury. The exemption herein granted is conditioned to the fact that the articles, the object of the lease, be exported or destroyed, under the supervision of the Authority on their becoming obsolete or worn out. In those cases where at the termination of the lease contract, there still exists any remnant of articles introduced under the terms of this paragraph, the exemption shall cease and the person in possession of same shall pay the corresponding excise tax within thirty (30) days following the termination of said contract, unless the Authority itself acquires them within the same term. This exemption shall be retroactive to January 1, 1963.

(b) The Authority shall also be exempt from the payment of all kinds of fees, taxes and imposts heretofore or hereafter required by law for the prosecution of judicial proceedings, the issuing of certifications in all offices and dependencies of the Commonwealth of Puerto Rico, and the execution of public documents and their registration in any public registry of Puerto Rico.

(c) In order to facilitate the procurement of funds by the Authority to enable it to carry out its corporate purposes, the bonds issued by the Authority and the income therefrom shall be and remain at all times exempt from the payment of income tax.

(d) It is hereby found and declared that the purposes for which the Metropolitan Bus Company, Inc., was created were the promotion of the general welfare and the commerce and prosperity, all of them being public purposes for the benefit of the people of Puerto Rico, and that therefore the Metropolitan Bus Company, Inc., shall not be required to pay any tax on any of its properties or income, and that the bonds or other obligations issued by the Metropolitan Bus Company, Inc., and the income therefrom shall be and remain at all times exempt from the payment of income tax. This exemption is a confirmation of the tax exemption granted the Metropolitan Bus Company, Inc., pursuant to the provisions contained in the Puerto Rico Ports Authority Act [23 L.P.R.A. §§ 331-352], and shall be retroactive to November 1, 1957, on which date the said Company was created.

(e) The Authority shall pay on or before July 15 to the Treasurer of the Government of the Capital or of the municipalities wherein its real property may be located, a sum equal to the share accruing to said governments of the taxes which, were it not for the exemption provided herein, would be payable by the Authority upon such real property as may be owned by it in the Capital or in said municipalities.

## **Section 20. — Reports.** (23 L.P.R.A. § 620)

The Authority shall submit to the Legislature and to the Governor of Puerto Rico, as soon as practicable after the close of each fiscal year of the Commonwealth Government, but prior to the end of the calendar year,

(1) a financial statement and complete report of the business of the Authority for the preceding fiscal year, and

(2) a complete report on the status and progress of all of its activities since the creation of the Authority or from the date of its last such report. The Authority shall also submit to the

Legislature and to the Governor of Puerto Rico, at such other times as may be required, official reports of its business and activities under this Act.

**Section 21. — Transfer of Funds and Property of the Puerto Rico Ports Authority.** (23 L.P.R.A. § 601 note)

(a) The Puerto Rico Ports Authority is hereby directed to transfer to the Authority such property, whether personal, real or mixed, and such funds as' on the effective date of this act, may be under the control, lease, usufruct, ownership, administration, control or use of its subsidiary corporation, the Metropolitan Bus Company, Inc. All properties, funds, assets, debts and obligations of whatever kind shall become the property of or shall be assumed by the Authority herein created, as the case may be.

(b) The Authority created by this act shall for all purposes be the successor of the Metropolitan Bus Co., Inc., at present functioning and operating as a subsidiary corporation of the Puerto Rico Ports Authority, including, but not to be construed as a limitation, the collection and payment of the debts and obligations according to the terms thereof.

(c) The Ports Authority shall liquidate the capital contributed by the Commonwealth by way of legislative appropriations used by said Authority in its business of the transportation of passengers by bus, through the transfer, to the Metropolitan Bus Authority, of the net balance invested by the said Ports Authority in the Metropolitan Bus Company, Inc.

**Section 22. — Transitory Provisions.** (23 L.P.R.A. § 601 note)

(a) As soon as the Metropolitan Bus Company, Inc. shall have been transferred to the Authority, as provided in section 21, the Authority shall take charge of the employees of the said company holding regular established positions, subject to such regulations as the Authority may approve pursuant to section 7 of this act.

(b) The Authority shall assume all obligations of the Metropolitan Bus Company, Inc. under the collective bargaining agreements in force between said Company and the unions representing its employees or laborers.

(c) The Metropolitan Bus Company, Inc. is hereby dissolved, without further proceedings after the approval of this act, and the Secretary of State is hereby directed to set forth such dissolution upon the Registry of Corporations.

(d) Property Registrars are hereby directed to register in the name of the Authority all real property used by the Ports Authority and its subsidiary, the Metropolitan Bus Company, Inc., in the operation of their urban transportation system, upon a certificate to be issued by the Executive Director of the Ports Authority describing all real property so used and its recording in the Registry.

**Section 23. — Transitory Provisions.** (23 L.P.R.A. § 601 note)

Every public carrier who, on the date this act takes effect, and according to a census to be made by the Public Service Commission, is operating in good faith a motor vehicle having a capacity of ten (10) passengers or less in the demarcation or along the routes comprised within the territorial limits fixed in section 6, shall be entitled to a certificate of public necessity

and convenience issued to him by the Public Service Commission in order that he may continue in the same route he has been serving.

**Section 24. — Inconsistent Provisions of Other Acts Superseded.** (23 L.P.R.A. § 601 note)

If any provision of this act is in conflict with the provisions of any other act of the Legislature of Puerto Rico, the provisions of this act shall be controlling.

**Section 25. — Separability of Provisions.** (23 L.P.R.A. § 601 note)

If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the remainder of the act and the application of such provision to persons or circumstances other than those as to which it shall have been held invalid shall not be affected thereby.

**Section 26. — Effectiveness.**

This Act shall take effect immediately after its approval.

**Note.** This compilation was prepared by Puerto Rico OMB staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text. Compiled by the Office of Management and Budget Library.