

(S. B. 851)
(Conference)

(No. 123-2014)

(Approved August 3, 2014)

AN ACT

To create the Puerto Rico Integrated Transportation Authority; set forth its purposes, duties, and powers; authorize the Highways and Transportation Authority to transfer to the Authority the operations, assets, rights, obligations, properties, and funds related to the Urban Train and the mass transportation programs operated by the Highways and Transportation Authority; authorize the transfer of property and funds; appropriate funds; authorize the merger of the Metropolitan Bus Authority and the Maritime Transport Authority of Puerto Rico and the Islands Municipalities into the Authority; and for other purposes.

STATEMENT OF MOTIVES

The Commonwealth of Puerto Rico has a broad and complex transportation system consisting of various elements and modes that seek to provide people and goods with mobility, as well as access to jobs, services, and other everyday activities. Puerto Rico is a Caribbean archipelago that depends on ground, sea, and air transportation systems. These systems must be efficient, safe, comfortable, quick, accessible, compatible with their surroundings and environmentally-friendly in order to provide us with the opportunities for economic development and progress that we all deserve. This bill seeks to further the development of the public policy on integrated mass transportation through the creation of an administrative structure exclusively geared towards implementing such policy. Currently, several public corporations under the Department of Transportation and Public Works (the Highways and Transportation Authority, the Metropolitan Bus

Authority, the Maritime Transport Authority, and the Office of Driver's Services—Public Vehicles Regulation Office) are responsible for the implementation of the Commonwealth's policy on mass transportation.

The transportation system of the Commonwealth of Puerto Rico must play the leading role in furthering the creation of livable communities to improve the quality of life of all Puerto Ricans. The scattered development of our cities using low density lands, and the lack of a coordinated and efficient mass transportation system have increased our dependence on private automobiles. This dependence entails high mobility costs to the people. Data from 2011 provided by the American Automobile Association reveals that the average annual driving cost for a car is \$8,776, based on 15,000 miles of annual driving or 58 cents per mile driven. Such cost increases to 74.9 cents per mile driven if the vehicle is an SUV truck. A family's average transportation costs are approximately 20% of its annual budget, which constitutes a portion of the budget larger than food (11%) or healthcare (5%). This reality significantly limits the opportunities of low- and moderate-income families to spend their money on other purposes and productive interests.

Daily traffic congestion on the roads of the Island's principal urban areas translates into an excessive loss of productivity. In 2010, the average time lost to congestion in the San Juan Metropolitan Area was 33 hours annually per worker (a 135% rise compared to 1990). Traffic congestion entails annual costs to our economy of \$1.012 billion in delays and fuel and diesel consumption, or \$665 per worker, according to the 2011 Urban Mobility Report data. This reality impairs the effective mobility of individuals and goods, thus affecting opportunities for economic and social growth in our cities.

The geographical reality of the Island poses serious limitations to continue increasing the extension and capacity of our highways system. Moreover, we must recognize that extending our highway system requires us to earmark additional funds for the operations and maintenance of the system, as well as to assume the cost on the environment of such expansion.

On February 24, 2004, the Department of Transportation and Public Works (hereinafter “DTOP,” Spanish acronym) issued resolution number 2004-06 to establish Sustainable Transport as the Policy of the DTOP and its attached entities, and for other related purposes. It resolves that:

Sustainable Transport is based on a coherent system of land-use, accessibility, and mobility; maximizes the use of resources; effectively and efficiently integrates freight and passenger transportation systems to the interior of the Island and abroad; promotes pedestrian accessibility and reduces the need to travel in motor vehicles; preserves available capacity; promotes passenger and pedestrian safety; reduces personal and property damages and costs associated with traffic accidents; promotes trade and a well-balanced economic development at every social and regional level; and preserves our heritage for the enjoyment of future generations.

To achieve the goal of this public policy, mass transportation must become a real mobility option for Puerto Rican families by being available and accessible to all, making our cities more attractive and improving its quality of life, while reducing environmental pollution and mitigating traffic congestion.

The lack of service availability and quality, the loss of users, and the inefficient operations of some of our mass transportation services jeopardizes our capacity to achieve economic development, environmental quality, and social justice. Except for the Urban Train, the use of all other mass transportation service

systems has declined. Data from 1964 shows that 37% of daily trips in the Metropolitan Area of San Juan were made other than by private vehicles. Currently, said percentage of trips by private car is nearly 9% of total trips. Public Carrier services, the only mass transportation service available in various municipalities of the Island, showed a marked daily user reduction of 35% within a 12 year-period (1997-2008). Likewise, users of the bus routes of the Metropolitan Bus Authority (AMA, Spanish acronym) have decreased by 69% in the 2004-2010 period. The use of these services has also been affected by a reduction in the number of routes and bus services.

To address this situation, state and municipal transportation agencies must direct their policies, as well as their financial and human resources, to improve the existing capacity of the highway system and promote the operational efficiency of their mass transportation systems by developing reliable, sustainable, and effective services that meet the mobility needs of the people in urban areas. In addition, mass transportation is an essential tool for the economic and social development of Puerto Rico. For such reason, it must have a permanent source of financing that allows for its development. The following criteria have been used in other metropolitan areas to attain such goals.

- Creating a single government entity that implements in an integrated manner the policy on planning, implementing, and operating mass transportation services to promote well-informed decisions that are consistent with the mission of standardizing and furthering the development of mass transportation in Puerto Rico, including:

- The integration of routes, schedules, and rates between services
- The formalization and quality control of services offered to users
- The promotion and development of mass transportation services

- Creating a robust and permanent financing structure.
- Increasing the availability and quality of mass transportation services so that these may become a feasible option vis-à-vis private cars.
- Developing and implementing policies for the street and highways system that promote pedestrian and bicyclists mobility in conjunction with mass transportation, turning the transportation network into “complete streets for all users.”
- Establishing a regulatory framework for city design, with the creation of special districts where urban development projects require mixed land use, greater population density, and that are consistent with the use of mass transportation, using techniques to control demand for motor vehicles.
- Educating the people to achieve a social change with respect to the attitude and prejudices of citizens in order to create a culture of mass transportation in urban areas.

The creation of this mass transportation agency will serve as a spearhead for the integration of existing and future mass transportation services in Puerto Rico as a means to provide mobility and accessibility to residential areas, work, business, and other activities at the downtown area of main cities with higher population. This single integrated transportation agency must be founded on four pillars: Planning, Financing, Operation and Innovation, and Development. It will be the leading agency in finding solutions to improve the quality of life in urban areas; render our cities more attractive and productive for their economic development; reduce environmental pollution, traffic, and accidents; lower transportation costs for Puerto Rican families; and provide access to jobs and other development opportunities, and entertainment not only to individuals with mobility disabilities, but also to all individuals. The creation of this entity shall reduce redundancy and

complexity in the decision-making processes related to planning, implementing, and operating mass transportation systems, through lateral structural arrangements that integrate all modes of mass transportation. Furthermore, this new entity shall consider all state, municipal, and private services to create a system that truly operates in an integrated manner with an aligned strategy, maximizing technical, financial, and human resources.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Short Title.-

This Act shall be known as the “Puerto Rico Integrated Transportation Authority.”

Section 2.- Definitions.-

The following words and terms, whenever used or referred to in this Act, shall have the meaning stated below, unless the context clearly indicates otherwise:

(a) Authority.- means the Puerto Rico Integrated Transportation Authority created under this Act.

(b) Highways and Transportation Authority or Highways Authority.- means the Highways and Transportation Authority created under Act No. 74 of June 23, 1965, as amended.

(c) Metropolitan Bus Authority.- means the Metropolitan Bus Authority created under Act No. 5 of May 11, 1959, as amended.

(d) Maritime Transport Authority.- means the Maritime Transport Authority of Puerto Rico and the Islands Municipality created under Act No. 1-2000, as amended.

(e) Federal Agencies.- means any department of the Executive Branch of the Government of the United States of America, or any corporation, agency, or instrumentality created, or to be created, designated, or established by the United States of America.

(f) Bonds.- means any bond, provisional bond, refinancing bond, obligation, note, temporary bond, interim receipt or certificate, or other evidence of indebtedness of the Authority issued in accordance with the provisions of this Act.

(g) Special Development District.- means a Special Planning District defined by the Planning Board and the Municipalities with jurisdiction over the area in question for areas surrounding Mass Transportation, Maritime, and/or Rail Transport stations or terminals, including lands and structures inside or outside of the right-of-way acquired for such facilities, as well as the air space above the same, with respect to which special requirements shall be established to allow and promote high density developments and land use that are consistent with, promote, integrate, and maximize the efficient use of such facilities, the protection and safety of property and users, and that also promotes orderly and extensive use of lands aimed at improving the urban area. It includes, but shall not be limited to, streets, roads, sidewalks, pedestrian walkways, public utilities, recreational areas, parking facilities, street furniture, landscapes, buildings, structures, and facilities, as well as any other necessary or convenient element related to said term.

(h) Mass Transportation Facilities.- means any tangible or intangible, real or personal property owned, exploited, administered, operated, controlled, or used by the Authority that is necessary or convenient to provide Mass Transportation services in Puerto Rico; and any tangible or intangible, real or personal property owned, exploited, administered, operated, controlled, or used by the Highways and Transportation Authority that is necessary or convenient to provide Mass Transportation services in Puerto Rico, that is exclusively related to any of its Mass Transportation activities and transferred to the Authority as authorized under the provisions of Section 17 of this Act. Subject to the foregoing, the term Mass Transportation Facilities includes, but is not limited to: (1) all kinds of vehicles; (2) any system or systems, stations, terminals, transfer facility, multimodal centers,

buildings with office and retail spaces for its own use or for lease to other entities or persons, offices, equipment, supplies, fuel, energy, services, facilities, structures, garages, or parking spaces, whether or not these are used for parking its own vehicles, as well as any plant, vehicle and movable inventory with all their parts and appurtenances that are used or may be used, and that are useful or convenient for carrying out or providing any Mass Transportation service or activity or those commonly provided by public carriers of persons or property, or activities or auxiliary or complementary services; (3) permits, approvals, offices, equipment, supplies, fuel, energy, communications systems, movable inventory, and other property, systems, and facilities that are useful or convenient for the development, construction, control, operation or maintenance in relation to passenger transportation; and (4) any tangible or intangible property that is located on or adjacent to the property described in paragraph (2) above, that the Authority or the Highways Authority designates for any public or private commercial, tourist, mixed or industrial use directed to promote the Mass Transportation services offered by the Authority or the Highways Authority.

(i) Maritime Transport Facilities.- mean any tangible or intangible real, personal or mixed property, owned, exploited, administered, operated, controlled or used on ground or water by the Authority that is necessary or convenient to transport persons and/or freight by sea, and all rights and interests thereon, and the development, construction, maintenance, control or operation related to maritime transport, including, but not limited to: (1) vessels and vehicles; (2) parking lots and facilities, canals, stations, passenger shelters, terminals, or intermodal or multimodal centers, docks, piers, galleries, berths, and other ground or water facilities that are necessary or advisable for the movement, anchoring, loading, and unloading of persons and/or freight by sea; (3) permits, approvals, offices, equipment, supplies, fuel, power, communications systems, movable inventory and

other property, systems, and facilities that are useful or convenient for the development, construction, control, operation or maintenance in relation to the transportation of persons and/or freight by sea; (4) any real or personal property that is located on or adjacent to the property described in paragraph (2) above, that the Authority designates for any public or private commercial, tourist, mixed or industrial use directed to promote the services offered by the Authority.

(j) Rail Transport Facilities.- means any tangible or intangible, real or personal property owned, exploited, operated, administered, controlled, or used by the Authority that is necessary or convenient to provide Rail Transport services; and any tangible or intangible, real or personal property owned, exploited, operated, administered, controlled or used by the Highways and Transportation Authority that is necessary or convenient to provide Rail Transport services, and that is transferred to the Authority as authorized under the provisions of Section 17 of this Act. Subject to the foregoing, the term Rail Transport Facilities includes, but is not limited to: (1) trains, buses and any other vehicle used in connection with Rail Transport services; (2) any system or systems, station, terminals, and buildings with office and retail spaces for its own use or to be leased to other entities or persons, office, equipment, supplies, fuel, energy, services, facilities, structures, garages, or parking spaces, whether or not these are used for parking its own vehicles, as well as any plants, vehicles, and movable inventory with all their parts and appurtenances that are used or may be used, or that are useful or convenient for carrying out or providing any Rail Transport service or activity; (3) parking lots or buildings and other facilities necessary or advisable in connection with parking, loading, or unloading of all kinds of vehicles; (4) any property, rights, and easements, and interest thereon, that are necessary or advisable for the construction, maintenance, control, operation, or development of such Rail Transport Facilities; (5) communications services and signage, stops, bus

shelters, terminals, stations, transfer centers, or intermodal or multimodal centers, vehicles, energy transmission systems for the operation of passenger vehicles and other public systems and facilities related to the operation and maintenance of equipment and vehicles used for passenger transportation; and (6) any real or personal property located on, or adjacent to the property described in paragraph (2) above, that the Authority or the Highways Authority designates for any public or private commercial, tourist, mixed or industrial use directed to promote the services offered by the Authority or the Highways Authority.

(k) Board.- means the Board of Directors of the Authority.

(l) Public Vehicles Regulatory Office.- means the Office charged with enforcing the Regulations on Low-Capacity Public Vehicle Regulation and Planning, and overseeing all that pertains to the operational phase of public carriers.

(m) Metropolitan Planning Organization or MPO.- means the organization that shall participate in the planning process of mass transportation, and rail and maritime transport in accordance with this Act. Its composition shall be established in accordance with the Federal-Aid Highway Act of 1962, as amended.

(n) Person.- means any public or private natural or juridical person or any agency, department, instrumentality, political subdivision, or municipality of the Commonwealth of Puerto Rico, or the Government or any State of the United States.

(o) Mass Transportation Plan.- means the document that sets forth the public policy on transportation to be drafted by the Secretary of the Department of Transportation and Public Works and the Puerto Rico Advisory Board on Transportation, created under Act No. 16 of October 8, 1980, and approved by the Governor of the Commonwealth of Puerto Rico, which outlines the objectives and goals of public and private activities in the transportation sector. Before

promulgation, modification or amendment, the plan shall be submitted to public hearings following the procedure established for regulations under Act No. 170 of August 12, 1988, as amended. This document shall also include the general quality guidelines for the services to be offered by the different components and operators of the transportation system, including rail transport and mass transportation systems. This document must define the technology and modes of transportation to be established or promoted in specific areas and corridors, the guidelines for interrelation and coordination of the different modes of transportation and their operators, and the guidelines or plans for the development and future growth of the system, as well as other similar guidelines and plans needed to attain set goals.

(p) Secretary.- means the Secretary of the Department of Transportation and Public Works of Puerto Rico.

(q) Mass Transportation.- means mass ground transportation services provided by the Authority or those offered or to be offered by the Highways and Transportation Authority and transferred to the Authority, as authorized under the provisions of Section 17 of this Act, and those included in the future as part of the services provided by the Authority within the jurisdiction of the Commonwealth of Puerto Rico.

(r) Maritime Transport.- means the mass transportation services by modes of water transport rendered by the Authority, and those included in the future as part of the services rendered by the Authority within the jurisdiction of the Government of Puerto Rico.

(s) Rail Transport.- means the transportation services by train provided by the Authority or those offered or to be offered by the Highways and Transportation Authority and transferred to the Authority, as authorized under the provisions of Section 17 of this Act, and those included in the future as part of the

services provided by the Authority within the jurisdiction of the Commonwealth of Puerto Rico.

(t) **Zone of Influence.-** means the geographical area within a 500-meter radius from the property limits of the entrances to train stations, bus terminals, or intermodal or multimodal stations, including lands and structures inside or outside of the right-of-way acquired for such facilities, as well as the air space above the same, within which the Authority shall exercise the powers granted thereto under this Act, to promote the protection and safety of property and users and the orderly and extensive use of lands to improve the urban area. It includes, but shall not be limited to, streets, roads, pedestrian walkways, public utilities, recreational areas, street furniture, landscapes, buildings, structures, and facilities, as well as any other element necessary or convenient related to said term. Any property located, in whole or in part, within the aforementioned radius shall be deemed to be located within the Zone of Influence.

Section 3.- Creation.-

In order to carry on with the government's work of providing the people with the best modes of transportation; uniformly implementing the public policy on Mass Transportation, Rail Transport, and Maritime Transport; facilitating the mobility of persons and students; reducing to the maximum extent feasible any risks and inconveniences posed by traffic congestion in the highways of the Commonwealth of Puerto Rico; meeting the growing demand for more and better transportation facilities that Puerto Rico's economic growth requires; contributing with the development and implementation of the Transportation Plan defined in this Act; and promoting the development of areas surrounding train stations, bus terminals, and intermodal or multimodal stations, a body corporate and politic is hereby created as a public corporation and government instrumentality of the Commonwealth of Puerto Rico attached to the Department of Transportation and

Public Works, with legal standing and juridical personality separate and independent from those of the Commonwealth of Puerto Rico, to be known as the Puerto Rico Integrated Transportation Authority (hereinafter the “Authority”).

It shall be understood that any debt, obligation, contract, bond, note, promissory note, receipt, expense, account, funds, venture, or property of the Authority, its officials, agents, or employees belongs to the Authority rather than to the Commonwealth of Puerto Rico or any office, bureau, department, commission, entity, municipality, branch, agency, official, or employee thereof.

Section 4.- Exercise of the Authorities, Powers, and Duties of the Authority; Board of Directors.-

(a) The powers and duties of the Authority shall be exercised and its general policy shall be established by a Board that shall be composed of nine (9) members, to wit, two members (2) shall be professionals with vast knowledge and recognized experience in the mass transportation field, from the private sector, the academia, or retired public officials whom shall be selected and appointed by the Governor with the advice and consent of the Senate, from a list of candidates recommended by incorporated *bona fide* professional societies or associations related to the engineering or transportation planning fields such as the College of Engineers and Surveyors of Puerto Rico, the Institute of Transportation Engineers or the Puerto Rican Planning Society. Two (2) members shall represent the entities belonging to the Metropolitan Planning Organization or MPO in Puerto Rico, who shall be elected by the voting members of the MPO Board. The remaining five (5) members of the Board shall be the Secretary, the Executive Director of the Highways and Transportation Authority, the Chair of the Puerto Rico Planning Board, the Director of the Office of Management and Budget, and the President of the Government Development Bank for Puerto Rico or the public officials of said agencies designated by said officers, who shall be ex-officio members of the

Board. Public officials designated to represent ex-officio members shall have, during the designation period, all powers, duties, and responsibilities of the members of the Board.

The payment of per diems or any other compensation or benefit to the members of the Board is hereby strictly prohibited.

The nine (9) Board members shall be appointed or elected for four (4) years or until their successors take office. Any vacancy in the office of the two (2) MPO's representatives shall be filled by the vote of the voting members of the MPO Board within ninety (90) days after the date on which the vacancy occurred, for the unexpired term of the original appointment. Likewise, any vacancy in the office of the members appointed by the Governor shall be filled by appointment by the Governor, in accordance with the specifications applicable to the vacant position, for the unexpired term of the original appointment.

No person may be a member of the Board if he/she: (i) is an employee, retiree, or has any direct or indirect substantial economic interest in any private company with which the Authority has entered into contract or with which it engages in transactions of any kind; (ii) within two (2) years before holding office, has had a business relationship with or any interest in any private company with which the Authority has entered into contract or with which it engages in transactions of any kind; (iii) has been a member of a local or central directing body of a political party registered in the Commonwealth of Puerto Rico, during the year immediately preceding his/her appointment; (iv) is an employee, member, advisor, or contractor of the Department of Transportation and Public Works labor unions or any entity attached thereto; or (v) has failed to provide a certification attesting to having filed income tax returns during the five (5) preceding taxable years, issued by the Department of the Treasury, a certification attesting to having no outstanding debts with the Authority, the Criminal Record issued by the Puerto

Rico Police Department, as well as negative certifications of the Child Support Administration (ASUME, Spanish acronym), and the Municipal Revenues Collections Center (CRIM, Spanish acronym).

In the case of public employees, the time served in the Board's meetings shall be deemed to be time worked in the agency, public corporation or instrumentality of which he/she is an employee.

(b) The Chair of the Board shall be the Secretary of Transportation and Public Works. Within thirty (30) days after its appointment, the Board shall meet, organize, and select its Vice-chair. Five (5) members of the Board (or a majority of Board members, if there are any vacancies) shall constitute a quorum to conduct its business. The majority vote of the Board members present at the meeting with quorum shall be sufficient to approve the decisions of the Board.

(c) Within thirty (30) days after its appointment, the Board shall meet, organize, and fix the compensation of an Executive Director, and shall also appoint a Secretary, neither of whom shall be a member of the Board. The works of the Board may be carried out in one or more working committees, whose composition and duties shall be determined by the Chair of the Board. The Board may delegate to the Executive Director or other officials, agents, or employees of the Authority such powers and duties as it may deem appropriate. The Executive Director shall be the executive officer of the Authority and shall be responsible for the enforcement of its policy and for the general supervision of the operational, administrative, fiscal, and planning phases of the Authority. Likewise, it shall be responsible for the general supervision of the officials, employees, and agents of the Authority. The Secretary of the Board shall keep a record of the minutes of all the Board meetings, to be kept solely for such purposes. The Board shall be empowered to contract, through the Executive Director, any independent advisors needed from time to time to carry out his/her duties under this Act in the best

manner possible. The Authority shall have a General Auditor with independent judgment, who shall be an employee of the Authority, but shall report his/her findings directly to the Board.

Section 5.- Powers of the Authority.-

(a) The Authority shall be empowered to develop and improve, own, contract, acquire, operate and manage any type of Mass Transportation, Rail Transport, and Maritime Transport Facility, as well as any Mass Transportation, Rail Transport, and Maritime Transport service between any points within the jurisdiction of the Commonwealth of Puerto Rico. The Authority may exercise any necessary or inherent powers to carry out its corporate purposes, including, but not limited to:

(1) Have perpetual succession as a corporation.

(2) Adopt, alter, and use a corporate seal of which judicial notice shall be taken.

(3) Adopt, amend, and repeal statutes to regulate its affairs and prescribe rules to address matters or conduct business.

(4) Hold the title or otherwise own Mass Transportation, Rail Transport, and Maritime Transport Facilities and any other property that is used or useful in connection therewith, and administer and operate said facilities by itself or under contract entered into with any party, or led or represented by its own officials, agents, and employees, or through them.

(5) Have full control over and supervise any Mass Transportation, Rail Transport, and Maritime Transport Facility owned, administered, or operated under the provisions of this Act, including, but not limited to, determine the site, location, establishment and control of entry and exit points of such facilities and the construction, maintenance, repair and operation thereof.

(6) Devise or cause plans, designs, and cost estimates to be devised for the construction, extension, improvement, expansion, or repair of any Mass Transportation, Rail Transport, and Maritime Transport Facility or any structure or building whether for residential, commercial, tourist, mixed, or industrial use or any other public or private use allowed in the place where the structure is located and modify such plans, designs, and estimates.

(7) Sue and be sued before any courts and administrative body.

(8) Enter into contracts and execute any and all documents as necessary, incidental or convenient in the exercise of any of its powers.

(9) Acquire any real or personal property or interest thereon by any lawful means including, but not limited to, acquisition by purchase, whether by agreement or eminent domain, or by lease, bequest, devise, gift, exchange, assignment or dation, and own, conserve, use and exploit such property or interest thereon to carry out the purposes of this Act; and to such ends, without it being construed as a limitation, acquire property by any means within a Zone of Influence or Special Development Districts as appropriate, when such acquisition has the purpose of preventing the inflation resulting from speculative practices in the purchase of real estate or to lay the groundwork for any kind of project that promotes the development of Zones of Influence or Special Development Districts, by itself, or in conjunction with, or represented by agencies, public corporations, instrumentalities or political subdivisions of Commonwealth of Puerto Rico, or with private entities.

(10) Appoint, through its Board of Directors, one Executive Director and one Secretary to the Board, none of which shall be a Board member, and other officials, and bestow on them those powers and duties, and pay them for their services the compensation determined by the Board.

(11) To borrow money for any of its corporate purposes, and issue bonds of the Authority as evidence of such obligations and guarantee the payment of such bonds and interest thereon by pledging or encumbering its properties, revenues or income and, subject to the provisions of Section 8 of Article VI of the Constitution of Puerto Rico, pledge for the payment of such bonds and interest thereon, tax revenues or other funds that the Commonwealth of Puerto Rico may make available to the Authority.

(12) Issue bonds to consolidate, refinance, purchase, pay, or retain any of outstanding bonds or obligations thereof; provided, however, that neither the Commonwealth of Puerto Rico or any of the political subdivisions thereof shall be responsible for the payment of the principal of or interest on any such bonds issued by the Authority; such principal and interest shall be payable solely from the funds of the Authority that have been pledged or encumbered for such purposes in accordance with subsection (11) of this Section.

(13) Accept donations or loans and enter into contracts, lease, or carry out other transactions with any agency, public corporation, or department of the United States of America or of any State, the Commonwealth of Puerto Rico, or any political subdivision thereof, and invest the proceeds of such donations or loans in any of its corporate purposes.

(14) Sell, exchange, and grant options to sell on installments, and guarantee the purchase price by mortgaging the property thus sold; provided that such mortgage shall bear interest and constitute a preferential lien (which may be subrogated if the Authority deems it necessary and convenient) within a Zone of Influence and without being subject to the provisions of Act No. 12 of December 10, 1975, as amended, and Act No. 47 of June 18, 1975, as amended; and in any other case, sell or otherwise dispose of any real or personal property of the Authority or any interest thereon that, in the judgment of the Authority is no longer

necessary to carry out its purposes or whose disposition is consistent with the purposes of this Act; and to lease the property acquired by the Authority or the Highways and Transportation Authority within a Zone of Influence under such terms and conditions that are convenient for the purposes of this Act and without being subject to the provisions of Act No. 12 of December 10, 1975, as amended, and Act No. 47 of June 18, 1965, as amended; and in any other case, lease property under such terms and conditions that are convenient for the purposes of this Act.

(15) Enter, upon previous authorization of the person or the representative of the person who holds the title, owns, or possesses any lands, bodies of water, or property, to conduct surveys, soundings, and studies to effectively carry out its duties under this Act. If the person or the representative of the person who holds the title, owns, possesses the same refuses to consent to entering such lands, bodies of water, or property for the aforementioned purpose, the Authority may resort to the Court of First Instance to request it, by means of a sworn petition, to issue an order to authorize any official or employee of the Authority to enter such lands, bodies of water, or property and, upon filing such petition with the Court of First Instance, simultaneously notify by mail or any other means of written communication the person who holds the title, owns, possesses the same, or his/her representative. After holding a hearing within a term that shall not exceed ten (10) days after the filing of the sworn petition, the Court of First Instance may issue the requested order. If after making reasonable attempts, the person who holds the title, owns, or possesses or his/her representatives could not be identified, the Authority, through its officials or employees may enter such property only for the purpose of conducting the studies provided for in this Act. In such case, the Authority shall keep in its records the documents attesting to the attempts made to identify the person who holds the title, owns, or possesses or his/her representatives.

(16) Adopt, prescribe, amend, and repeal those rules and regulations that are necessary or appropriate to exercise its powers and carry out its duties in accordance with this Act.

(17) Build, restore, repair, preserve, replace, extend, improve, renovate, supply, equip, maintain, plan, and operate any Mass Transportation, Rail Transport, and Maritime Transport Facility and any adjacent structure and equipment by contract or contracts or led or represented by its own officials, agents, and employees, or through them; provided that, it shall also have such power within any Zone of Influence or Special Development District, in relation to any structure or building whether for residential, commercial, tourist, mixed or industrial use or any other public or private use allowed within the Zone of Influence or Special Development District.

(18) Obtain insurance against losses and claims in the amounts considered desirable and in accordance with the rules established by Law or Regulations.

(19) Have full domain and intervention over all its properties and activities including the power to determine the use and investment of its own funds (subject to the public fund investment policy established by the Government Development Bank for Puerto Rico and all other provisions of this Act). For those fiscal years in which the Authority receives legislative appropriations from the General Fund, the Authority shall be subject to the budget oversight, control, and execution measures authorized under Act No. 147 of June 18, 1980, as amended, known as the “Organic Act of the Office of Management and Budget” or issued thereunder by the Office of Management and Budget, including transfers, freezes, reserves, preapproval of personnel transactions and hiring, among others.

(20) Determine, fix, impose and collect rents, rights, fees and other charges (collectively, “Charges”) for the use of any of its Mass Transportation, Rail Transport, and Maritime Transport Facilities and its services.

(21) Collaborate with the Secretary of the Department of Transportation and Public Works and the Puerto Rico Advisory Board on Transportation, created by Act No. 16 of October 8, 1980, to develop a Mass Transportation Plan for Puerto Rico and establish and implement the necessary mechanisms to effectively plan, evaluate, and develop a coordinated system of Mass Transportation, Rail Transport, and Maritime Transport Facilities.

(22) Sell, lease, transfer, or otherwise dispose of property that is no longer useful to attain the goals of this Act, upon compliance with the regulations adopted for such purposes.

(23) Establish, in disposing of any real property held at present or acquired in the future, all those conditions and limitations regarding the use and enjoyment thereof that are appropriate and convenient to ensure compliance with the purposes of this Act, and to prevent that the new use given to such property is not detrimental to or adversely affects the public interests this Act seeks to protect. Whenever the Authority sells or otherwise disposes of a property within a Zone of Influence or Special Development District to be developed by the acquirer, this shall be done, in the case of a Zone of Influence or Special Development District, in accordance with the procedures established by the Authority, and the Planning Board shall impose, except for just cause stated in writing, those restrictions it deems necessary to achieve the purposes of this Act. In all cases, the Authority shall include a clause stating the extent of its shares in and the gains from the rents, securities, volume of sales, or any kind of income that the acquirer shall obtain with respect to the land, development, and any other aspect or activity of the project.

(24) Form mass transportation regional consortiums in order to enable financial, technical, operational, and administrative cooperation among municipalities, autonomous regions, agencies, public and private corporations, independent private operators, and private operators cooperatives or associations within the consortium, in order to coordinately carry out the duties of each one of them with regard to the creation, planning, and operation of mass transportation services within the territorial limits of the municipalities belonging to the consortium.

(25) File illustrative maps of the Zones of Influence and propose specific projects within the same; recommend plans to establish and define Special Development Districts, plan specific projects for such Districts, and to such ends, suggest amendments to and supplements for the plans, maps, blueprints, rules, and regulations related to the planning, design, design control, development, and development control of such Districts. Provided, that:

(i) The Planning Board or the municipalities with jurisdiction over the area in question, in coordination with the Authority, shall establish Special Development Districts in the areas surrounding Mass Transportation, Rail Transport, and/or Maritime Transport stations or terminals. Said Districts shall comprise a geographical area not smaller than the Zone of Influence surrounding each station and may include one or more lots or appurtenances, or only part thereof, whether public or private property; provided, that before establishing a Special Development District a public hearing shall be held in accordance with Section 27 of Act No. 75 of June 24, 1975, as amended, or the rulemaking provisions of Act No. 170 of August 12, 1988, as amended. The Authority may take the initiative of requesting the designation of one or more Special Development Districts, in which case, the Planning Board or the municipality in question shall initiate the public hearing process within a term that

shall not exceed thirty (30) days, counted after the appropriate request is completed and filed by the Authority. The designation of such Districts shall be resolved in accordance with the provisions of Act No. 170 of August 12, 1988, as amended. The same procedure shall be followed for the elimination, extension, reduction, or modification of the area of such Districts. Once a Special Development District is designated, its plan shall govern over any other previously approved plan; provided, that in the event that any person or entity has acquired, pursuant to the law, development rights that are inconsistent with the new plans, the Authority may, if deemed convenient for its purposes, acquire the same by any available lawful means, except by eminent domain.

(ii) The Planning Board or the municipality in question, prior to the approval of any public or private construction project to be carried out within a Zone of Influence or Special Development District, shall request the Authority's endorsement for such project. The Authority shall act on such request on or before thirty (30) days, to be counted as of the date of notice.

(26) Appoint or hire officials, agents, and employees and establish their powers and duties as determined by the Authority and delegate the duties and powers conferred by this Act to those persons designated by the Authority, fix and pay the appropriate compensation. The directors, officials, and employees of the Authority shall be subject to the provisions of Act No. 1-2012, better known as the "Government Ethics Act of 2011," as amended.

(27) The Authority shall recommend for the Secretary's approval any franchises, routes, rates, and regulations for the operation of public vehicles devoted to mass transportation services, including recommendations about: (i) types of vehicles devoted to public service whose operations are not in conflict with the service provided by the Authority, and (ii) the sectors and routes where the operation of such vehicles operations is not in conflict with the service

provided by the Authority, as well as to establish the applicable rates for such services. Provided, that franchises shall be granted for those routes and areas lacking adequate mass transportation services, insofar as such services are not in conflict with the routes served by the Authority. None of the provisions of this Section shall be construed as to impair or limit the provisions of any authorization or franchise granted by the Department of Transportation and Public Works that are in effect as of the effective date of this Act. The Secretary shall be empowered to suspend, amend, or repeal such authorizations and exercise all the rights and powers reserved to the Department of Transportation and Public Works under such authorizations or any law.

(28) Acquire, own, and dispose of any shares, preferred stocks, contracts, bonds, or other interest in other corporations and exercise any and all powers or rights in relation thereto, and obtain the organization under the applicable laws and exercise partial or full control over such subsidiary, affiliate, or associate corporations, insofar as, in the judgment of the Board, such arrangement is necessary, appropriate, and convenient to achieve the goals of the Authority or the exercise of its powers; and sell, lease, donate, or otherwise convey any property of the Authority, or delegate or transfer any of its rights, powers, functions, or duties to any of said corporations subject to its control. The aforementioned power to delegate or transfer shall not include the power of eminent domain or ratemaking, which shall be exercised directly by the Authority.

(29) Establish the requirements for private or public operators and drivers of mass transportation vehicles in accordance with the Federal Public Transportation Law, as amended, 49 U.S.C. 5301, *et seq.*, or any other applicable Law or Regulations.

(30) Enter into contract with any government entity, municipality, autonomous region, municipal consortium, public entity, department, agency or public corporation, natural person, or private entity lawfully organized or authorized to do business in the Commonwealth of Puerto Rico for the rendering by the Authority (directly or through subcontractors) of Mass Transportation, Rail Transport, and/or Maritime Transport services.

(31) Take, carry out, and exercise any actions or steps as are necessary or convenient to exercise the powers inherent to the functions, prerogatives, and responsibilities bestowed on the Authority under this Act and any other Act of the Legislative Assembly of Puerto Rico to promote its purposes and the general wellbeing of the Authority.

(b) Without prejudice to the powers described above, the Authority shall also have the same powers, duties, and authorities bestowed on (i) the Metropolitan Bus Authority, pursuant to the provisions of Act No. 5 of May 11, 1959, as amended; (ii) the Maritime Transport Authority pursuant to the provisions of Act No. 1-2000, as amended; and (iii) the Highways and Transportation Authority in connection with Mass Transportation and Rail Transport Facilities, pursuant to the provisions of Act No. 74 of June 23, 1965, as amended.

(c) The Authority is hereby empowered to solicit and obtain assistance or contributions in the form of money, goods, or services from the United States Government, federal agencies, the States, the Government of the Commonwealth of Puerto Rico, or any agency, public corporation, or political subdivision thereof, the municipalities, nonprofit organizations, or consortiums thereof, for the promotion of its services and the general wellbeing of the Authority, and to carry out the powers bestowed on the Authority under this or any other Act.

Subject to obtaining any designation, appointment, authorization, permit, or approval necessary or required by the applicable laws and regulations, the Executive Director and the Authority shall be the official and the agency designated to administer any federal program related to the duties entrusted to the Authority under this Act. In such capacity, the Executive Director shall enter into and execute agreements or compacts as are necessary for the Authority to receive any and all federal funds and benefits to carry out such programs, as well as to enter into and execute agreements or compacts as are necessary with the appropriate government bodies of the States and the Federal Government duly authorized therefor, with regard to information sharing, studies, and research conducted in connection with the programs being carried out, provided that such agreements or compacts are within the scope of its duties and the laws of the Commonwealth of Puerto Rico.

Section 6.- Funds and Accounts.-

The moneys of the Authority shall be deposited in a recognized depository institution for funds of the Commonwealth of Puerto Rico, but shall be kept in a separate account or accounts in the name of the Authority. Fund disbursements shall be made in accordance with the regulations and budgets approved by the Authority.

The Authority, in consultation with the Secretary of the Treasury, shall establish the accounting system required for the proper control and statistical records of income and expenditures pertaining to, or administered or controlled by the Authority. The Authority's accounts shall be kept in such form as they may be separated to the extent deemed advisable according to the Authority's different types of operations, projects, undertakings, and activities.

Budget appropriations from the General Fund, the Special Integrated Mass Transportation Development Fund created under this Act, the Puerto Rico Special Mass Transportation Restructuring Fund created under this Act, any other special funds under the custody of the Authority created from time to time or any other funds that the Authority may receive from legislative appropriations or provision of law, shall be accounted for in the central accounting system of the Department of the Treasury (PRIFAS) and deposited in the Government Development Bank. Notwithstanding the foregoing, the Office of Management and Budget, the Department of the Treasury, and the Government Development Bank may grant dispensations for the accounting and deposit requirements established in this paragraph with the consent of all three entities.

Section 7.- Acquisition of Property by the Commonwealth for the Authority.-

A. The Authority may exercise the power of eminent domain by directly initiating the process by itself or by petition, in accordance with the procedure described in Section B of this Section, when deemed convenient by the Board. Any procedure for eminent domain initiated by the Authority shall be carried out in accordance with this Act, and the procedures for eminent domain established in the laws of the Commonwealth of Puerto Rico.

B. By petition of the Authority, the Governor of the Commonwealth of Puerto Rico or the Secretary may acquire by means of purchase, eminent domain, or other lawful means on behalf and in representation of the Commonwealth of Puerto Rico and for use and benefit of the Authority, in the manner provided in this Act and the laws of the Commonwealth of Puerto Rico regarding eminent domain, the title of any property or interest thereon, that the Authority deems necessary or convenient to carry out its purposes, including its future needs. The Authority may make available in advance to such officials those funds that may be needed to pay

for such property, and once acquired, reimburse to the Commonwealth of Puerto Rico any amount paid that has not been previously delivered. Once the Commonwealth of Puerto Rico receives such reimbursement (or within a reasonable time if the total cost or value of the property has been paid in advance by the Authority) the title of the property thus acquired shall be transferred to the Authority. If the property is acquired by eminent domain, the title thereof shall be transferred to the Authority by order of the court in question with proof that the Authority has paid in advance or reimbursed the total cost of such property. The Secretary shall make arrangements as are necessary so that the Authority may exploit and control such property for the benefit of the Commonwealth of Puerto Rico until the title has been transferred to the Authority. The power granted herein shall, in no way, limit or restrict the power of the Authority to acquire property. The title of any property acquired or held by the Commonwealth of Puerto Rico, including its public corporations, before the effective date of this Act or that may be acquired or held in the future and that is deemed necessary or convenient to achieve the purposes of the Authority, may be transferred to the latter by the official in charge of the government or quasi-governmental entity that holds the title of such property or has such property under its custody, under the terms and conditions established by the Governor or official or agency to whom he/she delegates.

Section 8.- Construction, Operations, Maintenance and Procurement Contracts.-

A. Any work or service contract entered into, except for professional or personal services, and any purchase made by the Authority including contracts for the construction, operation, and maintenance of Mass Transportation, Rail Transport, and Maritime Transport Facilities shall be made through calls for bids or requests for proposals, which shall be notified with sufficient time before the

date scheduled for opening the bids or the receipt of proposals, so that the Authority may provide appropriate notice and opportunities to engage in the bidding process. The Authority shall adopt the regulations that shall govern bidding process and requests for proposals.

B. The Authority shall be exempt from meeting the public bidding requirement to award construction, procurement and other contracts (including, but not limited to, contracts awarded for the development of properties within a Zone of Influence or Special Development District) when deemed necessary and convenient to achieve the purposes of this Act and is thus authorized by the Board in each particular case, by resolution to such effects. Such resolution shall state the circumstances that exempt the Authority from meeting the bid requirement. Moreover, the holding of calls for bids or requests for proposals shall not be necessary in the following cases:

(1) In the case of an emergency, which requires the immediate delivery of materials, supplies, and equipment, or services;

(2) When replacement parts, accessories, equipment or supplementary services are needed for supplies or services previously delivered or contracted or when are not available in Puerto Rico's market;

(3) When the prices are not subject to competition, because there is only one supplier source or because they are regulated by law;

(4) When holding call for bids or requests for services may be burdensome, unreasonable or impractical;

(5) When a call for bids or request for proposals has been issued and there has been no participation or response, or the offers or proposals presented have failed to substantially meet the evaluation requirements set forth in the call for bids or request for proposals, and in the judgment of the Authority

issuing a new call for bids or request for proposals would result in a delay that would make the selection of a bidder and the execution of a contract within the required or necessary time, less likely.

C. When comparing proposals and making awards, in addition to the price, consideration shall be given to the following factors: (1) if the bidder has meet the bid's specifications; (2) the ability of the bidder to perform works or provide services of the nature involved in the contract under consideration; (3) the quality and adaptability of materials, supplies, equipment, or services; (4) the bidder's financial capacity, expertise, experience, business reputation, and capacity to provide the required services; (5) the delivery or completion date offered; and (6) the experience and capacity shown in building, operating or maintaining Mass Transportation, Rail Transport, and Maritime Transport systems, as appropriate. The Authority may prescribe regulations for the presentation and award of bids.

D. Nothing in this Act shall be construed to impair the jurisdiction of the Public Private Partnerships Authority over the formation of Partnerships (as such term is defined in Act No. 29-2009,) as provided in Act No. 29-2009, specifically Section 6(c) of said Act.

Section 9.- Transfer of Funds and Property.-

Notwithstanding any provision of law to the contrary, all departments, instrumentalities, entities, agencies, public corporations, municipalities, and political subdivisions of the Commonwealth of Puerto Rico are hereby authorized to assign and transfer to the Authority, upon the latter's request and under reasonable terms and conditions, any property or interest thereon (including property already devoted to public use) that the Authority deems necessary or convenient to carry out its purposes. When in its judgment it is more convenient to achieve the purposes of this Act, the Authority may transfer to the agencies,

departments, instrumentalities, entities or political subdivisions, including the municipalities of the Commonwealth of Puerto Rico, the necessary funds so that said government bodies may engage in the construction, operation, and maintenance of Mass Transportation, Rail Transport, and Maritime Transport Facilities that are or may be under the jurisdiction of the Authority, as well as acquire rights-of-way needed to achieve such purposes.

Section 10.- Bonds.-

(a) By the power of the Commonwealth of Puerto Rico, the Authority is hereby authorized to issue, from time to time, and sell its own bonds and have outstanding bonds for any of its corporate purposes.

(b) Bonds shall be authorized by resolution or resolutions of the Authority or by a trust agreement, and may be in such a series, bear such date or dates, and mature at such time or times not exceeding fifty (50) years from the date of issue, shall bear interest at such rate or rates not exceeding those authorized by Law, shall be in such denomination or denominations, and be in such form, either coupon or registered, carry such registration and conversion privileges, shall be executed in such a form, be payable in such medium or mediums of payment, at such place or places, be subject to such terms of redemption, with or without premium, may be declared or become due before the maturity date thereof, may be replaced when defaced, destroyed, stolen or lost, may be authenticated in such form once the conditions are met, and may include such terms and conditions as provided in said resolution or resolutions. Bonds may be sold at public or private sale, at such price or prices as the Authority determines; provided, however, that refinancing bonds may be exchanged for outstanding bonds of the Authority in accordance with terms that the Authority deems beneficial and in the best interest thereof. Regardless of their form and character even if the bond does not bear a non-negotiable statement,

all bonds of the Authority are and shall be deemed to be negotiable instruments for all intents and purposes.

(c) Any bond of the Authority bearing signatures of officers of the Authority in office on the date of the signing thereof, shall be valid and binding notwithstanding that before the delivery or payment date of such bonds such officer or officers whose signatures or facsimile appear thereon shall have ceased to be officers of the Authority. The validity of the bond authorization and issue shall not be contingent upon or affected in any manner whatsoever by any procedure related to the construction, acquisition, expansion, or improvement of the works for which such bonds are issued, or by any contract entered into in relation to said works. Any resolution authorizing said bonds may provide that such bonds include a statement that they were issued in accordance with the provisions of this Act, and any bond including this statement, authorized under a resolution, shall be deemed to be conclusively valid and issued in accordance with the provisions of this Act.

(d) Temporary bonds or interim receipts or certificates may be issued prior to the execution and delivery of definitive bonds in the manner and as provided in the authorizing resolution or resolutions.

(e) Any resolution or resolutions authorizing bonds may contain provisions that may be part of the contract entered into with bondholders:

(1) Disposing or pledging all or part of its revenues either present or future or other funds of the Authority, even pledging such funds, in whole or in part, to secure the payment of principal of and interest on such bonds as provided in paragraph (11) of subsection (5) of this Act;

(2) Setting the charges to be imposed, as well as the application, use, and disposition of the sums collected on account of such charges of the Authority;

(3) Setting aside reserves for the amortization, regulation and disposition thereof.

(4) Limiting the rights of the Authority to restrict and regulate the use of any Mass Transportation, Maritime Transport, and Rail Transport Facility, or part thereof;

(5) Providing for the payment of the expenses of the bond issue from the proceeds of said bonds or limiting the purposes to which the proceeds from the present or current sale of bonds may be applied.

(6) Limiting the issuance of additional bonds;

(7) Settling the procedure whereby the terms of any resolution authorizing bonds, or trust agreement, or any other agreement entered into with or for the benefit of bondholders may be amended or abrogated, including the proportion of bondholders which must consent thereto, and the manner in which such consent may be given;

(8) Setting the amount and the type of insurance for Mass Transportation, Maritime Transport, and Rail Transport Facilities, and the use and disposition of the insurance funds;

(9) Whether or not pledging all or part of its revenues, and any other income or funds of the Authority to the extent of the Authority's right at that time or in the future;

(10) Establishing what may constitute default, as well as the terms and conditions under which any or all bonds shall be declared or become due before their maturity date; and the terms and conditions under which said declaration and the consequences thereof may be waived;

(11) Regarding the rights, powers, and duties to be exercised and the responsibilities to be met in the event that the Authority violates any of its agreements, conditions, or obligations;

(12) Vesting in a trustee or trustees the right to enforce any terms agreed upon to secure or pay, or in relation to said bonds; vesting in a trustee or trustees the powers and duties and limiting their responsibilities; and setting the terms and conditions under which the bondholders, or the proportion or percentage thereof, must compel compliance with an agreement entered into under this Act, or duties herein imposed;

(13) Providing for the manner in which fees and other charges may be collected on account of the use of Mass Transportation, Maritime Transport, and Rail Transport Facilities, or for the services provided by the Authority; and

(14) Regarding other actions or matters that are not inconsistent with the provisions of this Act which may be needed or convenient to guarantee the bonds, or intended to render bonds more negotiable.

(f) Neither the members of the Authority nor any person executing the bonds shall be liable personally thereon.

(g) The Authority is hereby empowered to purchase out of any funds available therefor, any outstanding bonds issued or held by the same at a price which shall not exceed the principal amount or the current redemption price then applicable, plus accrued interest.

(h) The Authority is hereby authorized from time to time to issue bonds in such principal amounts that, in the judgment of the Authority, are necessary to provide sufficient funds to pay all or a portion of the cost of any project for the construction, operation, and maintenance of Mass Transportation, Maritime Transport, and Rail Transport Facilities. Bonds issued by the Authority under this provision may be made payable out of the total or a portion of the revenues of the Authority or the Commonwealth of Puerto Rico represented by the Department of Transportation and Public Works pursuant to the clauses of a financing agreement in connection with such project. The bonds issued by the Authority under this

provision shall not encumber the borrowing margin thereof, nor shall such bonds constitute a debt of the Commonwealth of Puerto Rico or any of its political subdivisions, which shall not be liable therefor.

Section 11.- Remedies of Bondholders.-

(a) Any holder of bonds or any trustee therefor, subject to any mandatory contractual obligations of holders of bonds or trustees therefor, including, but not limited to, the restriction of the exercise of any remedy to a specified proportion or percentage of such holders, shall have the right for the equal benefit or protection of every holder of bonds similarly situated, may be entitled and empowered:

(1) By *mandamus* or any other suit, action or proceeding at law or in equity, to enforce any and all rights against the Authority and its officers, agents, and employees, to compel any of the latter to perform and carryout duties and obligations under this Act, and to honor its agreements and covenants with bondholders;

(2) By action or suit in equity, to require the Authority to account as if it were the trustee of an express trust;

(3) By action or suit in equity, enjoin any acts or things that may be unlawful or in violation of rights of bondholders; and

(4) Bring action upon the bonds.

(b) No remedy conferred by this Act to any holder of bonds or trustee therefor, is intended to be exclusive of any other remedy, but each remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by this Act or any other law. A waiver of any default or breach of duty or contract by any bondholder or his trustee shall not apply to or affect any subsequent default or breach of duty or contract, nor impair any rights or remedies in connection therewith. The delay or omission of any bondholder or his/her trustee to exercise any right or power with

regard to a breach shall not impair the right or power and is not a waiver of the default or acquiescence in it. Any substantive right and remedy conferred upon bondholders may be enforced or exercised from time to time and as often as it is deemed expedient. If any suit, action, or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the bondholder or his/her trustee, then in each of these cases, the Authority and such bondholder or trustee shall be restored to their former positions, rights, and remedies as if such suit, action, or proceeding had not been brought.

Section 12.- Bonds Shall Constitute Lawful Investments for Trustees and Guarantees for Deposits.-

The bonds issued by the Authority shall be lawful investments and may be accepted as security for any trust fund or public fund whose investment or deposit shall be under the authority or control of the Government of Puerto Rico or any officer or officers thereof.

Section 13.- Tax Exemption.-

(a) It is found, determined, and declared that the Authority has been created and shall exercise its powers to: further the general welfare and increase trade and progress, which are, in all respects, public purposes for the benefit of the People of Puerto Rico and, therefore, the Authority shall not be required to pay taxes or levies on any property, including but not limited to, real and personal property, acquired by the Authority or under its jurisdiction, control, possession, or supervision, or on its activities with respect to the operation and maintenance of any Mass Transportation, Maritime Transport, and Rail Transport Facility, or on any income derived from any of its ventures or activities.

(b) The Authority shall also be exempt from payment of any type of fees, taxes, or levies required by law, at present or in the future, in connection with court proceedings, the issue of certifications by any office and agency of the Commonwealth of Puerto Rico, and the execution of public documents and their recording in any public registry of Puerto Rico. Likewise, and notwithstanding any other law or regulation of the Commonwealth of Puerto Rico or resolution or ordinance of any municipality or subdivision of the Commonwealth of Puerto Rico providing otherwise, the Authority shall be exempt from payment of any type of fees, stamps, vouchers, tariff, contributions, charges, expenses, or other emoluments required by any agency, government entity, or quasi-governmental entity, public corporation, or subdivision of the Commonwealth of Puerto Rico or any of its municipalities.

(c) For the purpose of enabling the Authority to collect the funds needed to carryout its corporate purposes, the bonds issued by the Authority and the proceeds thereof shall be exempt from taxation now and hereafter.

Section 14.- Declaration of Public Utility.-

For purposes of Section 7 of this Act, every Mass Transportation, Maritime Transport, and Rail Transport Facility, and any property that the Authority deems necessary or convenient to use in order to fulfill the purposes of this Act are hereby declared as public utilities.

Section 15.- Injunctions.-

No injunction shall be issued, whether provisional, preliminary, or permanent, to prevent the application of this Act or any part thereof.

Section 16.- Reports.-

The Authority shall submit to the Legislative Assembly at the beginning of each regular session, an annual report of the program to be implemented during the next Fiscal Year. Said report shall be filed annually on or before January 15th with

the Office of the Secretary of the Senate and the Office of the Clerk of the House, and shall state in detail the standards of efficiency and productivity for all mass transportation systems under the supervision of the Authority for the preceding calendar year, including:

- Month-over-month and year-over-year growth or reduction rate comparison;
- Vehicles, vessels, wagons, or units (as applicable, according to the type of mass transportation) in use per route;
- Number of daily trips per route;
- Number of passengers per route with an average fluctuation between working days and non-working days;
- Established schedule per route;
- Minimum compliance with the established schedule;
- Maximum number of incomplete trips;
- Weekly average of vehicles, vessels, wagons, or units (as applicable, according to the type of mass transportation) that are out of service and the reasons therefor;
- An account of the number of employees per fleet vehicle, vessel, wagon, or unit;
- Cost of transportation per trip, unit, or passenger; and
- Covenants negotiated during the preceding year or an account of the cost of those covenants compared to the immediately preceding covenants.

In addition to the account of the aforementioned parameters and criteria of the preceding year, the Authority shall provide a projection of its goals for the next calendar year on each of the parameters. The Legislative Assembly, through the committee of each of the Houses with jurisdiction over mass transportation

matters, shall render an annual report about the performance and execution of the mass transportation systems administered or supervised by the Authority making any appropriate recommendations and providing alternatives as are necessary to ensure that the people receive an adequate and efficient mass transportation service.

The Authority shall also submit to the Legislative Assembly and the Governor of Puerto Rico, as soon as possible after the close of each fiscal year of the Commonwealth of Puerto Rico, but before the close of the calendar year:

(1) A financial statement and a full report of the transactions carried out by the Authority during the preceding fiscal year; and

(2) A full report of the status and progress of all of its transportation facilities and the activities carried out from the creation of the Authority or from the date of the last of these reports.

The Authority shall also submit to the Legislative Assembly of Puerto Rico and the Governor of Puerto Rico, upon request, official reports of its transactions and activities in accordance with this Act.

Section 17.- Transfers and Transitory Measures.-

(a) Highways and Transportation Authority.

(i) The Highways and Transportation Authority is hereby authorized to transfer to the Authority, subject to the consent and approval of third parties as may be necessary to make such transfer, all the powers, authorities, obligations, functions, rights, contracts, agreements, programs, properties, accounts, records, appropriations, allocations, funds, and other assets, among other resources, exemptions, and privileges of the Highways and Transportation Authority, exclusively related to Mass Transportation and Rail Transport Facilities,

along with their corresponding funds, assets, allocations, appropriations, rights, records, supplies, equipment, properties, and resources existing after the effective date of this Act.

(ii) Upon previous consent and approval of third parties, as may be necessary, once the transfers authorized under subsection (a)(i) of this Section 17 are made, any debt, liability, responsibility, obligation, and agreement of the Highways and Transportation Authority exclusively related to Mass Transportation and Rail Transport Facilities shall be deemed to be transferred to and imposed on the Authority. Provided, however, that if it is necessary to obtain the previous consent and approval of third parties to transfer any debt, liability, responsibility, obligation, and agreement of the Highways and Transportation Authority to the Authority, the latter shall be required to pay and satisfy on behalf of the Highways and Transportation Authority such debt, liability, responsibility, obligation, and agreement of the Highways and Transportation Authority exclusively related to Mass Transportation and Rail Transport Facilities while it obtains such consent or approval or in the event it fails to attain the same.

(b) This Act shall not invalidate any contract duly executed by the Highways Authority, if any, that is in effect as of the date of approval of this Act, and said contract shall continue to be in effect until the date of termination agreed thereupon, unless such contract includes clauses providing for the cancellation thereof before the date of the approval of this Act, or if the contract in question thus allows. None of the provisions of this Act shall be understood as to revoke, modify, alter, ratify, or invalidate any agreement or contract in effect and entered into by the officers with authority to execute the same regarding the programs and functions transferred under this Act as of the effective date thereof. Any property of the Highways Authority that is transferred to the Authority and which has been mortgaged, encumbered, or that has been pledged as guarantee in favor of any

bondholder or other creditor of the Highways Authority shall continue to be subject to said mortgage, encumbrance, or secured interest until said mortgage, encumbrance, or secured interest is cancelled or terminated in accordance with the terms and conditions thereof.

(c) After the transfers authorized under this Section 17 are made, any bondholder or other creditor of the Highways Authority exclusively related to Mass Transportation and Rail Transport Facilities, and any person who has filed a claim or has entered into a contract of any type with the Highways Authority exclusively related to Mass Transportation and Rail Transport Facilities shall be entitled to require to the Authority to settle said debts and claims, and honor such contracts in the same manner as the Highways Authority would be required to do so. The remedies available for such bondholders, creditors, and persons entitled to such claims or contracts shall not be limited or otherwise restricted by this Act.

(d) Upon previous consent or approval of third parties, as may be necessary, the Metropolitan Bus Authority and the Maritime Transport Authority are hereby merged into the Authority. The merger of the Metropolitan Bus Authority and the Maritime Transport Authority into the Authority shall be effective, respectively, thirty (30) days after the later of: (i) the consent, designation, qualification, permit, or approval of third parties as are necessary to carry out the same are obtained (including but not limited to obtaining consents, grant closeouts, designations, qualifications, permits, or approvals, as may be issued by the Federal Transit Administration for said merger to take effect); or (ii) July 1st, 2014. However, if in the judgment of the Government Development Bank for Puerto Rico it is necessary or convenient to grant additional time for the merger of the Metropolitan Bus Authority and the Maritime Transport Authority into the Authority to take effect, the Government Development Bank for Puerto Rico is hereby authorized to extend the effective date of the merger of the

Metropolitan Bus Authority and the Maritime Transport Authority into the Authority for additional periods of six (6) months or such period of time deemed necessary or convenient by the Government Development Bank for Puerto Rico.

The Executive Director of the Authority, the Secretary, the President of the Metropolitan Bus Authority, and the Executive Director of the Maritime Transport Authority are hereby empowered to adopt any measures and carry out any transactions as are necessary to ensure that the consent or approval of third parties, which is needed for implementing the merger of the Metropolitan Bus Authority and the Maritime Transport Authority into the Authority is obtained.

Once the merger of the Metropolitan Bus Authority and the Maritime Transport Authority into the Authority takes effect, as provided for in this Act:

i. For all intents and purposes of the laws of the Commonwealth of Puerto Rico, the separate juridical personality of the Metropolitan Bus Authority or the Maritime Transport Authority (as the case may be), and the Metropolitan Bus Authority or the Maritime Transport Authority (as the case may be) shall be merged into the Authority along with all the rights, privileges, authorities, and franchises, both public and private, and subject to all the restrictions, inabilities, and duties of the Metropolitan Bus Authority or the Maritime Transport Authority (as the case may be).

ii. All the rights, funds, appropriations, privileges, powers, and franchises of the Metropolitan Bus Authority or the Maritime Transport Authority (as the case may be), and all the real and personal property, and the credits of any kind in favor of the Metropolitan Bus Authority or the Maritime Transport Authority (as the case may be), including rights or property that may be claimed or owned by the Metropolitan Bus Authority or the Maritime Transport Authority (as the case may be), shall be transferred to the Authority.

iii. All the property, rights, privileges, powers, and franchises, and, without exceptions, any other interest shall consequently be part of the assets of the Authority to the same extent as when they were assets of the Metropolitan Bus Authority or the Maritime Transport Authority, respectively.

iv. The title of any real property acquired by the Metropolitan Bus Authority or the Maritime Transport Authority shall not be reverted nor shall they be impaired in any way under this Act.

v. Any rights of creditors as well as any lien on any properties of the Metropolitan Bus Authority or the Maritime Transport Authority, as the case may be, shall subsist without any impairment whatsoever.

vi. Any debt, obligation, and duty of the Metropolitan Bus Authority or the Maritime Transport Authority shall become hereinafter the debts, obligations, and duties of the Authority and may be claimed as if such debts, obligations, and duties were incurred by the Authority.

vii. The Authority and all of its components shall be required to close their fiscal year with a balanced budget. For such purpose, any necessary fiscal adjustments may be made in accordance with the sound public administration principles. Any obligation incurred or negotiation conducted shall be consistent with the fiscal reality of each component. Moreover, the labor unions and bona fide associations of the components covered under this Act shall be recognized.

(e) The Executive Director of the Authority, the Secretary and the Executive Director of the Highways and Transportation Authority are hereby empowered to adopt any measures and take any actions as are necessary to ensure the effective transfer of powers, authorities, obligations, properties, and other resources transferred by virtue of this Act, so that the programs carried out and the

services rendered until now by the Highways and Transportation Authority are not affected or interrupted. The Executive Director of the Authority, the Secretary and the Executive Director of the Highways and Transportation Authority are hereby empowered to solicit, transact, negotiate, and obtain any authorization, consent, or approval of third parties as are necessary to transfer the powers, authorities, obligations, employees, agreements, properties and other resources transferred hereunder.

(f) The Executive Director of the Authority, the Secretary and the Executive Director of the Highways and Transportation Authority are hereby empowered to prepare the legal instruments needed to make the transfer of property to the Authority official and file them with the Property Registry.

(g) The Authority, the Department of Transportation and Public Works, the Highways and Transportation Authority, the Metropolitan Bus Authority, and the Maritime Transport Authority (these last two, before the merger into the Authority takes effect) are hereby empowered to enter into contracts and agreements whereby the Department of Transportation and Public Works, the Highways and Transportation Authority, the Metropolitan Bus Authority, and the Maritime Transport Authority, as the case may be, agree to commit to provide to the Authority any administrative, technical and/or operating services that are needed for the administration and operation of the Authority. However, these agreements and contracts shall not establish an employer-employee relation between the Authority and the employees or officials of the Department of Transportation and Public Works, the Highways and Transportation Authority, the Metropolitan Bus Authority, and the Maritime Transport Authority, as the case may be, rendering the corresponding service.

(h) Any pending administrative procedure, case, complaint, or charge for violations of the laws, or part thereof, or regulations amended, repealed or affected by this Act that have occurred prior to the effective date of this Act shall continue to be processed by the Authority under the applicable legal provisions in effect at the time the violation was committed. If the pending administrative procedure is dropped it cannot be initiated anew, notwithstanding the legislation or regulations under which it was originally filed thus allow. No civil action initiated with respect to the restructuring of any laws, or part thereof, amended, repealed, or affected by this Act, and pending before the effective date of this Act or any applicable law shall be affected by any repeal or modification provided for in this Act.

(i) The Secretary and the Board shall be empowered to take the necessary transitory measures for the implementation of this Act without interrupting the regular operations of Mass Transportation, Maritime Transport, and Rail Transport Facilities affected thereby. Likewise, the Secretary and the Board may carry out such additional internal reorganizations as are necessary for the proper operation of the Authority.

(j) None of the provisions of this Act shall be deemed to require the Authority to pay on behalf of the Highways and Transportation Authority any bonds issued by the Highways and Transportation Authority unless the Authority has agreed thereupon previously.

(k) The Special Puerto Rico Mass Transportation Restructuring Fund is hereby created under the custody of the Office of Management and Budget for the purpose of promoting the optimum development of integrated mass transportation, including during the transition period the operating expenses of the Maritime Transport Authority and the Metropolitan Bus Authority. The first thirty million dollars (\$30,000,000) collected on account of the amnesty provided under Act No. 73-2013 shall be deposited in the Special Fund. Furthermore, the Director of the

Office of Management of Budget is hereby authorized to transfer the balances of special funds that are replenished with the amounts collected on account of traffic tickets, including, but not limited to the fines established under Act No. 22-2000, as amended, known as the “Puerto Rico Vehicle and Traffic Act,” which are destined to the Office of the Director of Driver’s Services attached to the Department of Transportation and Public Works up to a cumulative total of five million dollars (\$5,000,000) to replenish the Special Puerto Rico Mass Transportation Restructuring Fund.

Section 18.- Funds.-

(a) In order to enable the Authority to fulfill the functions, and exercise the powers and authorities set forth in this Act, an eight (8)-year transition period as of the effective date of this Act is hereby expressly established for the Authority to cease to rely on appropriations from the General Fund. During this period, the Authority shall proceed as follows:

(1) Every fiscal year, during the eight (8)-year transition period, the Office of Management and Budget shall include an item of up to thirty million dollars (\$30,000,000) in the General Budget of the Commonwealth of Puerto Rico.

(2) For fiscal years following the eight (8)-year transition period, if the recurring sources of income of the Authority are not sufficient to defray the cost of maintaining the Authority’s operation and services, the Authority shall annually submit a petition to the Office of Management and Budget, which shall make recommendations so that the Legislative Assembly, exercising its discretion, shall authorize an allocation to maintain the operations and services of the Authority. Regarding any allocation of the Legislative Assembly, the Authority shall submit to the Office of Management and Budget or the Department of the Treasury any report required by them with respect to the use of the funds allocated under this Act or any other funds received from legislative appropriations.

(b) The “Special Integrated Mass Transportation Development Fund” is hereby created in the name and for the benefit of the Authority to be used by the Authority for its corporate purposes. This Special Fund shall be replenished with the total of funds collected on account of administrative fines imposed in accordance with the provisions of Act No. 22-2000, as amended, known as the “Puerto Rico Vehicle and Traffic Act,” issued by the Puerto Rico Police officers. Exempt from the foregoing are the funds collected on account of administrative fines imposed in accordance with the provisions of Section 23.06 of Act No. 22-2000, as amended, known as the “Puerto Rico Vehicle and Traffic Act,” funds collected on account of fines imposed for violations of municipal ordinances covering infractions described in Sections 6.19 to 6.23 of Act No. 22-2000, as amended, funds collected on account of fines imposed under Sections 2.25, 2.34, and 23.05 of Act No. 22-2000, as amended and which shall be covered into the Special Fund of the Office of the Director of Driver’s Services created by virtue of said Act, the twenty percent (20%) of the amount of maximization achieved, for Fiscal Years 2014-2015 and thereafter, of the collections on account of traffic tickets paid, including the maximization achieved through the mechanization of the systems used to process fines imposed by the Department of Transportation and Public Works and/or the Puerto Rico Police, and/or through legislation to fund initiatives or replenish special funds aimed at attaining the technological, professional, and labor betterment of the Puerto Rico Police, as well as any other funds collected on account of fines imposed under Act No. 22-2000, which shall be destined to the Office of the Director of Driver’s Services, in accordance with the provisions of Act No. 22-2000. Provided, that the Secretary of the Treasury may, for a specific fiscal year and in the event of any gap in the General Fund’s revenues, deposit in the General Fund, whether in whole or in part, the funds that were covered in the “Special Integrated Mass Transportation

Development Fund.” The Secretary of the Treasury shall have full discretion to make such a determination. Said determination shall remain in effect for the remainder of the corresponding fiscal year or until the revenue gap is closed, whichever comes first.

(c) The Authority is hereby authorized to pledge or encumber the proceeds of the collection of fines under subsection (b) of this Section for the payment of the principal of and interest on bonds and other obligations of the Authority.

(d) The Secretary is hereby directed to conduct a study to identify potential sources of income that can be destined and allotted to the payment of the Authority’s services and operation. The Secretary shall submit the results of such study and the recommendations thereof to the Committee on Ways and Means of the House of Representatives and of the Senate within six (6) months counted from the date of the approval of this Act.

(e) The Authority and all of its components shall be required to close their fiscal year with a balanced budget. For such purposes, any necessary fiscal adjustments shall be made in accordance with the principles of sound administration. Any obligation incurred shall be consistent with the fiscal reality of each component.

Section 19.- Officials and Employees.-

(a) Any appointments, separations, promotions, transfers, layoffs, relocations, suspensions, leaves, and changes in the classification, compensation, or title of the officials and employees of the Authority shall be made or allowed in accordance with the rules and regulations approved by the Authority and the Collective Bargaining Agreements in effect as of the date of approval of this Act. The Authority’s officials and employees shall be entitled to reimbursement of any necessary travel expenses or, in lieu thereof, the corresponding per diems as

authorized through regulations approved by the Authority. Notwithstanding, the Authority's employees and officials shall not be entitled to the payment or reimbursement of any necessary travel expenses, including mileage or, in lieu thereof, per diems when the Executive Director requires the duly justified permanent transfer of such employee or official, as authorized by the Chair of the Board, whether voluntary or involuntary, among the different facilities or offices of the Authority. Employees or officials of any Board, commission, agency, instrumentality, or public corporation or department of the Commonwealth of Puerto Rico who are appointed by the Authority and who, at the time of such appointment, were participants of any retirement system or savings and loan plan shall continue to have, after such appointment, the same rights, privileges, obligations and status with respect to the same as provided by law for any employee or official who holds similar positions in the Government of Puerto Rico.

(b) Any person who has a direct or indirect financial interest in any private company doing business with the Authority or in any business whose main activities are related to the acquisition, construction, design, operation, or maintenance of traffic facilities shall not hold office as a member, official, employee, or agent of the Authority. In the event incompatibility affects a member of the Board, his/her office shall be left vacant, and such vacancy shall be filled by any other head of department or agency of the Commonwealth of Puerto Rico, as the case may be, appointed by the Governor for the duration of such incompatibility.

Section 20.- Inconsistent Provisions.-

If any provision of this Act were in conflict with the provisions of any other law of the Legislative Assembly of Puerto Rico, the provisions of this Act shall prevail.

Section 21.- Regulations, Administrative Orders, Circular Letters, and Memoranda.-

Any regulations governing the operations of the Mass Transportation, Maritime Transport, and Rail Transport Facilities that are in effect as of the effective date of this Act, insofar as they are not inconsistent with the provisions of this Act, shall remain in effect until the same are amended, repealed, or substituted. Likewise, any administrative order, circular letter, memorandum, or interpretive document of the Highways and Transportation Authority regarding any matter covered under this Act which was issued prior to the effective date of this Act shall be evaluated and amended accordingly within one hundred eighty (180) days counted from the effective date of this Act. Any other administrative order, circular letter memorandum, or interpretive document that is inconsistent with the provisions of this Act or the regulations adopted thereunder, shall be rendered invalid and ineffective.

Section 22.- Severability Clause .-

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

Section 23.- It is hereby provided that in the event that the provisions of this Act are inconsistent or in conflict with the provisions of Act No. 66-2014, better known as the “Government of the Commonwealth of Puerto Rico Special Fiscal and Operational Sustainability Act,” the provisions of Act No. 66-2014 shall prevail.

Section 24.- Effectiveness.-

This Act shall take effect on July 1st, 2014. Any action that is necessary, proper, and convenient to fulfill the purposes of this Act, including, but not limited to, revising regulations, establishing the internal, programmatic, and budget structure of the Authority, as well as establishing any accounting structure of the funds thereof and relocating offices, shall begin within a term that shall not exceed ninety (90) calendar days after the effective date of this Act.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 123-2014 (S. B. 851 (Conference))** of the **3rd Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to create the Puerto Rico Integrated Transportation Authority; set forth its purposes, duties, and powers; authorize the Highways and Transportation Authority to transfer to the Authority the operations, assets, rights, obligations, properties, and funds related to the Urban Train and the mass transportation programs operated by the Highways and Transportation Authority; authorize the transfer of property and funds; appropriate funds; authorize the merger of the Metropolitan Bus Authority and the Maritime Transport Authority of Puerto Rico and the Islands Municipalities into the Authority; and for other purposes.

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

In San Juan, Puerto Rico, on this 17th day of December, 2014.

Juan Luis Martínez Martínez
Acting Director