

(H. B. 3336)

(No. 96-2011)

(Approved June 16, 2011)

AN ACT

To amend subsection (a) and add a new subsection (k) to Section 25-A of Act No. 44 of June 21, 1988, as amended, known as the “Puerto Rico Infrastructure Financing Authority Act,” to create within the Development Fund an account to be known as the Corpus Account; provide for the use of a portion of the funds deposited in the Corpus Account to make a contribution to the Retirement System of the Employees of the Commonwealth of Puerto Rico; establish how the Retirement System of the Employees of the Commonwealth of Puerto Rico shall invest said contributions; and how the surplus of the funds deposited in the Corpus Account shall be invested.

STATEMENT OF MOTIVES

During the last two years, the Government of Puerto Rico has implemented urgent measures to obtain additional resources and reduce operating expenses to deal with one of the worst fiscal crises in its history. These measures allowed the Government of Puerto Rico to face and reduce a budget deficit that amounted to nearly \$3.3 billion. Although the Government of Puerto Rico has taken the necessary actions to face this fiscal crisis and the results of such actions have been favorable, the fiscal situation of Puerto Rico and the serious financial situation of the Retirement System of the Employees of the Commonwealth of Puerto Rico (hereinafter the “Retirement System”) require the adoption of special measures to cover additional funds into the General Fund and the Retirement System.

To achieve this purpose, this measure provides that the Infrastructure Financing Authority shall: (i) transfer the sum of \$162.5 million from the funds currently deposited in the Corpus Account of the Infrastructure Development Fund

created by virtue of Act No. 92 of June 24, 1998, as amended, to the Retirement System, so that the latter may invest it in capital appreciation bonds issued by the Puerto Rico Sales Tax Financing Corporation (COFINA, Spanish acronym) with a maturity date of not less than thirty (30) years, but not more than forty (40) years at an interest rate of not less than seven percent (7%); and (ii) invest the surplus of the funds deposited in the Corpus Account in another COFINA bond with the same characteristics.

It is projected that the maturity value of each one of these COFINA bonds shall be of approximately \$1.2 billion, thus achieving the purpose of protecting the Fund's Corpus account.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Subsection (a) is hereby amended and a new subsection (k) is hereby added to Section 25-A of Act No. 44 of June 21, 1988, as amended, to read as follows:

“Section 25-A.- Infrastructure Development Fund.-

(a) ...

The Authority shall create within the Development Fund, an account to be known as the Corpus Account, whose principal may be used as provided in subsection (j) and (k) of Section 25-A of this Act; provided, that the proceeds (including interest income) from the investment of the money deposited in said account may be covered into any of the additional accounts, as defined in this Act.

(b) ...

(c) ...

(d) ...

(e) ...

(f) ...

(g) ...

(h) ...

(i) ...

(j) ...

(k) During the period included between the date of approval of this Act and December 31, 2012, the Authority shall dispose of the assets deposited in the Corpus Account as follows: (i) transfer the sum of \$162.5 million from the funds currently deposited in the Corpus Account of the Infrastructure Development Fund created by virtue of Act No. 92 of June 24, 1998, as amended, to the Retirement System, to be invested only in capital appreciation bonds issued by the Puerto Rico Sales Tax Financing Corporation (COFINA, Spanish acronym) with a maturity date of not less than thirty (30) years, but not more than forty (40) years at an interest rate of not less than seven percent (7%); and (ii) the surplus shall remain in the Corpus Account and shall be used to purchase a capital appreciation bond issued by the Puerto Rico Sales Tax Financing Corporation with a maturity date of not less than thirty (30) years, but not more than forty (40) years at an interest rate of not less than seven percent (7%). The Retirement System of the Employees of the Commonwealth of Puerto Rico and the Puerto Rico Infrastructure Financing Authority may not voluntarily dispose of the bond of the Puerto Rico Sales Tax Financing Corporation, unless such disposal is authorized by the Government Development Bank for Puerto Rico, and in the case of the bond deposited in the Corpus account, unless it is approved by Joint Resolution of the Legislative Assembly.”

Section 2.- If any provision of this Act or the applicability thereof were held to be invalid, such holding shall not affect the remaining provisions of this Act or the applicability thereof, which shall remain in effect without the provisions held to be invalid, and to such purposes the provisions of this Act are separable.

Section 3.- This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 96-2011 (H. B. 3336)** of the **5th Regular Session of the 16th Legislative Assembly of Puerto Rico**:

AN ACT to amend subsection (a) and add a new subsection (k) to Section 25-A of Act No. 44 of June 21, 1988, as amended, known as the "Puerto Rico Infrastructure Financing Authority Act," to create within the Development Fund an account to be known as the Corpus Account; provide for the use of a portion of the funds deposited in the Corpus Account to make a contribution to the Retirement System of the Employees of the Commonwealth of Puerto Rico; establish how the Retirement System of the Employees of the Commonwealth of Puerto Rico shall invest said contributions; and how the surplus of the funds deposited in the Corpus Account shall be invested.

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

In San Juan, Puerto Rico, on this 11th day of August, 2014.

Juan Luis Martínez Martínez
Acting Director