

**MUNICIPIO DE LA CIUDAD CAPITAL
SAN JUAN BAUTISTA¹**

**ORDENANZA NUM. 13
SERIE 2004-2005
(P. de O. Núm. 11, Serie 2004-2005)**

APROBADA:

23 DE NOVIEMBRE DE 2004

ORDENANZA

PARA ENMENDAR LA ORDENANZA NUM. 9, SERIE 2004-2005, QUE AUTORIZA LA EMISIÓN DE CUARENTA MILLONES TREINTA Y TRES MIL DÓLARES (\$40,033,000) EN BONOS DE REFINANCIAMIENTO DE OBLIGACIÓN ESPECIAL DE 2004 DEL MUNICIPIO DE SAN JUAN, PUERTO RICO, Y PROVEYENDO PARA EL PAGO DEL PRINCIPAL DE Y DE LOS INTERESES SOBRE DICHOS BONOS, A FIN DE ACLARAR LA TASA DE INTERÉS PAGADERA BAJO LOS BONOS; AUTORIZAR LA VENTA A BANCO SANTANDER PUERTO RICO DE LOS BONOS EN VENTA PRIVADA CONFORME AL PROCEDIMIENTO ESTABLECIDO EN EL ARTÍCULO 25(A)(2) DE LA LEY DE FINANCIAMIENTO MUNICIPAL DE PUERTO RICO DE 1996; ESTABLECER LA FUENTE DE REPAGO DE LOS BONOS; REEMPLAZAR LA FORMA DE BONO INCLUIDA EN LA SECCIÓN 4 DE LA ORDENANZA POR LA FORMA DE BONO QUE SE INCLUYE EN ESTA ORDENANZA COMO SU ANEJO I; INCORPORAR A LA ORDENANZA EL TEXTO LITERAL DEL *BOND PURCHASE AGREEMENT*, COMO ANEJO II; Y PARA OTROS FINES.

POR CUANTO: La Legislatura Municipal de San Juan, aprobó la Ordenanza 9, Serie 2004-2005, autorizando la emisión de cuarenta millones treinta y tres mil dólares (\$40,033,000) en Bonos de Refinanciamiento de Obligación Especial de 2004 del Municipio de San Juan, Puerto Rico, y proveyendo para el pago del principal de y de los intereses sobre dichos bonos, conforme a la Ley Núm. 64 de 3 de julio de 1996, según enmendada, conocida como "Ley de Financiamiento Municipal de Puerto Rico de 1996".

POR CUANTO: Resulta necesario enmendar la referida Ordenanza Núm. 9, a fin de:

- (i) Aclarar la tasa de interés pagadera bajo los Bonos;

¹ Estado Libre Asociado de Puerto Rico.

- (ii) Autorizar la venta a Banco Santander Puerto Rico de los Bonos en venta privada conforme al procedimiento establecido en el Artículo 25(a)(2) de la Ley;
- (iii) Establecer la fuente de repago de los Bonos; y
- (iv) Reemplazar la forma de bono incluida en la Sección 4 de la Ordenanza por la forma de bono que se aneja a esta Ordenanza como su Anejo I.

POR TANTO: ORDÉNASE POR LA LEGISLATURA MUNICIPAL DE SAN JUAN, PUERTO RICO:

Sección 1ra.: Enmendar la Ordenanza Núm. 9, Serie 2004-2005, para añadir lo siguiente:

- (a) Se incluye un párrafo adicional al final de la Sección 2 de la Ordenanza y que leerá como sigue:

“Los Bonos serán negociables; serán fechados el día en que se emitan; serán emitidos como Bonos registrados sin cupones en denominaciones de cinco mil dólares (\$5,000) y en incrementos de mil dólares (\$1,000) sobre esta suma y vencerán en aquellos plazos y fechas que se indica en la forma del Bono transcrita en la Sección 4 de esta Ordenanza. Los Bonos serán autorizados por el Alcalde como un bono a término con una fecha de vencimiento final y amortizaciones de principal periódicas según se indica en la forma de bono transcrita en la Sección 4 de esta Ordenanza. Los Bonos devengarán intereses desde su fecha de emisión hasta su pago final a la tasa de interés anual fluctuante que se indica en la forma de bono transcrita en la Sección 4 de esta Ordenanza.”

- (b) Se sustituye la forma de bono que se transcribe en la Sección 4 de la Ordenanza por la forma de bono que se consigna en el Anejo I de esta Ordenanza.
- (c) Se añade un párrafo adicional al final de la Sección 6 de la Ordenanza y que leerá como sigue:

“Los Bonos no constituyen una obligación general del Municipio y, por lo tanto, la buena fe, el crédito y el poder del Municipio de imponer contribuciones ilimitadas no están comprometidos para el pago del principal, la prima de redención, si alguna, y los intereses de dichos Bonos. El principal, los intereses y la prima de redención, si alguna, de los Bonos serán pagaderos solamente de las remesas por el CRIM al Municipio de la contribución básica sobre la propiedad que sea impuesta por el Municipio sobre toda propiedad mueble e inmueble que radica dentro de sus términos territoriales de conformidad con el Artículo 2.01 de la Ley Núm. 83, aprobada el 30 de agosto de 1991, según enmendada, y que no estén comprometidas a la fecha en que se emitan dichos Bonos para el pago de otras obligaciones del Municipio y las remesas de fondos operacionales que sean pagados por el CRIM al Municipio, de conformidad con el Artículo 17(e) de la Ley Núm. 80, aprobada el 30 de agosto de 1991, según enmendada. Se autoriza al CRIM a que deposite dichos ingresos o recursos que sean necesarios para el pago de estos Bonos conforme a las instrucciones por escrito que reciba del Alcalde.”

- (d) Se añaden los siguientes párrafos adicionales al final de la Sección 9 de la Ordenanza y que leerán como sigue:

“Según se dispone en el Artículo 25 de la Ley, se autoriza la venta de los Bonos en venta privada al Banco Santander Puerto Rico. La venta de los Bonos en venta privada, se efectuará mediante un Acuerdo de Compraventa (Bond Purchase Agreement) sustancialmente en la forma que se presentó a esta reunión, sujeto a

aquellos cambios y enmiendas que sean aprobadas por el Alcalde, la firma del Acuerdo de Compraventa por el Alcalde siendo evidencia afirmativa de la aprobación por el Alcalde de los cambios y enmiendas. Se autoriza al Alcalde a firmar un Contrato de Compraventa (Bond Purchase Agreement) con el Banco Santander Puerto Rico, proveyéndose que el precio de venta de los Bonos al Banco Santander Puerto Rico será la cantidad inicial de principal de los Bonos (par amount) en la fecha de su emisión. La venta de los Bonos queda aprobada por esta Legislatura Municipal de conformidad con todos los requisitos del Artículo 25 de la Ley.

El otorgamiento y entrega de un Acuerdo de Compraventa (Bond Purchase Agreement) a ser otorgado entre el Municipio Autónomo de San Juan y el Banco Santander Puerto Rico, como comprador de los Bonos, por la presente se autoriza, y el Acuerdo de Compraventa será sustancialmente en la forma presentada en esta reunión y será otorgado en la forma que allí se especifica, sujeto a aquellos cambios que sean aprobados por el Alcalde del Municipio y el Banco Santander Puerto Rico, como comprador de los Bonos. El otorgamiento del Acuerdo de Compraventa por el Alcalde será evidencia afirmativa de dicha aprobación. La copia del borrador del referido Acuerdo se acompaña y se hace formar parte de la esta Ordenanza, como Anejo II.”

Sección 2da.: Las disposiciones de esta Ordenanza son independientes entre sí y cualquier sección, párrafo, oración o cláusula fuera declarada nula por cualquier corte de jurisdicción competente, la decisión de dicha corte no afectará la validez de cualquier otra de las disposiciones restantes.

Sección 3ra.: Cualquier Ordenanza, Resolución u Orden, que en todo o en parte resultare incompatible con la presente, queda por ésta derogada hasta donde existiere tal incompatibilidad.

Sección 4ta.: Esta Ordenanza entrará en vigor inmediatamente después de la publicación de un “Aviso de Aprobación”, según se requiere en la Sección 7ma. de la Ordenanza Número 9 y de transcurrido el término de diez (10) días desde la verificación de la referida publicación, lo que dará eficacia jurídica a la misma.

Elba A. Vallés Pérez
Presidenta

YO, CARMEN M. QUIÑONES, SECRETARIA DE LA LEGISLATURA MUNICIPAL DE SAN JUAN, PUERTO RICO:

CERTIFICO: Que la precedente es el texto original del Proyecto de Ordenanza Número 11, Serie 2004-2005, aprobado por la Legislatura Municipal de San Juan, Puerto Rico, en la Continuación de la Sesión Ordinaria, celebrada el día 18 de noviembre de 2004, con los votos afirmativos de los Legisladores Municipales; las señoras Dinary Camacho Sierra, Sara de la Vega Ramos, Linda A. Gregory Santiago, Paulita Pagán Crespo; y los señores Roberto Acevedo Borrero, José A. Berlinger Bonilla, José A. Dumas Febres, Diego G. García Cruz, Angel L. González Esperón, Rafael R. Luzardo Mejías y Ramón Miranda Marzán; y la Presidenta, señora Elba A. Vallés Pérez; con los votos en contra de la señora Claribel Martínez Marmolejos y el señor Luis Vega Ramos; y constando haber estado debidamente excusados las señoras Nilda Jiménez Colls, Migdalia Viera Torres y el señor Manuel E. Mena Berdecía.

CERTIFICO, ADEMÁS, que todos los Legisladores Municipales fueron debidamente citados para la referida Sesión, en la forma que determina la Ley.

Y PARA QUE ASI CONSTE, y a los fines procedentes, expido la presente y hago estampar en las treinta y siete páginas de que consta la misma, el Gran Sello Oficial del Municipio de San Juan, Puerto Rico, el día 22 de noviembre de 2004.

Carmen M. Quiñones
Secretaria
Legislatura Municipal de San Juan

Aprobada:

____ de _____ de 2004

Alfredo L. Escalera Navarro
Alcalde Interino

Núm. R-1

Estados Unidos de América
Estado Libre Asociado de Puerto Rico
MUNICIPIO AUTÓNOMO DE SAN JUAN
Bonos de Refinanciamiento de Obligación Especial
Municipal de 2004, Serie A

El Municipio de San Juan, Puerto Rico (el "Municipio"), un Cuerpo Político y Jurídico en el Estado Libre Asociado de Puerto Rico, reconoce adeudar y por valor recibido promete por la presente pagar a Banco Santander Puerto Rico a cuyo nombre aparezca registrado o su representante legal, la suma de principal de \$40,033,000 en plazos anuales de principal el 1 de julio en los siguientes años y cantidades de principal junto con los intereses sobre la porción no pagada de dicha suma de principal desde el ____ de _____ del 2004 [Incluir fecha de emisión] a una tasa fluctuante de interés igual a 55 bases puntos sobre la Tasa LIBOR, cada cambio en dicha tasa fluctuante de interés a ser efectivo en cada Fecha de Fijación de Interés, a ser calculadas según se establece en este Bono, hasta el pago de dicha suma de principal, pagaderos semestralmente dichos intereses hasta su vencimiento, el 1 de enero y el 1 de julio de cada año comenzando el 1 de enero de 2005:

<u>Año de Redención</u>	<u>Cantidad de Principal a ser Redimido</u>	<u>Año de Redención</u>	<u>Cantidad de Principal a ser Redimido</u>
2005	\$ 569,522.50	2018	\$1,569,117.48
2006	\$ 797,801.45	2019	\$1,660,104.84
2007	\$ 844,063.02	2020	\$1,756,368.21
2008	\$ 893,007.13	2021	\$1,858,213.54
2009	\$ 944,789.33	2022	\$1,965,964.51
2010	\$ 999,574.20	2023	\$2,079,963.56
2011	\$1,057,535.83	2024	\$2,200,573.00
2012	\$1,118,858.44	2025	\$2,328,176.14
2013	\$1,183,736.92	2026	\$2,463,178.51
2014	\$1,252,377.47	2027	\$2,606,009.17
2015	\$1,324,998.24	2028	\$2,757,122.06
2016	\$1,401,830.01	2029	\$2,916,997.43
2017	\$1,483,116.98		

Para propósitos de este bono, las siguientes palabras tendrán los respectivos significados que se detallan en adelante:

“Tasa LIBOR” significa, para cada Periodo de Interés, la tasa de interés anual (redondeada hasta la centésima mas cercana de un 1%) determinada por Banco Santander Puerto Rico, como el tenedor inicial de este bono, igual a la tasa ofrecida para depósitos en dólares de los Estados Unidos de América por un término de 90 días, según publicada por Bloomberg (o su sucesor) en el “BBAM Page” (o cualquier otra página que pueda reemplazar aquellas páginas en los servicios de reportaje de información financiera provistos electrónicamente por Bloomberg para el propósito de exhibir las tasas para fondos en dólares de los Estados Unidos de América que son ofrecidas por los bancos principales en el mercado interbancario de Londres) a las 11:00am, hora de Inglaterra, aproximadamente, en la Fecha de Fijación de Interés aplicable. Si en cualquier Fecha de Fijación de Interés la Tasa LIBOR no pueda ser determinada según lo dispuesto en la oración anterior, la tasa aplicable será determinada con referencia a un servicio de reportaje financiero o cualquier otra información que sea mutuamente aceptable para el tenedor de este bono y el Municipio.

“Fecha de Fijación de Interés” significa, para cada Periodo de Interés, el primer día de dicho Periodo de Interés.

“Periodo de Interés” significa, un término de tres (3) meses calendarios, cada uno comenzando en el primer día de enero, abril, julio y octubre y terminando en el último día del tercer mes contenido en dicho periodo de tres (3) meses, salvo que el Periodo de Interés inicial comenzará en la fecha de emisión de este bono y terminará el 31 de diciembre de 2004. No obstante lo anterior, cualquier Periodo de Interés que vaya a terminar en un día que es un sábado, domingo o día feriado terminará en el próximo día laborable.

Tanto el principal de como los intereses sobre este bono son pagaderos en cualquier moneda de los Estados Unidos de América que, en las respectivas fechas de pago, sea moneda de curso legal para el pago de deudas públicas y privadas. El último pago de principal de este bono será pagadero a la presentación y entrega del mismo en la oficina del Alcalde del Municipio, en la Ciudad de San Juan, Puerto Rico o mediante el uso de un agente pagador designado por éste. El pago de los intereses sobre este bono será efectuado a la persona que aparece en los Libros de Registro del Municipio, o en los de un registrador designado por el Municipio, como dueño registrado luego de horas laborables el 15 de diciembre o 15 de junio (aunque no sean días laborables) que preceda a la fecha de pago de los intereses correspondientes. Dichos intereses serán pagados mediante cheque, transferencia cablegráfica o cualquier otra forma legal de pago. Los intereses sobre este bono serán calculados a base de un año de 360 días que consista de doce meses de treinta (30) días cada uno.

Este bono no constituye una obligación general del Municipio y, por lo tanto, la buena fe, el crédito y el poder del Municipio de imponer contribuciones ilimitadas no están comprometidos para el pago del principal, la prima de redención, si alguna, y los intereses de este bono. El principal, los intereses y la prima de redención, si alguna, de este bono serán pagaderos solamente de las remesas por el Centro de Recaudación de Ingresos Municipales (“CRIM”) al Municipio de la contribución básica sobre la propiedad que sea impuesta por el Municipio sobre toda propiedad mueble e inmueble que radica dentro de sus términos territoriales de conformidad con el Artículo 2.01 de la Ley Núm. 83, aprobada el 30 de agosto de 1991, según enmendada, y que no estén comprometidas a la fecha en que se emita este bono para el pago de otras obligaciones del Municipio y las remesas de fondos operacionales que sean pagados por el CRIM al Municipio, de conformidad con el Artículo 17(e) de la Ley Núm. 80, aprobada el 30 de agosto de 1991, según enmendada.

Este bono es uno debidamente autorizado y designado “Bono de Refinanciamiento de Obligación Especial de 2004”, con vencimientos anuales en los años 2005 a 2029, ambas fechas inclusive y emitidos con el propósito de proveer fondos para redimir ciertos empréstitos del Municipio, y se emite bajo la autoridad de y cumpliendo todos los requisitos del Estatuto de Relaciones

Federales de Puerto Rico y la Constitución y Leyes de Puerto Rico, incluyendo la Ley Núm. 64 de 3 de julio de 1996, según enmendada, conocida como la "Ley de Financiamiento Municipal de Puerto Rico de 1996" (la "Ley de Financiamiento Municipal"), y en virtud de una ordenanza (en adelante, la "Ordenanza") autorizando la emisión de los bonos, adoptada por la Legislatura del Municipio después de una vista pública sobre la misma. La emisión de este bono ha sido aprobada por el Banco Gubernamental de Fomento para Puerto Rico. El dueño de este bono acepta todas las disposiciones de la Ordenanza con la aceptación del mismo. Este bono está sujeto a redención mandatoria y opcional, según se establece en dicha Ordenanza.

Por la presente se certifica y se hace constar que todos los actos, condiciones y cosas requeridas por la Ley de Relaciones Federales de Puerto Rico y la Constitución y las Leyes del Estado Libre Asociado de Puerto Rico que se requiere que sucedan, existan y se ejecuten con anterioridad a y al tiempo de emitirse este bono, han sucedido, existido y se han ejecutado a su debido tiempo en la forma y manera requeridas; que la deuda pública total del Municipio, incluyendo este bono, no excede limitación alguna impuesta por la Ley de Relaciones Federales de Puerto Rico o por la Constitución o Leyes del Estado Libre Asociado de Puerto Rico.

EN TESTIMONIO DE LO CUAL, el Municipio Autónomo de San Juan, Puerto Rico, ha hecho que este bono sea firmado por su Alcalde y que su Sello Oficial sea estampado en el mismo y certificado por el Secretario Municipal, o cualquier otro oficial designado por la Legislatura del Municipio para ejercer tal función, a la fecha de ___ de _____ de 2004.

Alcalde

(Sello)

Certificado:

Secretario

CERTIFICACIÓN

CERTIFICO que la que antecede es copia fiel y exacta de la Ordenanza Núm. _____, Serie 2004-2005, adoptada por la Legislatura Municipal de San Juan, Puerto Rico, en su Sesión Ordinaria celebrada el 18 de noviembre de 2004, intitulada:

PARA ENMENDAR LA ORDENANZA NUM. 9, SERIE 2004-2005, QUE AUTORIZA LA EMISIÓN DE CUARENTA MILLONES TREINTA Y TRES MIL DÓLARES (\$40,033,000) EN BONOS DE REFINANCIAMIENTO DE OBLIGACIÓN ESPECIAL DE 2004 DEL MUNICIPIO DE SAN JUAN, PUERTO RICO, Y PROVEYENDO PARA EL PAGO DEL PRINCIPAL DE Y DE LOS INTERESES SOBRE DICHS BONOS, A FIN DE ACLARAR LA TASA DE INTERÉS PAGADERA BAJO LOS BONOS; AUTORIZAR LA VENTA A BANCO SANTANDER PUERTO RICO DE LOS BONOS EN VENTA PRIVADA CONFORME AL PROCEDIMIENTO ESTABLECIDO EN EL ARTÍCULO 25(A)(2) DE LA LEY DE FINANCIAMIENTO MUNICIPAL DE PUERTO RICO DE 1996; ESTABLECER LA FUENTE DE REPAGO DE LOS BONOS; REEMPLAZAR LA FORMA DE BONO INCLUIDA EN LA SECCIÓN 4 DE LA ORDENANZA POR LA FORMA DE BONO QUE SE INCLUYE EN ESTA ORDENANZA COMO SU ANEJO I; INCORPORAR A LA ORDENANZA EL TEXTO LITERAL DEL *BOND PURCHASE AGREEMENT*, COMO ANEJO II; Y PARA OTROS FINES.

SE CERTIFICA, además, que dicha Ordenanza fue adoptada por 2/3 de los miembros de la Legislatura Municipal de San Juan con los votos afirmativos de los siguientes Legisladores Municipales presentes en dicha sesión:

Sr. Roberto Acevedo Borrero
Sra. Dinary Camacho Sierra
Sr. José A. Dumas Febres
Sr. Angel L. González Esperón
Sr. Rafael R. Luzardo Mejías
Sra. Paulita Pagán Crespo

Sr. José A. Berlingeri Bonilla
Sra. Sara de la Vega Ramos
Sr. Diego G. García Cruz
Sra. Linda A. Gregory Santiago
Sr. Ramón Miranda Marzán

y la Presidenta,
Sra. Elba A. Vallés Pérez

EN TESTIMONIO DE LO CUAL, y para someter al Banco Gubernamental de Fomento para Puerto Rico y al Banco Santander Puerto Rico, firmo la presente certificación y estampo el sello oficial del Municipio de San Juan, hoy día 22 de noviembre de 2004.

Carmen M. Quiñones
Secretario(a) Legislatura Municipal
de San Juan, Puerto Rico

(Sello Oficial)

Elba A. Vallés Pérez
Presidenta - Legislatura Municipal
de San Juan, Puerto Rico

Anejo II

BOND PURCHASE AGREEMENT

By and Between

The Autonomous Municipality of San Juan,

and

Banco Santander Puerto Rico, as Purchaser,

Dated as of _____, 2004

Autonomous Municipality of San Juan

\$40,033,000 Municipal Special Obligation Refinancing Bonds of 2004

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This **BOND PURCHASE AGREEMENT**, dated as of _____, 2004 by and between the Autonomous Municipality of San Juan, a political subdivision of the Commonwealth of Puerto Rico (the "Municipality"), Banco Santander Puerto Rico, a bank duly organized and doing business under the laws of Puerto Rico, as purchaser (the "Purchaser").

WITNESSETH:

WHEREAS, under Act No. 64 of the Legislature of Puerto Rico, approved July 3, 1996, as amended (the "Act"), the Municipality is authorized to borrow money and issue bonds therefor for the purpose of providing funds for payment, on or before their respective dates of maturity, of the principal of any outstanding bonds or notes of the Municipality, and for the payment of any premium for early redemption, and interest accrued or to be accrued on said bonds or notes to the date of redemption; the payment of the principal of and the premium, if any, and the interest on such bonds which shall be secured by the pledge of revenues or resources of the Municipality derived from one or more specific sources of income, as authorized by the Act; and

WHEREAS, the Municipality is entering into this Agreement for the purpose of authorizing its Municipal Special Obligation Refinancing Bonds of 2004, Series A, in the aggregate principal amount of \$40,033,000 (the "Bond"), said Bond to be dated as of October __, 2004; and securing the payment of said Bond by pledging specific revenues or resources of the Municipality in the manner and to the extent set forth herein and in the Act; and

WHEREAS, the Municipality and the Purchaser desire to set forth certain terms and conditions with respect to the purchase, sale and issuance of the Bond, the application of the proceeds thereof, and the application of funds received for the purpose of paying principal, premium, if any, and interest thereon; and

WHEREAS, the Municipality has determined that the Bond to be issued hereunder shall be substantially in the form attached as Exhibit A hereto, with such variations, omissions and insertions as are required or permitted by this Agreement and the Act or that are otherwise acceptable to the Purchaser;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. In addition to the words and terms elsewhere defined in this Agreement, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Act No. 64 of the Legislature of Puerto Rico, approved July 3, 1996, as amended, and all future acts supplemental thereto or amendatory thereof.

"Agreement" means this Bond Purchase Agreement, dated as of June 4, 2004, together with all agreements supplemental hereto as herein permitted.

“Assembly” means the municipal legislature of the Municipality as constituted from time to time and defined by the Act, or if said Assembly shall be abolished, then the board, body or officer succeeding to the powers thereof.

“Authorized Purchaser Representative” means each of the persons at the time designated to act on behalf of the Purchaser by written certificate furnished to the Municipality containing the specimen signatures of such persons and signed on behalf of the Purchaser by an authorized signatory of the Purchaser.

“Basic Tax” means the basic tax on real and personal property within its territorial limits that the Municipality is authorized to impose pursuant to Section 5001 of Title 21 of Laws of Puerto Rico Annotated (21 L.P.R.A. ' 5001).

“Bond” means, collectively, the bond issued under the provisions of Section 2 of this Agreement to provide funds to the Municipality for the purposes indicated in the Bond Resolution.

“Bond Register” shall have the meaning set forth in Section 10(a) hereof.

“Bond Resolution” shall have the meaning set forth in Section 5(c).

“Business Day” means a day other than a day on which banks located in the Municipality of San Juan, Puerto Rico or in The City of New York are authorized by law or official proclamation to close or a day on which banks are generally not open for business in Puerto Rico.

“Center” means the Municipal Revenue Collection Center, established by virtue of Sections 5801, et seq. of Title 21 of Laws of Puerto Rico Annotated (21 L.P.R.A. ' 5801, et seq.).

“Closing Time” means the Closing Time specified in accordance with Section 2 of this Agreement.

“Commonwealth” or “Puerto Rico” means the Commonwealth of Puerto Rico.

“Redemption Fund” means the Autonomous Municipality of San Juan, Municipal Bonds of 2004, Redemption Fund, a special fund created and designated by the provisions of Section 13 of this Agreement.

“Event of Default” shall have the meaning set forth in Section 11 hereof.

“GDB” shall mean the Government Development Bank for Puerto Rico, an instrumentality of the Commonwealth of Puerto Rico and any successor thereto.

“GDB Resolution” means Resolution No. _____ adopted by GDB on _____, 2004 approving the issuance of the Bond, as said resolution may be supplemented or amended from time to time.

“Holder” shall have the meaning set forth in Section 10(a) hereof.

“Interest Period” means a period of three calendar months, each commencing on the first day of January, April, July and October and ending on the last day of the third month contained in such three-month period, except that the initial Interest Period shall begin on _____, 2004 and shall end on December 31, 2004. Notwithstanding the foregoing, each Interest Period that ends on a Saturday, Sunday or holiday shall end on the next Business Day.

“LIBOR Funds” means deposits in dollars in immediately available funds in leading banks in the London interbank market.

“LIBOR Rate” shall mean for each Interest Period, a per annum rate of interest (rounded to the nearest 1/100th of 1%) determined by the Purchaser, as the initial holder of the Bond, equal to the offered rate for deposits in United States Dollars for a term of 90 days, as published by Bloomberg (or its successor) currently on the BBAM Page (or such other pages as may replace such pages on the financial information reporting services furnished electronically by Bloomberg for the purpose of displaying the rates at which United States Dollars deposits are offered by leading banks in the London interbank deposit market) at approximately 11:00 am, England time, on the applicable Pricing Date. If, on any Pricing Date, the LIBOR Rate cannot be ascertained on the foregoing basis, the applicable rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to the Purchaser and the Municipality.

“Material Adverse Effect” shall have the meaning set forth in Section 4(m) hereof.

“Municipality” means the Autonomous Municipality of San Juan, Puerto Rico, a political subdivision of the Commonwealth of Puerto Rico and any successor thereto.

“Municipal Representative” means each of the persons at the time designated to act on behalf of the Municipality by written certificate furnished to the Purchaser containing specimen signatures of such persons and signed by an authorized officer of the Municipality.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PR Code” means the Puerto Rico Internal Revenue Code of 1994, as amended, and all regulations issued thereunder as in effect from time to time.

“Pricing Date” means, for each Interest Period, the first day of such Interest Period.

“Purchaser” means Banco Santander Puerto Rico.

“Related Entity” means any person 100% of whose common stock is directly or indirectly owned by the initial Purchaser of the Bond, or any of its affiliates.

“Secretary” means the Secretary or any Assistant Secretary of the Municipality, or if there is no secretary or assistant secretary, then any person designated by the Assembly to perform the functions of attesting the signature of the Mayor of the Municipality or the Board.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, “Bond,” “owner,” “holder” and “person” shall include the plural as well as the singular number, and “holder” or “bondholder” when used herein with respect to the Bond shall mean the owner of the Bond.

Section 2. Issuance and Purchase of the Bond. The Bond shall be issued as a single registered term bond without coupons and shall be designated as provided in the Bond Resolution. The Bond shall be payable as specified in this Agreement and in the Bond. Interest on the Bond shall be computed on the basis of a 360 day year of twelve months of 30 days each. The Bond shall be dated its date of issuance and shall bear interest until its payment as set forth in this Agreement and the Bond. The Municipality shall issue each of the Bond substantially in the form attached as Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Agreement or the Act. The Bond may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. The Bond shall be issued in the aggregate principal amount of \$40,033,000. The Bond shall be payable on its applicable maturity date to the Purchaser and/or to the transferee of the Purchaser pursuant to Section 10 hereof; and shall be subject to redemption on the first (1st) of July in the years and in the amount(s), and shall mature on the date, set forth in Schedule 1 hereto. The Bond shall bear interest to its payment at a fluctuating rate of interest equal to the applicable LIBOR Rate plus 55 basis points per annum, each change in such fluctuating rate to take effect on each Pricing Date. Interest on the Bond shall be payable as set forth herein and on the Bond.

In reliance upon the representations, warranties and agreements herein contained, and subject to the conditions herein set forth, at the Closing Time (hereinafter mentioned) the Municipality agrees to issue and sell the Bond to the Purchaser and the Purchaser agrees to purchase the Bond from the Municipality for the aggregate purchase price of \$40,033,000. Payment for the Bond shall be made by deposit of immediately available funds to the credit of the Redemption Fund, as set forth in Section 13 hereof, at 1:00 PM on the ___ day of October, 2004, and delivery of the Bond to the Purchaser will thereupon be made at the Municipality’s City Hall in San Juan, Puerto Rico or at such other time and place as may be mutually agreed upon by the parties hereto (the “Closing Time”).

Section 3. Pledge by Municipality. To secure the punctual payment of principal of, premium, if any, and interest on the Bond, as the same shall become due, the Municipality does hereby pledge and assign to the Holder(s) (i) the remittances made by the Center to the Municipality of the Basic Tax that are not pledged as of the date hereof to secure the payment of other outstanding

bonds or obligations of the Municipality, and (ii) the remittances of operating funds made by the Center to the Municipality pursuant to Article 17(e) of Act No. 83 of August 30, 1991. The Municipality hereby agrees to give written instructions to GDB and to the Center, in form reasonably acceptable to the Purchaser, to effect such payments directly to the Holder(s). Payments made to the Holder(s) shall be made by crediting, before 12 noon, Atlantic Standard time, on the day any such amounts are payable pursuant to the respective terms of the Bond, by bank wire transfer of immediately available funds, to any account of the related Holder(s) thereto in any bank in the United States or Puerto Rico to which such funds may be so transferred, or in such other reasonable manner or to such other address, as may be designated in writing by the related Holder(s). The principal of and premium, if any, and the interest on the Bond shall be payable in any coin or currency of the United States of America which on the respective date of payment thereof is legal tender for the payment of public and private debts. The principal of and premium, if any, on the Bond shall be payable only to the registered owner or the legal representative thereof upon the presentation and surrender to the Municipality of the Bond as the same shall become due and payable. Until a Holder and the Purchaser shall jointly notify the Municipality to the contrary, the address set forth next to the Purchaser's name in Section 23(e) of this Agreement is the designation in writing of the account and procedure for making payments on the Bond. Whenever any payment to be made hereunder or under the Bond shall be stated to be due on a day other than a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time may in such case be included in the computation of payment of interest.

Section 4. Representations, Warranties and Agreements of the Municipality. The Municipality hereby represents and warrants to, and agrees with the Purchaser and each subsequent Holder of the Bond as follows:

(a) The Municipality is a political subdivision of the Commonwealth duly created and existing under the laws of the Commonwealth. The Municipality is authorized under the Act to borrow money and issue the Bond to provide funds for the payment, on or before their respective dates of maturity, of the principal of any outstanding bonds or notes of the Municipality identified in the Bond Resolution, and for the payment of any premium for early redemption, and interest accrued or to be accrued on said bonds or notes to the date of redemption, the principal of and the premium, if any, and the interest on the Bond which shall be secured by the pledge of revenues or resources of the Municipality derived from one or more specific sources of income pledged therefore pursuant to Section 3 hereof and as authorized by the Act.

(b) The Municipality has full power and authority to issue the Bond as a special obligation of the Municipality pursuant to the Act for the purpose of (i) refinancing the bonds and other obligations of the Municipality, as provided for in the Bond Resolution; and (ii) to carry out and consummate all transactions contemplated by this Agreement, the Bond Resolution and the Bonds.

(c) The Municipality has duly authorized: (i) the issuance and sale of the Bond; (ii) the execution, delivery and due performance of this Agreement and the Bond; and (iii) the taking of any and all action as may be required on the part of the Municipality to carry out, give effect to and consummate the transactions contemplated hereby. Each of the Bond and this Agreement, each fully executed, and certified copies of the ordinance(s) adopted by the Assembly of the Municipality authorizing the Municipality's undertakings contemplated hereby shall be delivered to the

Purchaser by the Municipality at the Closing Time, and they shall be in the respective forms theretofore submitted to the Purchaser and approved by the Purchaser, with only such changes or modifications thereof as the Purchaser and the Municipality shall agree upon. The Municipality has taken all necessary action and has complied with all provisions of the Act and any other applicable law, including but not limited to publishing such notices and obtaining all the consents required by the Act, required to make the Bond and this Agreement the valid and binding obligation of the Municipality. The Bond and this Agreement when delivered to the Purchaser as provided herein, will have been duly authorized, executed and delivered and will constitute valid, legally binding and enforceable obligations of the Municipality entitled to the benefits and security of this Agreement and the Act.

(d) So long as the Bond is outstanding, the Municipality will comply with the Act so that interest, premium, if any, and principal on the Bond is paid when due.

(e) There is no action, suit, proceeding or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Municipality, threatened against or affecting the Municipality or to the best of the knowledge of the Municipality is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement, or which, in any way, would adversely affect the validity of the Bond, this Agreement, or any other agreement or instrument to which the Municipality is a party and which is used or contemplated for use in consummation of the transactions contemplated hereby.

(f) The execution, delivery and due performance by the Municipality of this Agreement, the Bond and the other agreements contemplated hereby and in compliance with the provisions hereof and thereof will not conflict with, or constitute on the part of the Municipality a breach of, or a default under, any existing law, administrative regulation, decree, court order or any provision of any legislative act, constitutional or other proceeding applicable to or establishing or relating to the creation of the Municipality or the issuance of the Bond or its affairs or resolutions, or any agreement, indenture, mortgage, lease or other instrument to which the Municipality is subject or by which it is or may be bound, or result in the creation or imposition of any lien, charge or other encumbrance of any nature whatsoever upon any of the assets or property of the Municipality, except as provided by the Act and the Bond Resolution.

(g) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, which are required to be obtained by the Municipality as a condition precedent to the issuance of the Bond have been or will be obtained prior to the Closing Time.

(h) Any certificate signed by any of the Municipality's authorized officers and delivered to the Purchaser shall be deemed a representation and warranty by the Municipality to the Purchaser as to the statements made therein.

(i) The Municipality does hereby agree to make such payments as required by the terms of the Bond including principal of, premium, if any, and interest on the Bond when due. Such principal, premium, if any, and interest are payable to the extent provided in the Bond, this Agreement and the Act.

(j) The Municipality covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in the Bond, and in all proceedings of the Municipality pertaining thereto and will faithfully observe and perform at all times any and all covenants, undertakings, stipulations and provisions of this Agreement and the Bond on its part to be observed or performed. The Municipality represents that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the Bond, to enter into this Agreement, and to pledge the specific revenues or resources of the Municipality in the manner and to the extent herein, in the Bond Resolution and in the Bond set forth; that all action, including those required under the Act or that have been imposed by GDB on its part for the issuance and validity of the Bond and the execution and delivery of this Agreement has been duly and effectively taken; and that the Bond in the hands of the Purchaser or any subsequent Holder(s) thereof is and will be the valid and binding obligation of the Municipality according to the tenor and import thereof.

(k) The proceeds from the sale of the Bond hereunder will be used by the Municipality as set forth in Exhibit D hereto and the Municipality's use of the proceeds from the sale of the Bond as indicated in said Exhibit D hereto is, and will continue to be, a legal and proper governmental use, duly authorized by the Assembly or similar body, and such use is, and will continue to be, consistent with all applicable laws and regulations.

(l) The Municipality agrees to comply with all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, and authorizations of all governments (including, without limitation, Commonwealth, State and Federal) and all departments, commissions, boards, courts, authorities, agencies and officers thereof, that now or hereafter may be applicable to the Municipality.

(m) The operations of the Municipality comply in all material respects with all applicable federal, state, Commonwealth or local environmental statutes and regulations; none of the operations of the Municipality is subject to any judicial or administrative proceedings alleging the violation of any federal, Commonwealth or local environmental, health or safety statute or regulation; none of the operations of the Municipality is the subject of a federal, state, Commonwealth or local investigation evaluating whether any remedial action is needed to respond to a release of any hazardous toxic waste, substance or constituent, or any other substance into the environment, which remedial action could have a material adverse effect on the property, business, operations, financial condition, liabilities and the ability of the Municipality to perform its obligations under the Bonds and this Agreement (a "Material Adverse Effect"); the Municipality has not filed any notice under any federal, state, Commonwealth or local law indicating past or present treatment, storage or disposal of a hazardous waste for purposes of the Federal Resource Conservation and Recovery Act or other similar state or Commonwealth law; and the Municipality has no contingent liability in connection with any release of any hazardous or toxic waste, substance or constituent, into the environment which contingent liability, if liquidated, would not be adequately covered (in the Purchasers reasonable determination) by insurance or other indemnification rights or which, in the Purchasers reasonable determination, would not be expected to have a Material Adverse Effect.

(n) All conditions precedent to the issuance of the Bond under the GDB Resolution have been satisfied by the Municipality to the satisfaction of GDB prior to the date hereof.

(o) So long as the Bond is outstanding, the Municipality will deliver, or cause to be delivered, to the Holder(s) and to GDB as soon as available, and in any event within 180 days after the end of each fiscal year of the Municipality, audited financial statements of the Municipality with the unqualified opinion of independent certified public accountants selected by the Municipality and acceptable to the Holder(s), which annual financial statements shall include the balance sheet of the Municipality as at the end of such fiscal year and the related statements of revenues, expenditures and changes in fund balances of the Municipality for the fiscal year then ended, all in reasonable detail and prepared in accordance with generally accepted accounting principles applied on a consistent basis, together with a certificate of the Director of Finance of the Municipality stating (i) that such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and (ii) whether or not such officer has knowledge of the occurrence of any default or Event of Default hereunder and, if so, stating in reasonable detail the facts with respect thereto.

(p) The Municipality will not take or omit to take any action or omission which action or omission will affect the validity of the Bond or will adversely affect the exclusion from gross income for Puerto Rico income tax purposes of the interest on the Bond, or the exemption of the Bond from property taxes or municipal licenses taxes imposed by the Municipal Property Tax Act of 1991, as amended, and the Municipal License Tax Act of 1974, as amended, respectively.

(q) There is no fact known to the Municipality which the Municipality has not disclosed to the Purchaser in writing which materially adversely affects the ability of the Municipality to perform its obligations under this Agreement, the Bond Resolution or the Bond. The Municipality agrees to notify the Purchaser in writing of any fact or event which materially adversely affects the ability of the Municipality to perform such obligations.

(r) The Municipality covenants and agrees that it will comply, to the extent permitted by the Constitution and laws of the Commonwealth Puerto Rico, with the provisions of the PR Code, the Municipality Tax Act of 1991, as amended, and the Municipal License Tax Act of 1974, as amended, and the Act, and the regulations promulgated thereunder so that interest on the Bond will continue to be excludable from gross income for Commonwealth of Puerto Rico income tax purposes, and so that the Bond will remain exempt from property taxes and municipal license taxes. On the date of delivery of and payment for the Bond, interest on the Bond is excludable from gross income under the PR Code.

(s) The Municipality covenants and agrees not to supplement, change, modify or amend the Bond Resolution without the prior written consent of the Holder(s).

(t) On the date of approval of the Bond Resolution and on the date of delivery of and payment for the Bond, the Municipality has sufficient borrowing margin under the Act to issue the Bond and the availability of said borrowing margin has been certified to the Municipality by the

GDB which certification has not been modified or changed by the GDB since the date of issuance thereof.

Section 5. Conditions of Purchaser's Obligations to Purchase. The obligations of the Purchaser are subject to the accuracy of the representations, warranties and agreements of the Municipality herein, to the performance by the Municipality of its obligations hereunder to be performed at or prior to the Closing Time, and to the following additional conditions precedent:

(a) This Agreement and the Bond shall have been duly authorized, executed and delivered, all in form satisfactory to the Purchaser.

(b) The Purchaser shall have received (i) evidence, reasonably satisfactory to the Purchaser, of the due authorization, execution and delivery of the documents mentioned in clause (a) of this Section 5 by the parties thereto, (ii) an opinion of counsel for the Municipality, substantially in the form set forth in Exhibit B hereto, and (iii) appropriate certificates reasonably satisfactory to the Purchaser covering litigation, compliance with laws and prior agreements, securing and fulfilling all necessary permits and requirements and opinions of counsel satisfactory to the Purchaser with respect to the foregoing.

(c) The Purchaser shall have received a copy, duly certified by the Secretary of the Municipality, of the ordinance(s) adopted by the Municipal Assembly of the Municipality approving the issuance of the Bond (the "Bond Resolution") and shall also have received certified copies of any required approvals referred to in Section 4(g) hereof, including any required approvals of GDB.

(d) The Purchaser shall have received the approving opinion of Pietrantonio Méndez & Alvarez LLP, Bond Counsel, substantially in the form of Exhibit C hereto.

(e) The Purchaser shall have received a certificate, dated the Closing Time, of the Mayor of the Municipality to the effect that: (i) the Municipality has duly performed all of its obligations to be performed at or prior to the Closing Time and each of its representations and warranties contained herein is true and correct as of the Closing Time; (ii) the Municipality has duly adopted the Bond Resolution and has authorized, by all necessary action, the execution, delivery, receipt and due performance of this Agreement, the Bond and any and all such other agreements and documents as may be required to be executed, delivered and received by it in order to carry out, give effect to and consummate the transactions contemplated hereby; (iii) no litigation is pending, or to his/her knowledge threatened, to restrain or enjoin the issuance or sale of the Bond or in any way affecting any authority for or the validity of the Bond, this Agreement or the Bond Resolution or in any way contesting the Municipality's existence or powers; and (iv) the adoption of the Bond Resolution and the execution, delivery, receipt and due performance of the Bond, this Agreement and the other agreements contemplated hereby and the Municipality's compliance with the provisions thereof will not conflict with or constitute on the Municipality's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Municipality is subject or by which it is or may be bound.

(f) The Municipality shall have executed all documents and instruments that are necessary to file this Agreement and all other related documents with the Office of the Controller (“Contralor”) of the Commonwealth.

(g) The Purchaser shall have received such other documentation, opinions and certificates as may be reasonably required by the Purchaser, which shall be in form and substance satisfactory to the Purchaser.

Section 6. Conditions of the Municipality=s Obligations. The obligations of the Municipality hereunder are subject to (i) the Purchaser's performance of its obligations hereunder, (ii) the accuracy of the representations of the Purchaser contained herein and (iii) the delivery of the opinions required by subsections (b)(ii) and (d) of Section 5 hereof.

Section 7. Security Deposit. The Bank has delivered to the Municipality, and the Municipality hereby acknowledges receipt of, a corporate check in the amount of EIGHT HUNDRED SIX THOUSAND DOLLARS (\$806,000) to the order of the Municipality, being at least equal to 2% of the aggregate initial principal amount of the Bond, as a security deposit for the performance by the Purchaser of its obligations hereunder.

In the event the Municipality shall fail to deliver the Bond at the Closing Time, or if the Municipality shall be unable at or prior to the Closing Time to satisfy the conditions to the obligations of the Purchaser contained herein, or if the obligations of the Purchaser shall be terminated for any reason permitted hereby, such check shall be immediately returned to the Purchaser.

In the event that the Purchaser shall fail (other than for a reason permitted hereby) to purchase and accept delivery of and pay for the Bond upon tender thereof by the Municipality as provided herein, such check may then be cashed and the proceeds thereof retained by the Municipality as and for full liquidated damages for such failure and for any and all defaults on the part of the Purchaser, and such retention shall constitute satisfaction of, and shall result in full release and discharge of, all claims and damages for such failure and for any and all such defaults.

At the Closing Time, upon receipt of the aggregate proceeds of the Bond, such check shall be delivered to the Purchaser.

Section 8. Execution. The Bond shall be signed by, or bear the facsimile signature of the Mayor of the Municipality, and shall be signed by, or bear the facsimile signature of, the Secretary, and shall have impressed thereon the official seal of the Municipality. In case any officer whose signature or a facsimile of whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also the Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution of the Bond shall be the proper officers to sign the Bond although at the date of the Bond such persons may not have been such officers.

Section 9. Representations of Purchaser.

(a) The Purchaser represents that it is initially purchasing the Bond in the ordinary course of its business for its own account or for the account of a Related Entity and not with

a view towards, or for resale in connection with, the distribution thereof; provided, however, that the sale or transfer of the Bond shall at all times be in its control.

The Purchaser acknowledges that it has substantial assets and that it has knowledge and experience in financial and business matters and that it is capable of evaluating the merits and risks of purchasing the Bond.

(b) The Purchaser acknowledges that it has been advised, and is aware, that the Bond has not been registered under the Securities Act of 1933 or the Puerto Rico Uniform Securities Act and will not be listed for trading on the New York Stock Exchange or any other exchange, and that there neither is, nor will be, a public market for the resale of the Bond.

Section 10. Transfer of Bonds and Exchange.

(a) The Municipality shall maintain at its offices the Bond Register. The Municipality shall act as Registrar for the purpose of registering the Bond and the transfer of the Bond, as herein provided. The term "Bond Register" shall mean the definitive record in which shall be recorded the name(s), address(es) and taxpayer identifying number(s) of the holder(s) from time to time, of the Bond(s) (collectively, the "Holders"), and the issue date thereof and details with respect to the transfer and exchange of the Bond. The initial Holder of the Bond on its original issue date shall be the Purchaser.

(b) Upon surrender for registration of transfer of the Bond(s) at the offices of the Municipality, the Municipality shall execute and deliver, in the name of the designated transferee or transferees, one or more new Bonds, of any authorized denominations and having identical terms and provisions and for an equal aggregate principal amount.

(c) At the option of the Holder of a Bond, such Bond may be exchanged for other Bonds of any denominations (of not less than \$5,000 principal amount and any integral multiple thereof) of an equal aggregate principal amount and having identical terms and provisions, upon surrender of the Bond to be exchanged at the offices of the Municipality. Whenever any Bonds are so surrendered for exchange, the Municipality shall execute and deliver the Bonds which the Holder of the Bonds making the exchange is entitled to receive.

(d) Notwithstanding the foregoing, the Municipality shall not register the transfer of or exchange (i) any Bond that has been called for redemption in whole or in part, except the unredeemed portion of Bond(s) being redeemed in part, or (ii) any Bond during the period beginning at the opening of business 15 days before the mailing of a notice of such redemption and ending at the close of business on the day of such mailing.

(e) All Bonds issued upon any registration of transfer or exchange of Bonds shall be the valid obligation of the Municipality, evidencing the same debt, and entitled to the same benefits as the Bonds surrendered upon such registration of transfer or exchange.

(f) Every Bond presented or surrendered for registration of transfer or for exchange shall be duly endorsed, or be accompanied by a written instrument of transfer with such evidence of due authorization and guaranty of signature as may reasonably be required by the Municipality, in form satisfactory to the Municipality, duly executed by the Holder thereof or his/her attorney duly authorized in writing.

(g) No service charge shall be made to a Holder of Bonds for any transfer or exchange of Bonds, but the Municipality may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(h) The Holders shall be deemed and regarded as the absolute owners of the applicable Bonds for all purposes, and payment of or on account of the principal of, premium, if any, and interest on each of the Bonds shall be made as required thereunder, the Bond Resolution and the Act only to or upon the order of the applicable Holder thereof, whether or not any transfer thereof shall be made. All such payments shall be valid and effectual to satisfy and discharge the liability upon the applicable Bond to the extent of the sums so paid whether or not any transfer thereof shall be made, until the Municipality shall have received the Bond duly endorsed for transfer with the wire transfer instructions of the transferee.

(i) In case any of the Bonds shall become mutilated, or be destroyed, stolen or lost, the Municipality, upon the request of the Holder of such Bond shall execute and deliver a new Bond of like tenor and of the same principal amount then outstanding, maturity date and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation thereof, or in lieu of and substitution for the Bond destroyed, stolen or lost, on the following conditions: such person shall (i) file evidence with and satisfactory to the Municipality that the Bond has been destroyed, stolen or lost and proof of ownership thereof, (ii) furnish the Municipality with indemnity satisfactory to them, (iii) comply with such other reasonable requests as the Municipality may prescribe, and (iv) pay such expenses as the Municipality may incur in connection therewith. Any Bond so surrendered to the Municipality shall be cancelled by it.

Section 11. Redemption and Acceleration. The Bond is subject to optional and mandatory redemption prior to maturity only as provided in this Section 11.

The Bond shall be called for redemption in full, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, immediately upon notice from any Holder to the Municipality (i) that the Municipality has failed to pay when due (whether at scheduled maturity, by required prepayment, acceleration, demand or otherwise) any installment of principal, premium, if any, or interest on the Bond or any other bond, promissory note or obligation of the Municipality in favor of the Purchaser or any other Person, (ii) the Municipality has failed to perform any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any indebtedness of the Municipality, and such failure has continued after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, the maturity of such indebtedness, (iii) that the Municipality has failed to observe or perform any covenant, condition or agreement on its part to be observed or performed hereunder, under the Bond or the Act, which failure shall continue unremedied for a period of thirty (30) days after written notice is given to the Municipality, specifying such failure and requesting that it be remedied, unless the Municipality and the Holders shall agree in writing to the extension of such time prior to its expiration, (iv) any representation, statement or warranty made by or on behalf of the Municipality herein or in any certificate delivered pursuant hereto shall prove to be untrue in any material respect as the date as of which made or deemed made, (v) the occurrence of a Material Adverse Effect or of an event which materially adversely affects the ability of the Municipality to perform its obligations under this Agreement, the Bond Resolution or the Bond, or (vi) if applicable,

the Municipality shall commence a voluntary case under the U.S. Bankruptcy Code as now or hereinafter in effect, or any successor thereto, or an involuntary case is commenced against the Municipality under said statute (each, an “Event of Default”). Anything herein or in the Bond to the contrary notwithstanding, the interest rate applicable to the outstanding principal amount of the Bond during such thirty (30) day period and during the continuance of an Event of Default, shall be equal to two hundred basis points (2%) over and above prime rate of interest established by the major money center banks in New York, New York, payable in arrears on the same date that interest is due and payable on the Bond. In addition to the applicable interest rate during such thirty (30) day period and during the continuance of an Event of Default, upon the failure by the Municipality to pay any installment of principal, premium, if any, or interest on the Bond, the Municipality agrees to pay to the Purchaser, upon demand, a penalty fee equal to five percent (5%) of such installment then due.

Upon the happening and continuance of any Event of Default, any of the Holder(s) may, by a notice in writing to the Municipality, declare the principal of the Bond then outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bond or in this Agreement to the contrary notwithstanding.

If less than all of the Bond is called for redemption, then the Bond shall be redeemed in inverse order of maturity.

Section 12. Notation of Payments. The Holders, to the extent applicable, shall permit the Municipality, at any time during regular business hours, to make at its office an appropriate notation or notations on the Bond of payments of principal thereon, if at least five days prior thereto the Municipality shall have given written notice of its intention to do so and it shall not have received from the Holders a written confirmation that the requested notation or notations shall have been made by the Holders. In the event that the Bond shall be transferred by the Purchaser as permitted by Section 10 hereof, the Purchaser, to the extent applicable, will make or cause to be made notations thereon of all payments of principal with respect to which no prior notations have been made and of the date to which interest thereon has been paid or duly provided for.

Section 13. Redemption Fund. The proceeds of the sale of the Bond to the Purchaser shall be set aside by the Municipality in a special account acceptable to the Purchaser and designated “Municipality of San Juan, Municipal Bonds of 2004, Redemption Fund” (the “Redemption Fund”) simultaneously with the delivery of the Bond. Of the proceeds of the Bond, (i) \$143,000 shall be segregated and set aside in a “Cost of Issuance Account” to be used for payment of the costs of issuance of the Bond pursuant to the terms of the Bond Resolution, and (ii) \$39,890,000 shall be segregated and set aside the Redemption Fund which shall be used by the Municipality for the repayment of the outstanding bonds and notes of the Municipality that are being refinanced with the proceeds of the Bond pursuant to the terms of the Bond Resolution.

Section 14. Expenses. The Municipality agrees to pay, and to save the harmless against liability for the payment of, all reasonable expenses incident to the performance of their respective obligations hereunder, this Agreement, the Bond and the transactions contemplated hereby and thereby, including but not limited to, (i) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds, and execution, delivery and performance of this Agreement and the other documents contemplated hereby and thereby, (ii) the reasonable fees and disbursements of Pietrantoni Méndez & Alvarez LLP, Bond Counsel, (iii) the reasonable fees and disbursements of the

counsel for the Municipality, (iv) all excise taxes, if any, upon documents or transactions pursuant to this Agreement, (v) all expenses incidental to all filings or recordings pursuant to this Agreement, and (vi) all costs of collection (including reasonable counsel fees) in the event of default under this Agreement or in the payment of the principal of or interest on the Bond or other charges payable under this Agreement.

Section 15. Alterations of Documents. Alterations and modifications of this Agreement or of any supplements thereto, may be made only with the written consent of the Municipality and the Holders.

Section 16. Net Payments. All sums payable by the Municipality hereunder and under the Bond, whether for principal, premium, if any, interest, fees, expenses or otherwise, shall be paid in full, without any deduction or withholding whatsoever. In the event that the Municipality or any other person is compelled by law to make any such deduction or withholding, then the Municipality shall pay to the Purchaser such additional amount as will result in the receipt by the Purchaser of a net sum equal to the sum it would have received had no such deduction or withholding been required to be made.

Section 17. Indemnification. The Municipality shall indemnify and hold harmless the Holders from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever (including the costs and expenses of defending against any claim of liability) which any such party may incur (or which may be claimed against it) by reason of or in connection with the execution and delivery or assignment of, or payment under, or consummation of the transactions contemplated by this Agreement or the Bond or the transactions contemplated hereby or thereby, unless due to the gross negligence or willful misconduct of the Holders, as applicable.

Section 18. Funding Loss Compensation. The Municipality hereby acknowledges that, in connection with the funding for the purchase of the Bond, the Purchaser, at its discretion and in order to provide such funding, may purchase deposits or other funds consisting of LIBOR Funds. If the Purchaser incurs any loss, cost or expense (including, without limitation, any loss, cost, expense or premium incurred by reason of the liquidation or re-employment of deposits or other funds acquired by the Purchaser to fund or maintain the indebtedness evidenced by the Bond or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Purchaser) as a result of any payment of the principal amount of the Bond on a date other than the last day of the corresponding Interest Period (whether by acceleration, optional or mandatory prepayment, or otherwise), then, in any such event, upon the demand of the Purchaser, the Municipality shall pay to the Purchaser such amount as will compensate and reimburse the Purchaser for the loss, cost or expense attributable to such event.

Section 19. Lawful Rate of Interest. Notwithstanding any provision herein to the contrary, no interest payments shall be made to the Holders under this Agreement or under any of the Bonds the effect of which would cause the effective rate of interest on the Bond to exceed any applicable maximum rate of interest permitted by law.

In the absence of the foregoing paragraph, if the terms of this Agreement would at any time require payment of interest to the Purchaser (including amounts deemed by applicable law to be interest (“Interest”)) at a rate in excess of the maximum rate then permitted by the law applicable to the Bond and amounts payable with respect thereto, the Interest payments to the

Purchaser shall be reduced to the extent necessary so that the Purchaser shall not receive Interest at a rate in excess of such maximum rate.

Section 20. Severability. In case any one or more of the provisions of this Agreement or of the Bond shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Agreement or of the Bond, but this Agreement and the Bond shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bond or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Municipality to the full extent permitted by law.

Section 21. Miscellaneous. (a) This Agreement shall be binding upon and inure to the benefit of the Municipality and the Purchaser and their respective successors and assigns; provided, however, that this Agreement may not be assigned by the Municipality without the prior written consent of the Holders.

(b) Upon payment of the Bond, and subject to Section 17 hereof, the Municipality shall be relieved of all further obligations with respect to the Bond and this Agreement. Upon payment or redemption, either at or before maturity, the Bond shall be cancelled and shall be delivered to the Municipality when such payment or redemption is made, at which time the Municipality shall destroy the Bond.

(c) In the event of the dissolution of the Municipality, all of the covenants, stipulations, obligations and agreements contained in this Agreement by or on behalf of or for the benefit of the Municipality shall bind or inure to the benefit of the successor or successors of the Municipality from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(d) Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Municipality or the Purchaser shall be sufficiently given or filed for all purposes of this Agreement if mailed by registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Municipality:

Autonomous Municipality of San Juan
San Juan City Hall
Old San Juan, Puerto Rico 00901

Attention: Mayor

If to the Purchaser:

Banco Santander Puerto Rico

San Juan, Puerto Rico 009_____

Attention: Division Manager

Wire Transfer Instructions:

Banco Santander Puerto Rico

ABA # _____

Attention: _____

Reference: Municipality of San Juan (2004 Municipal Bonds)

The Municipality and the Purchaser may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Upon cancellation of the Bond, written notice thereof shall be sent to the Municipality.

(e) Except as herein otherwise expressly provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any persons, firm or corporation other than the parties hereto and any subsequent Purchaser any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto, the Municipality and the holders from time to time of the Bond issued hereunder.

(f) This Agreement shall be governed by and construed in accordance with the laws of Puerto Rico.

(g) No remedy herein conferred upon or reserved to any party hereto is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or by law.

(h) No delay or omission of any party hereto to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by this Agreement to any party hereto may be exercised from time to time and as often as may be deemed expedient.

(i) All of the representations, warranties and agreements herein (i) shall remain operative and in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Purchaser, and shall survive delivery of the Bonds to the Purchaser and shall continue in full force and effect so long as any amount hereunder or under the Bond shall remain outstanding and unpaid and with respect to Sections 17, 19 and 20 shall survive any such payment and (ii) shall bind and inure to the successors and (except as provided in clause (a) of this Section 21) assigns of all parties hereto.

(j) No waiver of any of the provisions of this Agreement (i) shall be valid unless evidenced by a writing executed by each party to be bound thereby, (ii) shall be deemed or shall constitute a waiver of any other provisions of this Agreement or any other provisions hereof or thereof (whether or not similar) or (iii) shall constitute a continuing waiver unless otherwise expressly provided.

(k) This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and all such counterparts shall constitute but one and the same instrument. This Agreement supersedes any other agreements or understandings, written or oral, between the parties with respect to the Bond.

(k) Any headings preceding the text of the several sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, and they shall not affect its meaning, construction or effect.

(l) The obligation of the Municipality to make the payments required by the Bond and to make other payments and to perform and observe the covenants and agreements hereunder shall be absolute and unconditional. The Municipality will pay without offset, abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Municipality may have or assert against the Purchaser or any other person.

(m) THE HOLDERS AND THE MUNICIPALITY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT OR ANY OF THE RELATED DOCUMENTS, ANY DEALINGS BETWEEN THE HOLDERS AND THE MUNICIPALITY RELATING TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BY THE HOLDERS AND THE MUNICIPALITY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT (INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER CIVIL LAW AND STATUTORY CLAIMS). THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY RELATED DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY RELATED TRANSACTIONS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A NONJURY TRIAL BY THE COURT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed all as of the date first above written.

THE AUTONOMOUS MUNICIPALITY OF SAN JUAN

By: _____
Name:
Title: Mayor

BANCO SANTANDER PUERTO RICO, as Purchaser

By: _____
Name:
Title:

87554 v4

Affidavit No. _____

Acknowledged and subscribed before me by Jorge Santini, in his capacity as Mayor of the Autonomous Municipality of San Juan, who is of legal age, married, Mayor and resident of San Juan, Puerto Rico, to me personally known, in San Juan, Puerto Rico this __ day of October, 2004.

Notary Public

Affidavit No. _____

Acknowledged and subscribed before me by _____ in [his/her] capacity as _____ of Banco Santander Puerto Rico, of legal age, married, banker and resident of _____, Puerto Rico, personally known to me, in San Juan, Puerto Rico this __ day of October, 2004.

Notary Public

Núm. R-1

\$40,033,000

Estados Unidos de América
Estado Libre Asociado de Puerto Rico
MUNICIPIO AUTÓNOMO DE SAN JUAN
Bonos de Refinanciamiento de Obligación Especial
Municipal de 2004, Serie A

El Municipio de San Juan, Puerto Rico (el AMunicipio@), un cuerpo político y jurídico en el Estado Libre Asociado de Puerto Rico, reconoce adeudar y por valor recibido promete por la presente pagar a Banco Santander Puerto Rico a cuyo nombre aparezca registrado o su representante legal, la suma de principal de \$40,033,000 en plazos anuales de principal el 1 de julio en los siguientes años y cantidades de principal junto con los intereses sobre la porción no pagada de dicha suma de principal desde el ___ de _____ del 2004 [Incluir fecha de emisión] a una tasa fluctuante de interés igual a 55 bases puntos sobre la Tasa LIBOR, cada cambio en dicha tasa fluctuante de interés a ser efectivo en cada Fecha de Fijación de Interés, a ser calculadas según se establece en este Bono, hasta el pago de dicha suma de principal, pagaderos semestralmente dichos intereses hasta su vencimiento, el 1 de enero y el 1 de julio de cada año comenzando el 1 de enero de 2005:

<u>Año de Redención</u>	<u>Cantidad de Principal a ser Redimido</u>	<u>Año de Redención</u>	<u>Cantidad de Principal a ser Redimido</u>
2005	\$ 569,522.50	2018	\$1,569,117.48
2006	\$ 797,801.45	2019	\$1,660,104.84
2007	\$ 844,063.02	2020	\$1,756,368.21
2008	\$ 893,007.13	2021	\$1,858,213.54
2009	\$ 944,789.33	2022	\$1,965,964.51
2010	\$ 999,574.20	2023	\$2,079,963.56
2011	\$1,057,535.83	2024	\$2,200,573.00
2012	\$1,118,858.44	2025	\$2,328,176.14
2013	\$1,183,736.92	2026	\$2,463,178.51
2014	\$1,252,377.47	2027	\$2,606,009.17
2015	\$1,324,998.24	2028	\$2,757,122.06
2016	\$1,401,830.01	2029	\$2,916,997.43
2017	\$1,483,116.98		

Para propósitos de este bono, las siguientes palabras tendrán los respectivos significados que se detallan en adelante:

Tasa LIBOR@ significa, para cada Periodo de Interés, la tasa de interés anual (redondeada hasta la centésima mas cercana de un 1%) determinada por Banco Santander Puerto Rico, como el tenedor inicial de este bono, igual a la tasa ofrecida para depósitos en dólares de los Estados Unidos de América por un término de 90 días, según publicada por Bloomberg (o su sucesor) en el ABBAM Page@ (o cualquier otra página que pueda reemplazar aquellas páginas en los servicios de reportaje de información financiera provistos electrónicamente por Bloomberg para el propósito de exhibir las tasas para fondos en dólares de los Estados Unidos de América que son ofrecidas por los bancos principales en el mercado interbancario de Londres) a las 11:00am, hora de Inglaterra, aproximadamente, en la Fecha de Fijación de Interés aplicable. Si en cualquier Fecha de Fijación de Interés la Tasa LIBOR no pueda ser determinada según lo dispuesto en la oración anterior, la tasa aplicable será determinada con referencia a un servicio de reportaje financiero o cualquier otra información que sea mutuamente aceptable para el tenedor de este bono y el Municipio.

Fecha de Fijación de Interés@ significa, para cada Periodo de Interés, el primer día de dicho Periodo de Interés.

Periodo de Interés@ significa, un término de tres (3) meses calendarios, cada uno comenzando en el primer día de enero, abril, julio y octubre y terminando en el último día del tercer mes contenido en dicho periodo de tres (3) meses, salvo que el Periodo de Interés inicial comenzará en la fecha de emisión de este bono y terminará el 31 de diciembre de 2004. No obstante lo anterior, cualquier Periodo de Interés que vaya a terminar en un día que es un sábado, domingo o día feriado terminará en el próximo día laborable.

Tanto el principal de como los intereses sobre este bono son pagaderos en cualquier moneda de los Estados Unidos de América que, en las respectivas fechas de pago, sea moneda de curso legal para el pago de deudas públicas y privadas. El último pago de principal de este bono será pagadero a la presentación y entrega del mismo en la oficina del Alcalde del Municipio, en la Ciudad de San Juan, Puerto Rico o mediante el uso de un agente pagador designado por éste. El pago de los intereses sobre este bono será efectuado a la persona que aparece en los libros de registro del Municipio, o en los de un registrador designado por el Municipio, como dueño registrado luego de horas laborables el 15 de diciembre o 15 de junio (aunque no sean días laborables) que preceda a la fecha de pago de los intereses correspondientes. Dichos intereses serán pagados mediante cheque, transferencia cablegráfica o cualquier otra forma legal de pago. Los intereses sobre este bono serán calculados a base de un año de 360 días que consista de doce meses de 30 días cada uno.

Este bono no constituye una obligación general del Municipio y, por lo tanto, la buena fe, el crédito y el poder del Municipio de imponer contribuciones ilimitadas no están comprometidos para el pago del principal, la prima de redención, si alguna, y los intereses de este bono. El principal, los intereses y la prima de redención, si alguna, de este bono serán pagaderos solamente de las remesas por el Centro de Recaudación de Ingresos Municipales (“CRIM”) al Municipio de la contribución básica sobre la propiedad que sea impuesta por el Municipio sobre toda propiedad mueble e inmueble que radica dentro de sus términos territoriales de conformidad con el Artículo 2.01 de la Ley Núm. 83, aprobada el 30 de agosto de 1991, según enmendada, y que no estén comprometidas a la fecha en que se emita este bono para el pago de otras obligaciones del Municipio y las remesas de

fondos operacionales que sean pagados por el CRIM al Municipio, de conformidad con el Artículo 17(e) de la Ley Núm. 80, aprobada el 30 de agosto de 1991, según enmendada.

Este bono es uno debidamente autorizado y designado “Bono de Refinanciamiento de Obligación Especial de 2004”, con vencimientos anuales en los años 2005 a 2029, ambas fechas inclusive y emitidos con el propósito de proveer fondos para redimir ciertos empréstitos del Municipio, y se emite bajo la autoridad de y cumpliendo todos los requisitos del Estatuto de Relaciones Federales de Puerto Rico y la Constitución y leyes de Puerto Rico, incluyendo la Ley Núm. 64 de 3 de julio de 1996, según enmendada, conocida como la “Ley de Financiamiento Municipal de Puerto Rico de 1996” (la “Ley de Financiamiento Municipal”), y en virtud de una ordenanza (en adelante, la “Ordenanza”) autorizando la emisión de los bonos, adoptada por la Legislatura del Municipio después de una vista pública sobre la misma. La emisión de este bono ha sido aprobada por el Banco Gubernamental de Fomento para Puerto Rico. El dueño de este bono acepta todas las disposiciones de la Ordenanza con la aceptación del mismo. Este bono está sujeto a redención mandatoria y opcional, según se establece en dicha Ordenanza.

Por la presente se certifica y se hace constar que todos los actos, condiciones y cosas requeridas por la Ley de Relaciones Federales de Puerto Rico y la Constitución y las Leyes del Estado Libre Asociado de Puerto Rico que se requiere que sucedan, existan y se ejecuten con anterioridad a y al tiempo de emitirse este bono, han sucedido, existido y se han ejecutado a su debido tiempo en la forma y manera requeridas; que la deuda pública total del Municipio, incluyendo este bono, no excede limitación alguna impuesta por la Ley de Relaciones Federales de Puerto Rico o por la Constitución o Leyes del Estado Libre Asociado de Puerto Rico.

EN TESTIMONIO DE LO CUAL, el Municipio Autónomo de San Juan, Puerto Rico, ha hecho que este bono sea firmado por su Alcalde y que su Sello Oficial sea estampado en el mismo y certificado por el Secretario Municipal, o cualquier otro oficial designado por la Legislatura del Municipio para ejercer tal función, a la fecha de ___ de _____ de 2004.

Alcalde

(Sello)

Certificado:

Secretario

EXHIBIT B

Proposed form of opinion of counsel to the Municipality of San Juan

EXHIBIT C

Proposed form of opinion of
Pietrantoní Méndez & Álvarez LLP

EXHIBIT D

**MUNICIPAL SPECIAL OBLIGATION REFINANCING BONDS OF
2004, SERIES A**

	<u>AMOUNT</u>
1. Refinancing of Municipal Special Obligation Bonds of _____ of the Municipality of San Juan	\$ 22,930,000
2. Refinancing of Municipal Special Obligation Bonds of _____ of the Municipality of San Juan	15,930,000
3. Refinancing of Municipal Special Obligation Bonds of _____ of the Municipality of San Juan	1,030,000
4. Legal fees and expenses	143,000
Total	<u>\$40,033,000</u>

SCHEDULE 1

Dates and Amounts of Redemption and Maturity of the Bond

Sección 22. Municipal Special Obligation Refinancing Bonds of 2004, Series A:

<u>Year of Redemption</u>	<u>Amount of Principal to be Redeemed</u>	<u>Year of Redemption</u>	<u>Amount of Principal to be Redeemed</u>
2005	\$ 569,522.50	2018	\$1,569,117.48
2006	\$ 797,801.45	2019	\$1,660,104.84
2007	\$ 844,063.02	2020	\$1,756,368.21
2008	\$ 893,007.13	2021	\$1,858,213.54
2009	\$ 944,789.33	2022	\$1,965,964.51
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2016	\$1,401,830.01	2029*	\$2,916,997.43
2017	\$1,483,116.98		

*Maturity Date.