

**CERTIFICATE OF DEPUTY SECRETARY OF THE
TREASURY AS TO THE BOND RESOLUTIONS**

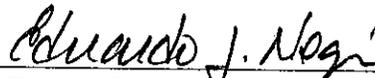
I, EDUARDO J. NEGRON MENDEZ, Deputy Secretary of the Treasury of Puerto Rico, DO HEREBY CERTIFY, that attached hereto is a true and correct copy of the following resolutions, duly adopted by the Secretary of the Treasury of Puerto Rico on March 17, 2000, and approved by the Governor of Puerto Rico on the same date:

A RESOLUTION PROVIDING FOR THE ISSUANCE OF \$475,000,000 PRINCIPAL AMOUNT OF COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT BONDS OF 2000; APPROVING A PURCHASE CONTRACT WITH THE UNDERWRITERS THEREOF; AND DETERMINING AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

and

A RESOLUTION PROVIDING FOR THE ISSUANCE OF \$55,910,993.15 PRINCIPAL AMOUNT OF COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT REFUNDING BONDS, SERIES 2000; PROVIDING FOR THE REFINANCING OF CERTAIN PUBLIC IMPROVEMENT BONDS OF THE COMMONWEALTH OF PUERTO RICO; APPROVING A PURCHASE CONTRACT WITH THE UNDERWRITERS THEREOF; AND DETERMINING AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of April, 2000.



Deputy Secretary of the Treasury of
Puerto Rico

COMMONWEALTH OF PUERTO RICO

BOND RESOLUTION

Adopted March 17, 2000

Authorizing and Securing

\$475,000,000

COMMONWEALTH OF PUERTO RICO
PUBLIC IMPROVEMENT BONDS OF 2000

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A RESOLUTION PROVIDING FOR THE ISSUANCE OF \$475,000,000 PRINCIPAL AMOUNT OF COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT BONDS OF 2000; APPROVING A PURCHASE CONTRACT WITH THE UNDERWRITERS THEREOF; AND DETERMINING AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, by virtue of Act No. 153 of the Legislature of Puerto Rico (the "Legislature"), approved July 16, 1999 ("Act No. 153"), the Secretary of the Treasury of Puerto Rico (the "Secretary") is authorized to sell and issue at any one time or from time to time, upon resolution for that purpose and with the approval of the Governor of the Commonwealth of Puerto Rico (the "Governor"), bonds of the Commonwealth of Puerto Rico (the "Commonwealth") in a principal amount not to exceed Four Hundred Seventy Five Million Dollars (\$475,000,000) for the purpose of covering the cost of certain necessary public improvements, making a deposit to the credit of the Extraordinary Maintenance Fund (hereinafter defined) and paying financing costs, and no bonds have heretofore been issued pursuant to Act No. 153; and

WHEREAS, the underwriters named in the Purchase Contract (hereinafter defined) have agreed to purchase bonds of the Commonwealth in a principal amount of \$475,000,000 as described below on the terms and conditions contained in the Purchase Contract dated March 17, 2000 (the "Purchase Contract"), by and among the Commonwealth and said underwriters; and

WHEREAS, the Secretary has determined that it is desirable at this time to sell and issue general obligation public improvement bonds of the Commonwealth authorized under Act No. 153 in the principal amount of \$475,000,000, that it is desirable at this time to provide funds for the purpose of paying the cost of public improvements and making a deposit to the Extraordinary Maintenance Fund and has determined to accept the offer made by said underwriters to purchase such bonds; now, therefore;

I, XENIA VÉLEZ SILVA, Secretary of the Treasury of Puerto Rico, DO HEREBY RESOLVE AND DETERMINE, as follows:

SECTION 1. Authorization, Designation and Details of Bonds. For the purpose of providing funds for covering the costs of certain necessary public improvements referred to in Act No. 153, making a deposit to the credit of the Extraordinary Maintenance Fund (the "Extraordinary Maintenance Fund") created by virtue of Act No. 66 of the Legislature, approved August 14, 1991 ("Act No. 66"), and paying the expenses related to the issuance and sale of the bonds authorized hereby, there shall be issued at this time under the authority of an Act of the Senate and House of Representatives of the United States in Congress assembled entitled, "An Act to provide a civil government for Puerto Rico, and for other purposes", approved March 2, 1917, as amended, as continued in effect by Public Law 600, approved July 3, 1950, as amended, and now known as the "Puerto Rican Federal Relations Act" and the Constitution and laws of the Commonwealth, including Act No. 153, bonds of the Commonwealth in the aggregate principal

amount of Four Hundred Seventy Five Million Dollars (\$475,000,000). Said bonds shall be designated "Commonwealth of Puerto Rico Public Improvement Bonds of 2000" (hereinafter referred to as the "Bonds"), shall be issuable as registered bonds without coupons in denominations of \$5,000 or any multiple thereof, shall be numbered from R-1 upwards, shall be dated March 15, 2000, shall bear interest at the rates per annum (payable July 1, 2000 and each January 1 and July 1 thereafter), and shall be stated to mature as follows:

\$264,065,000 aggregate principal amount of said Bonds are serial bonds maturing on July 1 in the years and amounts and bearing interest at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2001	\$ 7,370,000	4.50 %
2002	7,700,000	4.50
2003	8,045,000	5.00
2004	8,450,000	5.00
2005	8,870,000	4.70
2006	9,290,000	4.80
2007	9,735,000	5.25
2008	10,245,000	5.00
2009	10,760,000	5.00
2010	11,295,000	5.10
2011	11,870,000	5.125
2012	12,480,000	5.25
2013	13,135,000	5.25
2014	13,825,000	5.375
2015	14,570,000	5.40
2016	15,355,000	5.75
2017	16,235,000	5.75
2018	17,170,000	5.75
2019	18,160,000	5.75
2020	19,200,000	5.75
2021	20,305,000	5.75

The remaining \$210,935,000 aggregate principal amount of said Bonds are term bonds, consisting of \$110,935,000 term bonds maturing on July 1, 2026 and \$100,000,000 term bonds maturing on July 1, 2029 and bearing interest at the rates of 5.75% and 6.00%, respectively.

The interest to the payment of the Bonds shall be payable July 1, 2000 (representing 106 days' interest) and semi-annually thereafter on January 1 and July 1 in each year. Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated on an interest payment date, in which case it shall bear interest from such interest payment date, or, unless authenticated prior to the first interest payment date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the

date to which interest shall have been paid or duly provided for. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The Amortization Requirements for the \$110,935,000 term bonds which mature on July 1, 2026 shall be the following amounts on July 1 in the following years:

<u>Year</u>	<u>Amortization Requirements</u>
2022	\$21,475,000
2023	22,710,000
2024	24,015,000
2025	25,395,000
2026*	17,340,000

* Final Maturity.

The Amortization Requirements for the \$100,000,000 term bonds which mature on July 1, 2029 shall be the following amounts on July 1 in the following years:

<u>Year</u>	<u>Amortization Requirements</u>
2026	\$ 9,515,000
2027	28,420,000
2028	30,130,000
2029*	31,935,000

* Final Maturity.

The Bonds shall be initially issued through the book-entry system maintained by The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds, and the Bonds will be initially registered in the name of DTC or its nominee. Notwithstanding any other provisions of this Resolution to the contrary, so long as the Bonds are held in DTC's book-entry system and registered in the name of DTC or its nominee, all payments with respect to principal of and interest on the Bonds and all notices with respect to the Bonds shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations dated May 4, 1995 (the "DTC Agreement"), by and between the Commonwealth and DTC. In the event that DTC discontinues providing its services as securities depository with respect to the Bonds, and a successor securities depository is not obtained, certificates representing the Bonds will be printed and delivered to the beneficial owners thereof. The Commonwealth may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Bonds and in such event certificates will be printed and delivered to the beneficial owners thereof.

SECTION 2. Mandatory Redemption. The term bonds due July 1, 2026 and July 1, 2029 will be subject to redemption on July 1, 2022 and July 1, 2026, respectively, and on July 1 in each year thereafter to the extent of the respective Amortization Requirements therefor at a

redemption price equal to 100% of the outstanding principal amount thereof, together with accrued interest to the date fixed for redemption.

The Secretary shall, on or before July 1, 2022 in respect of the term bonds due July 1, 2026 and on or before July 1, 2026 in respect of the term bonds due July 1, 2029, and on or before each July 1 thereafter for which there is an Amortization Requirement, apply to the retirement, by purchase or redemption, of term bonds of each such maturity an amount at least equal to the Amortization Requirement for such Bonds for such date. The Secretary shall endeavor to purchase Bonds or portions of Bonds secured hereby and then outstanding, whether or not such Bonds or portions thereof shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal of such Bonds.

The Secretary shall call for redemption on each July 1 on which term bonds are subject to redemption in accordance with this Section a principal amount of such Bonds equal to the aggregate principal amount of such Bonds to be redeemed pursuant to the respective Amortization Requirements therefor less the aggregate principal amount of such Bonds purchased by the Secretary in accordance with this Section since the preceding July 1. If the principal amount of term bonds so retired on or before July 1 of any year exceeds the Amortization Requirement for such Bonds for such date, the Amortization Requirement for such Bonds for any succeeding date or dates may, at the option of the Secretary, be decreased by the amount of such excess.

No such purchase shall be made by the Secretary within the period of forty-five (45) days immediately preceding any July 1 on which such Bonds are subject to call for redemption under the provisions of this Section except from moneys other than the moneys set aside or deposited for the redemption of such Bonds.

SECTION 3. Optional Redemption. The outstanding Bonds maturing on or prior to July 1, 2010 shall not be subject to redemption prior to their maturity.

The outstanding Bonds maturing July 1, 2011 through and including July 1, 2021 and on July 1, 2026 shall be subject to redemption prior to their maturity, at the option of the Secretary, from any moneys that may be available for that purpose (other than moneys set aside in respect of an Amortization Requirement), either in whole or in part, as directed by the Secretary, on any date not earlier than July 1, 2010, at the principal amount of the Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, without premium.

The outstanding Bonds maturing on July 1, 2029 shall be subject to redemption prior to their maturity, at the option of the Secretary, from any moneys that may be available for that purpose (other than moneys set aside in respect of an Amortization Requirement), either in whole or in part, as directed by the Secretary, on any date not earlier than July 1, 2005, at the principal amount of the Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, plus a premium of 1% of such principal amount if redeemed on or after July 1, 2005 and on or prior to June 30, 2006, and without premium if redeemed thereafter.

SECTION 4. Notice of Redemption. At least thirty (30) days prior to the date upon which any such redemption is to be made, a notice of such redemption, signed by the Registrar (hereinafter defined), designating the redemption date and the principal amount, redemption premium, if any, and accrued interest on the Bonds to be paid and, if less than all of the Bonds then outstanding shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed and otherwise complying with Securities Exchange Act of 1934 Release No. 34-23856, dated December 3, 1986 (the "Redemption Release"), shall be given by registered or certified mail, postage prepaid, return receipt requested to all registered owners of Bonds or portions thereof to be redeemed, at their addresses as they appear on the registration books hereinafter provided for. In addition, the Registrar shall send a copy of the above notice of redemption to the persons specified in Sections B and D of the Redemption Release at least two business days before notice is given in accordance with the preceding sentence. Any defect in or the failure to mail such notice to the owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bonds. Any failure to comply with the requirements of the Redemption Release or any failure to send such notice to the persons specified in said Sections B and D shall not affect the validity of the proceedings for the redemption of any Bonds. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond at the corporate trust office of the Registrar in the Municipality of San Juan, Puerto Rico, a new Bond or Bonds of the same maturity, bearing interest at the same rate, of authorized denominations and in principal amount equal to the unredeemed portion of such Bond will be issued. All Bonds so presented and surrendered shall be canceled by the Registrar.

SECTION 5. Partial Redemption. If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by the Registrar by such method as it shall deem fair and appropriate; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or such owner's attorney or legal representative shall present and surrender such Bond for payment of the principal amount thereof so called for redemption at the corporate trust office of the Registrar in the Municipality of San Juan, Puerto Rico. Thereupon, the Commonwealth shall execute in the manner provided in Section 8 of this Resolution and the Registrar shall authenticate and deliver to or upon the order of such registered owner or such owner's legal representative, without charge therefor, for the unredeemed portion of the Bond so surrendered, a Bond or Bonds, at the option of such registered owner or such owner's attorney or legal representative, of the same maturity, bearing interest at the same rate, of authorized denominations and in principal amount equal to the unredeemed portion of such Bond so surrendered.

SECTION 6. Effect of Calling for Redemption. Notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and

payable at the principal amount, redemption premium, if any, and accrued interest provided for redemption of such Bonds on such date. On the date so designated for redemption, notice having been given and moneys for payment of the principal of and the redemption premium, if any, and accrued interest on the Bonds so called for redemption being held by the Registrar, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue. Bonds and portions of Bonds which have been duly called for redemption under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption or to pay at or prior to maturity have been given to the Registrar in form satisfactory to it, and for the payment of the principal of and the redemption premium, if any, and the accrued interest on which, sufficient available moneys, or investments permitted by law which investments shall not contain provisions permitting redemption thereof at the option of the issuer, the principal of and interest on which when due, and without any reinvestment thereof, will provide sufficient moneys, shall be held in trust for the owners of the Bonds or portions thereof to be paid or redeemed, shall not be deemed to be outstanding under this Resolution, and the registered owners thereof shall have no rights in respect thereof except to receive payment of the principal of and the redemption premium, if any, and the accrued interest on such Bonds or portions thereof and in the case of a Bond to be redeemed in part only, to receive a Bond for any unredeemed portion thereof as herein provided.

SECTION 7. Payment of Bonds. The principal of each Bond is payable at the corporate trust office of the Registrar in the Municipality of San Juan, Puerto Rico, in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond Register (hereinafter defined) as the registered owner thereof (or the previous Bond or Bonds evidencing the same debt as that evidenced by such Bond) at the close of business on the record date for such interest, which shall be the June 15 or December 15 (whether or not a business day) next preceding the applicable interest payment date, such interest to be paid in like coin or currency by check mailed to such person at his address as it appears on the Bond Register, all as provided in this Resolution.

SECTION 8. Execution, Issuance, Form and Delivery of Bonds. The Bonds authorized by this Resolution shall bear the facsimile signatures of the Governor and the Secretary, and a facsimile of the official seal of the Commonwealth shall be imprinted upon each of said Bonds and attested by the facsimile signature of the Secretary of State of the Commonwealth.

Subject to provisions of Section 6 of Act No. 20 of the Legislature of Puerto Rico, approved May 22, 1956, in case any officer of the Commonwealth whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bond may be executed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Bonds shall be executed substantially in the form and manner hereinbelow set forth and delivered to the Registrar for authentication.

When the Bonds shall have been executed and authenticated as required by this Resolution, the Registrar shall deliver the Bonds as directed by the Secretary but only upon receipt of written notice from the Secretary of receipt of the purchase price of the Bonds. The Registrar shall be entitled to rely conclusively upon such notice as to the names of the purchasers and the amount of such purchase price.

The Secretary shall apply the proceeds received from the sale of the Bonds in accordance with the provisions of Section 21 hereof.

No Bond shall be entitled to any benefit under this Resolution or be valid or become obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, executed by the Registrar, and such executed certificate upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered hereunder. The Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

The Bonds and the certificate of authentication to appear thereon shall be in substantially the following forms:

No. R- _____ \$ _____

United States of America
Commonwealth of Puerto Rico

COMMONWEALTH OF PUERTO RICO
PUBLIC IMPROVEMENT BOND OF 2000

Interest Rate

Maturity Date

CUSIP No.

July 1, _____

Registered Owner:

Principal Amount:

DOLLARS

The Commonwealth of Puerto Rico is justly indebted and for value received hereby promises to pay to the Registered Owner named above or registered assigns or legal representatives, on the Maturity Date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, the Principal Amount specified above and to pay interest

thereon from the date hereof or from the January 1 or July 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a January 1 or July 1, in which case from such date, at the Interest Rate per annum specified above, until payment of such Principal Amount, such interest to the payment hereof being payable on July 1, 2000 and semi-annually thereafter on the 1st day of January and July of each year. The Principal Amount of this bond is payable upon presentation and surrender hereof at the corporate trust office of Banco Popular de Puerto Rico, Registrar, in the Municipality of San Juan, Puerto Rico. Payment of the interest on this bond shall be paid by check mailed to the person appearing on the registration books of the Commonwealth of Puerto Rico (kept at the above office of the Registrar) as the registered owner hereof (or of the previous bond or bonds evidencing the same debt as that evidenced by this bond) at the close of business on the record date for such interest, which shall be the June 15 or December 15 (whether or not a business day) next preceding such interest payment date. Both the principal of and interest on this bond are payable in such coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The good faith, credit and taxing power of the Commonwealth of Puerto Rico are irrevocably pledged for the prompt payment of the principal of and the interest on this bond.

This bond is one of a duly authorized issue of bonds of the Commonwealth of Puerto Rico known as "Commonwealth of Puerto Rico Public Improvement Bonds of 2000", issued under the authority of and in full compliance with an Act of the Senate and House of Representatives of the United States in Congress assembled entitled, "An Act to provide a civil government for Puerto Rico, and for other purposes", approved March 2, 1917, as amended, as continued in effect by Public Law 600, approved July 3, 1950, as amended, and now known as the "Puerto Rican Federal Relations Act" and the Constitution and laws of the Commonwealth of Puerto Rico, including Act No. 153 of the Legislature of Puerto Rico, approved July 16, 1999 (the "Act"), and pursuant to a resolution of determination to issue said bonds (the "Resolution") duly adopted by the Secretary of the Treasury of Puerto Rico and approved by the Governor of Puerto Rico, for the purpose of covering the costs of certain improvements authorized by the Act, making a deposit to the Commonwealth of Puerto Rico's Extraordinary Maintenance Fund and paying any expenses related to the issuance and sale of the bonds and, by the acceptance of this bond, the owner hereof assents to all the provisions of the Resolution.

The bonds are issuable as registered bonds without coupons in denominations of \$5,000 or any multiple thereof. At the corporate trust office of the Registrar, in the Municipality of San Juan, Puerto Rico, in the manner and subject to the limitations and conditions provided in the Resolution and without cost except for any tax or other governmental charge, bonds may be exchanged for an equal aggregate principal amount of bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The outstanding bonds of this issue maturing July 1, 2011 through and including July 1, 2021 and on July 1, 2026 may be redeemed prior to their maturity, at the option of the Secretary of the Treasury of Puerto Rico, from any moneys that may be available for that purpose (other than moneys set aside in respect of an Amortization Requirement), either in whole or in part, as directed by the Secretary of the Treasury of Puerto Rico, on any date not earlier than July 1,

2010, at the principal amount of the bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, without premium.

The outstanding bonds of this issue maturing on July 1, 2029 may be redeemed prior to their maturity, at the option of the Secretary of the Treasury of Puerto Rico, from any moneys that may be available for that purpose (other than moneys set aside in respect of an Amortization Requirement), either in whole or in part, as directed by the Secretary of the Treasury of Puerto Rico, on any date not earlier than July 1, 2005, at the principal amount of the bonds to be redeemed, together with the interest accrued to the date fixed for redemption, plus a premium of 1% of such principal amount if redeemed on or after July 1, 2005 and on or prior to June 30, 2006, and without premium if redeemed thereafter.

In addition, the bonds of this issue maturing July 1, 2026 and July 1, 2029 in principal amounts equal to the respective Amortization Requirements for such bonds, as defined in the Resolution, shall be redeemed, to the extent provided in the Resolution, on July 1, 2022 with respect to the bonds maturing on July 1, 2026 and on July 1, 2026 with respect to the bonds maturing on July 1, 2029 and on July 1 in each year thereafter, at the principal amount of bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Any such redemption, either in whole or in part, may be made upon at least thirty (30) days' prior notice by registered or certified mail to all registered owners and otherwise as provided in the Resolution, and shall be made in the manner and under the terms and conditions provided in the Resolution. On the date designated for redemption, notice having been given as provided in the Resolution and available moneys for payment of the principal of and redemption premium, if any, and accrued interest on the bonds so called for redemption being held by the Registrar, interest on the bonds so called for redemption shall cease to accrue. Bonds and portions of bonds which have been duly called for redemption under the provisions of the Resolution, or with respect to which irrevocable instructions to call for redemption or to pay at or prior to maturity have been given to the Registrar in form satisfactory to it, and for the payment of the principal of and redemption premium, if any, and the accrued interest on which sufficient available moneys or investments permitted by law (determined in accordance with the Resolution) shall be held in trust for the owners of the bonds or portions thereof to be paid or redeemed, shall not be deemed to be outstanding under the Resolution, and the registered owners thereof shall have no rights in respect thereof except to receive payment of the principal thereof and the redemption premium, if any, and the accrued interest. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof in accordance with the provisions of the Resolution.

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds or portions thereof to be redeemed from such maturity shall be selected by such manner as the Registrar deems fair and appropriate as provided in the Resolution.

The transfer of this bond is registrable by the registered owner hereof in person or by such owner's attorney or legal representative at the corporate trust office of the Registrar in the Municipality of San Juan, Puerto Rico, but only in the manner and subject to the limitations and

conditions provided in the Resolution and upon surrender and cancellation of this bond. Upon any such registration of transfer the Commonwealth of Puerto Rico shall execute and the Registrar shall authenticate and deliver in exchange for this bond a new bond or bonds registered in the name of the transferee or transferees, of the same maturity, bearing interest at the same rate, in any authorized denominations and in principal amount equal to the principal amount of this bond.

This bond shall be governed and construed in accordance with the laws of the Commonwealth of Puerto Rico.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit under the Resolution until this bond shall have been authenticated by the execution by the Registrar of the certificate of authentication endorsed hereon.

It is hereby certified and recited that all acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed in due time, form and manner as required by the Constitution and laws of the Commonwealth of Puerto Rico, and the total indebtedness of the Commonwealth of Puerto Rico, including this bond, does not exceed any debt or other limitation prescribed by law.

IN WITNESS WHEREOF, the Commonwealth of Puerto Rico has caused this bond to be executed with the facsimile signatures of the Governor of Puerto Rico and the Secretary of the Treasury of Puerto Rico and a facsimile of the official seal of the Commonwealth of Puerto Rico to be imprinted hereon and attested by the facsimile signature of the Secretary of State of Puerto Rico, all as of the 15th day of March, 2000.

[Facsimile signature]

Governor of Puerto Rico

[Facsimile signature]

Secretary of the Treasury
of Puerto Rico

(SEAL)

Attest:

[Facsimile signature]

Secretary of State
of Puerto Rico

CERTIFICATE OF AUTHENTICATION

This is one of the bonds issued under the provisions of the Resolution mentioned herein.

Banco Popular de Puerto Rico,
as Registrar

By: _____
Authorized Officer

Date of authentication: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

[please print or type name and address of Transferee]
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ attorney to register the transfer of the within bond
on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature: _____
Guaranteed by: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever and must be guaranteed by a commercial bank or trust company having an office or correspondent in New York, New York, or by a firm having membership in the New York Stock Exchange.

[END OF FORM OF BOND]

SECTION 9. Concerning the Registrar; Acceptance of Duties. Banco Popular de Puerto Rico, in the Municipality of San Juan, Puerto Rico, is hereby appointed to act as Registrar under this Resolution. Prior to the issuance of Bonds under the provisions of this Resolution, the Secretary shall obtain from a duly authorized officer of said bank a written acceptance of the duties, obligations and trusts imposed upon said bank by this Resolution.

The Registrar undertakes to perform such duties and only such duties as are specifically set forth in this Resolution, and no implied covenants or obligations shall be read into this Resolution against the Registrar.

SECTION 10. Registrar Entitled to Indemnity. The Registrar shall be under no obligation to do anything in its judgment proper to be done by it as such Registrar without indemnity, and in such case the Commonwealth shall reimburse the Registrar for all reasonable costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith.

SECTION 11. Registrar Not Liable for Failure of the Commonwealth to Act. The Registrar shall not be liable or responsible because of the failure of the Commonwealth or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Commonwealth or because of the loss of any collections or deposits or to perform any act herein required of the Commonwealth or because of the loss of any moneys arising through the insolvency or the act or default or omission of any other depository in which such moneys shall have been deposited under the provisions of this Resolution. The Registrar shall not be responsible for the application of any moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Resolution. The immunities and exemptions from liability of the Registrar hereunder shall extend to its directors, officers, employees and agents.

None of the provisions of this Resolution shall be construed to relieve the Registrar from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(a) the Registrar shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Registrar was negligent in ascertaining the pertinent facts;

(b) no provision of the Resolution shall require the Registrar to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(c) this paragraph shall not be construed to limit the effect of Sections 10 and 12 hereof.

SECTION 12. Compensation and Indemnification of Registrar. The Commonwealth shall pay to the Registrar compensation as agreed upon between the Registrar and the Commonwealth for all services performed by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and also all its reasonable expenses, disbursements and advances and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and, subject to the provisions of

Section 11 hereof, the Commonwealth shall indemnify and save the Registrar harmless against any loss, liability or expenses which it may incur without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise and performance of its powers and duties hereunder.

SECTION 13. Registrar May Be Bondholder. The Registrar, and its directors, officers, employees or agents, may buy, sell, own, hold and deal in any of the Bonds, may engage, as principal or agent, or be interested, in any financial or other transaction with the Commonwealth, may maintain any and all other general banking and business relations with the Commonwealth with like effect and in the same manner as if the Registrar were not Registrar under this Resolution, and may act as depositary, trustee or agent for any committee or body of holders of the Bonds issued under and secured by this Resolution or other obligations of the Commonwealth with like effect and in the same manner as if the Registrar were not Registrar under this Resolution; and no implied covenant shall be read into this Resolution against the Registrar in respect of such matters.

SECTION 14. Registrar Not Responsible for Recitals. The recitals contained herein and in the Bonds, except the certificate of authentication endorsed thereon, shall be taken as the statements of the Commonwealth, and the Registrar assumes no responsibility for their correctness. The Registrar makes no representations as to the validity or sufficiency of this Resolution or of the Bonds.

SECTION 15. Certain Rights of Registrar. The Registrar may rely and shall be protected in acting or refraining from acting upon any resolution, order, notice, request, direction, consent, waiver, certificate, statement, instruments, requisition, bond or other paper or document believed by it to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Resolution, or upon the written advice of any attorney, accountant or other expert believed by the Registrar to be qualified in relation to the subject matter, and the Registrar shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such document. Except as expressly provided herein, the Registrar shall not be under any obligation to see to the recording or filing of this Resolution or any other document or otherwise to the giving to any person of notice of the provisions hereof or thereof.

The Registrar may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Registrar shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 16. Exchange and Registration of Transfer of Bonds. The Commonwealth shall cause books (collectively, the "Bond Register") for the exchange and for the registration of transfers of Bonds as provided in this Resolution to be kept at the corporate trust office of the Registrar in the Municipality of San Juan, Puerto Rico.

Bonds, upon surrender thereof to the Registrar, together with an assignment duly executed by the registered owner or such owner's attorney or legal representative in such form as shall be satisfactory to the Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate.

The transfer of any Bond may be registered upon the Bond Register only upon surrender thereof to the Registrar together with an assignment duly executed by the registered owner or such owner's attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such registration of transfer the Commonwealth shall execute in the manner provided by Section 8 of this Resolution and the Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds registered in the name of the transferee or transferees, of any denomination or denominations authorized by this Resolution, in an aggregate principal amount equal to the principal amount of such Bond, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Commonwealth shall execute in the manner provided by Section 8 of this Resolution and the Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Registrar. The Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge will be made to any bondholder for the privilege of exchanging or registering the transfer of Bonds under the provisions of this Resolution. The Registrar shall not be required to make any such exchange or registration of transfer of Bonds during the fifteen (15) days immediately preceding the date of mailing of notice of redemption, or after such Bond or any portion thereof has been selected for redemption.

SECTION 17. Ownership of Bonds. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of or interest on any such Bond shall be made only to or upon the order of the registered owner thereof or such owner's registered assigned or legal representative, and neither the Commonwealth nor the Registrar shall be affected by any notice to the contrary.

SECTION 18. Pledge of Good Faith and Credit. The good faith, credit and taxing power of the Commonwealth are irrevocably pledged for the prompt payment of the principal of and the interest on the Bonds. The Secretary is authorized and directed to pay the principal of and premium, if any, and the interest on the Bonds as the same shall fall due from any funds in the Treasury of the Commonwealth available for such purpose in the fiscal year for which said payment is required. Such funds in the Treasury of the Commonwealth available for such purpose shall be deposited by the Secretary in trust with the Registrar in the amounts required for payment of the interest on any Bonds by the Registrar on any interest payment date and the

principal of and the premium, if any, on any Bonds by the Registrar on any principal payment date.

SECTION 19. Approval of Purchase Contract. The form of the Purchase Contract presented to me this day attached hereto as Exhibit A; is hereby approved. The Purchase Contract shall be executed and delivered by the Secretary with such appropriate changes as I may approve, such execution and delivery to be conclusive evidence of my approval of such changes.

SECTION 20. Award and Delivery of Bonds. The offer submitted by Goldman, Sachs & Co., as the representative of the underwriters named in the Purchase Contract presented to me on the date hereof offering to purchase the Bonds at a purchase price equal to \$470,880,333.16, plus accrued interest, is hereby accepted, and the Bonds are hereby awarded to said underwriters (the "Underwriters"), subject to the terms and conditions of said Purchase Contract.

SECTION 21. Application of Bond Proceeds. The proceeds from the sale of the Bonds shall be applied as authorized under Act No. 153 and Act No. 66, as set forth in one or more certificates signed by the Secretary and filed with the Registrar prior to or concurrently with the delivery of the Bonds, except that moneys received as accrued interest on the Bonds shall be deposited in the Special Fund for the Amortization and Redemption of General Obligations Evidenced by Bonds and Promissory Notes. Pending such application, such proceeds may be invested by the Secretary in investments authorized for the investment of public funds.

SECTION 22. Authorization to Act. The Secretary and the officers and agents of the Commonwealth, the Registrar and Government Development Bank for Puerto Rico, in its capacity as Fiscal Agent for the Commonwealth, are hereby authorized and directed to do all acts and things, required of or deemed advisable by them for the full, punctual and complete performance of all the terms, covenants, provisions and agreements contained in the Bonds, this Resolution and any other documents executed and delivered in connection therewith.

SECTION 23. Legal Opinion. In the event the Bonds are no longer registered in the name of a securities depository or its nominee, there shall be printed on the reverse of each Bond the legal opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel of the Commonwealth, with respect to the validity of the Bonds, and immediately following such legal opinion a certificate signed with the facsimile signature of the Secretary of State of Puerto Rico substantially as follows:

"I HEREBY CERTIFY that the foregoing is a true and correct copy of the legal opinion upon the bonds herein described which was manually signed by Squire, Sanders & Dempsey L.L.P., and was dated the date of delivery of and payment for said bonds.

[Facsimile signature]

Secretary of State of Puerto Rico".

SECTION 24. Preliminary Official Statement. The Preliminary Official Statement, dated March 7, 2000, of the Commonwealth in connection with the issuance of the Bonds is hereby approved and the distribution and use of said Preliminary Official Statement by the Underwriters in connection with the offering of the Bonds is hereby in all respects ratified, confirmed and approved.

SECTION 25. Official Statement. The Official Statement, dated March 17, 2000 of the Commonwealth in connection with the issuance of the Bonds, in the form presented to me or to the President or any Vice President of Government Development Bank for Puerto Rico acting as my agent on the date of the adoption of this Resolution and attached hereto as Exhibit B, is hereby approved with such appropriate changes, insertions and omissions as may be approved by me as evidenced by my signing said Official Statement, and the Underwriters are hereby authorized to distribute said Official Statement in connection with the offering and sale of the Bonds.

SECTION 26. Continuing Disclosure. (a) In accordance with the requirements of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Commonwealth hereby covenants for the benefit of the persons who from time to time are the owners of the Bonds for federal income tax purposes (the "beneficial owners"):

(1) to file, within 305 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2000, with each nationally recognized municipal securities information repository ("NRMSIR") and with any Commonwealth state information depository ("SID") core financial information and operating data for the prior fiscal year, including (i) the Commonwealth's audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data (including financial information and operating data) on the Commonwealth and revenues, expenditures, financial operations and indebtedness generally found in the Official Statement; and

(2) to file, in a timely manner, with each NRMSIR or with the Municipal Securities Rulemaking Board (the "MSRB") and with each Commonwealth SID notice of the occurrence of any of the following events with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of the holders (including beneficial owners) of the Bonds;
- h. Bond calls;

- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds;
- k. rating changes; and
- l. any failure of the Commonwealth to comply with the requirements of paragraph (1) above.

The Commonwealth does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Commonwealth applies for or participates in obtaining the enhancement.

The Commonwealth does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if the terms, dates and amounts of redemption are set forth in detail in the Official Statement.

The Commonwealth may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above if, in the judgment of the Commonwealth, such other events are material with respect to the Bonds, but the Commonwealth does not undertake to provide any such notice of the occurrence of any material event except those events listed above.

(b) No beneficial owner may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of the foregoing covenant (the "Covenant") or for any remedy for breach thereof, unless such beneficial owner shall have filed with the Commonwealth written notice of any request to cure such breach, and the Commonwealth shall have refused to comply within a reasonable time. All Proceedings shall be instituted only in a Commonwealth court located in the Municipality of San Juan for the equal benefit of all beneficial owners of the outstanding Bonds benefitted by the Covenant, and no remedy shall be sought or granted other than specific performance of the Covenant at issue.

(c) Notwithstanding the provisions of Section 27 hereof, the Covenant may only be amended if:

(1) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Commonwealth, or type of business conducted; the Covenant, as amended, would have complied with the requirements of the Rule at the time of award of the Bonds, after taking into account any amendments or change in circumstances; and the amendment does not materially impair the interest of beneficial owners, as determined by parties unaffiliated with the Commonwealth; or

(2) all or any part of the Rule, as interpreted by the staff of the Commission at the date of the adoption of such Rule, ceases to be in effect for any reason, and the Commonwealth elects that the Covenant shall be deemed amended accordingly.

The Commonwealth further agrees in conjunction with any such amendment that the annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described above.

SECTION 27. Amendments. Subject to the limitations contained in Section 26 hereof, without the consent of any bondholders, the Secretary, with the approval of the Governor, may, from time to time and at any time, adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof):

(a) to cure any ambiguity or formal defect or omission or to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions with respect to matters or questions arising under this Resolution which may not be inconsistent with the provisions of this Resolution, provided such action shall not adversely affect the interests of the holders of the Bonds, or to correct any inconsistent provisions or errors in this Resolution;

(b) to modify, amend or supplement this Resolution or any supplement or amendment hereto in such manner as to permit the Bonds to be rated by any nationally recognized securities rating service.

SECTION 28. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Commonwealth, the owners of the Bonds, the Underwriters and, as provided in Section 31 hereof, MBIA (hereinafter defined) any right, remedy or claim under or by reason of this Resolution or any covenant, stipulation, obligation, agreement or condition herein. All the covenants, stipulations, obligations, promises and agreements in this Resolution by and on behalf of the Commonwealth shall be for the sole and exclusive benefit of the Commonwealth, the owners of the Bonds, the Underwriters and, as provided in Section 31 hereof, MBIA.

SECTION 29. Tax Covenant. The Commonwealth shall comply with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to the extent permitted by the Constitution and laws of the Commonwealth, so that interest on the Bonds shall remain excludable from gross income for federal income tax purposes of the recipients thereof to the same extent that such interest was excludable on the date of initial delivery of the Bonds. In furtherance of the foregoing covenant, the Commonwealth agrees, to the extent permitted by the Constitution and laws of the Commonwealth, to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely effect that exclusion.

SECTION 30. Payments Due on Non-Business Day. In any case where the date of maturity of interest on or principal of the Bonds shall not be a business day, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on such date of maturity, and no interest on such payment shall accrue for the period after such date. The Commonwealth shall not be required to take any action on any day which is a public holiday in the Commonwealth but may take such action on the next day which is not a public holiday.

SECTION 31. Bond Insurance. (a) The Bonds maturing July 1, 2002 through and including July 1, 2021 and on July 1, 2026 (collectively, the "Insured Bonds") are hereby designated as having the benefits of the financial guaranty insurance policy (the "Policy") issued by MBIA Insurance Corporation (together with its successors, "MBIA") simultaneously with the delivery of and payment for the Bonds, insuring the scheduled payment of the principal of and interest on the Insured Bonds. The execution and delivery by me or any Vice-President or the President of Government Development Bank for Puerto Rico, as agent of the Commonwealth, of the Commitment to Issue a Financial Guaranty Insurance Policy (the "Commitment") are hereby authorized, and said Commitment shall be substantially in the form presented to me on the date of this Resolution and attached hereto as Exhibit C and shall be executed in the manner therein set forth, subject to such changes, insertions and omissions as may be approved by the person executing the same, his or her execution of said Commitment to be conclusive evidence of any such approval. The Secretary and any such persons mentioned in the preceding sentence are hereby authorized to take such further actions and file such other applications as shall be necessary for the Insured Bonds to be insured as described above.

(b) So long as the Policy issued by MBIA shall be in full force and effect with respect to the Insured Bonds, the Secretary and the Registrar hereby agree to comply with the following provisions:

(i) Copies of any resolutions supplemental hereto which have been consented to by MBIA shall be sent to Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc.

(ii) MBIA shall receive notice of the resignation or removal of the Registrar and the appointment of a successor thereto.

(iii) MBIA shall receive copies of all notices required to be delivered to registered owners of the Insured Bonds and, on an annual basis, copies of the audited financial statements and annual budget of the Commonwealth. All notices required to be given to MBIA under this Resolution shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

(c) The form of the Insured Bonds shall include the following statement of insurance:

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Banco Popular de Puerto Rico, San Juan, Puerto Rico.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Commonwealth of Puerto Rico (the "Issuer") to Banco Popular de Puerto Rico or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$367,630,000

Commonwealth of Puerto Rico
Public Improvement Bonds of 2000
(Insured Serial Bonds due July 1, 2002 through and including
July 1, 2021 and Term Bond due on July 1, 2026)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

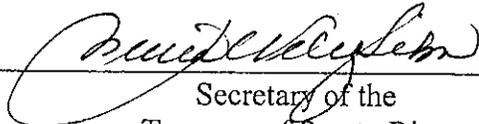
This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

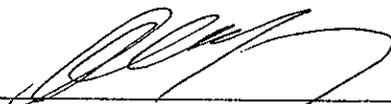
SECTION 32. Severability of Invalid Provisions. If any one or more of the provisions, covenants or agreements in this Resolution on the part of the Commonwealth to be performed should be contrary to law, then such provision or provisions, covenant or covenants, agreement or agreements, shall be deemed separable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

SECTION 33. Effectiveness. This Resolution shall take effect upon its approval by the Governor.

Adopted on March 17, 2000.


Secretary of the
Treasury of Puerto Rico

The foregoing Resolution and the issuance of the bonds authorized thereby as therein set forth are hereby approved this 17th day of March, 2000.


Governor of Puerto Rico

Attest:

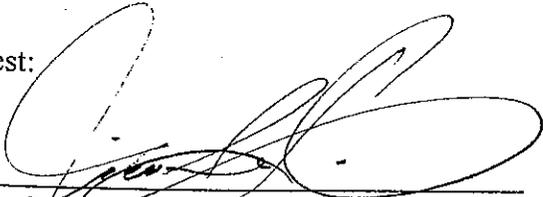

Secretary of State of Puerto Rico

EXHIBIT A

PURCHASE CONTRACT

EXHIBIT B

OFFICIAL STATEMENT

EXHIBIT C

INSURANCE COMMITMENT