



COMMONWEALTH OF
PUERTO RICO

Government Development Bank
for Puerto Rico

PRESS RELEASE

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THE GDB ANNOUNCES SUCCESSFUL PLACEMENT OF \$400 MILLION FOR THE PRHTA ***Transactions completed in July and August will provide liquidity to the GDB and the*** ***Commonwealth***

San Juan, P.R.- Government Development Bank for Puerto Rico (GDB) Interim President José V. Pagán announced that the Puerto Rico Highways and Transportation Authority (PRHTA) successfully closed today a \$400 million financing in Bond Anticipation Notes (BANs) with RBC Capital Markets that will benefit the PRHTA and the GDB. The notes will be used to repay previous financings by the GDB and the PRHTA and to cover expenses related to the issuance.

The final maturity date of BANs will be September 1, 2015, and amortization will begin on December 1, 2014. However, the PRHTA expects to refinance said BANs within the coming months through long-term bonds.

“The placement of these BANs will provide additional funds to strengthen GDB’s liquidity position,” Pagán stated. “The successful placement of these securities demonstrates the confidence the financial community has in the Commonwealth of Puerto Rico, the PRHTA and the GDB,” he added.

The repayment source of these BANs are the new additional recurring revenues for the PRHTA established by Act 30 and Act 31 of 2013, which guarantee that the PRHTA will receive approximately \$270 million in additional revenues. “It is important to acknowledge the work of the Governor and the Legislative Assembly, who took the necessary steps to fully address PRHTA’s financial crisis, which had the potential to negatively impact GDB and Commonwealth finances,” Pagán stated.

On a separate note, Pagán also commented that in addition to the \$400 million in PRHTA BANs that closed today, the Treasury Department, together with the GDB, also successfully issued BANs for approximately \$400 million, which were placed in a private transaction with Barclays Capital. Proceeds from the BANs placed with Barclays will be used to repay previous financings granted by the GDB and to refinance Commonwealth debt. “The BANs placed

with Barclays and RBC Capital Markets total approximately \$800 million and provide the GDB additional liquidity to meet its responsibility of providing financial support to the government and facilitating economic activity on the Island.”

Pagán also announced that, for fiscal year 2013-2014, the GDB has closed \$900 million in Tax and Revenue Anticipations Notes (TRANs) for the Treasury Department. Two thirds of those TRANs have been provided by state-based and local private banks. The \$900 million in TRANs also include \$300 million provided by the GDB. TRANs are notes issued in anticipation of tax receipts and revenues. “The Treasury Department will use the proceeds of these TRANs to meet budget obligations and thus cover the timing difference in the collection of tax revenues. These transactions evidence the banking community’s confidence in the GDB’s and the Commonwealth’s credit, and prove that the government of Puerto Rico is fulfilling its financial obligations within a framework of fiscal and financial discipline,” Pagán pointed out. He also stated that the GDB expects to close additional TRANs with private banks in September.

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