

PRESS RELEASE

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PUERTO RICO INFRASTRUCTURE FINANCING AUTHORITY ISSUES \$424 MILLION ON BONDS TO FINANCE INFRASTRUCTURE DEVELOPMENT FOR CENTRAL AMERICAN GAMES

New Facilities Expected to Create 6,000 Construction Jobs

The Puerto Rico Infrastructure Finance Authority (PRIFA) sold successfully more than \$424 million in bonds in the U.S. tax-exempt market to finance the construction, acquisition and improvement of more than 45 sports facilities in preparation for the 2010 Central American and Caribbean Games on the western region of the Island, it was announced today by Alfredo Salazar, Chairman of the Government Development Bank for Puerto Rico.

In addition to \$220 million for the construction and improvements of the sports facilities, PRIFA will invest \$40 million in the schools' Construction and Improvements Program, \$30 million in municipal public works, and \$30 million in public works of the executive branch. The \$104 million balance will be used for infrastructure projects developed by other Commonwealth entities.

“With this transaction, GDB moves forward in the execution of its bond issue calendar, taking advantage of the low interest rates in the U.S. market to secure long-term capital to take care of Puerto Rico’s infrastructure needs,” Mr. Salazar said.

“This financing will enable PRIFA to undertake the largest infrastructure investment ever in the western region, creating around 6,000 jobs in the construction phases and generating some \$20 million in municipal construction taxes in 20 municipalities,” said PRIFA Executive Director Guillermo M. Riera. “The selection of the city of Mayagüez as host for the XXI Central American Caribbean Games presents a unique opportunity to ensure the socio-economic development of the region with the construction of state-of-the-art infrastructure. These facilities will continue offering services to the community once the games are over, promoting not only a significant push to the region’s economic development, but also enhancing social development.”

PRIFA debt is backed by the Puerto Rico Infrastructure Fund, created by Act 44 of June 24, 1988, as amended. This Fund receives revenues collected from federal taxes on the sale of rum produced in Puerto Rico when sold in the United States. For the repayment of the new PRIFA debt, Governor Aníbal Acevedo-Vilá signed Act 119 of July 9, 2006 to increase the allocation to the Puerto Rico Infrastructure Fund from \$90 million to \$117 million, beginning in fiscal year 2009-2010 and until the projects are completed.

The new PRIFA debt resulted in a combined true interest cost of 4.87% and an average life of 32 years. The transaction, which received a Baa3 rating by Moody’s Investors Service and BBB+ by Standard & Poor’s, was managed by UBS Investment Bank.