

# P R E S S   R E L E A S E

*For immediate release*

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## **Government Development Bank Acknowledges S&P's Decision to Downgrade PR Ports Authority Bonds**

**SAN JUAN, P.R.**— Carlos M. García, President and Chairman of the Board of Directors , Government Development Bank for Puerto Rico (GDB) , acknowledged Standard and Poor's Rating Services decision today to downgrade Puerto Rico Ports Authority outstanding revenue bonds from "A-" to "BBB-", which is the minimum investment grade rating. However, García expressed confidence that both the Government of Puerto Rico and the PR Ports Authority will take the actions that are necessary to prevent a further downgrade of the public corporation's credit.

"We share Standard and Poor's concern about the PR Ports Authority credit weaknesses, and we are determined to address the issues affecting the agency in order to stabilize its fiscal situation. The PR Ports Authority's lack of strict controls over its operating expenses and the growing use of credit lines to support the authority's needs, are a reflection of the challenges that the Government of Puerto Rico is facing," said García.

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This downgrade signals the importance of taking decisive action to make the PR Ports Authority financially solid and independent. Puerto Rico's economy is facing a three year recession and at the moment is facing a structural deficit of no less than \$3.4 billion. The Government of Puerto Rico is finalizing a fiscal and economic reconstruction plan designed to stabilize the central government's finances and accelerate the Island's economy.

Among the measures that have been identified as part of the reconstruction plan are: expense reductions, increased tax compliance and revenues measures, creation of public private partnerships, implementation of federal and local stimulus packages, and diversification of areas of economic development, among others. "The Government of Puerto Rico is going to take immediate action to prevent a further downgrade of its credit, and to stabilize a declining economy. We are confident that by 2011 we will be able to appreciate the positive results of these actions," García said.

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