

# ***P*** R E S S R E L E A S E

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## **PUERTO RICO PUBLIC BUILDINGS AUTHORITY PLACES \$900 MILLION IN BONDS AFTER IMPROVEMENT OF THE COMMONWEALTH'S RATING OUTLOOK**

San Juan, December 5, 2007 – The Puerto Rico Public Buildings Authority (PBA) today placed \$900 million in bonds, proceeds of which will be used to refinance \$573 million in debt at lower rates and to generate over \$300 million in new money to continue implementing its capital improvements program. The sale came after Moody's Investors Service improved the outlook of the Commonwealth's credit, said Jorge Irizarry, President of the Government Development Bank for Puerto Rico, who made the announcement..

“Moody's revised recently outlook for the rating of all bonds backed by the credit of the Commonwealth of Puerto Rico to stable from negative, and in the last week, interest rates improved enough for us to move forward with this transaction, enabling us to realize greater savings for the Government,” said Mr. Irizarry. The PBA issue had been postponed in November when market conditions generally were not favorable.

The \$300 million in new money, which will be used for PBA projects already in the pipeline under its permanent improvements program, was initially financed through a GDB line of credit. Projects include building several fire and police stations, and making improvements to schools and more than 20 other government buildings. The bond issue also enabled PBA to refinance nearly \$573 million in debt, attaining \$24 million in savings at present value in interest payments..

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“This bond issue will enable PBA to continue fulfilling its commitment to contribute to the development of public works for the benefit of the people of Puerto Rico, as it has been doing for decades,” said PBA’s Executive Director Leila Hernández Umpierre.

The yield was fixed at 3.68% for the shortest maturity, in 2009, and in 5.12% in the case of the longest maturity, in 2037. The true interest cost (TIC) of the issue was 4.66%, which has an average life of 17 years. “Once again we have achieved a very attractive financing cost for the Government of Puerto Rico,” Mr. Irizarry said.

The PBA bonds carry the same credit ratings of the Commonwealth of Puerto Rico, which are Baa3 by Moody’s and BBB- by Standard and Poor’s. The transaction was managed by Lehman Brothers.

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