

P R E S S R E L E A S E

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HIGHWAY AUTHORITY PREPARES TO ISSUE OVER \$2 BILLION IN BONDS

The president of the Board of Directors and acting president of the Government Development Bank for Puerto Rico (GDB), Alfredo Salazar, announced today that the Highway and Transportation Authority (HTA) is preparing to place a bond issue of over \$2 billion, of which \$800 million will be invested in infrastructure and the remaining amount will be used to refinance existing debt. This transaction will provide the Authority with new money and generate savings in its debt service, which will allow it to accelerate its state highway repaving and maintenance program and carry out new projects in support of economic development.

“Placing this issue represents an important step towards strengthening the Authority’s finances by allowing it to access the bond market once again. “HTA will guarantee repayment of this issue with the revenues of over \$57 million a year to be generated from the toll rate increases in highways throughout the Island,” said Salazar, while adding that “the agency will attain greater fiscal independence and reduce the need to receive revenues from the General Fund.”

“The bond issue is divided in two parts: \$800 million in new debt and \$1,500 million in debt refinancing, which given the favorable market conditions, will produce savings in excess of \$100 million to be invested in public works of the Authority,” the GDB president explained.

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On the other hand, the Secretary of the Department Transportation and Public Works (DTPW), Gabriel Alcaraz, stressed that the bond issue will provide the funds necessary for HTA to complete important highway projects, inject funds to the highway maintenance program, and build new projects.

“The funds raised with this transaction will allow us to speed up and complete projects that will foster the economic development that Puerto Rico needs, such as the first phase of the East Corridor or PR-66; Road PR-53 and the Maunabo tunnel system; the conversion of Road PR-2 between Ponce and Mayagüez into an expressway; and work on Road PR-10 between Adjuntas and Utuado. They will also serve to support our highway maintenance program, in which we will invest \$95.8 million during this fiscal year”, Alcaraz pointed out.

According to Alcaraz, the bond issue that will be placed during the third week of September, will have the effect of strengthening HTA’s finances. “The expenditure control measures that we have adopted during these past eight months and the toll rate revisions have made possible this bond issue that will strengthen the finances of the Authority”.

HTA currently has an “A” rating from Standard & Poor’s, two steps higher than the Commonwealth rating of “BBB”. Inasmuch as part of the Authority’s revenues are dependent on the General Fund, it is to be expected that the rating agencies may pair up the HTA rating to that of the Commonwealth. “However, we are confident that with the revenues derived from the toll rate revisions HTA, will establish its fiscal independence and protect its access to the financial markets in the future,” Salazar concluded.