



GOVERNMENT OF PUERTO RICO
**Puerto Rico Fiscal Agency and Financial
Advisory Authority**

PRESS RELEASE

FOR IMMEDIATE RELEASE

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SAN JUAN, P.R. - The Government of Puerto Rico is currently crafting a comprehensive Fiscal Plan that meets the standards set forth in the Puerto Rico Oversight, Management, and Economic Stability Act or “PROMESA” and the certification requirements of the Fiscal Oversight and Management Board (FOMB). The Fiscal Plan will ultimately set the course for a sound fiscal turnaround driven by cost savings and economic development measures to spur sustainable growth.

As part of these efforts, the Government has already implemented near term initiatives that are expected to generate over \$118 million in annual savings. These measures, together with long term structural reforms, will allow the Government to address its debt obligations while ensuring the provision of essential services to the people of Puerto Rico. In this historical moment, it is vital that our focus remain on achieving a comprehensive solution to the fiscal problem faced by the Government of Puerto Rico.

Cash disbursements due on February 1st, 2017 will be made on account of interest obligations on the debt of several issuers, including full payments by Puerto Rico Sales Tax Financing Corporation (COFINA), the Puerto Rico Industrial Development Company (PRIDCO), the Puerto Rico Aqueduct and Sewer Authority (PRASA), the Municipal Finance Authority (MFA), and the Employee Retirement System (ERS), and the Puerto Rico Highways and Transportation Authority (HTA).

This Government inherited a dire financial situation, marked by several years of indifference towards our fiscal health and the impact it has on the people of Puerto Rico. As a result of the limited liquidity position of approximately \$156 million in available funds, the Government Development Bank (GDB) for Puerto Rico will be unable to pay the \$279.2 million in principal and interest due on February 1st, 2017. Payments also due on General Obligations (GO), the debt of the Puerto Rico Public Finance Corporation (PFC), and the Puerto Rico Infrastructure Financing Authority (PRIFA) will not be made.

As confirmed at the FOMB public hearings conducted on Saturday, January 28th, 2017, the actions that have been filed in Federal court by different bondholder groups have been stayed until May 1st. During this period, AAFAF will continue to seek a concrete solution to the challenges at hand by engaging in good faith negotiations with bondholders within the context of Title VI of PROMESA and delivering a Fiscal Plan that meets the PROMESA requirements by the end of February as the FOMB requested.

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