

THE FOLLOWING IS A HIGH-LEVEL SUMMARY OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING SUPPORT AGREEMENT (THE "RSA")  
THIS SUMMARY OF THE TRANSACTION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE RSA  
(AND THE TERM SHEET ATTACHED THERETO AS EXHIBIT A)



**GOVERNMENT OF PUERTO RICO**

**Puerto Rico Fiscal Agency and Financial  
Advisory Authority**

# GDB Term Sheet Summary

May 15, 2017





# Term Sheet

## Key terms

**GDB assets will be divided into 2 separate entities for (i) Bondholders + Municipal Depositors and (ii) Other Depositors:**

### 1 New Bond Issuer (the "Issuer")

- New municipal SPV entity established for GDB bondholders and municipal depositors
- Assets transferred from GDB include (i) entire municipal loan portfolio, (ii) real estate assets available for sale, (iii) proceeds of certain public entity loans and (iv) excess cash. (total book value of \$5.3bn)
- Issuer will issue 3 tranches of bonds with varied coupon rates and upfront exchange ratios
  - Menu approach: Holders can choose either Tranche A, B, or C
  - Tranches A and B are secured by a first lien on Issuer's assets and will be entitled to amortizing principal payments from available cash on a pari passu basis; Tranche C is secured by a second lien on Issuer's assets and will not be entitled to any principal payments until the Tranche A and B bonds have been paid in full
  - Interest paid semi-annually on all 3 Tranches of bonds; paid in PIK<sup>1</sup> to the extent cash for distribution is insufficient

#### Menu of New Bonds

	Tranche A	Tranche B	Tranche C
Amortization + Collateral Priority	First	First	Second
Upfront Exchange Ratio	55%	60%	75%
Coupon (%)	7.50%	5.50%	3.50%

### 2 Public Entity Trust

- Established for public entity depositors (excluding municipal depositors that will receive the New Bonds described above)
- Assets include certain public entity loans and \$50 million of cash
- Federal fund deposits receive priority in distribution schedule

### 3 GDB will be wound down in accordance with the certified GDB Fiscal Plan

- A qualified and independent asset manager will be chosen to service the assets transferred to the Issuer
- A newly appointed independent collateral monitor will monitor the performance of the assets and the asset manager