Frequently Asked Questions

What is the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”)?

AAFAF is a public corporation of the Government of Puerto Rico (“Government”) created by Act 2-2017 to act as fiscal agent, financial advisor and reporting agent of the Government, its agencies, instrumentalities, public corporations and municipalities. AAFAF has legal, fiscal and administrative autonomy from the Government and is governed by a Board of Directors composed of five (5) members, including the Executive Director of AAFAF.

What is the relationship between the Government Development Bank for Puerto Rico (“GDB”) and AAFAF?

GDB recently restructured its debts under Title VI of the Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA”) and is currently in the process of winding down its operations in an orderly fashion. AAFAF assumed all fiscal agency, financial advisory, and reporting functions of the GDB. However, AAFAF is not the legal successor of the GDB, it is not a banking entity, and it has new and distinct functions pursuant to Act 2-2017.

What does AAFAF do as fiscal agent?

As fiscal agent, AAFAF manages the fiscal affairs of the Government and its instrumentalities. At a local level, AAFAF is the government entity responsible for approving bond issuances, promissory notes and any other evidence of indebtedness of the Government, its agencies and municipalities.

What does AAFAF do as financial advisor?

As financial advisor, AAFAF works as financial consultant, supervises the finances and ensures the economic stability of the Government and its instrumentalities. AAFAF is the entity responsible for coordinating the sustainable use of Government resources and presenting a global vision of the capital needs of the Government and its instrumentalities. AAFAF also evaluates and advises government entities regarding the feasibility of potential financings.

What does AAFAF do as reporting agent?

As reporting agent, AAFAF discloses the financial information of the Government and its public corporations. AAFAF also acts as dissemination agent for certain governmental issuers with respect to the disclosures required under applicable securities laws. AAFAF periodically publishes reports regarding the financial condition and liquidity of the Government and its public corporations.

What is PROMESA?

The Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA”) is a federal law enacted on June 30, 2016. PROMESA created a framework through which the Commonwealth can effectuate fiscal reforms and adjust its debts to allow it to adequately
provide for its residents on a long-term basis. PROMESA established the Financial Oversight and Management Board for Puerto Rico ("Oversight Board"), whose role is to provide fiscal oversight through the development and approval of fiscal plans and budgets for the Government and any instrumentalities that become “covered territorial instrumentalities” by virtue of designation by the Oversight Board. Subject to Oversight Board approval, PROMESA also provides for access to two different federal debt adjustment schemes: (a) Title III, which provides an in-court process that incorporates many of the powers and provisions of the Bankruptcy Code and permits adjustment of a broad range of obligations; and (b) Title VI, which provides for a largely out-of-court process through which modifications to financial debt can be accepted by a supermajority of creditors that bind holdouts.

**What is AAFAF’s role pursuant to Act 2-2017 and PROMESA?**

Act 2-2017 establishes that AAFAF is the government entity in charge of collaborating, communicating and cooperating with the Oversight Board. AAFAF also collaborates with the Governor in the preparation and supervision of Fiscal Plans and Budgets pursuant to the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA") and oversees compliance with the Fiscal Plans approved and certified by the Oversight Board. Furthermore, AAFAF is the only government entity authorized to renegotiate, restructure and reach at agreements with creditors regarding the debts of the Government and its instrumentalities.

**What is AAFAF’s relationship with the Oversight Board?**

AAFAF is the Government’s liaison with the Oversight Board. AAFAF is in charge of collaborating, communicating and cooperating with the Oversight Board on behalf of the Government and its instrumentalities. AAFAF is also authorized to oversee compliance with the Fiscal Plans approved and certified by the Oversight Board. Currently, the Executive Director of AAFAF is the Governor’s designee as ex officio member of the Oversight Board.

**What should I know as an investor and/or citizen about AAFAF?**

The purpose of AAFAF is to assist government entities in achieving fiscal responsibility and regaining access to the capital markets. If you have any additional questions regarding the role of AAFAF or the matters handled by AAFAF.