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Puerto Rico Gubernatorial Candidate Seeking to Pay Bond Interest.

Puerto Rico gubernatorial candidate Ricardo Rossello wants to pay investors interest on their bonds if they're willing to suspend principal payments.

The pro-statehood candidate has been meeting with bondholders and believes there is an opportunity to renegotiate a portion of the commonwealth's \$70 billion of debt. That would give the island some breathing room as it seeks to repair its finances and turn around an economy that's shrunk in the past decade.

"We feel that there is an environment for us to have principal payment deferred with paying interest going forward," Rossello on Thursday told bondholders and creditors via teleconference at an Association of Financial Guaranty Insurers conference in Manhattan.

Puerto Rico agencies began skipping debt service payments in August 2015 and the island defaulted on nearly \$1 billion of principal and interest on July 1, including on its general-obligation bonds. It's the largest payment failure in the \$3.8 trillion municipal-bond market.

Rossello has asked a seven-member federal control board to review the island's current budget because it doesn't include debt-service payments, which means that spending plan is unconstitutional, he said during the conference. Governor Alejandro Garcia Padilla in April enacted a debt moratorium to preserve cash for essential services.

The panel was created out of a federal law, called Promesa, and is tasked with addressing the island's obligations and ending the use of borrowing to fill budget deficits. Garcia Padilla is expected to present to the control board Friday his updated fiscal and economic plan.

If he wins on Nov. 8, Rossello said he would begin negotiations with creditors immediately before taking office on Jan. 2. In an El Nuevo Dia poll released this week, 43 percent of participants said they plan to vote for Rossello, compared with 28 percent who said they support opponent David Bernier.

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