

# **Bond Case Briefs**

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## **Puerto Rico Bonds Gain After Judge Rules Against Highway Debt.**

- Price on general obligations with 8% coupon highest since July
- Ruled toll revenue can be used to repair roads, not repay debt

Some Puerto Rico general-obligations gained in value after a court ruled that the commonwealth's transportation agency would retain toll revenue to cover operations instead of paying bondholders.

Puerto Rico general obligations with an 8 percent coupon traded Tuesday at an average 59.3 cents on the dollar, the highest level since July 20 and up from 57.8 cents the day before, according to data compiled by Bloomberg.

U.S. District Court Judge Laura Taylor Swain last week ruled that the island's Highways and Transportation Authority will continue using toll revenue to maintain its system rather than pay bondholders as the agency works its way through bankruptcy.

Some investors may interpret that ruling as an indication that sales-tax revenue may ultimately be used for commonwealth expenses, which would be a positive for its general-obligation bonds, said Daniel Solender, head of municipals at Lord Abbett & Co., which manages \$20 billion of state and local securities, including Puerto Rico debt.

"Maybe there's some kind of positive move toward G.O.s getting access to some of that revenue," Solender said.

### **Bloomberg Markets**

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— With assistance by Steven Church