

# **Bond Case Briefs**

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## **Puerto Rico's Development Bank Says It May Purchase Notes.**

Puerto Rico's Government Development Bank said it may purchase the bank's notes "from time to time" as the commonwealth pushes to restructure its \$72 billion of debt.

The GDB handles the island's debt sales and lends to the junk-rated commonwealth and its localities. The bank expects to sell \$300 million of tax- and revenue-anticipation notes this month to pay off securities due Friday, according to financial documents posted on the bank's website. It has another \$140 million of debt maturing Aug. 1, according to data compiled by Bloomberg.

Governor Alejandro Garcia Padilla is set to meet with federal officials in Washington Friday about the commonwealth's fiscal situation, according to a statement from his office.

Puerto Rico officials also plan to meet Monday with creditors in New York to discuss the island's high debt and unstable finances. Citigroup Inc. is hosting the meeting, and may also help the GDB with the note purchases, according to a filing Friday through the Municipal Securities Rulemaking Board.

"Other alternative lenders, such as Citi, have made the decision to potentially provide liquidity in the absence of sufficient liquidity at the government level," said Robert Donahue, managing director at Municipal Market Analytics Inc., a Concord, Massachusetts-based research firm.

The GDB had \$787 million of net liquidity as of May 31, down from \$2 billion in October. It may run out of cash by Sept. 30 unless Puerto Rico issues \$2.9 billion of oil-tax bonds or the bank can delay maturities by exchanging its debt.

Purchases of the notes could be made for cash, new securities or a combination, according to the filing. Any purchases are expected to be at prices "that are materially less than par," according to the filing.

The GDB notes maturing Aug. 1 traded Friday for an average 76.5 cents on the dollar, down from 91.3 cents in January, Bloomberg data show.

### **Bloomberg**

by Michelle Kaske

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