

Bond Case Briefs

Municipal Finance Law Since 1971

BlackRock Says Puerto Rico Possibly Attractive After Plan.

Puerto Rico bonds may become attractive after the junk-rated commonwealth releases a debt-restructuring plan, according to BlackRock Inc.'s head of municipal debt.

Puerto Rico officials are working on a proposal that would reduce its \$72 billion debt load or allow the island to temporarily suspend debt-service payments. Governor Alejandro Garcia Padilla expects to receive that plan at the end of the month. Such changes to the debt may push prices on Puerto Rico bonds even lower, creating a potential buying opportunity, Peter Hayes, head of municipal debt at the world's biggest money manager, said in an interview Thursday on Bloomberg Television.

"We do see another leg down," Hayes, who helps oversee \$116 billion of munis. "And at that point in time we do think it becomes interesting because it's a governmental entity. They have to continue to provide services."

Garcia Padilla in June said the commonwealth was unable to repay all of its obligations on time and in full. The Public Finance Corp. Aug. 3 failed to make a full \$58 million debt-service payment to investors, the first default for a Puerto Rico entity.

Prasa Sale

The Puerto Rico Aqueduct & Sewer Authority, known as Prasa, was tentatively scheduled sell to \$750 million in revenue bonds Thursday. The offering would be the first sale of long-term debt from the island since it issued \$3.5 billion of general-obligation bonds in March 2014.

Kristen Kaus, a New York-based spokeswoman for Bank of America Merrill Lynch, the lead underwriter of the sale, and Norma Munoz, a spokeswoman for Prasa in San Juan, didn't immediately respond to e-mails Thursday on whether the bonds would be priced.

The water utility was offering 30-year bonds on Tuesday for a preliminary yield of 9.5 percent, according to four people familiar with the sale who asked for anonymity because the deal isn't final. That's about triple the yield for benchmark securities.

Puerto Rico securities have lost 11.2 percent this year through Aug. 19, the biggest decline for the period since at least 2007, according to S&P Dow Jones Indices.

Bloomberg

Michelle Kaske

August 20, 2015 — 6:01 AM PDT Updated on August 20, 2015 — 10:32 AM PDT