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Puerto Rico `Not Serious' on Consensual Plan, Says Insurer.

Assured Guaranty Ltd. is seeking financial information from Puerto Rico, and is looking to Washington for help.

The bond insurer, which guarantees repayment on about \$3.8 billion of commonwealth securities, sent a letter Wednesday addressed to Cleary Gottlieb Steen & Hamilton LLP, which is representing Puerto Rico in its attempt to restructure \$70 billion of debt, detailing multiple requests for information. The letter signed by Bruce Stern, Assured's executive officer, was also sent to U.S. Treasury Secretary Jacob J. Lew, House Speaker Paul Ryan and other federal lawmakers working on legislation to address the island's fiscal crisis.

Assured says that it has failed to receive complete financial information that it is entitled to as insurer of commonwealth securities after repeated appeals during the last 18 months, beginning with a request for Puerto Rico Highways & Transportation Authority maintenance agreements in September 2014. Assured is also seeking current balances for accounts that repay Highways debt and Puerto Rico Convention Center District Authority bonds after the two agencies began using reserve funds to make their Jan. 1 debt-service payments. Assured needs the data to plan for possible draws on its insurance policies, Stern wrote in the letter.

Oversight Bill

"The financial situation of the commonwealth and its public agencies remains opaque," Stern said. "In the absence of a legitimate reason for this opacity, Assured is left to speculate what ulterior purpose the continued refusal to provide basic and readily-available financial information serves."

Stern sent the letter as the House Natural Resources Committee plans to introduce on April 11 its bill that would establish a federal oversight board to manage any Puerto Rico debt restructuring and weigh in on annual budgets. The goal is to end the commonwealth's practice of borrowing to fill budget deficits. U.S. territories, including Puerto Rico, don't have access to municipal bankruptcy.

Puerto Rico has been in discussions with Assured and its advisers during the last two years as part of financial diligence on a variety of commonwealth issuers and to work out a restructuring plan, Barbara Morgan, a spokeswoman at SKDKnickerbocker in New York, which represents Puerto Rico's Government Development Bank, said in an e-mail.

"The timing of Assured's letter is no doubt part of their lobbying strategy on the Hill against the Natural Resources Committee's proposed legislation, but its allegations about the commonwealth stonewalling and withholding information are baseless," Morgan said.

Betsy Nazario, a spokeswoman at the GDB in San Juan, and Shannon Lynch, a spokeswoman at Cleary Gottlieb, didn't immediately return phone calls and e-mails.

Creditor Counterproposal

Governor Alejandro Garcia Padilla in June said the island was unable to repay its obligations on time

and in full. Two agencies have missed bond payments since then and the government has redirected revenue from the Highways and Convention Center authorities to instead pay general-obligation bonds, which have the highest priority under its constitution.

Creditors, including mutual funds, bond-insurance companies, and hedge funds are working together on a unified counterproposal that would reduce Puerto Rico's debt after island officials last week offered their latest debt-restructuring plan to the different parties. Puerto Rico has said it wants to reach an agreement with its creditors, an assertion that Stern questions.

The responses of Cleary Gottlieb, Puerto Rico and the island agencies, "suggests the commonwealth and its public corporations are not serious about working towards a meaningful consensual restructuring," Stern wrote.

Assured guaranteed about \$3.8 billion of Puerto Rico securities, as of Dec. 31, as measured by gross par outstanding, according to financial documents on the company's website.

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