

# **Bond Case Briefs**

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## **San Bernardino Approves Deal to Settle Bankruptcy Bond Fight.**

San Bernardino, California, moved closer to exiting bankruptcy after striking a deal that gives pension bondholders 40 percent of what they're owed.

In a statement Tuesday, the city said the settlement approved by the mayor and council reduces its payments by \$45 million to creditors Commerzbank Finance & Covered Bond SA and bond insurer Ambac Assurance Corp.

"The settlement will end the costly legal battles between the city and the settling creditors," city attorney Gary Saenz said in the release.

Municipal bond market participants are watching cases such as San Bernardino to evaluate how their investments may fare in distressed situations. In Detroit's record bankruptcy, pension bondholders owed about \$1.4 billion were forced to take deeper cuts than city workers and retirees.

San Bernardino, which filed for bankruptcy in 2012 and more recently in December drew attention for being the site of deadly terrorist attacks, will make payments over 30 years, officials said. A judge must approve the deal as part of the city's plan to exit court protection.

The case is In re San Bernardino, 12-bk-28006, U.S. Bankruptcy Court, Central District of California (Riverside).

### **Bloomberg Business**

by Romy Varghese and Steven Church

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