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Puerto Rico Failed to Make \$9.9 Million Bond Payment on Sept. 1.

Puerto Rico's Government Development Bank, which served as the island's financial adviser and lender before being placed in a state of emergency, failed to pay investors \$9.9 million of interest due Sept. 1., according to a regulatory filing.

The bank, whose regulator says is insolvent and faced a cash shortfall of as much as \$1.3 billion in June, has been defaulting on debt payments since May. September's missed payment was disclosed in a filing Tuesday on the Municipal Securities Rulemaking Board's website, called EMMA.

President Barack Obama last week selected seven people from lists provided by congressional leaders from both parties to serve on a federal control board that will oversee any restructuring of Puerto Rico's \$70 billion of outstanding debt and monitor the island's budgets.

Puerto Rico defaulted on nearly \$1 billion on July 1, including \$780 million on general-obligation bonds, the largest such payment failure in the \$3.7 trillion municipal-bond market. The island's economy has shrunk in the past 10 years and residents are leaving at record levels to find work on the U.S. mainland.

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