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Puerto Rico Control Board Set to Meet Sept. 30 to Pick Chair.

The seven-member control board, set to gather in New York, has until the end of the month to pick a leader after President Barack Obama on Aug. 31 formed the panel, a step required under federal legislation that aims to halt the island's financial decline. The board also plans to adopt bylaws and start a process to search for an executive director and other staff, Governor Alejandro Garcia Padilla's administration said in a statement.

The board is set to meet again in mid-October and in Puerto Rico in mid-November.

Puerto Rico has been defaulting on debt since August 2015 and in July missed nearly \$1 billion of principal and interest, marking the largest payment failure in the \$3.8 trillion municipal-bond market.

The federal government stepped in after Governor Alejandro Garcia Padilla was unable to strike a deal with creditors to reduce Puerto Rico's debt, in large part because the island wasn't able to file for bankruptcy if negotiations failed. The U.S. law gave the control board the authority to oversee any debt restructuring, which can now be ordered by a court if bondholders resist.

The next major debt-payment deadline for the island is Jan. 1, when \$940 million is due on bonds sold by Puerto Rico and its various agencies, according to data compiled by Bloomberg.

The debt crisis stems from a legacy of government borrowing while the island was mired in recession. Puerto Rico's economy has shrunk by an estimated 16.5 percent since 2007 and is forecast to contract by 2 percent in the year ending June 30, 2017, according to the island's Planning Board, which calculates economic growth. A record number of Puerto Ricans have left the island to find work on the U.S. mainland.

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