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Holdout Bondholders Join Puerto Rico Sales Tax Debt Restructuring.

Sept 21 (Reuters) - Two major holders of Puerto Rico bonds that opposed a restructuring deal for the bankrupt U.S. commonwealth's Sales Tax Financing Corporation (COFINA) revenue bonds are now part of the agreement, the island's federally appointed oversight board announced on Friday.

The board said Aurelius Capital Master Ltd and Six PRC Investments LLC, an affiliate of Monarch Alternative Capital, have opted to support the deal. Both own significant amounts of COFINA senior and junior bonds, but mostly own Puerto Rico general obligation (GO) bonds.

The move ends opposition from the island's Ad Hoc Group of GO Bondholders to a COFINA debt restructuring plan, according to the board. The three-member group, which includes Aurelius and Monarch, objected to a COFINA settlement framework in bankruptcy court in June, calling parts of it unlawful. GO and COFINA bondholders have long debated the ownership of Puerto Rico's future sales tax revenue.

Claims by Aurelius and Monarch in a lawsuit filed in federal court in 2016 challenging COFINA's constitutionality will also be dropped, under terms of the agreement.

"The Amended and Restated Plan Support Agreement represents the restructuring of nearly 24 percent of Puerto Rico's crushing debt, and provides the Commonwealth of Puerto Rico a 32 percent reduction in COFINA debt and more than \$17 billion in debt service savings," the oversight board said in a statement.

The deal is expected to be presented to a U.S. judge overseeing Puerto Rico's bankruptcy case next month, the statement added.

Puerto Rico has been in bankruptcy court since May 2017 trying to restructure about \$120 billion of debt and pension obligations.

Other parties to the COFINA deal, which would be Puerto Rico's first debt adjustment plan under the bankruptcy to seek court approval, include bond insurance companies, municipal bond funds, and holders of bonds sold exclusively to island residents.

Outside of the bankruptcy case, Puerto Rico has secured overwhelming creditor approval for a plan to restructure its Government Development Bank debt.

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