

# **Bond Case Briefs**

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## **Final Bond Insurers Join Deal Over Puerto Rico Electric Utility Debt.**

SAN JUAN, Sept 9 (Reuters) - Two holdout bond insurers have agreed to a previously announced deal to restructure more than \$8 billion of revenue bonds issued by Puerto Rico's bankrupt electric utility, the U.S. commonwealth's federally created financial oversight board said on Monday.

The action by National Public Finance Guarantee Corporation and Syncora Guarantee Inc to join a definitive restructuring support agreement (RSA) reached in May with other creditors moves the Puerto Rico Electric Power Authority (PREPA) closer to exiting a form of bankruptcy filed in July 2017.

"The addition of Syncora and National to the RSA provides significant certainty to the restructuring not only of PREPA's bonds, but to the transformation of PREPA to a modern, efficient power utility able to deliver clean, reliable and affordable energy to the people and businesses of Puerto Rico," a statement from the oversight board said.

It added that all of the insurers guaranteeing payments on the utility's debt and holders of about 90% of PREPA's other, uninsured bonds have now joined the agreement.

National Public Finance, a subsidiary of MBIA Inc, is PREPA's largest single creditor, owning or insuring about \$1.4 billion of the utility's bonds, according to the company, which claimed earlier this year it had been excluded from negotiations as it sought a court-appointed receiver for the utility.

With the PREPA restructuring, National is another step closer to resolving all of its exposure to Puerto Rico debt, Bill Fallon, the insurer's CEO, said in a statement.

The oversight board said the economic terms of the RSA, originally reached with bond insurer Assured Guaranty Corp and bondholders, have not changed. That deal would reduce PREPA's debt by up to 32.5%. Under the agreement, investors would exchange their PREPA bonds at 67.5 cents on the dollar for new Tranche A bonds and 10 cents on the dollar for new Tranche B bonds. The latter would be contingent on full payment of Tranche A bonds and future electricity demand on the island.

PREPA would pay off the new bonds through a special charge levied on its customers.

If approved in federal court, a plan of adjustment for PREPA would mark the third major deal in Puerto Rico's efforts to restructure about \$120 billion of debt and pension obligations.

PREPA's financial and operational problems were compounded by 2017's Hurricane Maria, which decimated an electric grid already struggling due to poor rate collection, heavy management turnover and lack of maintenance.

(Reporting by Luis Valentin Ortiz in San Juan and Karen Pierog in Chicago Editing by Matthew Lewis)

