

# **Bond Case Briefs**

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## **Puerto Rico Goes to Court Against Debt-Restructuring Deal.**

SAN JUAN, Puerto Rico — Puerto Rico's government went to court on Wednesday to fight a deal that a federal control board overseeing the U.S. territory's finances recently reached with bondholders to reduce the island's debt by \$24 billion.

In the motion, attorneys said it's unclear how the board plans to move forward with the deal without government support and cooperation.

The motion was filed more than a week after Puerto Rico Gov. Wanda Vázquez said she opposed the debt-restructuring deal, adding that while bondholders would receive additional benefits as part of the amended deal, it was unfavorable to retirees, some of whom would receive up to an 8.5% cut in their pension. The public pension system faces more than \$50 billion in unfunded pension benefits.

"The government has made abundantly clear that it will not support any plan proposal that it concludes is not in the best interest of the people of Puerto Rico," the motion states.

The deal with several groups of bondholders to reduce debt from some \$35 billion to roughly \$11 billion requires in part that Puerto Rico legislators pass a bill to issue new bonds.

Edward Zayas, a board spokesman, told The Associated Press that the board was still in talks with Puerto Rico's government.

"There is time to obtain government support in this process, but waiting and not doing anything about it in the interim would be a disservice to the goal of getting Puerto Rico out of bankruptcy," he said. "Puerto Rico needs to exit bankruptcy as soon as possible. to be able to build a foundation for sustainable economic growth and improve the lives of all Puerto Rico residents."

While the board did not approve of the deal unanimously, its executive director, Natalie Jaresko, has urged the governor to reconsider her position and said it's unfortunate Vázquez doesn't see the merits of the agreement.

The deal is one of the largest since officials announced in 2015 that Puerto Rico was unable to pay its more than \$70 billion public debt load after decades of mismanagement, corruption and excessive borrowing to balance budgets. It then filed for the biggest U.S. municipal bankruptcy in May 2017.

Puerto Rico remains mired in a 13-year recession as it struggles to recover from Hurricane Maria and a magnitude 6.4 earthquake that hit last month and damaged hundreds of homes and buildings in the island's southern region.

**By The Associated Press**

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