

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et  
al.*,

Debtors.<sup>1</sup>

PROMESA Title III

Case No. 17-BK-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as a representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA Title III

Case No. 17-BK-4780-LTS

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Plaintiff/  
Counterclaim-  
Defendant,

PUERTO RICO FISCAL AGENCY AND FINANCIAL  
ADVISORY AUTHORITY, THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS OF ALL  
TITLE III DEBTORS, UNION DE TRABAJADORES  
DE LA INDUSTRIA ELECTRICA Y RIEGO INC., AND  
SISTEMA DE RETIRO DE LOS EMPLEADOS DE LA  
AUTORIDAD DE ENERGIA ELECTRICA,

Intervenor-  
Plaintiffs,

v.

U.S. BANK NATIONAL ASSOCIATION, AS  
TRUSTEE,

Defendant/  
Counterclaim-  
Plaintiff,

THE AD HOC GROUP OF PREPA BONDHOLDERS,  
ASSURED GUARANTY CORP., ASSURED  
GUARANTY MUNICIPAL CORP., NATIONAL  
PUBLIC FINANCE GUARANTEE CORPORATION,  
AND SYNCORA GUARANTEE, INC.,

Intervenor-  
Defendants/  
Counterclaim-  
Plaintiffs.

Adv. Proc. No. 19-00391-LTS

PROMESA Title III

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**JOINT INFORMATIVE MOTION OF THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO, THE PUERTO RICO FISCAL  
AGENCY AND FINANCIAL ADVISORY AUTHORITY, U.S. BANK NATIONAL  
ASSOCIATION AS PREPA BOND TRUSTEE, THE AD HOC GROUP OF PREPA  
BONDHOLDERS, ASSURED GUARANTY CORP., ASSURED GUARANTY  
MUNICIPAL CORP., AND SYNCORA GUARANTEE INC.  
REGARDING STATUS OF PERFECTION-RELATED DISCOVERY**

**To the Honorable United States District Judge Laura Taylor Swain:**

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as Title III representative of Puerto Rico Electric Power Authority (“PREPA”), pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>1</sup> the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), U.S. Bank National Association as PREPA Bond Trustee (“Trustee”), and Defendant-Intervenors/Counterclaim-Plaintiffs<sup>2</sup> (the Trustee and Defendant Intervenors, collectively, “Defendants”), respectfully submit this informative motion (the “Informative Motion”) in connection with Adv. Proc. No. 19-00391-LTS, regarding the status of perfection-related discovery and the parties’ proposal as to how litigation of the perfection-related issues should proceed.

1. On March 31, 2023, the Court ordered discovery regarding lien perfection, specifically concerning the Construction Fund,<sup>3</sup> the Capital Improvement Fund, and the Reserve Maintenance Fund. *See Order (I) Denying the Trustee’s and PREPA Bondholders’ Urgent Motion for Limited Clarification and the Urgent Motion for Expedited Consideration Thereof, and (II)*

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<sup>1</sup> PROMESA has been codified at 48 U.S.C. §§ 2101–2241.

<sup>2</sup> The “Defendant-Intervenors/Counterclaim-Plaintiffs” are the Ad Hoc Group of PREPA Bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Syncora Guarantee Inc.

<sup>3</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the *Opinion and Order Granting in Part and Denying in Part the Financial Oversight and Management Board for Puerto Rico’s Motion for Summary Judgment and the Defendant’s and Intervenor-Defendants’ Cross-Motion for Summary Judgment*, ECF No. 147. Unless otherwise noted, all references herein to Docket Entry Nos. are references to Adversary Proceeding No. 19- 00391.

*Setting Deadlines and Providing Relief Concerning the Amended Joint Informative Motion in Response to Summary Judgment Order* (the “Discovery Order”), ECF No. 154 at 5-6.

2. Under the Discovery Order, the parties were permitted to serve interrogatories and document requests regarding lien perfection by April 14, 2023, and the parties’ deadline to respond or object to served interrogatories and to respond or object to served document requests and produce documents was set as April 28, 2023. *Id.* The Discovery Order also directed the parties to file a status report concerning the status of discovery and appropriate next steps by Sunday, May 7, 2023, at 5:00 p.m. *Id.*

3. On April 14, 2023, the Oversight Board served written discovery concerning perfection upon Defendants, and Defendants served written discovery upon the Oversight Board, PREPA and AAFAF. Prior to and since then, these parties worked together (through informal and formal discovery and discussions) to resolve or narrow the need for formal discovery and the parties’ efforts are ongoing in this respect. In view of the informal discovery, the parties’ deadline to respond to written perfection-related discovery was extended until May 12, 2023 and the due date for a status report to the Court was extended to May 19, 2023. *See Order Joint Stipulation and Proposed Agreed Order of the Financial Oversight Board for Puerto Rico, the Puerto Rico Fiscal Agency and Financial Advisory Authority, U.S. Bank National Association as PREPA Bond Trustee, the Ad Hoc Group of PREPA Bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Syncora Guarantee, Inc. Regarding Stipulation and Proposed Order as to Extension of Time to Respond to Served Perfection-Related Discovery Requests*, ECF No. 186 (the “Extension Order”) at 3.

4. On May 12, 2023, the Oversight Board, AAFAF and Defendants exchanged responses and objections to written perfection-related discovery. Additionally, in connection with

perfection-related discovery, both the Oversight Board and the Trustee produced documents responsive to each other's requests.

5. Consistent with the requirements imposed by the Extension Order, *see id.*, on May 19, the Oversight Board, AAFAF, and Defendants filed an Informative Motion concerning the status of perfection-related discovery. *See Joint Informative Motion of the Financial Oversight and Management Board for Puerto Rico, the Puerto Rico Fiscal Agency and Financial Advisory Authority, U.S. Bank National Association as PREPA Bond Trustee, the Ad Hoc Group of PREPA Bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Syncora Guarantee Inc. Regarding Status of Perfection-Related Discovery*, ECF No. 218. The parties indicated they would continue seeking resolution of discovery issues related to perfection, and proposed the filing of a further status report by June 9, 2023 at 11:59 p.m. (AST).

6. The Court subsequently entered an order directing the parties to file a further joint status report concerning the status of perfection-related discovery and appropriate next steps by June 9, 2023 at 5:00 p.m. (AST). *See Order Concerning Joint Informative Motion of the Financial Oversight and Management Board for Puerto Rico, the Puerto Rico Fiscal Agency and Financial Advisory Authority, U.S. Bank National Association as PREPA Bond Trustee, the Ad Hoc Group of PREPA Bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp., And Syncora Guarantee, Inc. Regarding Status of Perfection-Related Discovery*, ECF No. 219.

7. The parties have continued working together in good faith to resolve outstanding perfection-related discovery issues. The Oversight Board continues to evaluate additional informal discovery requests made by Defendants. On June 7, 2023, the Oversight Board made a supplemental production to Defendants. The Oversight Board is continuing to work with PREPA to determine what additional, relevant documents may exist beyond those in the supplemental

production, but does not concede any or all of these additional documents are relevant to the issue of whether the Trustee has a perfected security interest in any of the funds at issue.

8. The Oversight Board, AAFAF, and Defendants remain desirous of seeking resolution of continuing discovery needs with respect to existing perfection issues.

9. In the interest of affording the parties the opportunity to continue attempting to resolve or narrow the pending perfection-related discovery and substantive issues without judicial intervention, the parties recommend an additional two weeks to continue discussions. Therefore, the parties propose to file a further status report concerning the status of discovery and appropriate next steps by June 23, 2023 at 11:59 p.m. (AST).

10. All parties hereto reserve all rights with respect to existing and future perfection-related discovery and issues.

Dated: June 9, 2023  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Margaret Dale

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**CERTIFICATE OF SERVICE**

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

/s/ Luis F. del Valle-Emmanuelli  
Luis F. del Valle-Emmanuelli