

Hearing Date: TBD
Objection Deadline: TBD

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.¹

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

**INFORMATIVE MOTION OF GOLDENTREE ASSET MANAGEMENT LP,
ASSURED GUARANTY INC., SYNCORA GUARANTEE, INC.,
NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION,
AND THE PREPA AD HOC GROUP IN RESPONSE TO
THE FINANCIAL OVERSIGHT & MANAGEMENT BOARD'S STATUS
REPORT IN RESPONSE TO THE ORDER SUSPENDING DEADLINES**

¹ 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 ("**PREPA**") (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).

GoldenTree Asset Management LP, Assured Guaranty Inc., Syncora Guarantee, Inc., National Public Finance Guarantee Corporation, and the PREPA Ad Hoc Group² (collectively, the “**Bondholders**”), respectfully submit this joint informative motion in response to the status report of the Financial Oversight and Management Board (the “**Oversight Board**” or “**Board**”) [ECF No. 5790] in response to the Court’s *Order Suspending Deadlines* [ECF No. 5775].

RESPONSE

1. The President of the United States terminated six of the seven members of the Board for cause. The Bondholders and the sole remaining Board member agree that the preferred path forward is to stay matters relating to the Bondholders’ claims until the new Board is constituted. The Board argues that the legal issues raised in the administrative expense claim motion are *sub judice*, but the Court has already determined to allow discovery on the motion, and the new Board should have the opportunity to assess the motion and take a position on it before the Court renders a decision. A stay is particularly appropriate until there is a statutory quorum of at least four members to the Board, because the current single-member Board has limited powers and lacks the authority to resolve the case or to certify a fiscal plan, among other things. *See* 48 U.S.C. §§ 2121(h)(2), 2141(a).

2. The Official Committee of Unsecured Creditors (the “**Committee**”) reportedly wants the Bondholders’ administrative expense claim motion to proceed because the Committee will continue to object to it. The Court should not force the single remaining Board member to proceed with the litigation contrary to his stated preferences. Moreover, proceeding with the litigation prior to the Board being reconstituted would ignore the fact that the Board members were terminated for a reason: Notwithstanding the expenditure of huge amounts of time, effort, and

² The members of the PREPA Ad Hoc Group are listed in the *Eighth Verified Statement of the PREPA Ad Hoc Group Pursuant to Bankruptcy Rule 2019* [ECF No. 5671] filed on May 19, 2025.

money, and more than eight years in bankruptcy, the parties are no closer today to a confirmable plan of adjustment. A reconstituted Board will present new opportunities for a constructive dialogue and possible consensual resolution. Continuing litigation with only one Board member, who lacks the authority to make critical decisions, would not. Indeed, the recent decision by the Majority Member PREPA Ad Hoc Group to terminate their support for the Board's Plan Support and Settlement Agreement as of October 1, 2025 and join the Bondholders' cooperation agreement uniting nearly 90% of the Bondholders, *see* ECF No. 5792, further illustrates that the Board's previous cramdown plan and "divide and conquer" strategy is no longer viable, and that proceeding with the litigation before a new Board is constituted would be counterproductive and potentially unnecessary.

CONCLUSION

3. The Bondholders respectfully request that the Court stay the Board's litigation with the Bondholders until new Board members have been appointed. The parties can then determine if further litigation is necessary, and, if so, can develop an appropriate schedule.³

³ The Bondholders reserve all rights to seek the termination of the stay following the appointment of the new Board or in the event the appointment of the new Board is delayed for a prolonged period. Further, nothing herein shall prejudice the Bondholders' prior and continuing requests for adequate protection, which are fully reserved.

Dated: August 26, 2025
San Juan, Puerto Rico

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