

**IN THE 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 representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA Title III

Case No. 17-BK-4780-LTS

NOTICE OF APPEAL

TO THE HONORABLE COURT:

Notice is hereby given that National Public Finance Guarantee Corporation, by and through its undersigned counsel, hereby appeals to the United States Court of Appeals for the First Circuit

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 (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 decision of the United States District Court for the District of Puerto Rico delivered from the bench during the May 20, 2026 Hearing, and reiterated in the *Order Concerning the PREPA Bondholders' Renewed Motion for Relief from the Litigation Stay* entered by the Court on May 26, 2026 (Docket Entry No. 31096 in Case No. 17-3283 and Docket Entry No. 6164 in Case No. 17-4780), which decision denied the *PREPA Bondholders' Renewed Motion for Relief from the Litigation Stay* (Docket Entry No. 30841 in Case No. 17-3283 and Docket Entry No. 6092 in Case No. 17-4780), which motion was joined by Assured Guaranty Inc., GoldenTree Asset Management LP, National Public Finance Guarantee Corporation, the PREPA Ad Hoc Group, Syncora Guarantee, Inc., and U.S. Bank National Association in its capacity as the PREPA Bond Trustee. A transcript of the May 20, 2026, Hearing is attached hereto as “**Exhibit A**,” and a copy of the *Order Concerning the PREPA Bondholders' Renewed Motion for Relief from the Litigation Stay*, entered by the Court on May 26, 2026, is attached hereto as “**Exhibit B**.”

The other parties to this matter and their respective attorneys are as follows:

Parties	Attorneys
Financial Oversight and Management Board for Puerto Rico as Representative for PREPA	O'NEILL & BORGES LLC By: Hermann D. Bauer 250 Muñoz Rivera Ave., Suite 800 San Juan, PR 00918-1813 PROSKAUER ROSE LLP By: Martin J. Bienenstock Ehud Barak Paul V. Possinger Margaret A. Dale Elliot R. Stevens Eleven Times Square New York, NY 10036

Syncora Guarantee, Inc.	REICHARD & ESCALERA, LLC By: Rafael Escalera Sylvia M. Arizmendi Carlos R. Rivera-Ortiz 255 Ponce de León Avenue MCS Plaza, 10th Floor San Juan, PR 00917-1913 QUINN EMANUEL URQUHART & SULLIVAN, LLP By: Susheel Kirpalani Eric Kay 295 Fifth Avenue New York, New York 10016
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U.S. Bank National Association, in its Capacity as the PREPA Bond Trustee	SOSA LLORENS, CRUZ NERIS & ASOC. By: José A. Sosa Llorens Myriam E. Matos Bermúdez Bettina M. Font Nicole Centro Internacional de Mercadeo 100 Carretera 165, Suite 605 Guaynabo, PR 00968 MASLON LLP By: Clark T. Whitmore Michael C. McCarthy John T. Duffey Jason M. Reed 225 South Sixth Street, Suite 2900 Minneapolis, MN 55402
GoldenTree Asset Management LP	RAMOS CRUZ LEGAL By: Lydia M. Ramos Cruz 1509 López Landrón Street American Airlines Building, PH San Juan, Puerto Rico 00911 WHITE & CASE LLP By: Thomas E. Lauria Glenn M. Kurtz Claudine Columbres Isaac Glassman Thomas E. MacWright 1221 Avenue of the Americas New York, New York 10036 <i>and</i> John K. Cunningham Michael C. Shepherd Jesse L. Green 200 S. Biscayne Blvd., Suite 4900 Miami, FL 33131

Puerto Rico Fiscal Agency and Financial Advisory Authority	MARINI PIETRANTONI MUÑIZ LLC By: Luis C. Marini-Biaggi Carolina Velaz-Rivero Ignacio J. Labarca-Morales 250 Ponce de León Ave., Suite 900 San Juan, Puerto Rico 00918 O'MELVENY & MYERS LLP By: John J. Rapisardi Maria J. DiConza Gabriel L. Olivera 1301 Avenue of the Americas, Suite 1700 New York, NY 10019 <i>and</i> Peter Friedman 1625 Eye Street, NW Washington, DC 20006
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The PREPA Ad Hoc Group	DECHERT LLP By: G. Eric Brunstad, Jr. Stephen D. Zide David A. Herman 1095 Avenue of the Americas New York, NY 10036 <i>and</i> MONSERRATE SIMONET & GIERBOLINI, LLC Dora L. Monserrate-Peñagaricano U.S.D.C. – P.R. No. 212,612 Fernando J. Gierbolini-González U.S.D.C. – P.R. No. 211,901 Richard J. Schell U.S.D.C. – P.R. No. 305,811 101 San Patricio Ave., Suite 1120
The Official Committee of Unsecured Creditors of PREPA	PAUL HASTINGS LLP By: Luc A. Despins G. Alexander Bongartz 200 Park Avenue New York, New York 10166 <i>and</i> CASILLAS, SANTIAGO & TORRES LLC By: Juan J. Casillas Ayala Israel Fernández Rodríguez Juan C. Nieves González Cristina B. Fernández Niggemann P.O. Box 195075 San Juan, PR 00919-5075

The Ad Hoc Group of Fuel Line Lenders	WACHTELL, LIPTON, ROSEN & KATZ By: Richard G. Mason Amy R. Wolf Emil A. Kleinhaus Michael H. Cassel Angela K. Herring 51 West 52nd Street New York, New York 10019 <i>and</i> MCCONNELL VALDÉS LLC By: Nayuan Zouairabani 270 Muñoz Rivera Avenue, Suite 7 Hato Rey, Puerto Rico 00918 P.O. Box 364225 San Juan, Puerto Rico 00936-4225
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Dated: June 3, 2026
San Juan, Puerto Rico

Respectfully submitted,

CERTIFICATE OF SERVICE: We hereby certify that we have filed this notice with the Clerk of the Court using the CM/ECF system, which will provide notice to all attorneys of record.

ADSUAR

By: /s/ Eric Pérez-Ochoa

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Exhibit A

**Transcript of May 20, 2026 Omnibus Hearing
Bench Ruling on PREPA Bondholders' Renewed Motion
for Relief From the Litigation Stay**

Q5KDPROH

UNITED STATES DISTRICT COURT

DISTRICT OF PUERTO RICO

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In re:

THE FINANCIAL OVERSIGHT AND PROMESA
MANAGEMENT BOARD FOR PUERTO RICO, Title III

as representative of Case No. 17 BK 3283 (LTS)

THE COMMONWEALTH OF PUERTO RICO,
et al., (Jointly Administered)

Debtors.

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In re:

THE FINANCIAL OVERSIGHT AND PROMESA
MANAGEMENT BOARD FOR PUERTO RICO, Title III

as representative of Case No. 17 BK 4780 (LTS)

PUERTO RICO ELECTRIC POWER AUTHORITY,
et al., (Jointly Administered)

Debtors.

-----x

New York, N.Y.
May 20, 2026
9:30 a.m.

Before:

HON. LAURA TAYLOR SWAIN,

Chief U.S. District Judge

HON. JUDITH G. DEIN,

U.S. Magistrate Judge

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APPEARANCES:

For the Financial
Oversight and Management
Board for Puerto Rico:

Martin J. Bienenstock, Esq.
Brian S. Rosen, Esq.
Jordan Sazant, Esq.
Gabriel A. Miranda, Esq.

For the Official Committee
of Unsecured Creditors and
the Claims Reconciliation
Monitor:

G. Alexander Bongartz, Esq.
Pedro A. Jimenez, Esq.

For Assured Guaranty
Corp. and Assured
Guaranty Municipal Corp:

William J. Natbony, Esq.
Lochlan F. Shelfer, Esq.
Miguel A. Estrada, Esq.
Casey J. Servais, Esq.

For The Puerto Rico
Fiscal Agency and
Financial Advisory
Authority:

Peter Friedman, Esq.
Gabriel L. Olivera, Esq.
Carolina Velaz-Rivero, Esq.
Ignacio J. Labarca-Morales, Esq.

For National Public
Finance Guarantee
Corporation:

Robert Berezin, Esq.
Hira Baig, Esq.

For U.S. Bank National
Association as PREPA
Bond Trustee:

Clark T. Whitmore, Esq.
Michael C. McCarthy, Esq.

For GoldenTree Asset
Management, LP:

Glenn M. Kurtz, Esq.

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APPEARANCES, Continued:

For SREAEE, et al: Rolando Emmanuelli-Jimenez, Esq.

For PREPA Ad Hoc Group: G. Eric Brunstad, Jr., Esq.
Stephen D. Zide, Esq.

For Cortland Capital: Angela K. Herring, Esq.

For ICSE: Fernando E. Agrait, Esq.

For Majority Member
PREPA Ad Hoc Group: Andrew N. Rosenberg, Esq.
Karen R. Zeituni, Esq.

Proceedings recorded by stenography. Transcript produced by
CAT.

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1 THE COURT: Buenos dias. Be seated, everyone.

2 Ms. Tacoronte, would you call the case?

3 THE DEPUTY CLERK: Good morning, your Honor.

4 THE COURT: Good morning.

5 THE DEPUTY CLERK: *In re: The Financial Oversight and*
6 *Management Board for Puerto Rico, as representative of the*
7 *Commonwealth of Puerto Rico, et al., and as representative of*
8 *the Puerto Rico Electric Power Authority, Case Nos. 2017-3283*
9 *and 2017-4780, for Omnibus Hearing.*

10 THE COURT: Thank you. Good morning, and welcome
11 again, everyone, counsel, parties in interest, and members of
12 the public and press here in New York and in San Juan.
13 Greetings as well to those who are listening on the telephone
14 line.

15 To begin, I, as usual, remind everyone that there's to
16 be no use of any electronic devices in the courtroom or
17 anywhere else to record, photograph, or transmit any part of
18 the proceedings, and that all electronic devices that are
19 present in the courtroom must be turned off unless you're using
20 a particular device to take notes or to refer to notes or
21 documents already loaded on the device. All audible signals,
22 including vibration features, must be turned off, and anyone
23 who's observed or otherwise found to have been texting,
24 emailing, or otherwise communicating using a device from a
25 courtroom during a court proceeding without having obtained my

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1 specific permission to do so may be subject to sanctions.

2 I'll be calling on each speaker during this hearing,
3 and when I do, please identify yourself by name at the podium,
4 because the podium is the only microphone that's connected
5 properly for people to hear us in San Juan and on the telephone
6 line. Please don't interrupt each other or me during the
7 hearing. If we interrupt each other, it's difficult to create
8 an accurate transcript, and, as always, I apologize in advance
9 for breaking the rule, because I may interrupt you if I have
10 questions or you go beyond your allotted time. If anyone has
11 trouble hearing me or another participant, please raise your
12 hand or say something right away.

13 The agenda for today was filed as Docket Entry No.
14 31080 in Case No. 17-3283, and it's available to the public at
15 no cost on the Kroll Restructuring website. For the argument
16 for which time allocations have been set, I encourage each
17 speaker to keep track of his or her own time. The Court will
18 also be keeping track of the time. Here in New York, when
19 you're speaking, you'll see a yellow signal light when two
20 minutes are remaining, and, when time is up, you'll see a red
21 light and hear two buzzes. Anyone speaking from San Juan will
22 just hear the two buzzes when the time allocation is up. Here
23 is an example of the buzz sound.

24 (Sound played)

25 THE COURT: That is the buzz or beep.

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1 So, we will be going, if necessary, until 12:45 this
2 morning. I suspect that we won't go nearly that far. If we go
3 past 11:15, we'll have a little break.

4 The first agenda item is the status reports from AAFAF
5 and the Oversight Board. As requested in the procedures order,
6 these reports have been made in writing, in advance of the
7 hearing, and they're available on the public docket at Docket
8 Entry Nos. 31076 and 31079 respectively in Case No. 17-3283. I
9 thank the Oversight Board and AAFAF for the care and detail
10 reflected in their reports.

11 Does the Oversight Board wish to make any comments
12 further to the report?

13 MR. BIENENSTOCK: Good morning, Judge Swain. Martin
14 Bienenstock of Proskauer Rose, LLP, for the Oversight Board.
15 We don't have anything to add, but of course are available to
16 answer any questions the Court has.

17 THE COURT: Good morning, Mr. Bienenstock. I have no
18 questions at this point. Is there anyone else who has a
19 question with respect to the Oversight Board's report?

20 Thank you, Mr. Bienenstock.

21 Does anyone wish to make further remarks for AAFAF in
22 connection with the AAFAF report? I understand that Ms. Velaz
23 Rivero is in San Juan.

24 MS. VELAZ RIVERO: Good morning, your Honor. Can you
25 hear me okay?

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1 THE COURT: Yes, I can.

2 MS. VELAZ RIVERO: Carolina Velaz Rivero of Marini
3 Pietrantoni Muniz on behalf of AAFAF.

4 We have nothing further to add unless your Honor has
5 any questions. However -- I should clarify, I have nothing
6 further to add unless your Honor has any questions. However,
7 with the Court's permission, my colleague, Attorney Friedman,
8 who I believe is in New York, does have something to add and
9 would like to address the Court.

10 THE COURT: All right. Let's hear from Mr. Friedman.
11 Thank you, Ms. Velaz Rivero.

12 MR. FRIEDMAN: Thank you, your Honor. Peter Friedman
13 of O'Melveny & Myers on behalf of AAFAF.

14 I would just like to ask the Court's permission, with
15 respect to the LUMA stay application -- in the Board's filing
16 of Monday, it referenced a press article and a footnote that,
17 in turn, referred to two filings that have been made by P3 in
18 Puerto Rico courts, and I would like permission to actually
19 file on the docket, without having to file -- going through a
20 motion to supplement, copies of the actual filings that were
21 made by our clients, with translations, just so the record is
22 more complete.

23 THE COURT: Is there any objection to that proffer?
24 Seeing none, permission is granted.

25 So you'll just label that a supplement to the response

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1 to the motions?

2 MR. FRIEDMAN: Yes, your Honor. No argumentation.
3 We'll just file copies of what was actually filed in court.
4 Thank you, your Honor.

5 THE COURT: Thank you.

6 All right. Are there any other comments or questions
7 with respect to the AAFAF report?

8 That takes us through the reports portion of the
9 agenda, and that brings us to the one contested matter to be
10 addressed, which is the PREPA Bondholders' Renewed Litigation
11 Stay Motion, which is Docket Entry No. 30841 in Case No.
12 17-3283, and Docket Entry No. 6092 in Case No. 17-4780. A
13 total of 40 minutes have been allotted.

14 The first scheduled speaker is Mr. Estrada for
15 Assured, who's been allotted 10 minutes. Just one minute here.
16 We all have to pause for a minute. We're having a technical
17 difficulty. We should be ready in just a couple seconds.

18 We can proceed. Thank you all for your patience.

19 Mr. Estrada, did you wish to reserve any of your time
20 for rebuttal?

21 MR. ESTRADA: Yes, your Honor. If I could save two
22 minutes?

23 THE COURT: All right. So we'll put you down for
24 eight, and two for rebuttal. So whenever you're ready.

25 MR. ESTRADA: Thank you, your Honor. Again, Miguel

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1 Estrada from Gibson, Dunn & Crutcher from Washington, D.C., for
2 Assured Guaranty, and I will start today for the bondholders.

3 Let me say two things quickly to set the table for
4 what brings us to court today. From our point of view, the
5 bondholders, since the beginning of the case back in 2017, have
6 been extremely diligent at trying to protect their rights by
7 moving to lift the automatic stay so that they could exercise
8 their rights under the Puerto Rico law and the trust agreement
9 to protect their collateral. And from the beginning, we've had
10 disagreements with the Board as to what those rights there are,
11 their scope, and how they should be litigated.

12 On a couple of occasions now we have prevailed in the
13 First Circuit, vindicating our view of those things. Yet here
14 we are nine years later, and our efforts to try to vindicate
15 some of those essential rights have not yet succeeded in
16 getting a basic hearing on the fundamental of whether we get a
17 lift of the stay so that we can litigate. And all we're asking
18 for today is for a lift of the litigation stay that this Court
19 first imposed in September 2022, and then has reimposed on
20 successive occasions, so that we can have the contentions that
21 we would like to make as to why the automatic stay should be
22 lifted and why we're entitled to exercise rights under the law
23 and under the trust agreement, those considered on their own
24 merits.

25 Those are claims that we believe we have under the law

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1 that have never been considered on the merits by your Honor.
2 They have never been adjudicated. We have had contentions by
3 the Board, including in their opposition to this motion, to the
4 effect that their consideration could raise chaos, could be
5 disruptive, could be harmful to the Commonwealth, and any
6 number of other things. I submit to the Court that if any of
7 these things were true and relevant under the law, they can be
8 considered on the adjudication of the merits of the motion.
9 But at some point a stay on the consideration of our claim for
10 relief becomes immoderate, and we respectfully submit to the
11 Court that that point has been reached.

12 One who decides, in the words of the Supreme Court, in
13 a famous due process case, must hear. And it is true that they
14 can be gating issues. We've had a couple over the last nine
15 years. But if we have a fundamental claim that we're entitled
16 to relief from a stay so that we can have a claim adjudicated,
17 adjudicated, heard, the essence of due process, so that we can
18 explain our contentions as to our claim of right to the Court,
19 we submit to the Court that having a continuing stay on our
20 ability to express our views to the Court on why we are
21 correct, and having the Court consider those views, is no
22 longer appropriate.

23 Now, the Board can say all the things they said in
24 their opposition, but as we explained in our reply, those go to
25 things that we should put in our responses to these motions

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1 once, you know, the Court lifts the adjudication stay. But
2 it's been years and years and years. When we first took our
3 first appeal, I believe it was in 2018, the First Circuit
4 observed that there could come a point in which not allowing us
5 to seek lifting of the stay could raise serious problems of
6 constitutionality for the protection of our property. Since
7 then, the First Circuit has recognized that we have a security
8 interest in the net revenues, and, to be sure, you have allowed
9 us to conduct a proceeding -- excuse me, I need some water.

10 THE COURT: Does anybody have a bottle of water?

11 MR. ESTRADA: -- for an accounting on which a
12 historical basis -- as you explain, we can conduct some
13 investigation on what has happened in the past, but the motions
14 that we wish to bring really do relate to the ongoing
15 protection of our interests, which we believe are being
16 dissipated and dilapidated with every passing day. And since
17 we have waited years to have our views considered by the Court,
18 we are once again respectfully asking the Court to lift the
19 litigation stay and to allow us to present the motions in the
20 court for their consideration in due course.

21 I reserve my remaining time for rebuttal.

22 THE COURT: Thank you.

23 Just to check, he has three minutes additional?

24 LAW CLERK: Yes.

25 THE COURT: So, next is Mr. Brunstad. Good morning.

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1 MR. BRUNSTAD: Good morning, your Honor. Eric
2 Brunstad of Dechert on behalf of the PREPA Ad Hoc Group.

3 Your Honor, I'd like to reserve one minute for
4 rebuttal if that would be fine with your Honor.

5 THE COURT: All right. So we have you at four.

6 MR. BRUNSTAD: Thank you, your Honor.

7 I agree with everything that Mr. Estrada said. I
8 would add to it that, in our view, PREPA is consuming our
9 collateral on a daily basis without providing us with adequate
10 protection. So every day that goes by we are suffering a loss.
11 Your Honor has ruled that we cannot get retroactive
12 compensation for that in terms of an administrative expense
13 claim, so the harm is acute, and we're entitled to relief now
14 in our view.

15 We don't need a full valuation of our collateral in
16 order to proceed. As long as they are spending at least some
17 of our collateral today, we are entitled to adequate
18 protection, and we know that they are spending our collateral
19 today. And we have two reasons for saying that. The first is
20 that their own business records demonstrate that they are
21 spending net revenues. Now, as your Honor knows, they're
22 collecting revenues on a daily basis, and everything that's
23 left over after paying current expenses is our collateral.

24 Recently, the regulator, PREB, has issued a rate
25 order, and in that rate order PREB has set up a structure

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1 whereby they have approved PREPA's use of revenues to pay
2 capital expenditures and a whole host of other things that are
3 not current expenses. They are going to be spending our
4 collateral, not only currently but into the future. These two
5 sources I think pretty conclusively establish that as exactly
6 what is going on here.

7 So, we are suffering harm today, and we face two
8 constitutional problems, as Mr. Estrada alluded to. The first
9 is a Fifth Amendment problem whereby they are taking our
10 property without just compensation. The second is a due
11 process problem, a *Mathews v. Eldridge* problem, where the
12 litigation stay is preventing us from pursuing our statutory
13 remedy, which is constitutionally based, to either get adequate
14 protection or to get relief from a stay.

15 Now, they want to wait. They want to say, well, let's
16 wait until next year and maybe we can consider this down the
17 road, but, essentially, what that translates to is that they
18 want us to sit idly by while they consume our collateral. And
19 that is exactly what the Court of Appeals has already said is
20 forbidden. 899 F.3d, at 20. The Court said, "we doubt the
21 constitutionality of PROMESA if that is what can happen." So,
22 yet, that is exactly the course that the Board is seeking.

23 So, a couple of comments, your Honor, about the PREB
24 rate order that I think are particularly relevant. PREB
25 disapproved about \$5 billion of expenses that LUMA and PREPA

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1 were seeking. They aren't necessary. I think it kind of goes
2 to show that the expense numbers have been inflated. PREB set
3 a rate structure about 27.5 cents per kilowatt hour. That's
4 enough to pay not only their expenses but also things like
5 capital expenditures. There is enough headroom with that kind
6 of a rate structure to provide the bondholders with a robust
7 discovery and still fall within the Board's own affordability
8 parameters, so it's not the case that they can't afford to be
9 paying us stuff as well and continue to operate their business.
10 The PREB notes that they have failed to access the available
11 federal funding to improve the infrastructure. We're talking
12 about billions and billions of federal funds that have just
13 been sitting there that they have not been accessing to improve
14 their grid.

15 And, also, PREB notes that one of the key problems is
16 that they are not able to access the public markets, because
17 they're in bankruptcy, which, ordinarily, a healthy utility
18 would borrow money to pay capital expenditures, which they're
19 not doing.

20 (Sound played)

21 MR. BRUNSTAD: So, your Honor, we would like to have
22 the litigation stay lifted so we can pursue our rights now for
23 those reasons, as well as the ones Mr. Estrada said. Thank
24 you.

25 THE COURT: Thank you, Mr. Brunstad.

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Now, Mr. Kurtz, for two minutes.

MR. KURTZ: Good morning, your Honor. Glenn Kurtz, from White & Case, on behalf of GoldenTree.

I just want to briefly address two First Circuit cases that I think are essentially controlling here. Mr. Brunstad mentioned the first one, which is the First Circuit's decision in 2018. In that decision, the Court held that your Honor had authority to lift the stay, because, otherwise, "the creditor would be left to stand by helplessly as the debtor spent the creditors' collateral, leaving the debt entirely unsecured."

As we have previously said, we would doubt the constitutionality of a rule that would allow a debtor to expend every penny of the movant's collateral, leaving the debt entirely unsecured. And here, your Honor, the Board is certainly consuming every penny of the bondholders' collateral.

The second decision is a year later, the 2019 First Circuit decision in these cases. There the First Circuit held, "stay relief under section 362(d) of the Bankruptcy Code is not the paper tiger that the dissent makes it out to be. That section affords the Bankruptcy or Title III Court, no discretion to decline a request for stay relief upon a showing of a lack of adequate protection of an interest in property."

And your Honor knows that the Board has been steadfast in refusing to provide adequate protection to the bondholders, so we think we fit well within there. And the last point I

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1 want to make, your Honor, is I think the point to the
2 bondholders is particularly pronounced in light of your Honor's
3 recent decision denying the motion to allow an administrative
4 expense claim under your Honor's decision. There's essentially
5 no remedy whatsoever available to the bondholders based on the
6 Board's consumption of their collateral. To the extent that
7 the net revenues generated by the utility will not be
8 sufficient to pay the full amount --

9 (Sound played)

10 MR. KURTZ: -- of the bonds, \$8.5 billion, plus the
11 billions of dollars that have been taken so far through 2023
12 during the course of the bankruptcy case. Thank you, your
13 Honor.

14 THE COURT: Thank you, Mr. Kurtz.

15 Mr. Berezin, for National.

16 MR. BEREZIN: Good morning, your Honor.

17 THE COURT: Good morning.

18 MR. BEREZIN: Robert Berezin, for National Public
19 Finance Guarantee Corporation. A few words, your Honor, about
20 why the motion to lift the automatic stay should proceed.

21 The Board says no, it should not, and it argues that a
22 plan will pay the value of future net revenues, but, at the
23 same time, the Board says there will be no future net revenues.
24 It also says that the accounting claim for spending existing
25 net revenues has no remedy either. Ditto for the

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1 administrative expense claim.

2 So, according to the Board, today's collateral is
3 irreplaceable, so it shouldn't be heard at the same time to
4 oppose the only remaining recourse to preserve that collateral
5 in this court, which is the motion to lift the stay. The Board
6 also opposes the stay motion because it claims that fiscal
7 plans and budgets preempt Commonwealth law, vesting the
8 receiver with power to govern PREPA properly, but the receiver
9 is part of the Commonwealth's regulatory regime governing
10 PREPA, no different from the laws creating PREB. "Nothing
11 entitled to" is inconsistent with that regulatory regime.
12 Witness the PREB's rate case ruling, the Board's current fiscal
13 plan calls for massive spending and rate increases, effectively
14 to zero out future net revenues.

15 Yet, PREB completely rejected that path as unnecessary
16 to improve the electric system, and it set PREPA's rates
17 accordingly. This is consistent with Title II of PROMESA, not
18 inconsistent, and so is the receiver's complementary power to
19 reform PREPA.

20 (Sound played)

21 MR. BEREZIN: In sum, your Honor, the lift stay motion
22 will move this case forward, and we respectfully request that
23 the Court permit it to do so. Thank you.

24 THE COURT: Thank you.

25 Finally, Mr. McCarthy, who has one minute, for the

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Bond Trustee.

MR. MCCARTHY: Good morning, your Honor. Mike McCarthy of Maslon on behalf of U.S. Bank National Association in its capacity as Trustee.

We join in the arguments made this morning, both -- and the request for relief. And unless the Court has questions for the Trustee, I yield my remaining seconds to Mr. Brunstad for rebuttal.

THE COURT: Thank you.

So, now we turn to the opponents of the motion, and I have, first, 15 minutes allocated to Mr. Bienenstock for the Oversight Board.

MR. BIENENSTOCK: Thank you, Judge Swain. Martin Bienenstock of Proskauer Rose, LLP, for the Oversight Board, as PREPA's Title III representative.

The first and primary portion of my argument addresses the bondholder reply of May 12, 2026, and identifies rulings of this Court and the First Circuit, which show the bondholders' position that they must have a stay hearing now is not ripe, while the Board's position that this Court is already granting stay relief by proceeding with the bondholders' accounting counterclaim is designed to carry out Title III consistent with the judicial economy and fairness.

Although the bondholders' reply of May 12 at paragraph 25 contends this Court's April 13, 2026, order explained

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1 resolution of the accounting counterclaim will turn on the
2 determination on a historic basis, whether there have been net
3 revenues, and the bondholders allege "the accounting
4 counterclaim is less about remedying past use of the
5 bondholders' collateral."

6 This Court's April 13, 2026, order actually provides,
7 in pertinent part, "resolution of these disputes should lead to
8 a formula that would permit the parties and the Court to
9 determine, one" -- the Court goes on about the historic basis,
10 and then, two, "ultimately the value of the bondholders'
11 secured claim using up-to-date information at the appropriate
12 point." And as the Creditors Committee, May 5, 2026, objection
13 at paragraph eight points out, this Court's order also stated
14 at its pages two and three, "the former information will be
15 pertinent to an evaluation and resolution of the accounting
16 claim, and will also provide information material to the
17 resolution of the lift stay motions and plan confirmation
18 proceedings with respect to the Plan, as it may be amended from
19 time to time, based upon up-to-date financial information. The
20 Court anticipates that resolving these methodological issues
21 will provide the parties and the Court with a workable
22 framework, and clearer picture of their rights and obligations,
23 with respect to the Title III cases, and provide important
24 insights for their settlement negotiations."

25 THE COURT: I'm going to stop the clock for one

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1 second. Mr. Rosen, are you texting?

2 MR. ROSEN: No. I was looking at something, the
3 status report that I filed.

4 THE COURT: All right. Thank you.

5 Please proceed.

6 MR. BIENENSTOCK: Thank you. The bondholders
7 contention at paragraph 28 of their reply, that stay relief be
8 litigated simultaneously with the accounting counterclaim,
9 can't work, because the rulings in the accounting counterclaim
10 are what are relevant, as the Court already pointed out.
11 Additionally, the Court already wrote, at page three of the
12 April 13, 2026, order, that it's not persuaded that past
13 reporting is determinative of rights and obligations at this
14 juncture, which I believe answers Mr. Brunstad's contention
15 that there are these business records that create a given that
16 they're correct that collateral is being used.

17 In the First Circuit's first opinion in the *PREPA*
18 case, concerning the automatic stay, which is the opinion I
19 believe Mr. Kurtz referenced, he didn't reference that it --
20 the First Circuit opined at 899 F.3d, at 23, that, "a stay
21 decision would also seem to require some assessment of the
22 pre-petition value of the bondholders' collateral, if any
23 exists, whether the bondholders face a threat of uncompensated
24 diminution in such value, whether the bondholders are seeking
25 protection of existing collateral, or, instead, the creation of

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1 new collateral, and what, if any, adequate protection PREPA can
2 offer short of a receiver to be appointed to manage it if
3 protection is warranted."

4 But the bondholders are here repeatedly again saying,
5 we don't want a value of the collateral. We just want to say
6 that the business records show collateral is being used, and we
7 want it, or we want adequate protection.

8 THE COURT: But it seems to me they're saying they
9 want an arena to make those arguments directly. They want to
10 make those arguments. They expect that you're going to respond
11 with "there is no collateral," but they want that particular
12 procedural arena of the lift stay motion itself, as opposed to
13 things that they consider fighting in ancillary areas, in order
14 to do it, and they say they're entitled to it now.

15 MR. BIENENSTOCK: Right. And, your Honor, here's the
16 point about that. We're not here on a clean slate. This Court
17 has an extensive record going back eight years. To resolve the
18 bondholders' instant motion, the Court is already in a position
19 to take into account several matters of record. No hearing is
20 necessary to make a record of things already in the record.
21 Specifically, number one, the bondholders claim the monthly
22 operating reports give them a colorable claim under *Grella* that
23 net revenues exist.

24 Number two, PREPA's defenses include that the MORs on
25 their face included accrued revenues contrary to the trust

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1 agreement provision that revenues are only monies received.
2 Number three, the bondholders conceded in their administrative
3 claim that PREPA uses the alleged net revenues to maintain
4 PREPA. Their own numbers showed PREPA generated more alleged
5 net revenues by using alleged net revenues, and the bondholders
6 have steadfastly opposed determination of the value of the net
7 revenues.

8 So my point, Judge, is that you don't need a hearing
9 to know all that. It's already a matter of record in things
10 that the bondholders have written. And as I'm about to
11 explain, in *Grella*, another First Circuit decision that we
12 think helps determine the instant matter, that the bondholders
13 rely on a lot for the point that they don't have to prove,
14 finally, their claim, they just have to show a colorable claim
15 to get relief; that, in fact, the bondholders overlook or don't
16 mention what *Grella* says, after its discussion of a colorable
17 claim -- the First Circuit, at page 34 of its decision, at 42
18 F.3d wrote, "certainly a court may take into account any matter
19 that bears directly on the debtors' equity or that clearly
20 refutes a debtors' claim to the property. For example, if a
21 trustee raises a defense to a creditor's claim at the
22 relief-from-stay hearing, the Court need not ignore this
23 defense, but may consider it if deciding whether to lift the
24 stay. If, however, the stay is not lifted, that creditor is
25 not barred forever from seeking payment. It must simply comply

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1 with the automatic stay and wait with the other creditors for
2 the estate's administration."

3 Now, this Court has not gone to that limit, said, just
4 wait with everyone else. The Court has said, let's create a
5 formula as to whether -- so that we can figure out whether net
6 revenues exist, and then that can be used for many purposes:
7 Determination of the secured claim, confirmation, and the lift
8 stay motions. That makes perfect logic, common sense, and
9 serves judicial economy. To say no, let's do that now on the
10 bondholders' contention that by showing a colorable claim to
11 net revenues, based on the monthly operating reports, they're
12 off to the races, that doesn't get us anywhere, because the
13 Court already knows the defenses, at least many of them that
14 I've listed today, and the Court is already in a position and
15 was when the Court originally limited the lift of the stay
16 litigation stay to only include the counterclaim.

17 The Court knew, I guess it knew a few things, that we
18 would have this hearing to further discuss the lift stay
19 motions, but also, as the Court explained in its April 13
20 order, the Court knew that the accounting counterclaim
21 litigation would yield information and rulings that would serve
22 all these other purposes. There's simply no reason that
23 bondholders have advanced, especially in light of what the
24 First Circuit said in *Grella*, that things should be taken in a
25 different order.

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1 Another important decision, your Honor, that the First
2 Circuit has written in these cases, that I think govern the
3 outcome here, is the *Assured Guaranty v. the Board* opinion, at
4 989 F.3d 170, 181. The First Circuit ruled, "turning to the
5 monoline's first argument, nothing in the text of 362(d) says
6 that if the monolines have a colorable claim and meet the other
7 section 362(d) requirements, the Title III Court must lift the
8 stay and allow the monolines to pursue their claims in another
9 forum. The statute says that the Court must grant relief, such
10 as by terminating, annulling, modifying, or conditioning such
11 stay." And then -- I'm skipping some cites and things -- the
12 Court says, "as a leading treatise explains, this language
13 underscores the flexibility of section 362 and permits the
14 Court to fashion the relief to the particular circumstances of
15 the case." That's what the Court has been doing already. And
16 since the First Circuit has already said, even if they prove
17 362(d) requirements, they don't necessarily get stay
18 termination to sue and create havoc and chaos, the Court can
19 fashion something that makes sense in this context, and that's
20 what we think the Court has already done and should continue
21 doing.

22 Several of the speakers have said that the Board
23 contends the bondholders have no remedy for current use of
24 collateral, if that's what's happening, and that's not what the
25 Board has said. The Board has said what the First Circuit said

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1 that they have a remedy, but since they are in non-recourse,
2 the remedy is the collateral. And although today the
3 bondholders implicitly suggest, oh, we're without a remedy, we
4 know from their own other pleadings they say their collateral
5 is unlimited, principal plus interest plus expenses. So they
6 have plenty of remedy according to their own contentions. If
7 they're wrong, they're wrong, but they can't walk away from
8 their own contentions that their collateral value is more than
9 sufficient to accommodate them.

10 I can't mention every incorrect statement in their
11 reply, but I'd like to mention a few. In paragraph two, the
12 bondholders state the Board asked the Court to accept, without
13 adjudication, its unsupported position that no net revenues
14 exist today, or will ever exist in the future. Totally wrong.
15 As the Court knows, we've been asking the Court ever since the
16 First Circuit ruling on the security interest to determine the
17 secured claim. That's hardly asking the Court to assume there
18 is no secured claim.

19 In paragraph 32 of their reply, the bondholders
20 contradict themselves and accuse the Board of relitigating its
21 request to value all the future net revenues. So they know
22 that their statement was incorrect that they're asking the
23 Court to assume that there are no net revenues. The
24 bondholders resort to *Marti v. Iberostar Hoteles* is completely
25 off base. *Marti* was a case of "effectively out of court"

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1 jurisdiction, where a Federal Court would simply never address
2 the issue because it was waiting for a foreign determination
3 that was endlessly delayed. *Marti* reasoned the applicability
4 of the defense turns on whether the delay will impact claims or
5 defenses. In *Marti*, they did not. Here the delay is precisely
6 to enable the Court to determine the existence or non-existence
7 of net revenues. The delay serves all parties, and it's hardly
8 the case that this Court is throwing their issues out. It's
9 simply sequencing them in way that makes sense.

10 The bondholders' position to *Russell v. Chenevert* does
11 not support their argument. In *Russell*, the issues was whether
12 a civil action for sexual abuse of a minor should be stayed
13 because the defendant might be charged criminally for the abuse
14 and would have to choose in a civil case whether to invoke the
15 Fifth Amendment and suffer the adverse inferences that might
16 flow from that. Here, the Court is actively presiding over the
17 litigation designed to facilitate determination of the
18 bondholders' secured claim, confirmation and stay relief.

19 The bondholders cite *Mathews v. Eldridge* for the sole
20 purpose of quoting a snippet providing due process, including a
21 right to be heard "in a meaningful time and in a meaningful
22 manner." The issue in the case was whether the government
23 could terminate disability benefits after an investigation and
24 opportunity for the recipient to respond, but before an
25 evidentiary hearing.

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1 Here, the bondholders insist on a stay relief hearing
2 before the Court has formulated rules for determining the
3 existence of net revenues, which the First Circuit has asked to
4 be done in its first stay opinion, and while simultaneously
5 opposing a valuation of their collateral, which the First
6 Circuit also ruled should be part of a stay relief hearing.

7 Unless the Court has questions, that's the end of my
8 remarks, your Honor.

9 THE COURT: Thank you, Mr. Bienenstock.

10 Mr. Friedman, for two minutes.

11 MR. FRIEDMAN: Good afternoon, your Honor. Peter
12 Friedman.

13 I want to try to cram in five points. The first is
14 with respect to the rate order, which I think has been
15 dramatically misrepresented to you. If you actually look at
16 the rate order, the only references to current expenses are the
17 PREB deciding that it wasn't going to decide whether pension
18 costs were current expenses. It summarized the parties'
19 positions, but it did not conclude what was a current expense,
20 what was not a current expense at all.

21 Additionally, your Honor, with respect to
22 Mr. Brunstad's capital markets position, all PREB said is PREPA
23 can't raise money because of its ongoing bankruptcy. It
24 certainly didn't say that if the bondholders' relief was
25 granted and it went into a wild litigation morass outside of

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1 Title III, that PREPA would magically be able to get access to
2 capital markets. That's fantastical to read that into the PREB
3 order, or to assume that that would a result that flowed from
4 the bondholders getting the relief that they want.

5 And I think that ties into Mr. Berezin's point, which
6 is they're really buying a pig in a poke, which is not at all
7 helpful. His view is the Oversight Board's powers would not
8 constrain a receiver. By the way, the bondholders are
9 incorrect in paragraph 17 of their reply, in our view, that a
10 receiver can just raise rates. Instead, you have what
11 everybody sat through for months, which is a statutory regime
12 that requires PREB approval for rate increases. And, your
13 Honor, in that context, there would just be an enormous amount
14 of litigation between -- back in Federal Court over what Title
15 II powers are, and how they constrain a receiver, as well as
16 what AAFAF's rights to constrain a receiver are.

17 The third point I want to make is that PREB did not
18 conclude that there was any capacity for additional rate
19 increases above where they are now. They were not making very
20 long-term projections about how much PREB -- PREPA could spend.
21 It was limited to three years. And the last point I want to
22 make --

23 (Sound played)

24 MR. FRIEDMAN: May I finish my sentence, your Honor?

25 THE COURT: Yes, you may.

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1 MR. FRIEDMAN: People keep talking about takings
2 claims, and I can't remember how to pronounce it, whether it's
3 echolalic, or however you pronounce it, but the First Circuit
4 has said multiple times that when you contract with a
5 government entity and the government breaches the contract, you
6 have a breach of contract claim. I think that's what this
7 Court also referenced in its administrative expense decision.
8 Not a takings claim.

9 Thank you, your Honor.

10 THE COURT: Thank you, Mr. Friedman.

11 Mr. Jimenez.

12 MR. JIMENEZ: Good morning, your Honor.

13 THE COURT: Good morning.

14 MR. JIMENEZ: Pedro Jimenez of Paul Hastings on behalf
15 of the Committee.

16 I'd like to address one point, and that's the
17 bondholders' argument that they are prejudiced by a failure to
18 allow them to move forward today with a motion to lift stay.
19 With regard to any prejudice going forward, the question that
20 the bondholders have failed to answer in both their briefs and
21 in arguments today is the process your Honor has established to
22 arrive at a methodology to determine whether any net revenues
23 generated during the pendency of PREPA's Title III case fails
24 to protect their rights.

25 From a procedural and timing perspective, the

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1 six-month discovery and briefing timeline that the Court had
2 ordered is significantly more beneficial and less burdensome to
3 the bondholders when you compare it to the almost eight-month
4 timeline that the bondholders themselves initially proposed to
5 just complete discovery in the admin expense litigation on what
6 are essentially the same issues. And the bondholders have not
7 articulated they're prejudiced substantively by the process.

8 The legal and factual findings that the Court expects
9 to make in the current process are a necessary precursor to any
10 stay relief by the bondholders, as it will allow the Court to
11 assess whether any net revenues that will be generated between
12 now and an effective date of adjustment for which bondholders
13 may be entitled to stay relief if they're not compensated under
14 a plan of adjustment or otherwise provided adequate protection.

15 Your Honor, unless you have any questions, I have
16 nothing further.

17 THE COURT: Thank you, Mr. Jimenez.

18 So now we are back to the proponents with reserved
19 time, and what I have noted is that Mr. Estrada had five
20 minutes that he ultimately reserved, and Mr. Brunstad had one
21 minute.

22 So, Mr. Estrada.

23 MR. ESTRADA: Yes, your Honor. Thank you.

24 Let me just start by emphasizing what I think is a key
25 point for these proceedings is that the litigation stay has

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1 gone on for years, and that the motions that are stayed have
2 never been heard on their merits by the Court. I think that is
3 fundamental, because in our system of justice, when one goes to
4 court, one expects to be heard.

5 And Mr. Bienenstock and Mr. Friedman alluded to a
6 number of arguments that could come up in litigation, if, God
7 forbid, a court gave me a hearing, in consequences that could
8 come up if God forbid a court heard me and ruled for me. And I
9 submit to you that they can make the arguments for you in the
10 course of litigating the motions that the litigation stay does
11 not allow me to brief and to argue.

12 THE COURT: I am hearing lots of these issues, I'm
13 hearing lots of arguments, and I have a sneaking suspicion that
14 if I hear them in the context of a lift stay motion, I can look
15 at any of a dozen briefs I already have and see some iteration
16 of the argument. So I think you're being a little over the top
17 in saying that I've been refusing to hear things that are
18 fundamental.

19 MR. ESTRADA: I respectfully disagree with you in that
20 respect, Judge Swain, because if I filed a motion and it is
21 subject to a stay, that means that the motion cannot be briefed
22 on its own merits, and that the motion cannot be argued, and
23 that there will not be a ruling on the merits of a motion. And
24 it may be that other arguments that are related to the
25 arguments made in the motion are considered in the course of

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1 the case. I don't deny that. But I think if a motion asks for
2 specific relief that's statutorily based, and that, you know, a
3 claimant claims it's essential to the protection of his rights,
4 it is important at some point that the Court be able to hear
5 him. And, with all due respect, I think that that is a modest,
6 you know, request that a litigant can make to a court.

7 We all understand that there can be gating issues in
8 litigation. We have had a number of them. And I submit to the
9 Court that we've solved a number of the ones that the Board has
10 proposed over the years, and our submission today is that the
11 Court, you know, can now turn to these issues, because --
12 especially as a result of your last ruling on the
13 administrative issue, the amount of prejudice that we are
14 suffering if the Board is correct in their assertions is
15 manifest.

16 Now, Mr. Bienenstock, you know, referred to the *Marti*
17 case, where he said, well, it was a case in which there was a
18 gating issue, because the Court was waiting for a foreign
19 tribunal to issue a ruling. Now, what the 11th Circuit
20 actually said was it was okay for the Court to have a stay for
21 six months to see if the defendant could get authorization for
22 the European Union to answer the complaint. It was not okay
23 for the Court to do that for three years, because once you have
24 a plaintiff who is not allowed to litigate his claim for three
25 years, that is putting him out of the court, that is

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1 essentially saying "I will not hear that claim," and that is
2 the equivalent of a final judgment.

3 And I think, you know, the rule of appellate practice
4 is, yes, under the *Landis* case, which is a venerable case from
5 the Supreme Court, courts have some authority to manage their
6 dockets. Understood. Undisputed. The limitation, which we
7 have invoked, is that once a stay goes on for years and years,
8 it becomes what the Court of Appeals calls immoderate, and if
9 there's no effort to hear the claimant on the merits, he may
10 lose. His arguments may be no good. We have faith in ours,
11 but a litigant could lose. That is essentially saying to the
12 litigant "we will not hear you," and that is something that, in
13 our system of justice, we should avoid at all costs.

14 We submit to the Court that, in this case -- excuse
15 me. I'm getting a little bit thirsty with the water -- that,
16 in our system of government, we should have an opportunity to
17 present our arguments on the merits and have them considered on
18 the merits. Thank you very much.

19 THE COURT: Thank you.

20 So, just before you start, Mr. Brunstad, if somebody
21 has a bottle of water -- which I don't have up here -- I have a
22 glass that I can give you that you can pour something for
23 Mr. Estrada.

24 MR. BRUNSTAD: We have found some water for
25 Mr. Estrada, your Honor.

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1 THE COURT: Okay. So I'll keep this for another rainy
2 day, or not rainy. Anyone is welcome to bring bottles of water
3 with caps. As you have noticed over the years, I don't put
4 pitchers on the table. The reason I don't put pitchers on the
5 table is I have seen too many spontaneous baptisms of paper and
6 people over the years. So that's my quirk. Live with it.

7 All right. Mr. Brunstad.

8 MR. BRUNSTAD: Thank you, your Honor. Eric Brunstad
9 from Dechert on behalf of the PREPA Ad Hoc Group.

10 Your Honor, it has been nine years, and I know your
11 Honor has heard a lot from us, has put up with me talking about
12 the Fifth Amendment perhaps endlessly, due process, talking
13 about Article IX issues, talking about all kinds of things in a
14 lot of context. I appreciate that. But we want to be heard on
15 the merits of this particular discrete claim. Why? Well,
16 Mr. Bienenstock said, "the remedy is the collateral," but he's
17 saying you can't get to it. Under the schedule for the
18 accounting claim, that would be summary judgment in November,
19 maybe a hearing next year in 2027, and maybe sometime after
20 that you'll finally get to relief from the automatic stay.

21 In the meantime, every single day they are spending
22 our collateral without adequate protection. We are entitled to
23 have that issue adjudicated, and the remedy that Congress has
24 prescribed and that is constitutionally based be vindicated.

25 (Sound played)

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1 MR. BRUNSTAD: Thank you, your Honor.

2 THE COURT: Thank you. Thank you, counsel, all, for
3 these arguments. I'm going to sit here and reflect for a
4 couple of minutes, but I believe I will be in a position to
5 make an oral ruling that I will then follow up with an order.
6 So we're still in session, but we're going to be quiet for a
7 few minutes.

8 I do have one question. It's a housekeeping,
9 technical question for the bondholder group. I'll tell you
10 what the question is, and then you can decide who's going to
11 stand up and answer it.

12 So, there is on the books a motion of the Ad Hoc
13 Group, Assured, National and Syncora to file a combined
14 dismissal and lift stay motion. That's at Docket Entry No.
15 2971 in Case No. 17-4780, and I think that was intended to deal
16 with an objection to that sort of combination. I haven't seen
17 a motion for authorization to file a combined motion in this
18 litigation stay application.

19 So, the question is whether, if I'm referring to the
20 current motion practice, I'm including in that reference the
21 authorization to file a combined motion or not.

22 MR. KURTZ: Good morning again, your Honor. Glenn
23 Kurtz from White & Case.

24 If we're understanding the question correctly, I think
25 the relief we've requested is to file an updated, supplemented

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1 motion, which can be combined, and which -- well, because
2 there's been a number of significant events that have occurred
3 since the original filing. So I think we can combine
4 everything into a single updated supplemented amended, call it
5 what you will, motion.

6 THE COURT: So that's subsumed in your references to
7 supplementation?

8 MR. KURTZ: Yes, your Honor.

9 THE COURT: Thank you.

10 MR. KURTZ: Thank you.

11 THE COURT: Thank you for your patience. I'll make an
12 oral ruling now.

13 Pending before the Court is the PREPA Bondholders'
14 Renewed Motion for Relief from the Automatic Stay, which is
15 Docket Entry No. 30841 in Case No. 17-3283 and Docket Entry No.
16 6092 in Case No. 17-4780 -- I'll refer to it as "the Motion" --
17 which is filed by Assured Guaranty, GoldenTree, Syncora,
18 National, the PREPA Ad Hoc Group, the Majority Member Ad Hoc
19 Group, and U.S. Bank National Association as Trustee -- I'll
20 refer to that moving group collectively as "the Bondholders" --
21 seeking partial relief from the litigation stays imposed by the
22 Court's orders at Docket Entry Nos. 3013 and 5286, and
23 subsequently extended, and that I'll refer to as the PREPA
24 litigation stay.

25 Relief is sought with respect to the motion of the Ad

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1 Hoc Group of PREPA bondholders, Assured, Assured Guaranty, and
2 Assured Guaranty Municipal Corporation, National and Syncora to
3 dismiss PREPA's Title III case, or for relief from the
4 automatic stay to enforce their right to a receiver, which is
5 Docket Entry No. 22291 in Case No. 17-3283 and Docket Entry No.
6 2973 in Case No. 17-4780. I'll call that the dismissal/lift
7 stay motion. Also, the renewed motion and memorandum of law of
8 GoldenTree Asset Management and Syncora Guarantee from relief
9 from the automatic stay pursuant to 11 U.S.C. sections 362(d)
10 and (e), to allow them to enforce their statutory right to
11 obtain mandatory appointment of a receiver, which is at Docket
12 Entry No. 4689 in Case No. 17-4780. I'll refer to that as the
13 renewed lift stay motion, and collectively with the
14 dismissal/lift stay motion I'll call it the lift stay motions;
15 and the bondholders accounting claim asserted in defendant's
16 and intervenor defendant's answer, affirmative defenses and
17 counterclaims, which is a motion filed at Docket Entry No. 47
18 in Adversary Proceeding No. 19-391, which I'll refer to as the
19 accounting counterclaim.

20 The Court has reviewed carefully the relevant
21 pleadings and considered thoroughly all arguments presented
22 both in the pleadings and at this hearing today. For the
23 reasons that that will be explained, for reasons that will be
24 explained in greater detail in an order that will be issued
25 after today's hearing, the motion is hereby denied. I will

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1 explain to a certain extent now.

2 First, the Court has already lifted the PREPA
3 litigation stay as to the accounting counterclaim. Having
4 determined that prosecution of the accounting counterclaim will
5 provide the bondholders with the procedural vehicle they seek
6 to resolve issues pertaining to the calculation of net revenues
7 that will aid the parties and the Court in resolving many of
8 the other interrelated issues in this Title III case on a
9 materially developed record, and that includes issues of
10 entitlement to stay relief and/or adequate protection.

11 The power to stay proceedings is incidental to the
12 power inherent in every court to control the disposition of the
13 causes on its docket with economy of time and effort for
14 itself, for counsel and for litigants. I quote there from *In*
15 *re: Financial Oversight and Management Board*, 617 B.R. 173, 179
16 (D. P.R. 2020), which in turn quoted *Landis v. North American*
17 *Corporation*, 299 U.S. 248, 254 (1936). Indeed, Federal Courts
18 possess the inherent power to stay proceedings for prudential
19 reasons, quoting from *Microfinancial Inc. v. Premier Holidays*
20 *International Inc.*, 385 F.3d 72, 77 (1st Cir. 2004). The
21 Court, thus, has authority to manage its docket. See, e.g.
22 *Assured Guaranty v. Financial Oversight and Management Board*,
23 989 F.3d 170, 182 (1st Cir. 2021), which affirmed the Court's
24 application of the *Sonnax* factors and determined that there was
25 no abuse of discretion in the denial of relief from the

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1 automatic stay, because other pending litigation in the Title
2 III cases would determine key issues relating to stay relief
3 and create "a more complete record on which to make its final
4 determination and, if necessary, lift the stay if the Oversight
5 Board is unsuccessful."

6 As the Court stated in its order concerning joint
7 status report in response to the Title III Court's March 16 and
8 March 18, 2026, orders filed at Docket Entry No. 30914 in Case
9 No. 17-3283 and Docket Entry No. 6114 in Case No. 17-4780, and
10 entered on April 13, prosecution of the accounting
11 counterclaim, with a focus on the methodology for determining
12 net revenues, should lead to a formula that will permit the
13 parties and the Court to determine whether net revenues have
14 historically existed, whether they currently exist in the form
15 of available funds, and ultimately the value of the
16 bondholders' secured claim.

17 Information concerning the existence and availability
18 of net revenues is pertinent both to the evaluation and
19 resolution of the accounting counterclaim and to the resolution
20 of the lift stay motions and plan confirmation proceedings,
21 including a determination regarding whether the bondholders are
22 adequately protected. The bondholders have recognized this
23 overlap, noting that the accounting counterclaim will implicate
24 issues relevant to the lift stay motions, and that discovery
25 pertaining to the accounting counterclaim will involve much of

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1 the same discovery concerning the calculation of net revenues
2 that would be addressed in connection with the lift stay
3 motions. That was a quote from submission.

4 The bondholders further argue that the timing
5 requirements under section 362(e) of the Bankruptcy Code
6 require that the Court act promptly with respect to motions
7 seeking stay relief, and that is at paragraph 12 of the opening
8 motion paper. However, with respect to the dismissal/lift stay
9 motion, the First Circuit has held that the moving bondholders
10 have "waived their right to prompt notice and hearing under
11 section 362(e)(1) of the Bankruptcy Code by failing to seek
12 relief from the litigation schedule subsequently instituted by
13 the Court's order staying the dismissal/lift stay motion, or to
14 claim that the order's indefinite postponement of a final
15 hearing on the dismissal/lift stay motion violated section
16 362(e)(1)." There I am quoting from the order concerning the
17 renewed motion of GoldenTree Asset Management LP and Syncora
18 Guarantee Inc. for relief from the automatic stay and
19 appointment of receiver, and the urgent motion for
20 consideration thereof. Docket Entry No. 4762, which is the
21 February 2024 order, at 910, in turn quoting *GoldenTree v.*
22 *Financial Oversight Board*, 91 F.4th 501, 504, and 510-511 (1st
23 Cir. 2024).

24 In addition, with respect to the renewed lift stay
25 motion, this Court previously concluded that, to the extent

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1 section 362(e) applies, the moving bondholders have waived
2 their rights thereunder by their failure to notice the renewed
3 lift stay motion for a specific hearing, and to comply with the
4 Court's procedures, and that this waiver has persisted. That
5 was stated in the February 24 order at six and 10.

6 Nonetheless, the bondholders argue that any alleged
7 waiver does not foreclose the relief that they seek, and I
8 refer you to the reply at paragraphs 29 to 30, arguing that any
9 alleged waiver of section 362(e) has no bearing on the
10 bondholders' substantive rights under section 362(d), their
11 right to seek adequate protection or their right to seek
12 dismissal, and does not otherwise extend to the bondholders who
13 did not join in the motions. That proposition is, by and
14 large, true, but it is also true that, as I've explained, the
15 Court has an ongoing inherent right to manage the litigation.
16 The maintenance of the modified litigation stay while the
17 parties litigate the accounting counterclaim is a calibrated,
18 appropriate sequencing, with attention to issues that are
19 common to foundations of the accounting counterclaim, as well
20 as those of the lift stay adequate protection and dismissal
21 arguments.

22 The Court also notes that the timing requirements of
23 section 362(e)(1) apply only to requests for relief from the
24 stay of any act against the property of the estate. I cite
25 section 362(e)(1) of the Bankruptcy Code. The Court is not

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1 persuaded that the lift stay motions, which both ultimately
2 seek the appointment of a receiver, seek relief concerning an
3 action against property of the debtor within the meaning of
4 section 362(e). I refer you to the First Circuit's decision in
5 91 F.4th at 509, which found that the dismissal/lift stay
6 motion and the similar later-filed lift stay motion were
7 "substantially duplicative" of each other, because both motions
8 "seek precisely the same remedy, relief from the automatic stay
9 so that the bondholders can seek the appointment of a
10 receiver." Even if section 362(e)(1) were to apply, the
11 bondholders' proposed schedule with respect to the relief
12 underlying the lift stay motions set a hearing date for more
13 than 110 days following the Court's entry of an order lifting
14 the PREPA litigation stay. See, the Joint Status Report at ECF
15 No. 30840, at page 29.

16 Moreover, while not all bondholders have joined in the
17 lift stay motions, the motion does not suggest that it seeks
18 authorization beyond litigating the lift stay motions as filed
19 subject to a possible supplement of motions of portions that
20 seek dismissal to account for developments since their filing,
21 and, as Mr. Kurtz noted, the consolidation and updating of the
22 papers.

23 Accordingly, given the potential for the resolution of
24 the accounting counterclaim to offer further clarity and to
25 promote progress in PREPA's Title III case, including with

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1 respect to assessing the feasibility of a proposed plan of
2 adjustment, and any determinations regarding adequate
3 protection, the PREPA litigation stay, as currently configured,
4 will remain in place pending resolution of the accounting
5 counterclaim and further order of the Court.

6 Now, I urge the parties to proceed in a diligent and
7 timely fashion with the litigation schedule that Judge Dein
8 established last week in connection with the accounting
9 counterclaim, and I also note that I'm heartened by the
10 mediation team's recent report that mediation has been
11 continuing with what the team characterized as increasing
12 levels of activity and active engagement among the various
13 mediation parties. So, I encourage you to carry on and push
14 forward on both fronts. Progress toward a viable future for
15 Puerto Rico's electrical system is vital, and, as I have been
16 saying for nine years now about the entire PROMESA enterprise,
17 failure is not an option.

18 So, counsel, I thank you for your considered arguments
19 and all of your submissions, and I will issue an order shortly
20 after the conclusion of today's proceedings that further
21 memorializes this ruling.

22 Are there any other matters that we need to take up
23 today? I think we've gone through the published agenda.

24 All right. Seeing no hand raised, the hearing agenda
25 for this Omnibus is concluded. The next scheduled Omnibus

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Hearing will be held on July 15, 2026, at 9:30 a.m. Atlantic Standard Time, and I'll issue a procedures order specifying the location of the July Omni in due course.

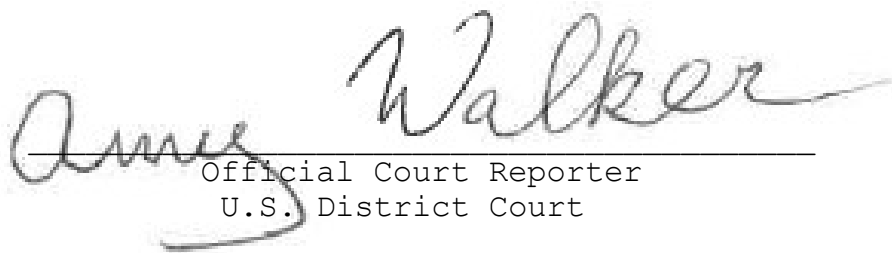
As always, I thank the court staff in San Juan, Boston, and New York for their work in connection with these hearings and their outstanding ongoing work supporting these cases. I thank all of you. Stay safe, keep well, be as cool as you can in this heat. We are adjourned.

(Adjourned)

I hereby certify that this transcript is a true and accurate transcription to the best of my ability of

the proceedings in this case before the Honorable United States

District Court Judge Laura Taylor Swain and Honorable United States Magistrate Judge Judith G. Dein.


Official Court Reporter
U.S. District Court

Amy Walker, CSR 3799

Official Court Reporter

Exhibit B

**Order Concerning the PREPA Bondholders' Renewed Motion
for Relief from the Litigation Stay**

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)

ORDER CONCERNING THE PREPA BONDHOLDERS'
RENEWED MOTION FOR RELIEF FROM THE LITIGATION STAY

Pending before the Court is *The PREPA Bondholders' Renewed Motion for Relief from the Litigation Stay* (Docket Entry No. 30841 in Case No. 17-3283 and Docket Entry No. 6092 in Case No. 17-4780)² (the "Motion"), filed by Assured Guaranty Inc., GoldenTree Asset Management LP, Syncora Guarantee, Inc., National Public Finance Guarantee Corporation, the

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 (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (iv) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (v) Puerto Rico Public Buildings Authority ("PBA", and together with the Commonwealth, HTA, ERS, and PREPA, the "Debtors") (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). On October 30, 2024, the Title III case for the Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) was closed.

² All references to docket entry numbers herein are to Case No. 17-4780, unless otherwise noted.

PREPA Ad Hoc Group, the Majority Member Ad Hoc Group advised by Paul, Weiss, Rifkind, Wharton & Garrison LLP, and U.S. Bank National Association as trustee (collectively, the “Bondholders”). The Motion seeks partial relief from the litigation stays imposed by the Court’s orders at Docket Entry Nos. 3013 and 5286 (as subsequently extended, the “PREPA Litigation Stay”) with respect to: (i) the *Motion of the Ad Hoc Group of PREPA Bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation, and Syncora Guarantee, Inc. to Dismiss PREPA’s Title III Case, or for Relief from the Automatic Stay to Enforce Their Right to a Receiver* (Docket Entry No. 22291 in Case No. 17-3283 and Docket Entry No. 2973 in Case No. 17-4780) (the “Dismissal/Lift Stay Motion”); (ii) the *Renewed Motion and Memorandum of Law of GoldenTree Asset Management LP and Syncora Guarantee, Inc. for Relief from the Automatic Stay Pursuant to 11 U.S.C. §§ 362(d) and (e) to Allow Them to Enforce Their Statutory Right to Obtain Mandatory Appointment of a Receiver* (Docket Entry No. 4689) (the “Renewed Lift Stay Motion” and, together with the Dismissal/Lift Stay Motion, the “Lift Stay Motions”); and (iii) the Bondholders’ accounting counterclaim (the “Accounting Counterclaim”) asserted in *Defendant’s and Intervenor-Defendants’ Answer, Affirmative Defenses, and Counterclaims* (Docket Entry No. 47 in Adv. Proc. No. 19-391) (the “Counterclaim Complaint”).

Each of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), the Official Committee of Unsecured Creditors of PREPA (“UCC”), the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), and Cortland Capital Market Services LLC, SOLA LTD, Solus Opportunities Fund 5 LP, Ultra Master LTD, and Ultra

NB LLC (collectively, the “Fuel Line Lenders”) have filed responses to the Motion.³ The Court has carefully considered the parties’ briefing concerning the Motion and the arguments made by the parties during the omnibus hearing on May 20, 2026 (the “Hearing”). During the Hearing, the Court rendered an oral decision denying the Motion. This Order memorializes the Court’s ruling.

DISCUSSION

The Court declines to lift the PREPA Litigation Stay as to the Lift Stay Motions. The Court has already lifted the PREPA Litigation Stay with respect to the Accounting Counterclaim, having determined that prosecution of the Accounting Counterclaim will provide the Bondholders with the procedural vehicle they seek to resolve issues pertaining to the calculation of Net Revenues that will aid in resolving many of the other interrelated issues in this Title III case on a materially developed record, including issues of entitlement to stay relief and/or adequate protection. (See Order Concerning Joint Status Report in Response to the Title

³ The filed responses are: (i) the *Fuel Line Lenders’ Response and Reservation of Rights with Respect to the PREPA Bondholders’ Renewed Motion for Relief from the Litigation Stay* (Docket Entry No. 31001 in Case No. 17-3283 and Docket Entry No. 6136 in Case No. 17-4780) (the “FLL Response”); (ii) the *Objection of Official Committee of Unsecured Creditors to PREPA Bondholders’ Renewed Motion for Relief from Litigation Stay* (Docket Entry No. 31002 in Case No. 17-3283 and Docket Entry No. 6137 in Case No. 17-4780) (the “UCC Response”); (iii) *AAFAF’s Objection to the PREPA Bondholders’ Renewed Motion for Relief from the Litigation Stay* (Docket Entry No. 6138) (the “AAFAF Response”); and (iv) the *Objection of Financial Oversight and Management Board for Puerto Rico to PREPA Bondholders’ Renewed Motion for Relief from Litigation Stay* (Docket Entry No. 31003 in Case No. 17-3283 and Docket Entry No. 6139 in Case No. 17-4780) (the “FOMB Response”). The Bondholders have also filed the *Reply in Further Support of the PREPA Bondholders’ Renewed Motion for Relief from the Litigation Stay* (Docket Entry No. 31030 in Case No. 17-3283 and Docket Entry No. 6148 in Case No. 17-4780) (the “Reply”).

III Court’s March 16 and March 18, 2026 Orders (Docket Entry No. 30914 in Case No. 17-3283 and Docket Entry No. 6114 in Case No. 17-4780 (the “April 13 Order”)).)

“[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.” In re Fin. Oversight & Mgmt. Bd. for P.R., 617 B.R. 173, 179 (D.P.R. 2020) (alteration in original) (quoting Landis v. N. Am. Co., 299 U.S. 248, 254 (1936)). Indeed, “federal courts possess the inherent power to stay proceedings for prudential reasons.” Microfinancial, Inc. v. Premier Holidays Int’l, Inc., 385 F.3d 72, 77 (1st Cir. 2004). “It follows from these principles that, after imposition of a stay for prudential reasons, ‘the court retains the ability to modify or dissolve the stay’” In re Fin. Oversight & Mgmt. Bd. for P.R., 617 B.R. at 179 (quoting Green v. Cosby, 177 F. Supp. 3d 673, 681 (D. Mass. 2016)).

The Court thus has authority to manage its docket. See, e.g., Assured Guar. Corp. v. Fin. Oversight & Mgmt. Bd. for P.R. (In re Fin. Oversight & Mgmt. Bd. for P.R.), 989 F.3d 170, 182 (1st Cir. 2021) (affirming the Court’s application of the Sonnax factors and determining that there was no abuse of discretion in the denial of relief from the automatic stay because other pending litigation in the Title III cases would determine key issues relating to stay relief and create “a more complete record on which to make its final determination and [the Court can], if necessary . . . ‘lift the stay . . . if [the Oversight Board] is unsuccessful’” (quoting In re Fin. Oversight & Mgmt. Bd. for P.R., 485 F. Supp. 3d 351, 360 (D.P.R. 2020))).

As the Court has indicated, prosecution of the Accounting Counterclaim, with a focus on the methodology for determining Net Revenues, should lead to a formula that will permit the parties and the Court to determine whether Net Revenues have historically existed, whether they currently exist in the form of available funds and, ultimately, the value of the

Bondholders’ secured claim. (April 13 Order at 2; see also Mot. ¶ 18 (arguing that prosecution of the Accounting Counterclaim will allow the Bondholders to “pursue two forms of relief: (1) ‘information’ about how much in Net Revenues have existed and about what happened to those funds; and also (2) ‘disgorgement’ and ‘restitution’ of those funds from monies available for such purpose under the Trust Agreement”).) Information concerning the existence and availability of Net Revenues is pertinent both to the resolution of the Accounting Counterclaim and to the resolution of the Lift Stay Motions and plan confirmation proceedings, including a determination regarding whether the Bondholders are adequately protected. (See April 13 Order at 2-3.)

The Bondholders recognize that an overlap exists between resolution of the Accounting Counterclaim and the Lift Stay Motions. (See Reply ¶ 26 (noting that the “accounting claim will implicate certain issues that are relevant to the Lift Stay Motions and the Motion to Dismiss”); *Joint Status Report in Response to the Title III Court’s March 16 and March 18, 2026 Orders [ECF Nos. 6066, 6070]* (Docket Entry No. 30840 in Case No. 17-3283 and Docket Entry No. 6091 in Case No. 17-4780) (the “Joint Status Report”) ¶ 54 (stating the Bondholders’ position that the “accounting counterclaim will involve much of the same discovery concerning the calculation of Net Revenues that would be addressed in connection with the Lift Stay Motions, again allowing the parties to understand how to value the Bondholders’ collateral by . . . identifying what the collateral is”).) Indeed, determination of whether the Bondholders are adequately protected will necessarily require an understanding of the scope of Net Revenues and the value of the Bondholders’ secured claim.⁴ See In re Fin.

⁴ The Bondholders define an “adequate protection” determination as a “summary proceeding designed to prevent the irreparable injury associated with the ongoing diminution in value of a secured creditors’ collateral.” (Reply ¶ 27.)

Oversight & Mgmt. Bd. for P.R., 485 F. Supp. 3d 345, 348 (D.P.R. 2020) (noting that, in a lack of adequate protection analysis under section 362(d)(1) of the Bankruptcy Code, “[a] ‘secured creditor lacks adequate protection if the value of its collateral is declining as a result of the stay . . . [and] must, therefore, prove this decline in value—or the threat of a decline—in order to establish a prima facie case.’” (quoting In re Elmira Litho, Inc., 174 B.R. 892, 902 (Bankr. S.D.N.Y. 1994))).

Accordingly, issues remain before the Court can conclude whether stay relief or dismissal is appropriate and, as previously recognized, resolution of the Lift Stay Motions depends on determinations concerning the property rights asserted in the Counterclaim Complaint that includes the Accounting Counterclaim. See Fin. Oversight & Mgmt. Bd. for P.R. v. Ad Hoc Grp. of PREPA Bondholders (In re Fin. Oversight & Mgmt. Bd. for P.R.), 899 F.3d 13, 23 (1st Cir. 2018) (discussing, in connection with a similar lift stay motion filed by certain Bondholders, how a weighing of the “potential harm to the debtor and the Title III process” against the “temporary impediments imposed on the bondholders” in an analysis of the factors articulated in Sonnax Indus., Inc. v. Tri Component Prods. Corp. (In re Sonnax Indus., Inc.), 907 F.2d 1280 (2d Cir. 1990) “would . . . seem to require some assessment of the pre-petition value of the bondholders’ collateral (if any exists), whether the bondholders face a threat of uncompensated diminution in such value, whether the bondholders are seeking the protection of existing collateral or, instead, the creation of new collateral, and what, if any, adequate protection PREPA can offer short of a receiver being appointed to manage it if protection is warranted”); GoldenTree Asset Mgmt. LP v. Fin. Oversight & Mgmt. Bd. for P.R. (In re Fin. Oversight & Mgmt. Bd. for P.R.), 91 F.4th 501, 510 (1st Cir. 2024) (affirming the Court’s order at Docket Entry No. 3917 to stay “consideration of the Bondholders’ lift-stay motions,”

including the Dismissal/Lift Stay Motion, and finding no basis to disrupt the “Title III court’s standing order of proceedings” that was put in place “precisely because [the Court] anticipated that rulings in [Adv. Proc. No. 19-391] would bear on the merits of the lift-stay motion”). (See also Docket Entry No. 3917 at 2 (finding that the relief sought in a motion for relief from the automatic stay to allow for the appointment of a receiver to be “substantially duplicative” of the Dismissal/Lift Stay Motion and “substantially dependent upon property rights” asserted in the Counterclaim Complaint).)

The opposing parties recognize that, following the conclusion of the Accounting Counterclaim litigation, the next appropriate step is to address either the Lift Stay Motions or plan confirmation. (See, e.g., UCC Resp. ¶ 9 (noting its support for the Court’s “roadmap” to first litigate the Accounting Counterclaim and, using the results of that litigation, to proceed to either the Lift Stay Motions or plan confirmation); FOMB Resp. ¶ 29 (stating that adjudication of the Accounting Counterclaim will help “establish a path forward towards collateral valuation and Plan confirmation”).) The parties and the Court have been pushing forward towards reaching that juncture. On May 12, 2026, the Court entered an order establishing a discovery and briefing schedule for the Accounting Counterclaim litigation, including scheduling oral argument on cross-motions for summary judgment, if necessary, for November 18, 2026. (See Order Allowing in Part and Denying in Part PREPA Bondholders’ Renewed Motion to Compel Discovery and Setting Discovery and Briefing Schedule, Docket Entry No. 31034 in Case No. 17-3283 and Docket Entry No. 6150 in Case No. 17-4780.)

The Bondholders further argue that the Court should lift the Litigation Stay now because the timing provisions of section 362(e) of the Bankruptcy Code require that the Court “act promptly” with respect to motions seeking stay relief. (Mot. ¶ 12.) However, with respect

to the Dismissal/Lift Stay Motion, the First Circuit has held that the moving Bondholders have “‘waived their right to prompt notice and hearing’ under section 362(e)(1) of the Bankruptcy Code” by “failing to seek relief from the litigation schedule instituted by [the order staying the Dismissal/Lift Stay Motion] or to ‘claim that the order’s indefinite postponement of a final hearing on the [Dismissal/Lift Stay Motion] violated section 362(e)(1).’” (*Order Concerning Renewed Motion of GoldenTree Asset Management LP and Syncora Guarantee, Inc. for Relief from the Automatic Stay and Appointment of a Receiver and the Urgent Motion for Consideration Thereof*, Docket Entry No. 4762 (the “February 2024 Order”) at 9-10 (quoting In re Fin. Oversight & Mgmt. Bd. for P.R., 91 F.4th at 504, 510-11).) In addition, with respect to the Renewed Lift Stay Motion, this Court previously concluded that, to the extent section 362(e) applies, the moving Bondholders have waived their rights thereunder by their failure to notice the Renewed Lift Stay Motion for a specific hearing and to comply with the Court’s procedures and that this waiver has persisted. (February 24 Order at 6, 10.)

The Bondholders nonetheless argue that any alleged waiver does not foreclose the relief they seek. (See Reply ¶¶ 29-30 (arguing that any alleged waiver of section 362(e) has no bearing on the Bondholders’ substantive rights under section 362(d), their right to seek adequate protection, or their right to seek dismissal and does not otherwise extend to the Bondholders who did not join in the motions).) That proposition is, by and large, true. However, it is also true that, as explained earlier, the Court has an ongoing, inherent, right to manage the litigation. The maintenance of the modified PREPA Litigation Stay while the parties litigate the Accounting Counterclaim is a calibrated, appropriate sequencing of attention to issues that are common to the foundations of the Accounting Counterclaim as well as to those of the lift stay, adequate protection, and dismissal arguments.

The Court also notes that the timing requirements of section 362(e)(1) apply only to requests for relief from the stay of “any act against property of the estate.” 11 U.S.C.A. § 362(e)(1) (Westlaw through P.L. 119-90). The Court is not persuaded that the Lift Stay Motions, which both ultimately seek the appointment of a receiver, seek relief concerning an action against property of the debtor within the meaning of section 362(e). See In re Fin. Oversight & Mgmt. Bd. for P.R., 91 F.4th at 509 (finding that the Dismissal/Lift Stay Motion and a similar later-filed lift stay motion were “substantially duplicative” of each other because both motions “seek precisely the same remedy: relief from the automatic stay ‘so [the Bondholders] c[an] seek [the] appointment of a receiver’” (alterations in original)). Even if section 362(e)(1) were to apply, the Bondholders’ proposed schedule with respect to the relief underlying the Lift Stay Motions set a hearing date for more than 110 days following the Court’s entry of an order lifting the PREPA Litigation Stay. (See Joint Status Report at 29.) Moreover, while not all Bondholders have joined in the Lift Stay Motions, the Motion does not suggest that it seeks authorization beyond litigating the Lift Stay Motions as filed, subject to a possible supplementation of portions that seek dismissal to account for developments since their filing and a consolidation of the Lift Stay Motions.⁵ (See Mot. ¶ 16.)

Given the potential for the resolution of the Accounting Counterclaim to offer further clarity and promote progress in PREPA’s Title III case, including with respect to assessing the feasibility of a proposed plan of adjustment and any determinations regarding

⁵ At the Hearing, counsel to GoldenTree Asset Management LP informed the Court that the request to supplement the Lift Stay Motions includes the separate but related request for authorization to file a combined lift stay and dismissal motion that was sought in connection with the Dismissal/Lift Stay Motion. (See Docket Entry No. 2971; May 20, 2026 Hr’g Tr. 35:12-36:9, Docket Entry No. 31094 in Case No. 17-3283 and Docket Entry No. 6163 in Case No. 17-4780.)

adequate protection, the Court declines to lift the PREPA Litigation Stay as to the Lift Stay Motions at this time.⁶

CONCLUSION

For the foregoing reasons, the Motion is denied with respect to the Lift Stay Motions. The PREPA Litigation Stay, as currently configured, shall remain in place pending resolution of the Accounting Counterclaim and further order of the Court.

This Order resolves Docket Entry No. 30841 in Case No. 17-3283 and Docket Entry No. 6092 in Case No. 17-4780.

SO ORDERED.

Dated: May 26, 2026

/s/ Laura Taylor Swain
LAURA TAYLOR SWAIN
United States District Judge

⁶ The Court is heartened by the recent report of the Honorable Shelley C. Chapman as lead mediator and the Honorable Brendan L. Shannon that signaled increased momentum in the mediation process among the various parties. (*See Mediation Team's Twenty-Second Notice and Report*, Docket Entry No. 30984 in Case No. 17-3283 and Docket Entry No. 6132 in Case No. 17-4780 ¶ 2.)