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 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, Debtors.	PROMESA Title III No. 17 BK 4780-LTS

MEDIATION TEAM'S TWENTY-THIRD NOTICE AND REPORT

To the Honorable United States District Judge Laura Taylor Swain:

[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.

PLEASE TAKE NOTICE that, on April 8, 2022, the Court entered an order (the "Appointment Order")[2] appointing a Mediation Team comprising the Honorable Shelley C. Chapman as lead mediator, the Honorable Robert D. Drain, and the Honorable Brendan L. Shannon (collectively, the "Mediation Team") to facilitate confidential negotiations among the Mediation Parties (and any other Mediation Party added in the Mediation Team's discretion) regarding the Mediation Topics (the "Mediation"). On the same date, the Court entered its *Order Establishing the Terms and Conditions of Mediation* (the "Terms and Conditions Order").

PLEASE TAKE FURTHER NOTICE that, on December 30, 2022, the Court entered its *Notice and Order Regarding Mediation Team* stating that, due to the retirement of the Honorable Robert D. Drain from judicial service on December 31, 2022, "effective December 31, 2022, and until further notice (including, without limitation, notice of reappointment of Judge Drain to the Mediation Team in a private capacity), the Mediation Team will consist of Hon. Shelley C. Chapman (ret.) and Hon. Brendan Linehan Shannon."[3]

PLEASE TAKE FURTHER NOTICE that, on March 22, 2023, the Court entered the *Opinion and Order Granting in Part and Denying in Part the Financial Oversight and Management Board for Puerto Rico's Motion for Summary Judgment and the Defendant's and Intervenor-defendants' Cross-motion for Summary Judgment* (the "Lien Challenge Order"),[4] among other things, directing certain parties to commence working with the Mediation Team to consensually resolve outstanding disputes regarding a plan of adjustment.

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[2] Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Appointment Order or in the Litigation Schedule Order, as applicable.

[3] Case No. 17-3283, Docket No. 23187; Case No. 17-4780, Docket No. 3137. Hereinafter, the term "Mediation Team" shall refer to the Hon. Shelley C. Chapman (Ret.) and the Hon. Brendan Linehan Shannon.

[4] Adv. Pro. No. 19-00391, Docket No. 147.

PLEASE TAKE FURTHER NOTICE that, on July 10, 2024, the Court held a status conference. The Court's directives on the record of the status conference were memorialized in its July 11, 2024 *Order Regarding PREPA Litigation Stay* (the "Stay Order"),[5] pursuant to which the Court (i) stayed all PREPA confirmation and bond-related litigation for at least sixty (60) days, through and including September 8, 2024, and (ii) ordered the parties to meet with the Mediation Team immediately and through the duration of the stay period. The litigation stay imposed by the Stay Order (the "Litigation Stay") was subsequently extended by the Court multiple times. Pursuant to the *Order Regarding PREPA Litigation Schedule and Relief from the PREPA Litigation Stay*, dated March 20, 2025 (the "Litigation Schedule Order"),[6] the Court (i) lifted the Litigation Stay solely to permit (a) the Oversight Board to file an amended proposed plan of adjustment and amended proposed disclosure statement, (b) the Non-Settling Bondholders to file their Administrative Expense Motion and other parties to file responses thereto, and (c) the Oversight Board to file a motion concerning the proper classification of the PREPA Bond Trustee's claim under the *Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* and other parties to file responses thereto and (ii) otherwise extended the Litigation Stay *sin die*.

PLEASE TAKE FURTHER NOTICE that, after hearing argument on the record of the omnibus hearing held on July 23, 2025, the Court took under advisement the Administrative Expense Motion and directed the parties to file a joint status report by August 25, 2025. On March 16, 2026, the Court entered its *Opinion and Order Denying PREPA Bondholders' Motion for Allowance of Administrative Expense Claim* (the "Administrative Expense Claim Decision"). An appeal of the Administrative Expense Claim Decision is currently pending

[5] Case No. 17-3283, Docket No. 27748; Case No. 17-4780, Docket No. 5286.
[6] Case No. 17-3283, Docket No. 29081; Case No. 17-4780, Docket No. 5572.

before the United States Court of Appeals for the First Circuit (the "First Circuit"), with oral argument scheduled for September 15, 2026.

PLEASE TAKE FURTHER NOTICE that, on August 5, 2025, the Oversight Board issued a statement that five of its members—Hon. Arthur J. Gonzalez (Ret.), Cameron McKenzie, Betty A. Rosa, Juan A. Sabater, and Luis A. Ubiñas—had been advised that their positions as members of the Oversight Board had been terminated. On August 13, 2025, the Oversight Board issued a statement that Andrew G. Biggs' position as a member had been terminated. Litigation with respect to such terminations was subsequently commenced in this Court by Hon. Arthur J. Gonzalez (Ret.), Betty A. Rosa, and Andrew G. Biggs,[7] and, on October 3, 2025, following briefing and a hearing, Judge Antongiorgi-Jordan issued an opinion and order enjoining the attempted removal of Hon. Arthur J. Gonzalez (Ret.), Betty A. Rosa, and Andrew G. Biggs from their positions as members of the Oversight Board.[8] The defendants have filed a notice of interlocutory appeal with the First Circuit of the District Court's opinion and order granting the preliminary injunction. On July 31, 2026, the administration of President Donald Trump filed a motion with the First Circuit asking it to remand to the District Court the federal government's interlocutory appeal of the District Court's preliminary injunction. Since the entry of the District Court's October 3, 2025 opinion and order granting the preliminary injunction, the Oversight Board has been comprised of four members: John E. Nixon, Hon. Arthur J. Gonzalez (Ret.), Betty A. Rosa, and Andrew G. Biggs.[9]

PLEASE TAKE FURTHER NOTICE that, following a hearing on the Bondholders' *Renewed Motion to Compel Discovery Pursuant to the Order Concerning Joint Status Report in*

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[7] *See* Case No. 25-cv-1508.

[8] Case No. 25-cv-1508, Docket No. 88.

[9] *See Status Report of the Financial Oversight and Management Board for Puerto Rio for October 22-23, 2025 Omnibus Hearing*, ¶¶ 2-6 (Case No. 17-3283, Docket No. 30111; Case No. 17-4780, Docket No. 5862).

Response to the Title III Court's March 16 and March 18, 2026 Orders, on May 12, 2026, the Court entered the *Order Allowing in Part and Denying in Part PREPA Bondholders' Renewed Motion to Compel Discovery and Setting Discovery and Briefing Schedule* (the "May Discovery Order"). The May Discovery Order establishes a schedule which contemplates (i) depositions and fact discovery to be completed on or before July 17, 2026, (ii) summary judgment briefing to be completed November 10, 2026, and (iii) oral argument, if necessary, tentatively scheduled for the November 18, 2026 omnibus hearing. On June 25, 2026, the Court entered an order resolving certain discovery disputes raised by the parties and noting that, except as explicitly modified by the order, the May Discovery Order remains in effect.

PLEASE TAKE FURTHER NOTICE that, on April 2, 2025, the Mediation Team received authority to retain PJT Partners LP ("PJT") as financial advisor, *nunc pro tunc* to January 16, 2025.[10] The Initial Term of the PJT engagement (as defined in the engagement letter and the amendment thereto annexed to the PJT Order as Exhibit 1 (together, the "Engagement Letter")) was six months. In accordance with the terms of the PJT Order, on July 16, 2025, the Mediation Team filed a notice with the Court exercising its renewal option to retain PJT for another six-month period (the "Renewal Period"). The Renewal Period concluded on January 15, 2026. The Engagement Letter provides that, following the conclusion of the Renewal Period, the Mediation Team may renew PJT's engagement on a month-to-month basis, in its sole discretion, without notice to the Court or to any other party (the "Month-to-Month Option"). At the conclusion of the Renewal Period, the Mediation Team exercised the Month-to-Month option and has continued to do so each month since January 15, 2026, without prejudice to the Mediation Team's right to elect to exercise the Month-to-Month Option beyond

[10] *See Order Authorizing Employment and Payment of PJT Partners LP as Financial Advisor for Mediation Team* (the "PJT Order") (Case No. 17-3283, Docket No. 29148; Case No. 17-4780, Docket No. 5588).

such date. The current Month-to-Month Option expires on September 15, 2026. The Engagement Letter further provides that the Mediation Team, in its sole discretion, may pause (a "Pause") PJT's services during any period of time (the "Pause Period"), with the accrual and payment of the Monthly Fees (as defined in the Engagement Letter) otherwise earned during such period of time also being paused.

PLEASE TAKE FURTHER NOTICE that the termination date of the Mediation (the "Termination Date") has been extended by the Court multiple times. Pursuant to the Court's *Order Concerning Mediation Team's Twenty-Second Notice and Report*, dated April 30, 2026,[11] the Court extended the Termination Date through and including October 31, 2026.

STATEMENT OF MEDIATION TEAM

1. The Mediation Team respectfully submits this Twenty-Third Notice and Report as a status report for the Court and all Mediation Parties.

2. Since the entry of the District Court's October 3, 2025 opinion and order granting the preliminary injunction, the Oversight Board has been comprised of four members: John E. Nixon, Hon. Arthur J. Gonzalez (Ret.), Betty A. Rosa, and Andrew G. Biggs. The Oversight Board has stated that it has the authority to propose and seek approval of a plan of adjustment notwithstanding the current Board seat vacancies; nonetheless, the uncertainty regarding the composition of the Oversight Board remains. Indeed, such uncertainty appears likely to continue for the foreseeable future.

3. As the Court is aware, several litigation streams in PREPA's case remain active and ongoing, including, *inter alia*, (a) the appeal of the Administrative Expense Claim Decision and (b) discovery and summary judgment motions to be filed in connection with the May

[11] Case No. 17-3283, Docket No. 30986; Case No. 17-4780, Docket No. 6133.

Discovery Order. The Mediation Team observes that decisions in these matters are likely to be appealed.

4. On February 6, 2025, the Oversight Board certified the 2025 Fiscal Plan for PREPA. No Fiscal Plan for 2026 has yet been certified.

5. The engagement of the Oversight Board's restructuring advisor, BGC Partners Advisory LLC, concluded in September 2025.[12] The Oversight Board has not yet retained a new restructuring advisor.

6. On June 30, 2026, the Oversight Board issued a media release outlining a proposed settlement with the Bondholders. The proposal failed to garner support from the Bondholders; the Board has not tendered any additional proposal, nor has it filed an amended plan of adjustment.

7. In light of the foregoing, the Mediation Team reluctantly informs the Court that, effective August 16, 2026, it has paused PJT's services, without prejudice to its right to lift the Pause at a future date. The Mediation Team is grateful to PJT for its thoughtful work and dedication to achieving a resolution for PREPA, its stakeholders, and, most importantly, the people of Puerto Rico. Unfortunately, there is little for PJT to do in the current circumstances. It is certainly the hope of the Mediation Team that there will soon be a reason to lift the Pause of PJT's services and re-engage with the Mediation Parties, their counsel, and their restructuring advisors.

[12] *See Final Application of BGC Partners Advisory LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses Incurred as Restructuring Advisor for the Financial Oversight and Management Board*, dated September 11, 2025 (Case No. 17-3283, Docket No. 29930).

8. We are available to answer any questions the Court may have.

Dated: August 17, 2026

/s/ Hon. Shelley C. Chapman (Ret.)
HON. SHELLEY C. CHAPMAN (RET.)
Willkie Farr & Gallagher LLP

/s/ Hon. Brendan L. Shannon
HON. BRENDAN L. SHANNON
United States Bankruptcy Judge