

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

THE GOVERNMENT DEVELOPMENT BANK FOR
PUERTO RICO,

Applicant.

PROMESA
Title VI

Case No. 18-1561-LTS

**NOTICE OF RESERVATION OF RIGHTS OF AMBAC ASSURANCE CORPORATION,
ASSURED GUARANTY CORP., ASSURED GUARANTY MUNICIPAL CORP., AND
NATIONAL PUBLIC FINANCE GUARANTEE CORP. TO FILE A LIMITED
OBJECTION TO THE QUALIFYING MODIFICATION FOR THE
GOVERNMENT DEVELOPMENT BANK OF PUERTO RICO**

Ambac Assurance Corporation (“Ambac”), Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (“Assured”), and National Public Finance Guarantee Corp. (“National”) hereby submit this notice of their reservation of rights with respect to the Qualifying Modification for the Government Development Bank of Puerto Rico (“GDB”) in accordance with the *Order Setting the Deadline for (I) Parties to File a Notice of Intention to Object to the Qualifying Modification for the Government Development Bank of Puerto Rico and (II) Parties to File Standing Objections* (Dkt. No. 7), and respectfully state as follows:

1. Ambac, Assured, and National are insurers and holders of bonds issued by the Commonwealth of Puerto Rico, and certain of its instrumentalities, including, among others, the Puerto Rico Highways and Transportation Authority. Ambac, Assured and National file this reservation of rights to file a limited objection to the Qualifying Modification to the extent the Qualifying Modification and certification order would release GDB or its successors from liability under Section 407 of the Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA”) or otherwise exceed the scope of Section 601(m)(2) of PROMESA. Because GDB

and AAFAF have not yet filed a proposed certification order in this Title VI case, it is difficult for Ambac, Assured, and National to assess the scope of the releases sought through the Title VI application. Ambac, Assured, and National thus file this reservation of rights as a precautionary matter to the extent that the certification order purports to release claims beyond the Participating Bonds in the Qualifying Modification. Indeed, GDB's Title VI application notes that this proceeding is not intended to cover concurrent transactions purportedly executed under Puerto Rico law. (*See, e.g.*, Dkt. No. 1 at ¶¶ 34-43.) Those concurrent transactions can therefore not be addressed in any certification order issued by this Court. Addressing those transactions would exceed the scope of Section 601(m)(2), which expressly provides that "no claim or right that may be asserted by any party in a capacity other than holder of a Bond affected by the Qualifying Modification shall be satisfied, released, discharged or enjoined" through a certification order. 48 U.S.C. § 2231(m)(2).

2. Thus, as the proposed certification order has not been filed and the scope of the release provisions is unclear, Ambac, Assured, and National hereby file this reservation of rights to object to the Qualifying Modification to the extent the releases contained in the certification order would preclude Ambac, Assured, and National from enforcing their rights of action unrelated to the Qualifying Modification (including, but not limited to, claims arising under Section 407 and claims asserted in the Title III cases) or to the extent that the releases extend beyond what is permitted under Section 601(m)(2).

WHEREFORE, Ambac, Assured, and National respectfully request that the Court take notice of the foregoing.

Dated: August 20, 2018
San Juan, Puerto Rico

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CERTIFICATE OF SERVICE

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

I further certify that, on this same date, I caused personal service of the foregoing to be effected on (a) the Government Development Bank for Puerto Rico at Minillas Government Center, Avenida de Diego, Parada 22, San Juan, PR 00907 (Attn: Belén Fornaris Alfaro); (b) the Puerto Rico Fiscal Agency and Financial Advisory Authority at Minillas Government Center, Avenida de Diego, Parada 22, San Juan, PR 00907 (Attn: Mohammad Yassin Mahmud); and (c) O'Melveny & Myers LLP, Times Square Tower, Seven Times Square, New York, NY 10036 (Attn: John J. Rapisardi, Esq., Suzzanne Uhland, Esq., and Peter Friedman, Esq.).

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