

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO,

Applicant.

PROMESA
Title VI

Case No. 18-1561-LTS

**STIPULATED WITHDRAWAL OF NOTICES OF RESERVATION OF
RIGHTS FILED BY AMBAC ASSURANCE CORPORATION, ASSURED
GUARANTY CORP., ASSURED GUARANTY MUNICIPAL CORP.,
AND NATIONAL PUBLIC FINANCE GUARANTEE CORP.**

TO THE HONORABLE COURT:

WHEREAS, on August 10, 2018, the Government Development Bank for Puerto Rico (“**GDB**”) and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“**AAFAF**”) filed the *Application, Pursuant to Section 601(M)(1)(D) of the Puerto Rico Oversight, Management, and Economic Stability Act, for Approval of the Qualifying Modification for GDB* [ECF No. 1] (the “**Application**”), thereby commencing the above captioned action under Title VI of PROMESA in the United States District Court for the District of Puerto Rico (the “**Court**”).¹

WHEREAS, also on August 10, 2018, this Court entered an Order setting August 20, 2018 as the deadline for parties to file a notice of intention to object to the Qualifying Modification. [ECF No. 7].

WHEREAS, on August 20, 2018, National Public Finance Guarantee Corporation (“**National**”), Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Ambac Assurance Corporation (collectively, the “**Insurers**”) filed the *Notice of Reservation of Rights of Ambac Assurance Corporation, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and*

¹ Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Application, or in the case of the defined terms “Bond” and “Issuer,” the meaning ascribed to them in PROMESA.

National Public Finance Guarantee Corp. to File a Limited Objection to the Qualifying Modification for the Government Development Bank of Puerto Rico [ECF No. 15] and National filed the *National Public Finance Guarantee Corporation's Notice of Intention to Reserve Rights with Respect to the Qualifying Modification for the Government Development Bank for Puerto Rico by National Public Finance Guarantee Corp* [ECF No. 22] (collectively, the “**Notices**”).

WHEREAS, on September 10, 2018, GDB and AAFAF filed a *Proposed Order Approving the Qualifying Modification for GDB*. [ECF No. 125-1].

WHEREAS, on September 20, 2018, GDB and AAFAF filed the *Revised Proposed Order Approving the Qualifying Modification for GDB* (the “**Proposed Approval Order**”). [ECF No. 158-1].

WHEREAS, subsequent to the filing of the Notices, counsel for the Insurers, GDB, and AAFAF (collectively, the “**Parties**”) have met-and-conferred in an effort to resolve the concerns raised in the Notices.

WHEREAS, as a result of those discussions, the Parties have arrived at a mutually agreeable resolution of the concerns raised in the Notices.

NOW, THEREFORE, IT IS HEREBY STIPULATED AS FOLLOWS:

1. The Insurers hereby voluntarily withdraw the Notices without prejudice.
2. In exchange for the Insurers' withdrawal, GDB and AAFAF stipulate to the following facts:
 - a. Between approximately July 1, 2015 and April 30, 2016, monies clawed back from certain public corporations of the Commonwealth, including (without limitation) the Puerto Rico Highway and Transportation Authority, totaling at least \$143 million were deposited in accounts in the name of, and controlled by, the Commonwealth at GDB.
 - b. The Commonwealth will apply the account balances in its name at GDB to offset amounts owed by the Commonwealth to GDB, pursuant to Article 501(c) of the GDB Restructuring Act.

3. GDB and AAFAF further agree that the following language shall be included in a revised Proposed Approval Order (and any subsequent versions of the Proposed Approval Order):

Notwithstanding anything herein to the contrary, pursuant to, and except to the extent otherwise provided by, PROMESA section 601(m)(2), no claim or right (that is not a claim in respect of a Bond of an Issuer) that may be asserted by Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation, or Ambac Assurance Corporation (in a capacity other than as a holder of a Bond of an Issuer) shall be satisfied, released, discharged, or enjoined by this Order or the Qualifying Modification (including, without limitation, any claim (other than a claim in respect of a Bond of an Issuer) under PROMESA section 407); *provided that* nothing herein shall be deemed to constitute a finding of the existence of any such claim.

4. Except as otherwise provided herein, this Stipulation may not be modified other than by a signed writing executed by the Parties, or by a further order of the Court.

5. Each Party executing this Stipulation represents that such party has the full authority and legal power to do so.

6. The Stipulation shall not be construed as an admission of liability by GDB, AAFAF, the Commonwealth or any other instrumentality or public corporation of the Commonwealth, nor shall it be construed as a characterization of or an admission by the Insurers regarding any claims by the Insurers.

7. This Stipulation may be executed in counterparts and each such counterpart together with the others shall constitute one and the same instrument.

8. This Stipulation constitutes the entire agreement and understanding between the Parties relating to the subject matter herein and supersedes all previous or contemporaneous oral or written representations, understandings or agreements between the Parties.

9. This Court shall retain jurisdiction over the subject matter of this Stipulation to resolve all disputes arising under or relating to this Stipulation.

IT IS SO STIPULATED.

DATED: September 28, 2018

Respectfully Submitted

By: /s/ María D. Trelles Hernández

O'MELVENY & MYERS LLP

John J. Rapisardi
Suzanne Uhland
Peter Friedman
Daniel L. Cantor
7 Times Square
New York, NY 10036
Tel: (212) 326-2000
Fax: (212) 326-2061

PIETRANTONI MENDEZ & ALVAREZ LLC

María D. Trelles Hernández
USDC No. 225106
Popular Center – 19th Floor
208 Ponce de León Avenue
San Juan, PR 00918
Tel: (787) 274-1212
Fax: (787) 274-1470

*Attorneys for the Puerto Rico Fiscal Agency and
Financial Advisory Authority and the Government
Development Bank for Puerto Rico*

**ADSUAR MUÑIZ GOYCO
SEDA & PÉREZ-OCHOA, P.S.C.**
208 Ponce de León Avenue, Suite 1600
San Juan, PR 00936
Telephone: 787.756.9000
Facsimile: 787.756.9010
Email: epo@amgprlaw.com
loliver@amgprlaw.com
acasellas@amgprlaw.com
larroyo@amgprlaw.com

By: /s/ Eric Pérez-Ochoa
Eric Pérez-Ochoa
USDC-PR No. 206314

/s/ Luis Oliver-Fraticelli
Luis Oliver-Fraticelli
USDC-PR No. 209204

/s/ Alexandra Casellas-Cabrera
Alexandra Casellas-Cabrera
USDC-PR No. 301010

/s/ Lourdes Arroyo-Portela
Lourdes Arroyo Portela
USDC-PR No. 226501

WEIL, GOTSHAL & MANGES LLP
/s/ Marcia Goldstein
MARCIA GOLDSTEIN*
JONATHAN POLKES*
GREGORY SILBERT*
767 Fifth Avenue
New York, New York 10153
Tel.: (212) 310-8000
Fax: (212) 310-8007
Email: marcia.goldstein@weil.com
jonathan.polkes@weil.com
gregory.silbert@weil.com

*admitted *pro hac vice*

*Counsel for National Public Finance
Guarantee Corp.*

**CASELLAS ALCOVER & BURGOS
P.S.C.**

By: /s/ Heriberto Burgos Pérez

Heriberto Burgos Pérez
USDC-PR No. 204,809
Ricardo F. Casellas-Sánchez
USDC-PR No. 203,114
Diana Pérez-Seda
USDC-PR No. 232,014
E-mail: hburgos@cabprlaw.com
rcasellas@cabprlaw.com
dperez@cabprlaw.com

P.O. Box 364924
San Juan, PR 00936-4924
Tel.: (787) 756-1400
Fax: (787) 756-1401

*Counsel for Assured Guaranty Corp. and
Assured Guaranty Municipal Corp.*

**CADWALADER, WICKERSHAM &
TAFT LLP**

By: /s/ Howard R. Hawkins, Jr.

Howard R. Hawkins, Jr.*
Mark C. Ellenberg*
Ellen V. Holloman*
William J. Natbony*
Ellen M. Halstead*
Thomas J. Curtin*
Casey J. Servais*
200 Liberty Street
New York, New York 10281
Tel.: (212) 504-6000
Fax: (212) 406-6666
Email: howard.hawkins@cwt.com
mark.ellenberg@cwt.com
ellen.holloman@cwt.com
bill.natbony@cwt.com
ellen.halstead@cwt.com
thomas.curtin@cwt.com
casey.servais@cwt.com

* admitted *pro hac vice*
*Counsel for Assured Guaranty Corp.
and Assured Guaranty Municipal Corp.*

FERRAIUOLI LLC

By: /s/ Roberto Cámara-Fuertes
Roberto Cámara-Fuertes (USDC-PR No. 219002)
Sonia Colón (USDC-PR No. 213809)
221 Ponce de León Avenue, 5th Floor
San Juan, PR 00917
Telephone: (787) 766-7000
Facsimile: (787) 766-7001
Email: rcamara@ferraiuoli.com
scolon@ferraiuoli.com

MILBANK, TWEED, HADLEY & McCLOY LLP

By: /s/ Atara Miller
Dennis F. Dunne
Andrew M. Leblanc
Atara Miller
Grant R. Mainland
(*pro hac vice* application forthcoming)
28 Liberty Street
New York, NY 10005
Telephone: (212) 530-5000
Facsimile: (212) 530-5219
Email: ddunne@milbank.com
aleblanc@milbank.com
amiller@milbank.com
gmainland@milbank.com

Attorneys for Ambac Assurance Corporation