



# COFINA Seniors Coalition Comment on AAFAF's Proposed Plan of Adjustment

Senior Secured Creditors Continue Willingness to Negotiate but Reject Governor's First Proposed Plan of Adjustment

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**COFINA Senior Bondholders** →

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NEW YORK, April 29, 2017 /PRNewswire/ -- The COFINA Seniors Coalition comprising 32% of the class of COFINA Senior Bonds has reviewed but will reject the proposed plan of adjustment distributed publicly on April 28, 2017 by AAFAF. Representative for the coalition Susheel Kirpalani of Quinn Emanuel Urquhart & Sullivan had the following comment:

"Puerto Rico's debt restructuring agency, AAFAF, regrettably has broken the Commonwealth's decade-old promise not to impair its first and only rescue financing. Not only does the proposed plan of adjustment illegally confiscate the entirety of the dedicated sales tax revenues pledged to COFINA's bondholders, but AAFAF's first official proposal seeks to coerce COFINA bondholders into accepting the plan of adjustment using a Bankruptcy Code tactic known as a "death trap" which is not contemplated by Title VI of PROMESA and violates Puerto Rico law.

Specifically, AAFAF's proposal states if COFINA creditors 'reject the plan of adjustment, COFINA Senior creditors will receive ... short-term notes and COFINA Junior creditors will receive no distribution due to contractual subordination.' This proposed plan of adjustment is designed to procure votes in an unlawful way from large institutional mutual funds with conflicting cross holdings of general obligation (GO) bonds, and both COFINA Senior and Subordinate bonds. The plan also inexplicably affords equal recoveries for Senior and Subordinated COFINA Bondholders, while expressly recognizing the priority of Senior Bonds over Subordinated Bonds.

While we appreciate AAFAF's first proposed plan of adjustment and applaud that the plan expressly recognizes the seniority of COFINA Senior bonds, its profound defects make it unacceptable to us."

#### About the COFINA Seniors Coalition

The coalition of creditors is made up of retirees and individual investors in Puerto Rico and throughout the United States, as well as asset managers GoldenTree Asset Management LP, Merced Capital LP, Tilden Park Capital Management LP, Whitebox Advisors LLC, and others.

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SOURCE COFINA Senior Bondholders