

UNITED STATES DISTRICT COURT
FOR THE 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.¹ :
 ----- X

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 In re: :
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 THE FINANCIAL OVERSIGHT AND : PROMESA
 MANAGEMENT BOARD FOR PUERTO RICO, : Title III
 :
 as representative of : Case No. 17-BK-3566 (LTS)
 :
 THE EMPLOYEES RETIREMENT SYSTEM OF THE :
 GOVERNMENT OF THE COMMONWEALTH OF :
 PUERTO RICO, :
 :
 Debtor. :
 ----- X

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations 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) 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), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474), and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747).

MOTION OF RETIREE COMMITTEE ESTABLISHING INITIAL PROCEDURES WITH RESPECT TO OBJECTIONS OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND OFFICIAL COMMITTEE OF RETIRED EMPLOYEES, PURSUANT TO BANKRUPTCY CODE SECTION 502 AND BANKRUPTCY RULE 3007 TO CLAIMS ASSERTED BY HOLDERS OF BONDS ISSUED BY EMPLOYEES RETIREMENT SYSTEM OF GOVERNMENT OF PUERTO RICO

To the Honorable United States District Judge Laura Taylor Swain:

The Official Committee of Retired Employees of the Commonwealth of Puerto Rico (the “Retiree Committee”), hereby files this motion (the “Motion”) seeking the entry of an order substantially in the form attach hereto as Exhibit A setting forth initial notice and participation procedures to govern the claim objections filed by the Retiree Committee and the Official Committee of Unsecured Creditors (the “UCC” and together with the Retiree Committee, the “Objectors”) regarding claims filed against either ERS or the Commonwealth and based on the issuance of bonds by ERS in 2008. In support of this Motion, the Retiree Committee respectfully states as follows:

FACTUAL BACKGROUND

1. On March 12, 2019, the UCC filed its *Omnibus Objection of Official Committee of Unsecured Creditors to Claims Asserted by Holders of Bonds Issued by Employees Retirement System of Government of Puerto Rico* [Case No. 17-3566; Docket No. 381] and its *Omnibus Objection of Official Committee of Unsecured Creditors to Claims Asserted by Oaktree Funds That Hold Bonds Issued by Employees Retirement System of Government of Puerto Rico* [Case No. 17-3566; Docket No. 5586] (together, the “UCC ERS Claim Objections”).

2. The UCC ERS Claim Objections sought the disallowance of all claims asserted against ERS based on the approximately \$3.1 billion of outstanding bonds issued by ERS in 2008 (the “ERS Bonds,” and the holders of such bonds, the “ERS Bondholders”). The UCC sought the disallowance of all of such claims on the grounds that the ERS Bonds were issued *ultra vires* and

thus are null and void and that the ERS Bondholders have no remedy against ERS. The UCC ERS Claim Objections do not challenge proofs of claim filed against the Commonwealth based on the ERS Bonds.

3. On March 12, 2019 the UCC filed the *Motion of Official Committee of Unsecured Creditors, Under Bankruptcy Code Sections 105(a) and 502 and Bankruptcy Rule 3007, Establishing Procedures with Respect to Objections to Claims Asserted by Holders of Bonds Issued by Employees Retirement System of Government of Puerto Rico and Requesting Related Relief* dated March 12, 2019 [Case No. 17-03283-LTS; Docket No. 5589] (the “UCC Claim Objection Procedures Motion”), which sought an order establishing notice and litigation procedures for the UCC’s ERS Claim Objection (the “Original ERS Claim Objection Procedures Order”) and were based largely on the notice and litigation procedures initially approved by the Court with respect to the Commonwealth’s general obligation bonds [Case No. 17-03283-LTS; Docket No. 5143].

4. On April 23, 2019, the Retiree Committee filed its *Omnibus Objection of the Official Committee of Retired Employees of the Commonwealth of Puerto Rico, Pursuant to Bankruptcy Code Section 502 and Bankruptcy Rule 3007, to Claims Filed or Asserted by Holders of ERS Bonds Against ERS and the Commonwealth* [Case No. 17-3283; Docket No. 6482; Case No. 17-bk-3566, Dkt. 469] (the “Retiree Committee’s Claim Objection” and together with the UCC ERS Claim Objections, the “Objections”).

5. The Retiree Committee’s Claim Objection seeks the disallowance of all ERS Bond-based claims asserted against the Commonwealth and/or ERS, including on the grounds that the ERS Bonds were issued *ultra vires*. The Retiree Committee’s Claim Objection also seeks the disallowance of ERS Bond claims to the extent they allege collateral other than employer

contributions held by ERS as of the petition date. Additionally, the Retiree Committee's Claim Objection seeks the disallowance of any ERS Bond-related claims filed against the Commonwealth.

6. On June 10, 2019, the UCC filed the *Informative Motion of Official Committee of Unsecured Creditors Regarding Its March 12, 2019 Motion [Docket No. 5589] Establishing Procedures with Respect to Objections to Claims Asserted by Holders of Bonds Issued by Employees Retirement System of Government of Puerto Rico and Requesting Related Relief* [Case No. 17-bk-3283, Dkt. 7352; Case No. 17-bk-3566, Dkt. 551]. In that Informative Motion, the UCC proposed certain changes (the "UCC Revised ERS Claim Objection Procedures Order") to the ERS Claim Objection Procedures Order, including having the procedures order govern the UCC and Retiree Committee's objection to ERS Bond claims filed against ERS. The UCC Revised ERS Claim Objection Procedures Order did not include the Retiree Committee's objection to ERS Bond claims filed against the Commonwealth.

7. At the June 12, 2019 Omnibus Hearing the Court continued consideration of the UCC Revised Claim Objection Procedures Order to the July 24, 2019 Omnibus Hearing.

REQUESTED RELIEF

8. By this Motion, the Retiree Committee seeks approval of the proposed procedures attached as Exhibit A, which are identical to the UCC Revised Claim Objection Procedures except that the Retiree Committee's proposed procedures would apply both to the Retiree Committee's objection to ERS Bond claims filed against the Commonwealth as well as the Retiree Committee and UCC's objections to ERS Bond claims filed against ERS.

9. The Retiree Committee believes that it is in everyone's interest that the initial notice and participation procedures that will govern the claim objections over the ERS Bonds apply to all

ERS Bond claims that have been asserted against both ERS and the Commonwealth. The Retiree Committee's proposed procedures (just like the UCC's) does not purport to deal substantively with how the resolution of these claims will be litigated. The proposed procedures do not set a briefing or discovery schedule—they simply provide a means by which to give holders of ERS bonds notice of the claim objections, and provide them with an opportunity to participate in that process, whatever that process ultimately may be. In short, the proposed procedures simply seek to bring all interested parties to the table so that decisions collectively can be made about how best to move forward.

10. Based on discussions with counsel for certain ERS Bondholders the Retiree Committee is aware of two objections to the requested relief. The first is that certain of the Retiree Committee's objections to the claims are already subject to litigation before this Court. The second is that the ERS Bond-related claims against the Commonwealth are based at least partially on legal theories not present in the claims asserted against ERS.

11. These concerns are, at best, premature. Again, nothing in the proposed procedures requires that all ERS Bond-related claims be litigation the same way at the same time on the same schedule. Instead, it provides a forum by which interested parties can work together to come up with the most efficient process to litigation these claims. With that said, the Retiree Committee has informed the concerned bondholders that while it expects the *ultra vires* dispute to be handled at one time as to both claims against the Commonwealth and ERS, the Retiree Committee will agree that: (a) all other issues governing the Retiree Committee's objections to ERS Bond claims filed against the Commonwealth will proceed independently; and (b) the Retiree Committee's other objections to claims filed against ERS will be held in abeyance until this Court's resolution of the relevant adversary proceedings currently pending and the expected appeal to the Court's

552 ruling are resolved, provided that all claimants will be bound by the Court's decisions. The Retiree Committee is still in discussions with the bondholders and the UCC in order to reach an agreement and present an agreed upon initial notice procedures to govern the UCC's ERS Claim Objections and the Retiree Committee's Claim Objections.

WHEREFORE, the Committee respectfully requests that the Court enter an Order substantially in the form of the attached Exhibit A.

Dated: July 2, 2019

Respectfully submitted,

JENNER & BLOCK LLP

BENNAZAR, GARCÍA & MILIÁN, C.S.P.

By:

/s/ Robert Gordon

By: /s/ A.J. Bennazar-Zequeira

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*Counsel for The Official Committee of Retired
Employees of Puerto Rico*

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

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 :
 Debtor. :
 ----- X

**ORDER ESTABLISHING INITIAL PROCEDURES WITH RESPECT TO
OBJECTIONS OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND
OFFICIAL COMMITTEE OF RETIRED EMPLOYEES, PURSUANT TO
BANKRUPTCY CODE SECTION 502 AND BANKRUPTCY RULE 3007 TO CLAIMS
ASSERTED BY HOLDERS OF BONDS ISSUED BY EMPLOYEES RETIREMENT
SYSTEM OF GOVERNMENT OF PUERTO RICO**

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 Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (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 (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

THIS NOTICE MUST BE FILED AND SERVED ON OR BEFORE [DATE THAT IS SIXTY DAYS FROM ENTRY OF ORDER]

Upon consideration of the *Motion of the Retiree Committee Establishing Initial Procedures With Respect to Objections of the Official Committee of Unsecured Creditors and Official Committee of Retired Employees, Pursuant to Bankruptcy Code Section 502 and Bankruptcy Rule 3007 to Claims Asserted by Holders of Bonds Issued by Employees Retirement System of Government of Puerto Rico* (the "Motion")², and the exhibits attached thereto, and the Court having found and determined that (i) the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to section 502 of the Bankruptcy Code as incorporated by section 301 of PROMESA and Bankruptcy Rule 3007, as incorporated by section 310 of PROMESA; (ii) venue is proper before this Court pursuant to PROMESA section 307(a); (iii) due and proper notice of this Motion has been provided under the particular circumstances and no other or further notice need be provided; (iv) based on the statements and arguments made in the Motion, the relief requested in the Motion is in the best interest of ERS, the Commonwealth and their creditors; (v) any objection to the relief request in the Motion have been withdrawn or overruled; and (vi) the legal and factual bases set forth in the Motion establish just cause for the relief granted herein. Accordingly, it is hereby ORDERED THAT:

1. The relief request in the Motion is GRANTED to the extent set forth herein.
2. The UCC and Retiree Committee are authorized to proceed under Bankruptcy Rule 3007(c), as incorporated by section 310 of PROMESA, with their Objection to the ERS Bonds on an omnibus basis; and the filing of the Objections shall not limit the ability of the UCC, the Retiree Committee, or any other party in interest, to subsequently object to the ERS Bonds on grounds

² Capitalized terms not herein defines shall have the meanings ascribed to them in the Motion.

THIS NOTICE MUST BE FILED AND SERVED ON OR BEFORE [DATE THAT IS SIXTY DAYS FROM ENTRY OF ORDER]

other than those set forth in the Objections, and all other claims, counterclaims and defenses are hereby preserved.

3. The Objection Notice, Objection Procedures and form of Notice of Participation, attached hereto as **Exhibit 1**, **Exhibit 2**, and **Exhibit 3** respectively (collectively, the “**Objection Procedure Documents**”), are hereby approved. The Objection Procedures are deemed to have been incorporated herein.

4. The Objectors shall cause Prime Clerk, within five (5) days of entry of this Order, to serve copies of the Objection Procedure Documents upon all individual and entities who filed proofs of claim that are reflect on Prime Clerk’s database as “bond claims” against ERS.

5. The Objectors shall cause Prime Clerk, immediately upon entry of this Order, to commence service of the Objection Procedure Documents upon all individuals and entities who are beneficial holders of the ERS Bonds in the manner described in the *Declaration of Christina Pullo of Prime Clerk LLC Regarding Service of Objection Notice Upon Beneficial Holders of Challenged GO Bonds*, annexed as Exhibit A to the *Informative Motion of (I) Financial Oversight and Management Board, Acting Through the Special Claims Committee, and (II) The Official Committee of Unsecured Creditors Regarding Service of Objection Notice and Procedures Upon Beneficial Holders of Challenged GO Bonds* [Dkt. 5049] submitted in connection with the objection to the Challenged GO Bonds.

6. The Objectors shall cause the publication of a notice, substantially in the form of the Objection Notice once in (a) *El Nuevo Dia* in Spanish (primary circulation in Puerto Rico), (b) *Caribbean Business* in English (primary circulation in Puerto Rico), (c) *El Diario* and *El Nuevo Herald*, both in Spanish (primary circulation in New York and Miami, respectively), (d) *The Bond Buyer*, and (e) on the municipal bond website EMMA, <https://emma.msrb.org/Home>, each except

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for Caribbean Business within five (5) business days of the entry of this Order, and with respect to Caribbean Business, within fourteen (14) days of the entry of this Order, which publication notice shall be deemed, good, adequate and sufficient publication notice of the Objection and the Objection Procedures.

7. DTC shall give notice to its Participants of the Objection Procedure Documents by posting a copy of said Objection Procedure Documents to its Legal Notification System in accordance with DTC's Rules and customary procedures within five (5) days of the entry of this Order.

8. The terms of and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: July____, 2019

HON. LAURA TAYLOR SWAIN
UNITED STATES DISTRICT JUDGE

EXHIBIT 1

OBJECTION NOTICE

THIS NOTICE MUST BE FILED AND SERVED ON OR BEFORE [DATE THAT IS SIXTY DAYS FROM ENTRY OF ORDER]

**UNITED STATES DISTRICT COURT
FOR THE 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.¹ :

----- X

In re: :

THE FINANCIAL OVERSIGHT AND : PROMESA

MANAGEMENT BOARD FOR PUERTO RICO, : Title III

as representative of : Case No. 17-BK-3566 (LTS)

THE EMPLOYEES RETIREMENT SYSTEM OF THE :

GOVERNMENT OF THE COMMONWEALTH OF :

PUERTO RICO, :

Debtor. :

----- X

NOTICE OF OBJECTIONS OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND OFFICIAL COMMITTEE OF RETIRED EMPLOYEES, PURSUANT TO BANKRUPTCY CODE SECTION 502 AND BANKRUPTCY RULE 3007, TO CLAIMS ASSERTED BY HOLDERS OF BONDS ISSUED BY EMPLOYEES RETIREMENT SYSTEM OF GOVERNMENT OF PUERTO RICO

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 Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (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 (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

THIS NOTICE MUST BE FILED AND SERVED ON OR BEFORE [DATE THAT IS SIXTY DAYS FROM ENTRY OF ORDER]

You are receiving this notice because you have been identified as holding one or more of the bonds issued by the Employees Retirement System of the Government of Puerto Rico in 2008 (the “ERS Bonds”).

Please note that (i) the Official Committee of Unsecured Creditors (the “UCC”) has filed objections, each dated March 12, 2019 [Case No. 17-bk-3566, Dkt Nos. 381 and 384] (together, the “UCC Objections”), to claims asserted by holders of ERS Bonds; and (ii) the Official Committee of Retired Employees of the Commonwealth of Puerto Rico (the “Retiree Committee” and together with the UCC, the “Objectors”) has filed objections (the “Retiree Committee Objections”, and together with the UCC Objections, the “Objections”), dated April 23, 2019 to claims asserted by holders of ERS Bonds [Case No. 17-3283; Docket No. 6482; Case No. 17-bk-3566, Dkt. 469]. The full text of the Objections may be found on the Internet by using the following links: [Prime Clerk links]

These Objections seek to disallow and invalidate claims on account of ERS Bonds (“ERS Bond Claims”). Subject to applicable appellate rights, if the Court grants the Objections in whole or in part, holders of ERS Bond Claims’ recovery on account of the ERS Bonds will be eliminated in whole or in part, and such holders will be forever barred from asserting such claims against ERS and the Commonwealth, from voting on any plan of adjustment filed in in ERS’s or the Commonwealth’s Title III Cases, and from participating in any distribution in ERS’s or the Commonwealth’s Title III Cases on account of such ERS Bond Claims. Thus the Objections may affect your rights. As explained in the next paragraph, you have the right to file a Notice of Participation if you wish to respond to the Objections. The Notice of Participation must be filed by [INSERT DATE THAT IS 60 DAYS AFTER ENTRY OF ORDER GRANTING PROCEDURES MOTION] (the “Participation Deadline”).

Please note further, that on _____, the District Court granted the Retiree Committee’s motion for approval of certain procedures with respect to such Objections (the “Objection Procedures”). If you intend to respond to the Objections or participate in the litigation in any way, you must follow the Objection Procedures which require, among other things, that you file with the District Court and serve by email a Notice of Participation by the Participation Deadline. A form Notice of Participation is provided herewith. **Instructions for filing the Notice of Participation with the District Court, including for those persons who are not represented by counsel are set forth at the bottom of the form of Notice of Participation.**

For those parties who filed with the District Court and served by email Notices of Participation to the Notice Parties at the addresses set forth in paragraph 8 of the Objection Procedures by the Participation Deadline, no substantive response to the Objections need be filed until a date set forth in any subsequent scheduling order entered by the District Court.

Requests for Spanish-language versions of the Notice, Objection Procedures and Notice of Participation form and any questions regarding this notice should be sent in writing to:

Paul Hastings LLP
200 Park Avenue

THIS NOTICE MUST BE FILED AND SERVED ON OR BEFORE [DATE THAT IS SIXTY DAYS FROM ENTRY OF ORDER]

New York, NY 10166

Attn: Douglass E. Barron

NoticeofParticipation@paulhastings.com

(212) 318-6690

Estas Objeciones tienen el propósito de rechazar e invalidar las reclamaciones contra los Bonos SRE (las “Reclamaciones de los Bonos SRE”). Si el Tribunal concede las Objeciones parcial o totalmente, sujeto a los derechos apelativos aplicables, quedará eliminada total o parcialmente la recuperación de estos Bonos SRE y se les prohibirá por siempre a dichos tenedores presentar tales reclamaciones en contra del SRE, votar en cualquier plan de ajuste presentado en este Caso bajo el Título III y participar en cualquier distribución efectuada en este Caso bajo el Título III a causa de dichas Reclamaciones de los Bonos SRE. Por tanto, las Objeciones pueden afectar sus derechos. Usted tiene el derecho de presentar un Aviso de Participación si quiere responder a las Objeciones. El Aviso de Participación tiene que presentarse en o antes de [sesenta días después de la emisión de la orden]. Las partes que tengan preguntas o deseen recibir copia de este aviso, los Procedimientos de Objeción y el Aviso de Participación en español deben enviar una solicitud por escrito a NoticeofParticipation@paulhastings.com.

The CUSIP numbers of the bonds affected by the Objections are:

CUSIP
29216MAF
29216MAA
29216MAB
29216MAG
29216MAH
29216MAJ
29216MAC
29216MAK
29216MAL
29216MAD
29216MAM
29216MAN
29216MAP
29216MAQ
29216MAE
29216MBA
29216MBB
29216MBC
29216MBD
29216MBE
29216MBF
29216MBG
29216MBH

THIS NOTICE MUST BE FILED AND SERVED ON OR BEFORE [DATE THAT IS SIXTY DAYS FROM ENTRY OF ORDER]

29216MBJ
29216MAT
29216MAU

EXHIBIT 2

OBJECTION PROCEDURES

----- X
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 In re: :
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 MANAGEMENT BOARD FOR PUERTO RICO, : Title III
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 as representative of : Case No. 17-BK-3283 (LTS)
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 THE COMMONWEALTH OF PUERTO RICO *et al.*, : (Jointly Administered)
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 Debtors.¹ :
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 GOVERNMENT OF THE COMMONWEALTH OF :
 PUERTO RICO, :
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 Debtor. :
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**INITIAL PROCEDURES FOR RESOLVING OBJECTIONS OF OFFICIAL
 COMMITTEE OF UNSECURED CREDITORS AND OFFICIAL COMMITTEE OF
 RETIRED EMPLOYEES, PURSUANT TO BANKRUPTCY CODE SECTION 502
 AND BANKRUPTCY RULE 3007, TO CLAIMS ASSERTED BY
 HOLDERS OF BONDS ISSUED BY EMPLOYEES RETIREMENT SYSTEM OF
GOVERNMENT OF PUERTO RICO**

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 (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (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 (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

[July __ 2019]

Pursuant to the Order (the “Order”) of the United States District Court for the District of Puerto Rico (the “District Court”), dated [July __, 2019], [Dkt. No.], the following initial procedures will apply to the resolution of the objections filed by the Official Committee of Unsecured Creditors (the “Committee”), each dated March 12, 2019 [Case No. 17-bk-3566, Dkt. Nos. 381 and 384],² and the objections filed by the Official Committee of Retired Employees of the Commonwealth of Puerto Rico (the “Retiree Committee,” and, together with the Committee, the “Objectors”) dated April 23, 2019 [Case No. 17-bk-3283, Dkt. 6482; Case No. 17-bk-3566, Dkt. 469] to claims asserted by holders of bonds issued by the Employees Retirement System of the Government of Puerto Rico (collectively, the “Objections”).

The Objectors filed the Objections contending that all claims (the “ERS Bond Claims”) that have been or may be asserted against the Employees Retirement System of the Government of Puerto Rico (“ERS”) based on bonds issued by ERS in 2008 (the “ERS Bonds”) are invalid. The Retiree Committee’s Objection also contends that all ERS Bond Claims that have been or may be asserted against the Commonwealth are invalid. These procedures apply to all ERS Bond Claims asserted against ERS and/or the Commonwealth. Holders of ERS Bonds are hereafter referred to as “ERS Bondholders.”

1. Exclusivity of Procedures

These procedures shall be the exclusive means to participate in the litigation before the District Court of issues relating to the disallowance of ERS Bond Claims against ERS and the Commonwealth on the grounds set forth in the Objections.

2. Notice of Participation

Any party in interest, including, without limitation, the Financial Oversight and Management Board for Puerto Rico (the “FOMB”) and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF” and, together with the FOMB, the “Title III Parties”), and any person or entity that holds an ERS Bond, whether or not such person or entity is identified in the Objections, that wishes to participate in the litigation of the Objections must serve by email and file a notice of its intent to participate in such litigation (a “Notice of Participation”).

The Notice of Participation shall (a) indicate whether the party in interest who filed such notice (each, a “Participant”) supports or opposes the Objections; (b) provide the name, address and email address of the Participant and its counsel, if any; and (c), to the extent filed by an ERS Bondholder, set forth (i) whether all or part of such ERS Bonds were purchased on the secondary market, and (ii) the CUSIP numbers for such ERS Bonds to the best of such ERS Bondholder’s knowledge and belief, as of the date of such Notice of Participation (the “Notice Information”). The Notice of Participation shall cover all ERS Bonds owned as of the date of such Notice of Participation or thereafter acquired by the Participant and shall not be limited to the specific CUSIP numbers listed. For the avoidance of doubt, a party in interest may submit a Notice of Participation individually and/or through an *ad hoc* group. A Notice of Participation submitted

² The full text of the Objections may be found on the Internet by using the following links: [Prime Clerk links]

through an *ad hoc* group shall entitle each member of such *ad hoc* group to participate either individually or as part of the group, and each such member reserves the right to act individually from time to time in respect of any issue, argument, or proceeding. To the extent that an entity ceases to be a member of an *ad hoc* group that filed a Notice of Participation, such member may continue to participate in the litigation of the Objections in the same manner as a Participant that had filed a timely individual Notice of Participation; *provided however*, that such Participant will be bound by (i) any actions, arguments, statements or positions made or taken by such *ad hoc* group prior to the date on which the Participant ceased to be a member of such *ad hoc* group (the “Separation Date”), and (ii) any District Court orders applicable to members of such *ad hoc* group as of the Separation Date, in each case to the same extent, if any, that members of such *ad hoc* group would be bound by such actions, arguments, statements, positions or District Court orders. To the extent that an entity becomes a member of an *ad hoc* group after the Participation Deadline, such member shall be covered by the Notice of Participation timely filed by the *ad hoc* group, *provided* that (i) such Notice of Participation shall be updated to include the Notice Information for the new group member, and (ii) if such member did not file its own timely Notice of Participation, such member shall have obtained, pursuant to paragraph 5 below, District Court approval to participate in the litigation, individually or as a member of the *ad hoc* group, upon a showing of good cause. Participants who file Notices of Participation that support the Objections shall collectively constitute “Joint Objectors,” and parties that oppose the relief sought in the Objections shall collectively constitute the “Respondents.”

Each Notice of Participation must be served by email on the “Notice Parties” identified in paragraph 8 below and filed electronically with the District Court pursuant to its Electronic Case Filing procedures. **Participants without counsel may file the Notice of Participation by mailing or delivering it by hand to: The Clerk of the United States District Court for the District of Puerto, Room 150 Federal Building, 150 Carlos Chardon Avenue, San Juan, PR 00918-1767 the clerk’s office of the District Court in San Juan, Puerto Rico.**

The deadline to file with the District Court and serve by email a Notice of Participation is [60 days from entry of the Order], 2019 (the “Participation Deadline”). For those parties that file with the District Court and serve by email Notices of Participation by the Participation Deadline, no substantive response to the Objections need be filed until a date set forth in any subsequent scheduling order entered by the District Court.

Subject to paragraph 5 below, any party that does not file a Notice of Participation will not receive notices of filings and events in the litigation and may not be allowed to substantively participate in the litigation absent permission granted by the District Court upon a showing of good cause, but may nevertheless have its rights affected by the outcome of the litigation. In particular, and subject to applicable appellate rights, if the District Court grants the Objections in whole or in part, claimants’ recovery on account of the ERS Bond Claims will be eliminated in whole or in part, and claimants will be forever barred from asserting such claims against ERS, from voting on any plan of adjustment filed in this Title III Case, and from participating in any distribution in this Title III Case on account of such claims arising from the ERS Bonds and the ERS Bond Claims. By filing a Notice of Participation, a claimant will have the opportunity to be heard on the merits of the Objections, will be entitled to receive notification of case events specific to the Objections,

and will receive notice of opportunities to meet and confer with other parties concerning issues relating to the litigation of the Objections.

Nothing herein, nor the mere filing of a Notice of Participation by a person or entity that is not a holder of an ERS Bond, shall operate to confer standing upon such person or entity to participate in the litigation of the Objections, and all rights to object to any person or entity's standing are preserved.

3. The Initial Proposal Exchange/ Recommendation

On the date that is five (5) days after the Participation Deadline, the Objectors shall file with the District Court a list of all parties that filed Notices of Participation, their counsel, and whether such Participants are Joint Objectors or Respondents. Such list will be updated as necessary every thirty (30) days to reflect any late-filed or updated Notices of Participation.

Twenty-one (21) days after entry of an order approving these procedures (the "Initial Proposal Exchange Deadline"), the Objectors and the other M&C Parties (defined below), will simultaneously exchange proposals (the "Initial Proposals") setting forth the procedures that will govern litigation of the Objections, including, without limitation, anticipated legal and factual disputes, the sequence and timing of discovery, anticipated dispositive motion practice and the timing thereof, and treatment of holders of ERS Bonds who did not file Notices of Participation (the "Objection Litigation Procedures"). The Initial Proposals will be exchanged in the following manner: the Objectors and the other M&C Parties shall email their Initial Proposals to the Notice Parties. The Objectors will cause their Initial Proposal and all received Initial Proposals to be uploaded to the [website] (the "ERS Objection Website"). The Initial Proposals will not be filed with the District Court. Parties will not be precluded from raising claims or defenses that are not included in the Initial Proposals.

During the twenty-one (21) day period following the Initial Proposal Exchange Deadline, the M&C Parties (defined below) shall meet and confer concerning the substance of the Initial Proposals in an effort to develop a joint recommendation regarding Objection Litigation Procedures for the District Court. The Objectors will convene the meet and confer session(s) and provide notice of any meeting(s) or phone conference(s) to all M&C Parties. The M&C Parties shall use reasonable efforts to develop a fully consensual recommendation with respect to Objection Litigation Procedures that also incorporates the view, if known, of Participants who are not M&C Parties.

The "M&C Parties" will initially be the Objectors, the groups of ERS Bondholders represented by Jones Day and White & Case LLP, respectively, any other ERS Bondholders represented by counsel that wish to participate in the meet and confer process, and the Title III Parties. The Objectors reserve the right to request permission from the Court to limit the number of M&C Parties in the event it proves impossible to conduct meaningful and productive meet and confer sessions.

On the date that is twenty-one (21) days following the Initial Proposal Exchange Deadline, the Objectors shall cause to be filed with the District Court a recommendation concerning the proposed Objection Litigation Procedures (the "Recommendation") and shall indicate, if known,

which Participants support the Recommendation, and the Participants, if any, that object to such Recommendation. The Objectors shall have caused a draft of the Recommendation to have been posted to the ERS Objection Website at least five (5) business days prior to filing the Recommendation; thereafter, Participants shall have four (4) business days to provide further input on the proposed Objection Litigation Procedures by emailing such comments to the Notice Parties. The Notice Parties will send any such comments received by Participants who are not M&C Parties, to the M&C Parties.

Any responses to the Recommendation must be filed with the District Court within seven (7) days of the filing of the Recommendation (the “Response Deadline”), and any replies to such responses must be filed within three (3) days following the Response Deadline (the “Reply Deadline”).

4. Litigation

A. District Court Status Conference

The Objectors will request that the District Court hold a status conference as soon as practicable after the Reply Deadline to discuss and decide matters set forth in the Recommendation and any responses and replies thereto, including without limitation:

- (i) the sequence and timing of any discovery;
- (ii) the extent to which joint briefs can or should be submitted;
- (iii) a briefing schedule; and
- (iv) any other matter that will contribute to the fair and efficient resolution of the issues raised in the Objections and the Notices of Participation.

B. Coordination

To the extent that the District Court determines that joint briefs can and should be submitted

(a) The Objectors and any Joint Objector shall cooperate in good faith in order to file joint papers with respect to the Objections, and shall file separate papers only to the extent necessary to present or discuss issues, positions or arguments upon which they are unable to agree in good faith.

(b) Likewise, the Respondents shall cooperate in good faith to file joint papers with respect to the litigation of the Objections and shall file separate papers only to the extent necessary

to present or discuss issues, positions or arguments upon which they are unable to agree in good faith.

With respect to discovery –

The Objectors and the Joint Objectors, on the one hand, and the Respondents, on the other hand, shall use reasonable efforts to coordinate the development of discovery that is requested from the other parties and to coordinate communications concerning such discovery.

5. Notices of Participation Submitted After the Participation Deadline

Any party that submits a Notice of Participation after the Participation Deadline, but at least thirty (30) days prior to a trial on the merits of the Objections, may participate in the litigation of the Objections by receiving notices of developments in the litigation and invitations to any meet and confer sessions among the parties to the litigation. Such party, however, shall be bound by any orders entered by the District Court (including any order granting a dispositive motion, such as a motion for summary judgment) and/or any agreements reached among the Objectors, Joint Objectors and Respondents prior to the submission of such Notice of Participation regarding the conduct of the litigation, including with respect to the matters set forth in paragraph 3 above. Moreover, absent permission granted by the District Court upon a showing of good cause, any party that fails to file a Notice of Participation, or that files a Notice of Participation after the Participation Deadline, shall be prohibited from filing separate pleadings, serving discovery, or being heard at any hearing on the Objections.

6. No Duty

No Respondent shall have a duty to any other Respondent or to any ERS Bondholder who does not file a Notice of Participation.

7. Other Objections Permitted

The fact that the Objectors have objected to the ERS Bond Claims asserted against ERS and the Commonwealth shall not preclude (i) the Objectors or any party in interest from objecting to an ERS Bond Claim on any basis not set forth in the Objections or to any other claim asserted by the ERS Bondholder unrelated to the ERS Bonds or (ii) a party in interest from asserting additional grounds for objecting to the ERS Bond Claims pursuant to a Notice of Participation.

8. The Following Persons are the “Notice Parties”

PAUL HASTINGS LLP
Attn: Luc. A. Despina, Esq.
James R. Bliss, Esq.
Nicholas A. Bassett, Esq.
200 Park Avenue
lucdespins@paulhastings.com
jamesbliss@paulhastings.com
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CASILLAS, SANTIAGO & TORRES LLC
Attn: Juan J. Casillas Ayala, Esq.,
Diana M. Battle-Barasorda, Esq.,
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aaneses@cstlawpr.com
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JENNER & BLOCK LLP
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Catherine Steege, Esq.
Richard Levin, Esq.
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rlevin@jenner.com
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lraiford@jenner.com

BENNAZAR, GARCÍA & MILLIÁN, C.S.P.
A.J. Bennazar-Zequeira
Héctor M. Mayol Kauffman
Francisco del Castillo Orozco
ajb@bennazar.org
hector.mayol@bbennazar.com

EXHIBIT 3

NOTICE OF PARTICIPATION

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

	X	
	:	
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 <i>et al.</i> ,	:	(Jointly Administered)
	:	
Debtors. ¹	:	

	X	
	:	
In re:	:	
	:	
THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	Title III
	:	
as representative of	:	Case No. 17-BK-3566 (LTS)
	:	
THE EMPLOYEES RETIREMENT SYSTEM OF THE	:	
GOVERNMENT OF THE COMMONWEALTH OF	:	
PUERTO RICO,	:	
	:	
Debtor.	:	

**NOTICE OF PARTICIPATION IN OBJECTIONS OF OFFICIAL COMMITTEE OF
UNSECURED CREDITORS AND OFFICIAL COMMITTEE OF RETIRED
EMPLOYEES, PURSUANT TO BANKRUPTCY CODE SECTION 502 AND
BANKRUPTCY RULE 3007, TO CLAIMS ASSERTED BY
HOLDERS OF BONDS ISSUED BY EMPLOYEES RETIREMENT SYSTEM OF
GOVERNMENT OF PUERTO RICO**

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 Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (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 (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

This Notice of Participation must be served and filed no later than [sixty days from entry of order] in accordance with the instructions set forth at the end of this document.

The party identified below (“Participant”) hereby advises the Official Committee of Unsecured Creditors (the “UCC”) and the Official Committee of Retired Employees of the Commonwealth of Puerto Rico (the “Retiree Committee” and together with the UCC, the “Objectors”) that it intends to participate in the litigation of the Objectors objections to claims (the UCC’s objections dated March 12, 2019 [Case No. 17-bk-3566, Dkt Nos. 381 and 384] and the Retiree Committee’s objections dated April 23, 2019 [Case No. 17-3283; Docket No. 6482; Case No. 17-bk-3566, Dkt. 469]) (together, the “Objections”), which collectively assert that all claims that have been or may be asserted against the Employees Retirement System of the Government of Puerto Rico (“ERS”) or the Commonwealth of Puerto Rico on account of bonds issued by ERS in 2008 (the “ERS Bonds”) are invalid.

To ensure full participation rights in the litigation of the Objections, Participant provides all of the information requested in items 1 through 3 below:

1. Participant’s contact information, including email address, and that of its counsel, if any:

Participant Name and Contact Information

Counsel Contract Information (if any)

Participant Name

Firm Name (if applicable)

Contract Person
(if Participant is not an individual)

Contact Person

Email Address

Email Address

Address Line 1

Address Line 1

Address Line 2

Address Line 2

City, State, Zip Code

City, State, Zip Code

Country

Country

2. Participant advises that it (choose one of the following by marking “X” in the appropriate space):

_____ intends to **support** the relief requested in the Objections (i.e., Participant believes the Court should find that the ERS Bonds are **invalid**); *or*

_____ intends to **oppose** the relief requested in the Objections (i.e., Participant believes that the Court should find that the ERS Bonds are **valid**)

3. If Participant is not a holder of a ERS Bond, it can skip to the end of this Notice and sign. If Participant is a holder of one or more ERS Bonds, Participant must respond to the following paragraphs (a) and (b) to the best of Participant’s knowledge.

(a) Provide the CUSIP Numbers of all ERS Bonds hold by Participant

(b) Did Participant purchase any of its ERS Bonds in whole or in part on the secondary market? **YES** or **NO** (please **circle one**).

By: _____
Signature

Print Name

Title (if Participant is not an Individual)

Date

Instructions for Serving and Filing Notice of Participation: This Notice of Participation must be (i) **served** by email on the Notice Parties set forth in paragraph 8 of the Objection Procedures **and** (ii) **filed** electronically with the District Court pursuant to its Electronic Case Filing procedures. **If the Participant is not represented by counsel, the Participant may file a paper copy of this Notice of Participation with the District Court by delivering such Notice of Participation by mail or by hand addressed to: The Clerk of the United States District Court for the District of Puerto, Room 150 Federal Building, 150 Carlos Chardon Avenue, San Juan, PR 00918-1767.**