

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

LEX CLAIMS, LLC, et al.,

Plaintiffs,

v.

THE COMMONWEALTH OF PUERTO RICO, et al.,

Defendants.

Case No. 3:16-cv-02374 (FAB)

**MAJOR COFINA BONDHOLDERS’
ANSWER TO SECOND AMENDED COMPLAINT**

Intervenor-Defendants (together, the “Major COFINA Bondholders”), holders of certain senior and subordinated bonds issued by the Puerto Rico Sales Tax Financing Corporation (“COFINA”),¹ by and through their undersigned counsel, for their answer to Plaintiffs’ Second Amended Complaint (the “SAC”) respond as follows:²

¹ The Major COFINA Bondholders include: Oppenheimer Rochester AMT-Free Municipal Fund, Oppenheimer Rochester AMT-Free New York Municipal Fund, Oppenheimer Rochester Arizona Municipal Fund, Oppenheimer Rochester California Municipal Fund, Oppenheimer Rochester Fund Municipals, Oppenheimer Rochester Limited Term California Municipal Fund, Oppenheimer Rochester Limited Term Municipal Fund, Oppenheimer Rochester Limited Term New York Municipal Fund, Oppenheimer Rochester Maryland Municipal Fund, Oppenheimer Rochester Massachusetts Municipal Fund, Oppenheimer Rochester Michigan Municipal Fund, Oppenheimer Rochester Minnesota Municipal Fund, Oppenheimer Rochester North Carolina Municipal Fund, Oppenheimer Rochester Ohio Municipal Fund, Oppenheimer Rochester Virginia Municipal Fund, Oppenheimer Rochester High Yield Municipal Fund, Oppenheimer Rochester New Jersey Municipal Fund, and Oppenheimer Rochester Pennsylvania Municipal Fund (collectively, the “Oppenheimer Funds”); Franklin California Tax-Free Trust (for the Franklin California Intermediate-Term Tax Free Income Fund), Franklin Tax-Free Trust (for the series Franklin Alabama Tax Free Income Fund, Franklin Arizona Tax-Free Income Fund, Franklin Colorado Tax-Free Income Fund, Franklin Connecticut Tax-Free Income Fund, Franklin Georgia Tax-Free Income Fund, Franklin Pennsylvania Tax-Free Income Fund, Franklin High Yield Tax-Free Income Fund, Franklin Kentucky Tax-Free Income Fund, Franklin Michigan Tax-Free Income Fund, Franklin Missouri Tax-Free Income Fund, Franklin Oregon Tax-Free Income Fund, Franklin Virginia Tax-Free Income Fund, Franklin Florida Tax-Free Income Fund, Franklin Louisiana Tax-Free Income Fund, Franklin Maryland Tax-Free Income Fund, Franklin North Carolina Tax-Free Income Fund, and Franklin New Jersey Tax-Free Income Fund); Franklin Municipal Securities Trust (for the series Franklin Tennessee Municipal Bond Fund), Franklin California Tax-Free Income Fund, Franklin New York Tax-Free Income Fund, Franklin Federal Tax-Free Income Fund (collectively, the “Franklin Funds”); and First Puerto Rico Tax-Exempt Target Maturity Fund II, Inc., First Puerto Rico Tax-Exempt Target Maturity Fund III, Inc., First Puerto Rico Tax-Exempt Target Maturity Fund IV, Inc., First Puerto Rico Tax-Exempt Target Maturity Fund V, Inc., First Puerto Rico Tax-Exempt Target Maturity Fund VII, Inc., First Puerto Rico Target Maturity Income Opportunities Fund I, Inc., First Puerto Rico Target Maturity Income Opportunities Fund II, Inc., First Puerto Rico Tax Advantaged Target Maturity Fund I, Inc., First Puerto Rico Tax Advantaged Target Maturity Fund II, Inc., First Puerto Rico AAA Target Maturity Fund I, Inc., First Puerto Rico AAA Target Maturity Fund II, Inc., First Puerto

1. Paragraph 1 of the SAC constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

2. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 2, except deny the allegations of paragraph 2 to the extent they relate to COFINA, bonds issued by COFINA, sales and use tax revenues transferred to COFINA or COFINA's right thereto.

3. Paragraph 3 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 204(c)(3) of PROMESA, which speaks for itself, for its full contents.

4. Paragraph 4 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 207 of PROMESA, which speaks for itself, for its full contents.

5. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 5 concerning Plaintiffs' ownership of bonds. The remaining allegations purport to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Article VI of the Constitution and Sections 204 and 207 of PROMESA, which speak for themselves, for their full contents.

Rico Tax-Exempt Fund, Inc. and First Puerto Rico Tax-Exempt Fund II, Inc. (collectively, the "First Puerto Rico Funds").

² Unless expressly admitted, the Major COFINA Bondholders deny each and every allegation in the SAC, and all allegations containing legal arguments and/or conclusions of law on the grounds that such allegations do not require a response. The Major COFINA Bondholders have omitted the headings and subheadings contained in the SAC. The Major COFINA Bondholders do not admit, and specifically deny, each of those headings and subheadings to the extent they can be construed to contain substantive allegations.

6. Paragraph 6 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Article VI, Section 8 of the Puerto Rico Constitution, which speaks for itself, for its full contents.

7. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 7, except refer to Exhibits B and C referenced therein, which speak for themselves, for their full contents.

8. Paragraph 8 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 204(c)(3) of PROMESA, which speaks for itself, for its full contents.

9. Admit the allegations in paragraph 9 to the extent that the Executive Order was issued. The Executive Order speaks for itself, and the Major COFINA Bondholders refer to that document for its full contents. The remaining allegations purport to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 303 of PROMESA, which speaks for itself, for its full contents.

10. Admit the allegations in paragraph 10 to the extent the Commonwealth enacted a budget for Fiscal Year 2017. The budget speaks for itself, and the Major COFINA Bondholders refer to the budget for its full contents. The remaining allegations purport to state legal conclusions, to which no response is required.

11. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 11 because the paragraph is vague in that it fails to specifically identify the referenced legislation.

12. Paragraph 12 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Sections 204(c)(3) and 207 of PROMESA, which speak for themselves, for their full contents.

13. Paragraph 13 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 303 of PROMESA, which speaks for itself, for its full contents.

14. Paragraph 14 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Sections 5(19), 5(20), and 303(3) of PROMESA, which speak for themselves, for their full contents.

15. The first and second sentences of paragraph 15 purport to state legal conclusions, to which no response is required. Deny the allegations of the third sentence of paragraph 15.

16. Paragraph 16 purports to state legal conclusions, to which no response is required.

17. Admit the allegations in paragraph 17 to the extent Governor Garcia Padilla issued the Executive Order, but deny knowledge or information sufficient to form a belief as to whether the Executive Order was issued immediately after PROMESA was signed into law. The Executive Order speaks for itself, and the Major COFINA Bondholders refer to that document for its full contents. The remaining allegations purport to state legal conclusions, to which no response is required.

18. Deny the allegations of paragraph 18.

19. Paragraph 19 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Constitution and laws of the Commonwealth, which speak for themselves, for their full contents.

20. Paragraph 20 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 303(3) of PROMESA, the Executive Order and Puerto Rico Constitution, which speak for themselves, for their full contents.

21. Paragraph 21 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 303(1) of PROMESA, which speaks for itself, for its full contents.

22. Paragraph 22 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required.

23. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 23.

24. Admit the allegations of paragraph 24.

25. Admit the allegations of paragraph 25. Footnote 1 purports to state legal conclusions, to which no response is required.

26. Admit the allegations of paragraph 26.

27. Admit the allegations of the first sentence of paragraph 27. The second sentence of paragraph 27 purports to state legal conclusions, to which no response is required.

28. Deny the allegations of paragraph 28.

29. Admit the allegations of paragraph 29.

30. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 30.

31. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the first sentence of paragraph 31. Admit the allegations of the second sentence of paragraph 31.

32. Deny the allegations of paragraph 32.

33. Paragraph 33 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, the United States and Puerto Rico Constitutions and the U.S. Code, which speak for themselves, for their full contents.

34. Paragraph 34 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Section 106(a) of PROMESA, which speaks for itself, for its full contents.

35. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 35.

36. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 36.

37. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 37.

38. Paragraph 38 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required, except refer to Chapter 9 of the Federal Bankruptcy Code and PROMESA, which speak for themselves, for their full contents, and admit that Congress passed PROMESA and it was signed into law on June 30, 2016.

39. Paragraph 39 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

40. Admit the allegations of the first three sentences of paragraph 40. The fourth sentence of paragraph 40 purports to state legal conclusions to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in the fifth and six sentences of paragraph 40.

41. Paragraph 41 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

42. Paragraph 42 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

43. Paragraph 43 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

44. Paragraph 44 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

45. Paragraph 45 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

46. Paragraph 46 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

47. Paragraph 47 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

48. Paragraph 48 constitutes a characterization of the action to which no response is required.

49. Paragraph 49 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

50. Paragraph 50 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA and Article VI of the Puerto Rico Constitution, which speak for themselves, for their full contents.

51. Paragraph 51 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

52. Paragraph 52 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

53. Paragraph 53 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

54. Paragraph 54 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

55. Paragraph 55 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

56. Paragraph 56 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

57. Paragraph 57 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA and the Bankruptcy Code, which speak for themselves, for their full contents.

58. Paragraph 58 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

59. Paragraph 59 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

60. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the first and second sentences of paragraph 60. The third sentence of paragraph 60 purports to state legal conclusions, to which no response is required.

61. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the first, second and third sentences of paragraph 61. The fourth sentence of paragraph 61 purports to state legal conclusions, to which no response is required.

62. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 62.

63. Paragraph 63 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution and the Official Statement for the Commonwealth of Puerto Rico General Obligation Bonds of 2014, which speak for themselves, for their full contents.

64. Paragraph 64 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Public Law 600, the Message from the President of the United States Transmitting the Constitution of the Commonwealth of Puerto Rico Adopted by the People of Puerto Rico, and the Joint Resolution, which speak for themselves, for their full contents.

65. Paragraph 65 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution and Act of Aug. 3,

1961, Pub. L. No. 87-121, 75 Stat. 245 (1961), which speaks for themselves, for their full contents.

66. Paragraph 66 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the laws of the Commonwealth, which speak for themselves, for their full contents.

67. Paragraph 67 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution and the laws of the Commonwealth, which speak for themselves, for their full contents.

68. Deny knowledge or information sufficient to form a belief as to whether the Governor made the statements alleged in the first and second sentences of paragraph 68, except refer to Exhibits B and C, which speak for themselves, for their full contents. The first and third sentences of paragraph 68 purport to state legal conclusions, to which no response is required.

69. Paragraph 69 purports to state legal conclusions, to which no response is required.

70. Paragraph 70 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

71. Paragraph 71 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

72. Paragraph 72 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

73. Paragraph 73 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution and the laws of the Commonwealth, which speak for themselves, for their full contents.

74. The first and fourth sentences of paragraph 74 purport to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in the second and third sentences of paragraph 74, except to the extent they purport to state legal conclusions, to which no response is required.

75. Paragraph 75 purports to state legal conclusions, to which no response is required, except admit that Governor Garcia Padilla issued the Executive Order on June 30, 2016, and refer to the Executive Order, which speaks for itself, for its full contents.

76. Paragraph 76 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Moratorium Act and Executive Order, which speak for themselves, for their full contents.

77. Paragraph 77 purports to state legal conclusions, to which no response is required, except deny knowledge or information sufficient to form a belief as to the truth of the allegations concerning whether the Commonwealth had \$200 million in its operating account when the July 1 payment came due, whether such funds could or should have been used to pay Constitution Debts, and the contents of Exhibit D, except refer to Exhibit D, which speaks for itself, for its full contents.

78. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 78, except refer to Exhibits D and F, which speak for themselves, for

their full contents; the third sentence of paragraph 78 purports to state legal conclusions, to which no response is required.

79. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 79, except to the extent they purport to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, laws of Puerto Rico, and PROMESA, which speak for themselves, for their full contents.

80. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 80, except refer to the laws of the Commonwealth and the Commonwealth's Fiscal Year 2016 Budget, which speak for themselves, for their full contents.

81. Paragraph 81 purports to state legal conclusions, to which no response is required and the Major COFINA Bondholders deny knowledge or information sufficient to form a belief as to the amount the 2017 budget devotes to Constitutional debt and refer to Section 204(c)(3) of PROMESA and the 2017 budget, which speak for themselves, for their full contents.

82. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 82, except to the extent paragraph 82 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Fiscal Year 2017 Budget, which speaks for itself, for its full contents.

83. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 83, except to the extent paragraph 83 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Constitution, which speaks for itself, for its full contents.

84. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 84, except refer to the budget for Fiscal Year 2017, which speaks for itself, for its full contents.

85. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the first sentence of paragraph 85. The remaining allegations purport to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Constitution, which speaks for itself, for its full contents.

86. Paragraph 86 purports to state legal conclusions, to which no response is required, except refer to the budget for Fiscal Year 2017, PROMESA, the Puerto Rico Constitution and the laws of Puerto Rico, which speak for themselves, for their full contents.

87. Paragraph 87 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, PROMESA, and Act No. 74-2016, which speak for themselves, for their full contents.

88. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the paragraph 88, except refer to Act No 74-2016 and the Puerto Rico Constitution, which speaks for itself, for its full contents.

89. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the paragraph 89, except refer to the Puerto Rico Constitution, PROMESA, and Act No. 74-2016, which speak for themselves, for their full contents.

90. Paragraph 90 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, PROMESA, and Act No. 74-2016, which speak for themselves, for their full contents.

91. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 91, except admit that the Governor promulgated the Executive Order and refer to the Executive Order, which speaks for itself, for its full contents.

92. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the first sentence of paragraph 92, except refer to Exhibit C, which speaks for itself, for its full contents. Deny the allegations of the second sentence of paragraph 92, except refer to the Executive Order, which speaks for itself, for its full contents. Admit the allegations in the third sentence of paragraph 92. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the fourth and fifth sentences of paragraph 92, and the Major COFINA Bondholders refer to the press releases and the Executive Order, which speak for themselves, for their full contents, except deny that the Commonwealth has unlawfully diverted revenues to COFINA.

93. Paragraph 93 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the laws of the Commonwealth, which speak for themselves, for their full contents.

94. Deny the allegations of paragraph 94.

95. Paragraph 95 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to Act No. 56-2007 and the Puerto Rico Constitution, which speak for themselves, for their full contents.

96. Paragraph 96 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders deny knowledge or information sufficient to form a belief as to the amount of debt currently outstanding.

97. Deny the allegations of the first sentence of paragraph 97. Deny knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 97, except refer to the Official Statement for Puerto Rico Sales Tax Financing Corporation Sales Tax Bonds, First Subordinate Series 2011A, which speaks for itself, for its full contents.

98. Paragraph 98 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution and the laws of Puerto Rico, which speak for themselves, for their full contents.

99. Paragraph 99 purports to state legal conclusions, to which no response is required.

100. Paragraph 100 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the laws of the Commonwealth and the Official Statement for Puerto Rico Sales Tax Financing Corporation Sales Tax Bonds, First Subordinate Series 2011A, which speak for themselves, for their full contents.

101. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 101, except refer to the laws of the Commonwealth, which speak for themselves, for their full contents.

102. Paragraph 102 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Constitution and laws of the Commonwealth, which speak for themselves, for their full contents.

103. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 103, except refer to the laws of the Commonwealth, which speak for themselves, for their full contents.

104. Paragraph 104 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Constitution and laws of the Commonwealth, which speak for themselves, for their full contents.

105. The Major COFINA Bondholders deny the allegations in the first four sentences of paragraph 105. The last sentence of paragraph 105 purports to state legal conclusions, to which no response is required.

106. Paragraph 106 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to COFINA's enabling legislation, which speaks for itself, for its full contents.

107. Paragraph 107 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

108. Paragraph 108 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Executive Order and the Puerto Rico Constitution, which speak for themselves, for their full contents.

109. Paragraph 109 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Executive Order and Puerto Rico Constitution, which speak for themselves, for their full contents.

110. Paragraph 110 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, the Executive Order and Puerto Rico Constitution, which speak for themselves, for their full contents.

111. Paragraph 111 purports to state legal conclusions, to which no response is required.

112. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 112, except refer to the 2014 GO Bond Resolution, which speaks for itself, for its full contents.

113. Paragraph 113 purports to state legal conclusions, to which no response is required, except refer to the 2014 GO Bond Resolution, which speaks for itself, for its full contents.

114. Paragraph 114 purports to state legal conclusions, to which no response is required, except refer to the 2014 GO Bond Resolution, which speaks for itself, for its full contents.

115. Paragraph 115 purports to state legal conclusions, to which no response is required, except refer to the 2014 GO Bond Resolution, which speaks for itself, for its full contents.

116. Paragraph 116 purports to state legal conclusions, to which no response is required, except refer to the 2014 GO Bond Resolution, which speaks for itself, for its full contents.

117. Paragraph 117 purports to state legal conclusions, to which no response is required, and refer to the 2014 GO Bond resolution and prior GO Bond resolutions, which speak for themselves, for their full contents.

118. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 118, except to the extent they purport to state legal conclusions, to

which no response is required, and refer to the 2012 GO Bonds and the 2012 GO Bond Resolution, which speak for themselves, for their full contents.

119. Paragraph 119 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the 2012 and 2014 GO Bond Resolutions and the laws of the Commonwealth, which speak for themselves, for their full contents.

120. Paragraph 120 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Official Statement for PRIFA Special Tax Revenue Bonds, Series 2006, which speaks for itself, for its full contents.

121. Paragraph 121 purports to state legal conclusions, to which no response is required.

122. Paragraph 122 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Moratorium Act and Executive Order, which speak for themselves, for their full contents.

123. Paragraph 123 purports to state legal conclusions, to which no response is required, except refer to the Executive Order and Moratorium Act, which speak for themselves, for their full contents.

124. Paragraph 124 purports to state legal conclusions, to which no response is required, except refer to the Executive Order and Moratorium Act, which speak for themselves, for their full contents.

125. Paragraph 125 purports to state legal conclusions, to which no response is required, except admit that the Commonwealth defaulted on the Constitutional Debt.

Answering Plaintiffs' First Cause of Action

126. The Major COFINA Bondholders repeat their responses to paragraphs 1-125 as set forth above.

127. Paragraph 127 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Declaratory Judgement Act, which speaks for itself, for its full contents.

128. Paragraph 128 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA and the Constitution and laws of the Commonwealth, which speak for themselves, for their full contents.

129. Paragraph 129 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speak for itself, for its full contents.

130. Paragraph 130 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA and the Constitution and laws of the Commonwealth, which speak for themselves, for their full contents.

131. Deny the allegations of paragraph 131.

132. The first sentence of paragraph 132 purports to state legal conclusions, to which no response is required. The remainder of paragraph 132 constitutes a characterization of the action and/or purports to state a legal conclusion to which no response is required, and refer to PROMESA, which speaks for itself, for its full contents.

133. Paragraph 133, including its subparts, constitutes a characterization of the action to which no response is required.

134. Paragraph 134 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required.

Answering Plaintiffs' Second Cause of Action

135. The Major COFINA Bondholders repeat their responses to paragraphs 1-134 as set forth above.

136. Paragraph 136 constitutes a characterization of the action to which no response is required.

137. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 137.

138. Deny the allegations of paragraph 138.

139. Deny the allegations of paragraph 139.

140. Deny the allegations of paragraph 140.

141. Deny the allegations of paragraph 141.

142. Deny the allegations of paragraph 142.

143. Deny the allegations of paragraph 143.

144. Deny the allegations of paragraph 144.

Answering Plaintiffs' Third Cause of Action

145. The Major COFINA Bondholders repeat their responses to paragraphs 1-144 as set forth above.

146. The first and second sentences of paragraph 146 purport to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the

Moratorium Act and 11 U.S.C. 109(b)(2), which speak for themselves, for their full contents. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the third sentence of paragraph 146.

147. Paragraph 147 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Moratorium Act and PROMESA, which speak for themselves, for their full contents.

148. Paragraph 148 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

149. Paragraph 149 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Moratorium Act, which speaks for itself, for its full contents.

150. Deny the allegations of paragraph 150.

Answering Plaintiffs' Fourth Cause of Action

151. The Major COFINA Bondholders repeat their responses to paragraphs 1-150 as set forth above.

152. Paragraph 152 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

153. Deny the allegations of paragraph 153.

154. Paragraph 154 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Executive Order and Moratorium Act, which speak for themselves, for their full contents.

155. Paragraph 155 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

156. Deny the allegations of paragraph 156.

157. Paragraph 157 purports to state legal conclusions to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution and Moratorium Act, which speak for themselves, for their full contents.

Answering Plaintiffs' Fifth Cause of Action

158. The Major COFINA Bondholders repeat their responses to paragraphs 1-157 as set forth above.

159. Paragraph 159 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, which speaks for itself, for its full contents.

160. Deny the allegations of paragraph 160, except refer to Act No. 56-2007, which speaks for itself, for its full contents.

161. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the first two sentences of paragraph 161. Deny the allegations in the third sentence of paragraph 162.

162. Deny the allegations of paragraph 162.

Answering Plaintiffs' Sixth Cause of Action

163. The Major COFINA Bondholders repeat their responses to paragraphs 1-162 as set forth above.

164. Deny the allegations of paragraph 164, except refer to the United States Constitution, the Moratorium Act and the Executive Order, which speak for themselves, for their full contents.

165. The first three sentences of paragraph 165 purport to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Moratorium Act, the Executive Order and the Puerto Rico Constitution, which speak for themselves, for their full contents. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of the last sentence of paragraph 165.

166. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 166.

167. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 167, except refer to the Press Release, which speaks for itself, for its full contents.

168. Deny the allegations of paragraph 168, except refer to the referenced budgets, which speak for themselves, for their full contents.

169. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 169, except refer to the referenced budgets and KPMG report, which speak for themselves, for their full contents.

170. Deny the allegations of paragraph 170.

171. Deny the allegations of paragraph 171.

172. Deny the allegations of paragraph 172.

Answering Plaintiffs' Seventh Cause of Action

173. The Major COFINA Bondholders repeat their responses to paragraphs 1-172 as set forth above.

174. Paragraph 87 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico and United States Constitutions, which speak for themselves, for their full contents.

Answering Plaintiffs' Eighth Cause of Action

175. The Major COFINA Bondholders repeat their responses to paragraphs 1-174 as set forth above.

176. Paragraph 157 purports to state legal conclusions to which no response is required, and the Major COFINA Bondholders refer to the United States Constitution, which speaks for itself, for its full contents.

177. Deny knowledge or information sufficient to form a belief as to the truth of the allegations concerning Plaintiffs' ownership of bonds, and deny knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 117 because the paragraph is vague in that it fails to specifically identify all of the referenced "vested contractual and property rights."

178. Paragraph 174 purports to state legal conclusions, to which no response is required, except the Major COFINA Bondholders deny knowledge as to Plaintiffs' holdings and

expectations and refer to the United States and Puerto Rico Constitutions, which speak for themselves, for their full contents.

179. Paragraph 179 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the Puerto Rico Constitution, Executive Order and the Moratorium Act, which speak for themselves, for their full contents.

180. Paragraph 180 purports to state legal conclusions and/or a characterization of the action, to which no response is required.

Answering Plaintiffs' Ninth Cause of Action

181. The Major COFINA Bondholders repeat their responses to paragraphs 1-180 as set forth above.

182. Paragraph 182 purports to state legal conclusions, to which no response is required, except refer to the United States and Puerto Rico Constitutions, which speak for themselves, for their full contents.

Answering Plaintiffs' Tenth Cause of Action

183. The Major COFINA Bondholders repeat their responses to paragraphs 1-182 as set forth above.

184. The Major COFINA Bondholders do not seek to intervene with respect to the tenth cause of action and therefore have no obligation to respond to the allegations of paragraph 184.

185. The Major COFINA Bondholders do not seek to intervene with respect to the tenth cause of action and therefore have no obligation to respond to the allegations of paragraph 185.

Answering Plaintiffs' Eleventh Cause of Action

186. The Major COFINA Bondholders repeat their responses to paragraphs 1-185 as set forth above.

187. The Major COFINA Bondholders do not seek to intervene with respect to the eleventh cause of action and therefore have no obligation to respond to the allegations of paragraph 187.

188. The Major COFINA Bondholders do not seek to intervene with respect to the eleventh cause of action and therefore have no obligation to respond to the allegations of paragraph 188.

189. The Major COFINA Bondholders do not seek to intervene with respect to the eleventh cause of action and therefore have no obligation to respond to the allegations of paragraph 189.

190. The Major COFINA Bondholders do not seek to intervene with respect to the eleventh cause of action and therefore have no obligation to respond to the allegations of paragraph 190.

Answering Plaintiffs' Twelfth Cause of Action

191. The Major COFINA Bondholders the Major COFINA Bondholders repeat their responses to paragraphs 1-190 as set forth above.

192. Deny the allegations of paragraph 192, and refer to Section 1983 of the Code, which speaks for itself, for its full contents.

193. Paragraph 193 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to the laws of the United States, including

PROMESA, the United States and Puerto Rico Constitutions and other statutes, ordinances, regulations, customs or usages of the Commonwealth, which speak for themselves, for their full contents.

Answering Plaintiffs' Thirteenth Cause of Action

194. The Major COFINA Bondholders repeat their responses to paragraphs 1-193 as set forth above.

195. Paragraph 195 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required.

196. Paragraph 196 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

197. Paragraph 197 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

198. Paragraph 198 purports to state legal conclusions, to which no response is required, and the Major COFINA Bondholders refer to PROMESA, which speaks for itself, for its full contents.

199. Paragraph 199 constitutes a characterization of the action and/or purports to state legal conclusions, to which no response is required.

The Major COFINA Bondholders further deny each allegation not specifically admitted or otherwise responded to herein.

* * *

The Major COFINA Bondholders assert the following affirmative defenses and reserve the right to assert others when and if they become appropriate, known or available in this action. The statement of any affirmative defense herein does not assume the burden of proof as to which applicable law places the burden on Plaintiffs:

First Affirmative Defense

The SAC fails to state a claim upon which relief can be granted.

Second Affirmative Defense

Plaintiffs' claims are barred by the doctrine of laches.

Third Affirmative Defense

Plaintiffs' claims are barred by the doctrine of estoppel.

Fourth Affirmative Defense

Plaintiffs' claims are barred by the doctrine of waiver.

Fifth Affirmative Defense

Plaintiffs lack standing as they have not suffered irreparable harm.

Sixth Affirmative Defense

Plaintiffs' claims are barred by the doctrine of unclean hands.

Seventh Affirmative Defense

Plaintiffs' claims are barred by the doctrine of marshaling.

WHEREFORE, the Major COFINA Bondholders demand judgment dismissing the SAC and this action with prejudice, and awarding such other and further relief as the Court deems just and proper.

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 notify the attorneys of record.

RESPECTFULLY SUBMITTED,

In San Juan, Puerto Rico, today March 19, 2017.

**TORO, COLÓN, MULLET, RIVERA
& SIFRE, P.S.C.**

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