

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

----- X
ALTAIR GLOBAL CREDIT OPPORTUNITIES)
FUND (A), L.L.C., CLAREN ROAD CREDIT)
MASTER FUND, LTD., CLAREN ROAD CREDIT)
OPPORTUNITIES MASTER FUND, LTD.,)
GLENDON OPPORTUNITIES FUND, L.P.,)
NOKOTA CAPITAL MASTER FUND, L.P.,)
OAKTREE-FORREST MULTI-STRATEGY, L.L.C.)
(SERIES B), OAKTREE OPPORTUNITIES FUND)
IX, L.P., OAKTREE OPPORTUNITIES FUND IX)
(PARALLEL 2), L.P., OAKTREE VALUE)
OPPORTUNITIES FUND, L.P., OCHER ROSE,)
L.L.C., PUERTO RICO AAA PORTFOLIO BOND)
FUND, INC., PUERTO RICO AAA PORTFOLIO)
BOND FUND II, INC., PUERTO RICO AAA)
PORTFOLIO TARGET MATURITY FUND, INC.,)
PUERTO RICO FIXED INCOME FUND, INC.,)
PUERTO RICO FIXED INCOME FUND II, INC.,)
PUERTO RICO FIXED INCOME FUND III, INC.,)
PUERTO RICO FIXED INCOME FUND IV, INC.,)
PUERTO RICO FIXED INCOME FUND V, INC.,)
PUERTO RICO GNMA & U.S. GOVERNMENT)
TARGET MATURITY FUND, INC., PUERTO RICO)
INVESTORS BOND FUND I, PUERTO RICO)
INVESTORS TAX-FREE FUND, INC., PUERTO)
RICO INVESTORS TAX-FREE FUND II, INC.,)
PUERTO RICO INVESTORS TAX-FREE FUND III,)
INC., PUERTO RICO INVESTORS TAX-FREE)
FUND IV, INC., PUERTO RICO INVESTORS TAX-))
FREE FUND V, INC., PUERTO RICO INVESTORS)
TAX-FREE FUND VI, INC., PUERTO RICO)
MORTGAGE-BACKED & U.S. GOVERNMENT)
SECURITIES FUND, INC., SV CREDIT, L.P., TAX-))
FREE PUERTO RICO FUND, INC., TAX-FREE)
PUERTO RICO FUND II, INC., TAX-FREE)
PUERTO RICO TARGET MATURITY FUND, INC.,)
and UBS IRA SELECT GROWTH & INCOME)
PUERTO RICO FUND,)
))
Movants,)
))
-against-)
)

Case No. 16-cv-02696

GOVERNOR ALEJANDRO GARCÍA PADILLA in)
 his official capacity as the Governor of the)
 Commonwealth of Puerto Rico, JUAN ZARAGOZA-)
 GÓMEZ in his official capacity as the Secretary of)
 Treasury of the Commonwealth of Puerto Rico, LUIS)
 F. CRUZ BATISTA in his official capacity as the)
 Director of the Commonwealth’s Office of)
 Management and Budget, and THE EMPLOYEES)
 RETIREMENT SYSTEM OF THE GOVERNMENT)
 OF THE COMMONWEALTH OF PUERTO RICO,)
)
 Respondents.)
 -----X

**MOVANTS’ OPPOSITION TO THE COMMONWEALTH
 RESPONDENTS’ MOTION FOR A 14-DAY EXTENSION OF TIME**

Movants Altair Global Credit Opportunities Fund (A), LLC, Claren Road Credit Master Fund, Ltd., Claren Road Credit Opportunities Master Fund, Ltd., Glendon Opportunities Fund, L.P., Nokota Capital Master Fund, L.P., Oaktree-Forrest Multi-Strategy, LLC (Series B), Oaktree Opportunities Fund IX, L.P., Oaktree Opportunities Fund IX (Parallel 2), L.P., Oaktree Value Opportunities Fund, L.P., Ocher Rose, L.L.C., Puerto Rico AAA Portfolio Bond Fund, Inc., Puerto Rico AAA Portfolio Bond Fund II, Inc., Puerto Rico AAA Portfolio Target Maturity Fund, Inc., Puerto Rico Fixed Income Fund, Inc., Puerto Rico Fixed Income Fund II, Inc., Puerto Rico Fixed Income Fund III, Inc., Puerto Rico Fixed Income Fund IV, Inc., Puerto Rico Fixed Income Fund V, Inc., Puerto Rico GNMA & U.S. Government Target Maturity Fund, Inc., Puerto Rico Investors Bond Fund I, Puerto Rico Investors Tax-Free Fund, Inc., Puerto Rico Investors Tax-Free Fund II, Inc., Puerto Rico Investors Tax-Free Fund III, Inc., Puerto Rico Investors Tax-Free Fund IV, Inc., Puerto Rico Investors Tax-Free Fund V, Inc., Puerto Rico Investors Tax-Free Fund VI, Inc., Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc., SV Credit, L.P., Tax-Free Puerto Rico Fund, Inc., Tax-Free Puerto Rico Fund II, Inc.,

Tax-Free Puerto Rico Target Maturity Fund, Inc., and UBS IRA Select Growth & Income Puerto Rico Fund (collectively, “Movants”), by and through their attorneys, respectfully state as follows:

1. On September 21, 2016, Movants filed a motion for relief from the automatic stay imposed pursuant to Section 405 of the Puerto Rico Oversight, Management, and Economic Stability Act, Pub. L. 114-187 (“PROMESA”) (the “Motion”). The purpose of the Motion was to seek relief from the PROMESA automatic stay, unless Respondents provide adequate protection of Movants’ constitutionally-protected and bargained-for interests in property. This right to adequate protection, which is grounded in the Fifth Amendment, is described in detail in the Motion. *See* Dkt. 1. Thus, the claim of the Commonwealth Respondents that they are ignorant of the relief Movants are seeking (Comm. Mot. at 2), is difficult to credit.

2. PROMESA contemplates that a hearing on the Motion should be held no later than November 7, 2016. PROMESA § 405(f). Respondents’ opposition to the Motion is currently due on October 14, and any reply by Movants would be due on October 21.¹

3. Already pending before the Court are motions in two other cases that raise issues under PROMESA § 405(e) that significantly overlap the issues Movants raise in the Motion. *See Assured Guaranty Corp. et al v. Commonwealth of Puerto Rico*, No. 16-cv-2384, Dkt. 1, 28; *Peaje Investments LLC v. Alejandro Garcia Padilla, et al.*, No. 16-cv-2365, Dkt. 1, 31. For that reason, Movants will shortly move to have argument on the Motion also heard that same day as a matter of orderly procedure.

4. On October 11, the Commonwealth Respondents requested a 14-day extension of time, until October 28, to file their opposition to the Motion. This, of course, would push the date for the filing of any reply memorandum by Movants to November 4, thus preventing the

¹ Under Local Rule 7(c), Movants may seek leave to file a reply memorandum within seven days of the service of Respondents’ opposition.

Motion from being argued on November 3. Accordingly, Movants informed counsel for the Commonwealth Respondents that, although they were prepared to agree to a shorter extension of time (seven days), they could not agree to a 14-day extension. Moreover, Movants asked the Commonwealth Respondents to consent to having argument on the Motion heard on November 3.

5. The Commonwealth Respondents rejected the offer of the seven-day extension, refused to consent to consolidation of the arguments on November 3, and further wrote that they also would oppose an effort by Movants to have the Motion heard on November 3. *See* Exhibit A.

6. On October 12, the Commonwealth Respondents filed the instant motion seeking the 14-day extension of time, up to and including October 28, to file their opposition. Movants are prepared to consent to a shorter extension of time, but object to a 14-day extension of time for the following reasons:

7. *First*, a 14-day extension of time would preclude full briefing of the Motion before November 3 and prevent the Motion from being argued at the same time as the motions in *Assured Guaranty* and *Peaje Investments*. The Motion raises substantially similar legal issues to those in these two other cases: all three motions raise the question whether the failure to provide adequate protection of a secured creditor's property interests constitutes "cause" under PROMESA, such that the Court should provide relief from the PROMESA automatic stay. *See* Dkt. 1 at 14-24; *Assured Guaranty*, No. 16-cv-2384, Dkt. 1 at 18-24, Dkt. 28, Exhibit 1 at 4-7; *Peaje Investments*, No. 16-cv-2365, Dkt. 1 at 19-25, Dkt. 31, Exhibit 1 at 4-7. In the interest of judicial economy, the Court should hear argument on all three motions on November 3.

8. *Second*, a 14-day extension of time would jeopardize the ability of this Court to hold a hearing on the Motion within the timeframe contemplated by PROMESA. PROMESA

provides that “[f]orty-five days after a request under subsection (e)(2) for relief from the stay of any act against property of the Government of Puerto Rico . . . , such stay is terminated with respect to the party in interest making such request, unless the court, after notice *and a hearing*, orders such stay continued in effect pending the conclusion of, or as a result of, a final hearing and determination under subsection (e)(2).” PROMESA § 405(f) (emphasis added). Because Movants filed the Motion on September 21, PROMESA contemplates that a hearing on the Motion will be held by no later than November 7. The Commonwealth Respondents ignore § 405(f) and instead accuse Movants of attempting to “dramatically expedit[e] a hearing” (Comm. Mot. at 3), even though a hearing must occur by November 7 for the PROMESA stay to remain in effect.

9. *Third*, a 14-day extension of time is unnecessary because the substantive issues raised in the Motion have already been researched and briefed in the pending motions in *Assured Guaranty* and *Peaje Investments*. Because the Commonwealth Respondents have already briefed the issues that their opposition will address, a seven-day extension of time is sufficient in these circumstances and would impose no hardship upon them.

10. The Commonwealth Respondents’ remaining arguments are unconvincing. They argue (Comm. Mot. at 2) that the Motion should be distinguished from those in *Assured Guaranty* and *Peaje Investments* because the Employees Retirement System (the “ERS”) is not a party to either of those two cases. However, the Commonwealth Respondents have not alleged that the ERS’s legal position is any different from theirs on the common legal question at issue in all three cases. Similarly, the Commonwealth Respondents’ claim (*id.* at 3) that delay is warranted because the Financial Oversight and Management Board is considering whether to intervene in the instant case and other cases is a make-weight. The Board has indicated that it

will reach a decision on intervention no sooner than October 21, and possibly not even by then. That would mean, essentially, an open-ended extension of time in this case and also in *Assured Guaranty* and *Peaje Investments*, which would push the hearing dates on the three motions beyond what PROMESA contemplates. *See* PROMESA § 405(f).

WHEREFORE, Movants respectfully submit that the Court should deny the Commonwealth Respondents' motion for a 14-day extension of time, up to and including October 28, 2016, to file an opposition to the Motion. As noted, Movants have no objection to a shorter, seven-day extension of time.

RESPECTFULLY SUBMITTED.

I HEREBY CERTIFY that on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to all counsel of record.

In San Juan, Puerto Rico, today October 12, 2016.

By:

/s/ Alfredo Fernández-Martínez

Alfredo Fernández-Martínez
DELGADO & FERNÁNDEZ, LLC
PO Box 11750
Fernández Juncos Station
San Juan, Puerto Rico 00910-1750
Tel. (787) 274-1414
Fax: (787) 764-8241
afernandez@delgadofernandez.com
USDC-PR 210511

Counsel for Movants Altair Global Credit Opportunities Fund (A), LLC, Claren Road Credit Master Fund, Ltd., Claren Road Credit Opportunities Master Fund, Ltd., Glendon Opportunities Fund, L.P., Nokota Capital Master Fund, L.P., Oaktree-Forrest Multi-Strategy, LLC (Series B), Oaktree Opportunities Fund IX, L.P., Oaktree Opportunities Fund IX (Parallel 2), L.P., Oaktree Value Opportunities Fund, L.P., Ocher Rose, L.L.C., and SV Credit, L.P.

/s/ Bruce Bennett

Bruce Bennett (*pro hac vice*)
JONES DAY
555 South Flower Street
Fiftieth Floor
Los Angeles, California 90071
Tel. (213) 489-3939
Fax: (213) 243-2539
bbennett@jonesday.com

Benjamin Rosenblum (*pro hac vice*)
JONES DAY
250 Vesey Street
New York, NY 10281
Tel. (212) 326-3939
Fax: (212) 755-7306
brosenblum@jonesday.com

Beth Heifetz (*pro hac vice*)
Sparkle L. Sooknanan (*pro hac vice*)
JONES DAY
51 Louisiana Ave. N.W.
Washington, DC 20001
Tel. (202) 879-3939
Fax: (202) 626-1700
bheifetz@jonesday.com
ssooknanan@jonesday.com

Counsel for Movants Altair Global Credit Opportunities Fund (A), LLC, Claren Road Credit Master Fund, Ltd., Claren Road Credit Opportunities Master Fund, Ltd., Glendon Opportunities Fund, L.P., Nokota Capital Master Fund, L.P., Oaktree-Forrest Multi-Strategy, LLC (Series B), Oaktree Opportunities Fund IX, L.P., Oaktree Opportunities Fund IX (Parallel 2), L.P., Oaktree Value Opportunities Fund, L.P., Ocher Rose, L.L.C., and SV Credit, L.P.

/s/ Arturo Díaz-Angueira

Arturo Díaz-Angueira
USDC-PR 117907
adiaz@lsplawpr.com

José C. Sánchez-Castro
USDC-PR 213312
jsanchez@lsplawpr.com

Alicia I. Lavergne-Ramírez
USDC-PR 215112
alavergne@lsplawpr.com

Maraliz Vázquez-Marrero
USDC-PR 225504
mvazquez@lsplawpr.com

LÓPEZ SÁNCHEZ & PIRILLO
270 Muñoz Rivera Avenue, Suite 504
San Juan, PR 00918
Tel. (787) 522-6776
Fax: (787) 522-6777

Counsel for Movants Puerto Rico AAA Portfolio Bond Fund, Inc., Puerto Rico AAA Portfolio Bond Fund II, Inc., Puerto Rico AAA Portfolio Target Maturity Fund, Inc., Puerto Rico Fixed Income Fund, Inc., Puerto Rico Fixed Income Fund II, Inc., Puerto Rico Fixed Income Fund III, Inc., Puerto Rico Fixed Income Fund IV, Inc., Puerto Rico Fixed Income Fund V, Inc., Puerto Rico GNMA & U.S. Government Target Maturity Fund, Inc., Puerto Rico Investors Bond Fund I, Puerto Rico Investors Tax-Free Fund, Inc., Puerto Rico Investors Tax-Free Fund II, Inc., Puerto Rico Investors Tax-Free Fund III, Inc., Puerto Rico Investors Tax-Free Fund IV, Inc., Puerto Rico Investors Tax-Free Fund V, Inc., Puerto Rico Investors Tax-Free Fund VI, Inc., Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc., Tax-Free Puerto Rico Fund, Inc., Tax-Free Puerto Rico Fund II, Inc., Tax-Free Puerto Rico Target Maturity Fund, Inc., and UBS IRA Select Growth & Income Puerto Rico Fund

/s/ Glenn M. Kurtz

Glenn M. Kurtz (pro hac vice)
John K. Cunningham (pro hac vice)
WHITE & CASE LLP
1155 Avenue of the Americas
New York, NY 10036
Tel. (212) 819-8200
Fax (212) 354-8113
gkurtz@whitecase.com
jcunningham@whitecase.com

Counsel for Movants Puerto Rico AAA Portfolio Bond Fund, Inc., Puerto Rico AAA Portfolio Bond Fund II, Inc., Puerto Rico AAA Portfolio Target Maturity Fund, Inc., Puerto Rico Fixed Income Fund, Inc., Puerto Rico Fixed Income Fund II, Inc., Puerto Rico Fixed Income Fund III, Inc., Puerto Rico Fixed Income Fund IV, Inc., Puerto Rico Fixed Income Fund V, Inc., Puerto Rico GNMA & U.S. Government Target Maturity Fund, Inc., Puerto Rico Investors Bond Fund I, Puerto Rico Investors Tax-Free Fund, Inc., Puerto Rico Investors Tax-Free Fund II, Inc., Puerto Rico Investors Tax-Free Fund III, Inc., Puerto Rico Investors Tax-Free Fund IV, Inc., Puerto Rico Investors Tax-Free Fund V, Inc., Puerto Rico Investors Tax-Free Fund VI, Inc., Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc., Tax-Free Puerto Rico Fund, Inc., Tax-Free Puerto Rico Fund II, Inc., Tax-Free Puerto Rico Target Maturity Fund, Inc., and UBS IRA Select Growth & Income Puerto Rico Fund

EXHIBIT A



RE: Altair v. Garcia Padilla
"Anguas, Ronald Kenneth" <ronald.anguas@kirkland.com>
to:
'Sparkle L Sooknanan'
10/11/2016 05:37 PM
Cc:
"Williams, Michael F.", "Farrell, Peter A."
Hide Details
From: "Anguas, Ronald Kenneth" <ronald.anguas@kirkland.com>
To: "'Sparkle L Sooknanan'" <ssooknanan@jonesday.com>
Cc: "Williams, Michael F." <mwilliams@kirkland.com>, "Farrell, Peter A." <pfarrell@kirkland.com>
History: This message has been forwarded.

Sparkle--

Thank you for your message. We will not consent to the consolidation request, and we will be moving the Court for a 14-day extension. We will note your position in our moving papers.

Best,

Ronald Anguas

Ronald K. Anguas, Jr.

KIRKLAND & ELLIS LLP
655 Fifteenth Street, N.W., Washington, D.C. 20005
T +1 202 879 5091

ronald.anguas@kirkland.com

From: Sparkle L Sooknanan [<mailto:ssooknanan@jonesday.com>]
Sent: Tuesday, October 11, 2016 3:54 PM
To: Anguas, Ronald Kenneth
Subject: Re: Altair v. Garcia Padilla

Hi Ronald,

Thanks for your email. I've conferred with co-counsel and we would consent to a 7-day extension (until October 21) if you agree not to oppose a request to consolidate the hearing on the motion with the hearing currently scheduled on November 3. Because the issues raised in the motion are substantially similar to those briefed in *Assured* and *Peaje*, we intend to move for consolidation in the interest of judicial economy. I'm happy to discuss further if needed.

Thank you,
Sparkle

Sparkle L. Sooknanan
Associate

[JONES DAY® - One Firm WorldwideSM](#)
51 Louisiana Ave, NW
Washington, DC 20001

Office +1.202.879.3435

From: "Anguas, Ronald Kenneth" <ronald.anguas@kirkland.com>
To: "'ssooknanan@jonesday.com'" <ssooknanan@jonesday.com>
Date: 10/11/2016 02:03 PM
Subject: Altair v. Garcia Padilla

Sparkle--

Hope you're doing well this afternoon. Following up on our conversation a few minutes ago, I'm writing to let you know that we do not currently intend to seek consolidation of the *Altair* case with *Assured* and *Peaje* for purposes of the stay hearing early next month. Please let me know when you've had a chance to touch base with your colleagues on the extension issue.

Thank you,

Ronald Anguas

Ronald K. Anguas, Jr.

KIRKLAND & ELLIS LLP
655 Fifteenth Street, N.W., Washington, D.C. 20005
T +1 202 879 5091

ronald.anguas@kirkland.com

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Kirkland & Ellis LLP or Kirkland & Ellis International LLP. Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return email or by email to postmaster@kirkland.com, and destroy this communication and all copies thereof, including all attachments.

=====

This e-mail (including any attachments) may contain information that is private, confidential, or protected by attorney-client or other privilege. If you received this e-mail in error, please delete it from your system without copying it and notify sender by reply e-mail, so that our records can be corrected.

=====

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Kirkland & Ellis LLP or Kirkland & Ellis International LLP. Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return email or by email to postmaster@kirkland.com, and destroy this communication and all copies thereof, including all attachments.