

# **Bond Case Briefs**

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## **National Public Finance Guarantee Corporation Commences Legal Action Seeking to Lift PROMESA Litigation Stay to Allow for the Appointment of a PREPA Receiver for the Protection of Customers and Creditors.**

***Action Follows Successful Appeal of Title III Court Ruling That Had Denied a Similar Motion Made in 2017***

***Receiver Necessitated by Chronic and Ongoing Mismanagement and Undue Political Influence at PREPA***

PURCHASE, N.Y.-(BUSINESS WIRE)-National Public Finance Guarantee Corporation (“National”), an indirect subsidiary of MBIA Inc. (NYSE:MBI), today announced that National, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Syncora Guarantee Inc. (“the Creditor Group”), have filed a motion in the U.S. District Court for the District of Puerto Rico to lift the PROMESA litigation stay that will allow the Creditor Group to seek to enforce its right to compel the appointment of an independent receiver for the Puerto Rico Electric Power Authority (“PREPA”). The Creditor Group filed a similar motion in July 2017 that was denied by the District Court. The new motion follows a successful appeal of that denial, as the First Circuit Court of Appeals recently vacated the District Court’s decision and remanded the case for further proceedings.

The appointment of a receiver, which would assume operational control of PREPA to protect the interests of PREPA’s customers and creditors, is necessitated by the utility’s well-documented history of mismanagement and undue political interference in its operations, the combined results of which were laid bare by Hurricanes Irma and Maria.

“Successfully transforming PREPA is critical to the future of Puerto Rico and its citizens,” said Bill Fallon, CEO of National Public Finance Guarantee Corporation. “However, PREPA’s current governance structure is incompatible with achieving that goal. Political meddling in PREPA’s affairs has resulted in five different chief executives in the past thirteen months, a management team made up of political operatives rather than utility experts, a board of directors that is beholden to political forces and conflicts of interest throughout the organization. The end result is an overstaffed yet underskilled utility lacking in transparency. PREPA has failed to collect \$3.4 billion in receivables while it sits in bankruptcy, openly defies the orders of its regulator, and subjects its customers to frequent outages and long repair times. It is inconceivable that PREPA can transform itself or attract the necessary private investment to do so under the current circumstances. An independent receiver will insulate PREPA from political influence, stabilize the company’s operations and set it on a path for future success. The people of Puerto Rico and all of PREPA’s stakeholders deserve nothing less.”

Bondholders holding at least 25 percent in principal amount of the PREPA bonds outstanding have a statutory right to the appointment of a receiver following an event of default. The Creditor Group represents approximately 27 percent of the outstanding bonds.

## Forward-Looking Statements

This release includes statements that are not historical or current facts and are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “believe,” “anticipate,” “project,” “plan,” “expect,” “estimate,” “intend,” “will likely result,” “looking forward” or “will continue,” and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected, including, among other factors, the possibility that MBIA Inc. or National will experience increased credit losses or impairments on public finance obligations issued by state, local and territorial governments and finance authorities that are experiencing unprecedented fiscal stress; the possibility that loss reserve estimates are not adequate to cover potential claims; MBIA Inc.’s or National’s ability to fully implement their strategic plan; and changes in general economic and competitive conditions. These and other factors that could affect financial performance or could cause actual results to differ materially from estimates contained in or underlying MBIA Inc.’s or National’s forward-looking statements are discussed under the “Risk Factors” section in MBIA Inc.’s most recent Annual Report on Form 10-K, which may be updated or amended in MBIA Inc.’s subsequent filings with the Securities and Exchange Commission. MBIA Inc. and National caution readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. National and MBIA Inc. undertake no obligation to publicly correct or update any forward-looking statement if it later becomes aware that such result is not likely to be achieved.

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National Public Finance Guarantee Corporation, headquartered in Purchase, New York is the world’s largest U.S. public finance-only financial guarantee insurance company, with offices in New York and San Francisco. Please visit National’s website at [www.nationalpfg.com](http://www.nationalpfg.com).

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