

July 7, 2022

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY.**

**c/o Paul Hastings LLP, 200 Park Avenue, New York, New York 10166**

To the Holders of Class 16 HTA General Unsecured Claims:

The Official Committee of Unsecured Creditors (the “Committee”),<sup>1</sup> appointed in the Title III cases of the Puerto Rico Highways and Transportation Authority (“HTA”),<sup>2</sup> is writing to you in connection with the Debtors’ solicitation of your vote with respect to the enclosed proposed *Third Amended Title III Joint Plan Of Adjustment of the Puerto Rico Highways and Transportation Authority*, dated June 17, 2022 (the “HTA Plan”).<sup>3</sup> You should carefully read all the materials that accompany this letter (as it may be supplemented, the “Committee Letter”), including the instructions for completing and mailing your Ballot. All Ballots must be **received** by the Claims and Noticing Agent by **July 27, 2022 at 5:00 p.m. (Atlantic Standard Time)** (the “**Voting Deadline**”) to be counted.

**THE COMMITTEE HAS REACHED A GLOBAL SETTLEMENT WITH THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO (THE “OVERSIGHT BOARD”) REGARDING THE TERMS OF THE HTA PLAN. ACCORDINGLY, THE COMMITTEE SUPPORTS THE HTA PLAN AND URGES ALL HOLDERS OF CLASS 16 HTA GENERAL UNSECURED CLAIMS TO VOTE TO ACCEPT THE HTA PLAN.**

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<sup>1</sup> The Committee is the official committee of unsecured creditors for all Title III Debtors, other than PBA and COFINA.

<sup>2</sup> 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); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233 (LTS)) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>3</sup> All capitalized terms used but not defined in this letter have the meanings set forth in the HTA Plan.

## **Introduction**

The Committee is a fiduciary to holders, like you, of unsecured claims<sup>4</sup> against HTA, and it has worked tirelessly during HTA's Title III case to protect your interests. Among other things, the Committee has challenged billions of dollars of bond claims in an effort to free up more resources for the payment of unsecured claims and fought for more transparency and accountability in the Title III process.

The Committee's members were appointed by the United States Trustee, a unit of the United States Department of Justice, to represent, in a fiduciary capacity, the interests of all general unsecured creditors of HTA (and other debtors under Title III of PROMESA). These unsecured creditors include, for example, employees, vendors, suppliers, service providers, and parties with court-awarded damages claims. The Committee's seven members serve without pay and represent a broad cross-section of the general unsecured class. Committee members include, among others, suppliers of goods and services and litigation claimants.

## **Committee's Recommendation**

**The Committee is pleased to report that it has reached a global settlement with the Oversight Board, which settlement is reflected in the HTA Plan and related documents.**

The HTA Plan takes into account the financial situation of HTA and, in that regard, provides significant recoveries for holders of allowed<sup>5</sup> HTA General Unsecured Claims in Class 16 as follows:<sup>6</sup>

- The HTA Plan provides an aggregate consideration to or for the benefit of allowed HTA General Unsecured Claims and allowed Convenience Claims consisting of:
  - cash in the amount of \$48 million; and
  - the net recoveries from certain avoidance and recovery actions to be pursued by the Avoidance Action Trust.
- Based on the Oversight Board's estimate of the aggregate amount of allowed HTA General Unsecured Claims (*i.e.*, \$256 million), **the aggregate cash consideration to be made available under the HTA Plan represents an effective recovery rate of approximately 19%.**<sup>7</sup>

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<sup>4</sup> Unsecured claims are claims that are not secured by any collateral.

<sup>5</sup> The filing of a proof of claim does not automatically mean that you will receive a recovery under the HTA Plan. Only claims that are allowed will be entitled to receive a recovery.

<sup>6</sup> The Committee notes that your ultimate percentage recovery will be determined by the aggregate amount of allowed HTA General Unsecured Claims in Class 16. The Committee cannot provide any assurances regarding the aggregate amount of HTA General Unsecured Claims that will ultimately be allowed, or the rate of recovery that will ultimately be realized by any holder of such a claim.

<sup>7</sup> The estimated recovery percentage does not account for net recoveries of the Avoidance Action Trust.

To be clear, the estimated recovery percentage of approximately 19% is based on an estimated aggregate amount of allowed HTA General Unsecured Claims of approximately \$256 million. While there can be no assurances as to the ultimate size of allowed HTA General Unsecured Claims, the Committee is of the view (after a summary review of HTA General Unsecured Claims) that the aggregate allowed amount of such claims could be lower, in which case the recovery percentage would be higher. For example, if the total size of such allowed claims were \$200 million, then the estimated recovery percentage for holders of allowed HTA General Unsecured Claims would be approximately 24%.

Moreover, as part of the Committee's efforts and the global settlement reached, the Committee was able to set the threshold for Convenience Class treatment (which provides such creditors with a 100% recovery on account of their allowed claims (without post-petition interest)) to **\$20,000 per claim**.

The HTA Plan also includes other provisions for the benefit of general unsecured creditors, including that **the Committee representatives on the Avoidance Action Trust Board**<sup>8</sup> will have an opportunity to participate in the ongoing claims reconciliation process.

**For all these reasons, the Committee recommends that you vote to accept the HTA Plan.**

The Committee acknowledges that it was a difficult decision to enter into the global settlement with the Oversight Board, and the Committee is also aware that, even under the global settlement, the recovery percentage for holders of allowed HTA General Unsecured Claims is not as high as the recovery percentages of certain other creditors of HTA.

However, the Committee determined that litigating confirmation of the prior version of the HTA Plan was not preferable to accepting the global settlement. This is so because, even though the Committee believes that it had strong arguments in opposition of the prior version of the HTA Plan (including as it relates to the proposed treatment of holders of HTA Bond Claims), there could have been no assurances that the Committee would have prevailed with its challenges under the unique circumstances of HTA's Title III case. If the Committee's challenges had failed, the aggregate cash consideration to holders of allowed HTA General Unsecured Claims would have been materially lower than the consideration to be made available under the global settlement. Accordingly, the Committee, as a fiduciary for all unsecured creditors of HTA, determined it would be preferable not to "roll the dice" and litigate confirmation of the prior version of the HTA Plan.

### **Submitting Your Ballot**

The Oversight Board has provided Ballots herewith for holders of claims in Classes 15 and 16 to utilize in order to vote to accept or reject the HTA Plan and return in accordance with the procedures set forth in the ballot instruction sheet and the Disclosure Statement. **Please read the directions on the Ballot carefully and complete your Ballot in its entirety before**

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<sup>8</sup> Two of the three members of the Avoidance Action Trust Board have been selected by the Committee.

**returning it. Your Ballot must be returned so as to be actually received by the Balloting Agent no later than the Voting Deadline, i.e., 5:00 p.m. (Atlantic Standard Time) on July 27, 2022.**

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The positions taken by the Committee in this Letter are those of the Committee and/or its advisors and have not been approved by or endorsed by the Bankruptcy Court. Each creditor (including individual members of the Committee) must make its own independent decision as to whether or not the HTA Plan is acceptable to that creditor and should consult with its own legal and/or financial advisor(s) before voting to accept or reject the HTA Plan.

**YOU ARE URGED TO CAREFULLY READ THE DISCLOSURE STATEMENT AND THE HTA PLAN. THE DESCRIPTION OF THE HTA PLAN IN THIS COMMITTEE LETTER IS INTENDED TO BE ONLY A SUMMARY.**

**THIS COMMITTEE LETTER MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THE COMMITTEE'S VIEWS ON HOW TO VOTE ON THE HTA PLAN, AND THE INFORMATION CANNOT BE RELIED UPON FOR ANY OTHER PURPOSE. THE COMMITTEE DOES NOT GUARANTEE ANY PARTICULAR RESULT IN HTA'S TITLE III CASE. THE COMMITTEE CANNOT PROVIDE ANY ASSURANCES REGARDING THE AGGREGATE AMOUNT OF HTA GENERAL UNSECURED CLAIMS THAT WILL ULTIMATELY BE ALLOWED, OR THE RATE OF RECOVERY THAT WILL ULTIMATELY BE REALIZED BY ANY HOLDER OF SUCH A CLAIM.**

**THIS COMMUNICATION DOES NOT CONSTITUTE, AND SHALL NOT BE CONSTRUED AS, A SOLICITATION BY ANY INDIVIDUAL MEMBER OF THE COMMITTEE.**

***THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
THE PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY***