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Hon. Scott Stringer
Office of the Comptroller
City of New York
One Centre Street
New York, NY 10007

RE: PUERTO RICAN DEBT CRISIS

Dear Comptroller Stringer:

As a leader in the institutional investor community, the New York City Retirement System ("NYCRS") plays an important role to serve in insuring that steps are taken to prevent avoidable harm to our financial markets. Any such harm could seriously hamper NYCRS from earning acceptable investment returns for the pension funds it administers.

The magnitude of debt owed by the Commonwealth of Puerto Rico and its associated debt issuing authorities is at a critical juncture, and any failure to address this crisis in the short term presents a substantial threat not only the economy of Puerto Rico, but the United States economy as well. A possible default will have severe consequences for the commonwealth's direct creditors, which includes a large number of mutual funds and, through hedge funds, numerous pensions and other similar institutional investors; as well as other parties, including, but not limited to, bond insurers.

NYCRS has an important opportunity to lead the conversation not just in New York, but nationally. As Trustees, we should review whether to support U.S. Senator Charles Schumer's legislation that seeks to amend the Federal bankruptcy code and provide Puerto Rico access to Chapter Nine bankruptcy protections. Failure to provide such access could directly impact our own investments and necessitate a reassessing of the systemic risk resulting from a potential default.

Obviously, NYCRS must be concerned with its direct positions within the hedge fund and opportunistic fixed income portfolios. Nevertheless, the issues and our responsibilities as fiduciaries go beyond those calculations. I am optimistic that the interests of the Puerto Rican community, whether it's in New York, Chicago, Orlando or San Juan, are aligned with NYCRS.

Sincerely,


Ruben Diaz Jr.