

August 11, 2015

Hon. Orrin Hatch  
United States Senate  
104 Hart Senate Office Building  
Washington, D.C. 20510

Hon. Charles Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, D.C. 20510

Hon. Bob Goodlatte  
United States House of Representatives  
2309 Rayburn HOB  
Washington, D.C. 20515

**RE: DEBT RELIEF AND ACCESS TO BANKRUPTCY FOR PUERTO RICO**

Dear Senator Hatch, Senator Grassley and Representative Goodlatte:

Congress must act immediately and enact legislation that will allow the Commonwealth of Puerto Rico to enter bankruptcy. Puerto Rico missed a debt payment of \$58 million, which became due August 1, 2015. Media outlets report the total debt ranging from \$72 to \$73 billion, which would be more than any United States government, except the states of California and New York. When Detroit entered into bankruptcy, its debt was estimated at \$18 to \$20 billion. We would not allow any other American government or municipality to linger in such a dire financial limbo.

The magnitude of debt owed by the Commonwealth of Puerto Rico and its associated debt issuing authorities is at a critical juncture. Congress' failure to address this crisis presents a substantial threat not only to the economy of Puerto Rico, but the United States economy as a whole. Treasury Secretary Jacob Lew recently announced his support of access to bankruptcy for Puerto Rico and bipartisan support is growing. In fact, Presidential candidates from both parties—Jeb Bush and Hillary Clinton—have both offered their support for this measure. We urge you to support bankruptcy for Puerto Rico, including but not limited to, the Commonwealth, the Puerto Rico Electric Power Authority and the municipalities.

Mr. Lew noted that defaults by Puerto Rico “has the potential to further harm retiree investment portfolios across the country. A significant portion of Puerto Rico’s debt is still held directly by individual retail investors or indirectly through the municipal bond funds they own.”

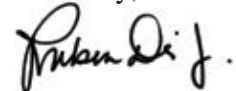
Moreover, additional defaults will have severe consequences for the commonwealth's direct creditors, which includes a large number of mutual funds and, through hedge funds, numerous pensions and other similar institutional investors; as well as other parties, including, but not limited to, bond insurers.

As noted in the Wall Street Journal, as of March 31, Assured Guaranty backed roughly \$10 billion in Puerto Rico principal and interest payments, and MBIA's National Public Finance Guarantee Corp. unit backed another \$10 billion. If bond insurers have to cover significant missed payments it could lead to downgrades of the insurers' credit ratings. Consequently, it could become increasingly difficult for them to write insurance policies on newly issued bonds.

Prior to Governor Alejandro Garcia Padilla's June announcement that the commonwealth's debt is unpayable, analysts at Barclays stated "that present-value losses of \$750 million would 'materially damage' MBIA and 'potentially cause rating downgrades and diminished ability to write new business.'" These analysts put the combined figure at \$1.75 billion covered by Assured.

The interests of the Puerto Rican community, whether they are in Puerto Rico, New York, New Jersey, California, Illinois, Pennsylvania, Ohio, Florida or anywhere else are American interests. Congress has an obligation to act and pass legislation that seeks to amend the Federal bankruptcy code and provide Puerto Rico, and its related power authorities and municipalities, access to Chapter Nine Bankruptcy protections.

Sincerely,



Ruben Diaz Jr.  
Bronx Borough President



Carl E. Heastie  
Speaker, NYS Assembly



Jeffrey D. Klein  
NYS Senate Coalition Co-Leader



Melissa Mark-Viverito  
Speaker, NYC Council



Eric L. Adams  
Brooklyn Borough President



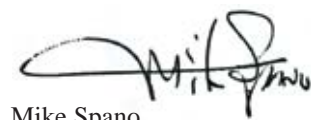
Gale A. Brewer  
Manhattan Borough President



Melinda Katz  
Queens Borough President



Pedro E. Segarra  
Mayor of Hartford



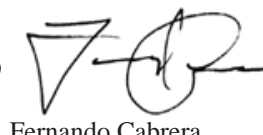
Mike Spano  
Mayor of Yonkers



Jimmy Van Bramer  
Majority Leader, NYC Council



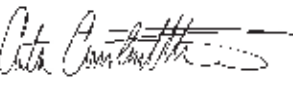
Maria del Carmen Arroyo  
NYC Council Member



Fernando Cabrera  
NYC Council Member



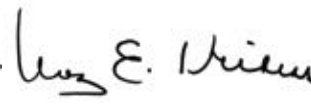
Andrew Cohen  
NYC Council Member



Costa Constantinides  
NYC Council Member



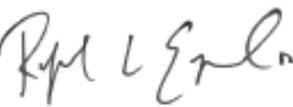
Laurie A. Cumbo  
NYC Council Member



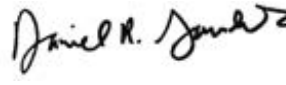
Inez E. Dickens  
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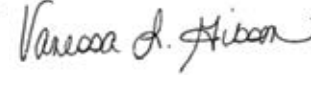
Daniel Dromm  
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Rafael Espinal  
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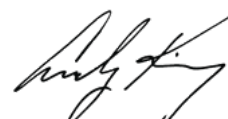
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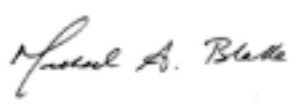
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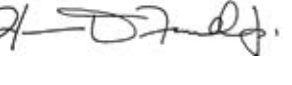
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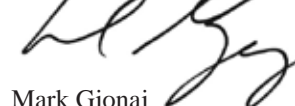
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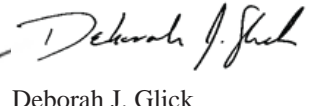
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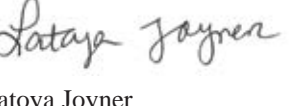
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NYS Assembly Member

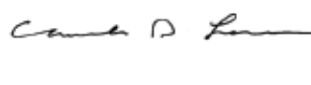
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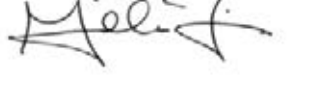
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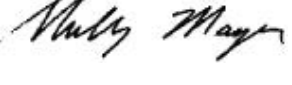
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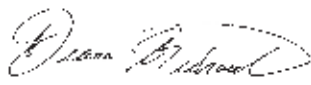
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 Felix W. Ortiz  
Assistant Speaker, NYS Assembly


 Amy Paulin  
NYS Assembly Member

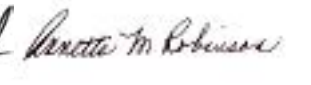
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Chosen Freeholders, Chairman

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CT Representative

Darren Soto  
FL State Senator

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N. Nick Perry  
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Mayor of Paterson, NJ Jose 'Joey' Torres  
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Philadelphia Councilwoman Blondell Reynolds Brown  
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