

# ECONOMY

Can President Trump turn his presidency around?



## Think Strategically: The Apologist & Like a Cat in a Strange Garret

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### The Apologist: President Trump reaches first six months in office

As President Donald Trump wraps up his second trip to Europe, this time to meet with President Emmanuel Macron of France, the two-day meeting appears to be highlighted by the celebration of Bastille Day and enjoying France's gastronomy. However, as Trump reaches his first six months of office, can he turn his presidency around? Other presidents have had hard beginnings; recall similar periods for Presidents Truman, Kennedy, Johnson and Clinton. To turn around his administration, Trump must begin to apply all the hard-learned lessons he was presented during his first six months—imposing discipline in all areas, particularly articulating transparency, the right message and tone without appearing as “The Apologist” by attempting to offer an argument against hard-to-defend issues such as the Russian fiasco and now his son's email revelations with direct links to Russia during the campaign. In his defense, Donald Trump Jr. has said he summoned a meeting and invited Jared Kushner and Paul Manafort to

a meeting without knowing the topic or who they were meeting. According to them, the meeting produced no meaningful information. The Russian lawyer, Natalia Veselnitskaya, denied having Kremlin ties and said she never had damaging information on Clinton to share. However, Soviet veteran Rinat Akhmetshin's presence and Trump Jr.'s shifting accounts add alarming dimensions about this secret meeting.

Going into the numbers, President Trump's approval ratings are down to 36% of U.S. Americans approving his job, which is down from a record low of 42% at the 100-day mark.

### P.R. Update—The cat in a strange garret: Title VI for the GDB

The Financial Oversight & Management Board (FOMB) on July 14 authorized the Government Development Bank (GDB) to pursue the restructuring of its debts under Title VI of Promesa and conditionally certified the GDB's restructuring support agreement (RSA).

The FOMB decision responded to a request by the Fiscal Agency & Financial Advisory Authority (Fafaa) that noted the proposed restructuring, along with certain related settlements contemplated by the RSA. This results in an efficient wind down of the GDB's operations and a

comprehensive financial restructuring of GDB obligations.

The agreement provides for the orderly and consensual restructuring of a substantial portion of the GDB's liabilities, including GDB bonds, deposit claims by municipalities and certain nonpublic entities and claims under individual GDB-issued letters of credit.

To secure and service the new bonds, the GDB will transfer to the issuer its entire municipal-loan portfolio, certain real-estate assets available for sale and other assets. The new bonds will be issued in three tranches—A, B and C—each with different terms, rates and exchange ratios. The RSA already has support of 51% of the participating bond claims, which is a major victory for Bonistas del Patio Inc. and the G20 Credit Unions, which spearheaded this process. GDB bonds are widely held by most local bondholders, including 50 Credit Unions.

Although we can rejoice that the GDB could reach a consensual solution with its bondholders, it also marks a sad ending to an institution that spearheaded, like no other, Puerto Rico's economic development efforts.

### Final word: Rincón frame of mind

Puerto Rico's western town of Rincón is so “avant-garde,” so fast-

### IPO Calendar (Trade Date Estimate: Week of July 20, 2017)

Company	Ticker	Deal Size
Federal Street Acquisition	FSACU	\$400 million
TPG RE Finance Trust Inc.	TRTX	\$226 million
Catalyxt	CLXT	\$100 million
Kala Pharmaceuticals	KALA	\$90 million
PetiQ	PETQ	\$85 million
YogaWorks	YOGA	\$65 million

	Tranche A	Tranche B	Tranche C
<b>Amortization + Collateral Priority</b>	<b>First</b>	<b>First</b>	<b>Second</b>
Upfront Exchange Ratio	55%	60%	75%
Coupon (%)	7.50%	5.50%	3.50%
Maturity	July 1, 2040	July 1, 2040	July 1, 2040

forward thinking, so relaxed and with a different sense of taste, flavors and a total experience for anyone who visits. Filled with beautiful beaches, sunsets and places to stay, one of the first things you notice in Rincón is that there is not a single traffic light. Traffic is done the old-school way by being polite to and conscious of your fellow drivers. The second thing you notice is that there is not a single space in town. Rincón's town plaza boasts a Catholic and Presbyterian church where every Thursday there

is an art exhibition and every Sunday a farmer's market. Rincón also has its own tourism magazine [www.elcoquiofrincon.com](http://www.elcoquiofrincon.com) in which are listed all the great merchants and places to enjoy. Look up Enid Seneriz at Café 413; she is a great host.

*Francisco Rodríguez-Castro, president & CEO of Birling Capital, has over 25 years of experience working with government, multinational and public companies.*