

# 2<sup>nd</sup> PROMESA Conference

**January 31<sup>st</sup>, 2018**

**Opening Keynote Address**

**James P. O'Drobinak | CEO - MCS**





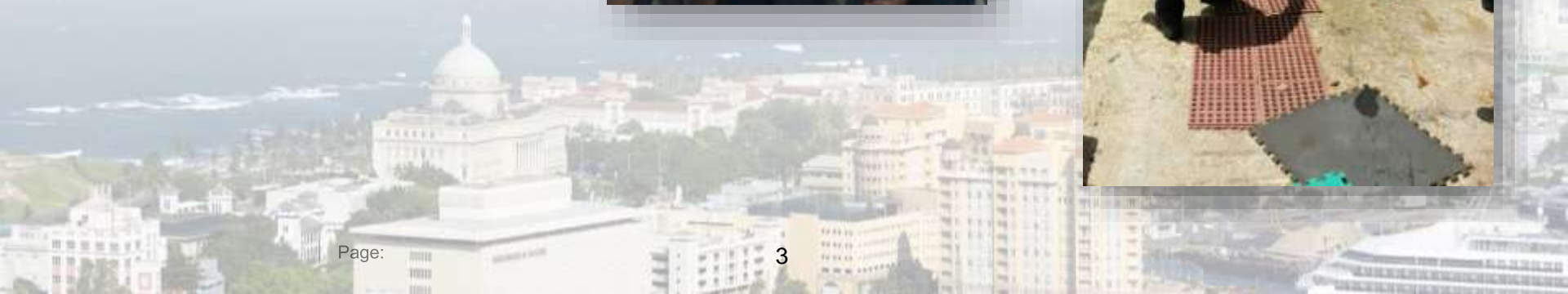
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# What a Difference a ~Year Makes...8.31.2016

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# September 2017





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what's the  
Problem?



## Sometimes the problem is perception.....

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## ..or not knowing what to believe...

- Facts > Opinions
- Actions > Words
- Todos > Social





# #ReleaseTheMemo

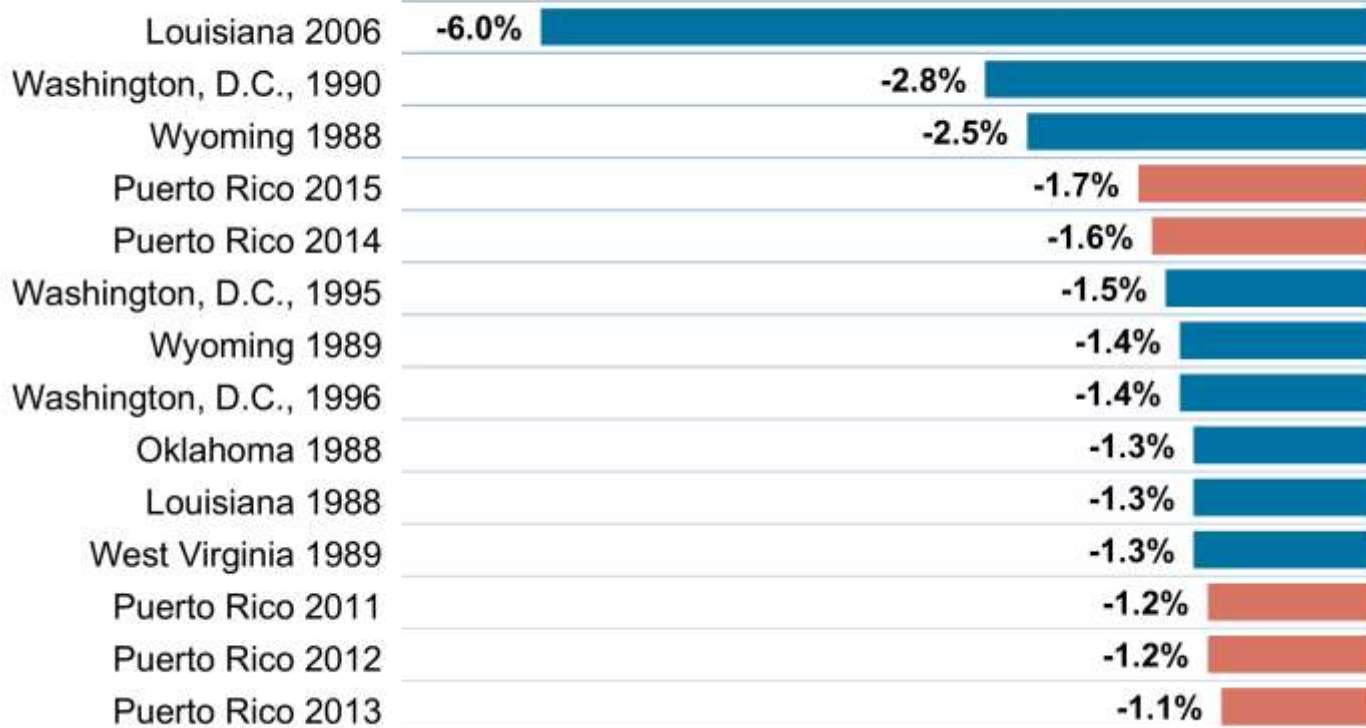






## Biggest Losses

Largest losses in population over prior 12 months ended June, since 1987

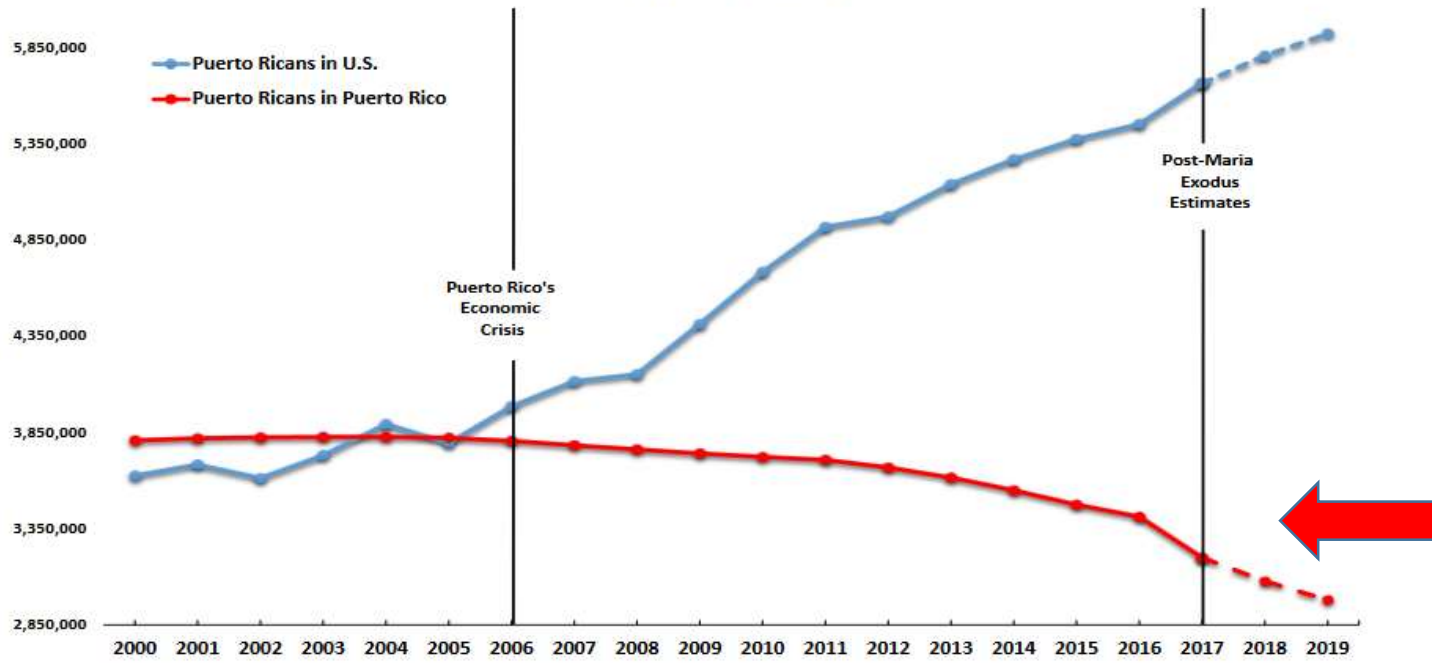


Main Cause
Hurricane
Bankruptcy
Mineral economy
Economic Distress
Economic Distress
Bankruptcy
Mineral Economy
Bankruptcy
Oil Bust
Economic Distress
Factory and Coal Mining Shutdown
Economic Distress
Economic Distress
Economic Distress

Source: Census Bureau | WSJ.com



Graphic 3. Post-Maria Puerto Rico and Puerto Ricans in the United States Population 2006 to 2016 and 2017 to 2019 Estimates



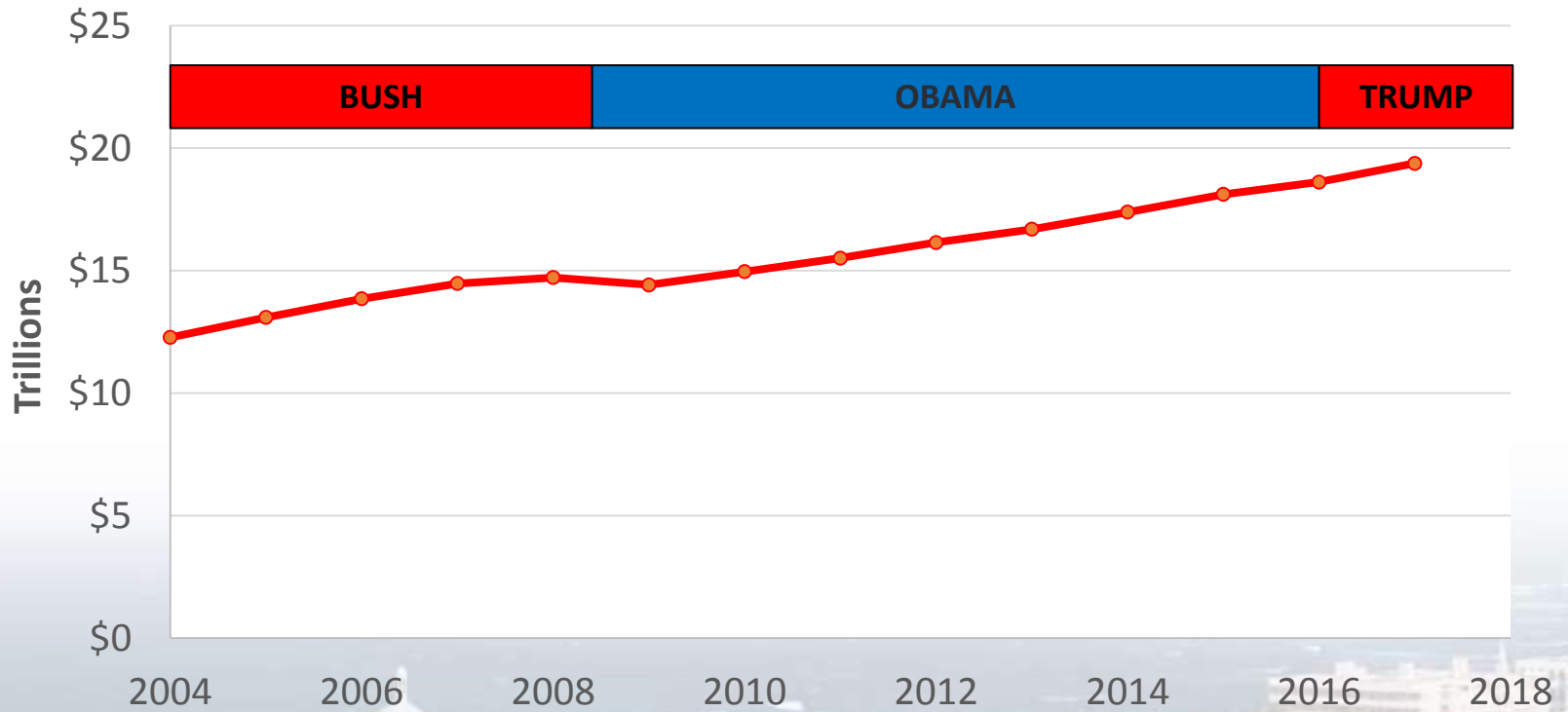
Source: American Community Survey, various years.

Note: Lower bound estimates are double the lowest number of migrants registered during the prior three years. Upper bound estimates are three times the highest number of migrants registered during the prior three years. Since the ACS estimates are based on random sampling of the population, the smaller the numbers reported in this table the larger the margin of error for the estimates.

Source: Meléndez, E & Hinojosa, J. *Estimates of Post-Hurricane Maria Exodus from Puerto Rico*. Center for Puerto Rican Studies at City University of New York

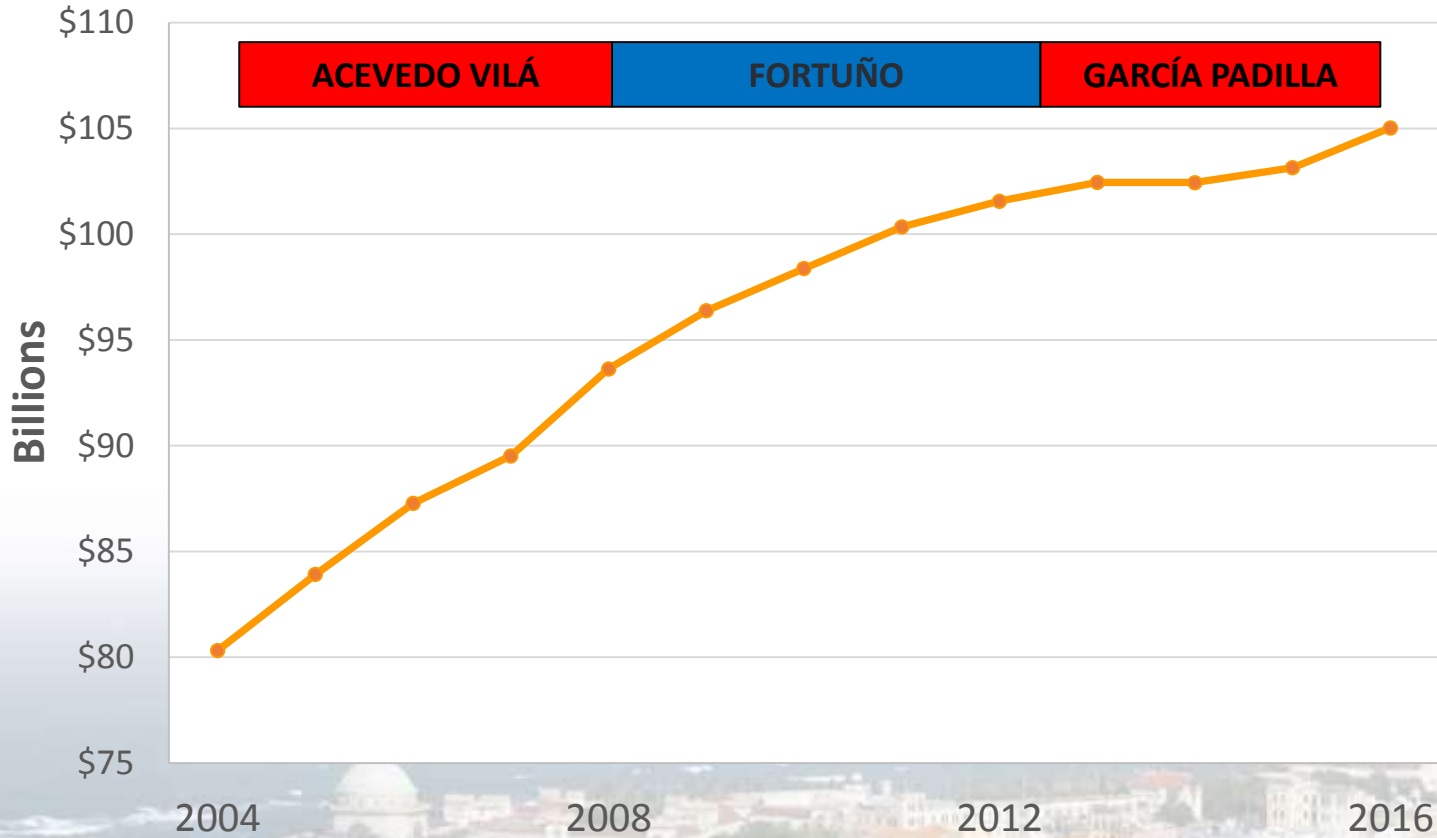


# USA GDP 2004 - 2017



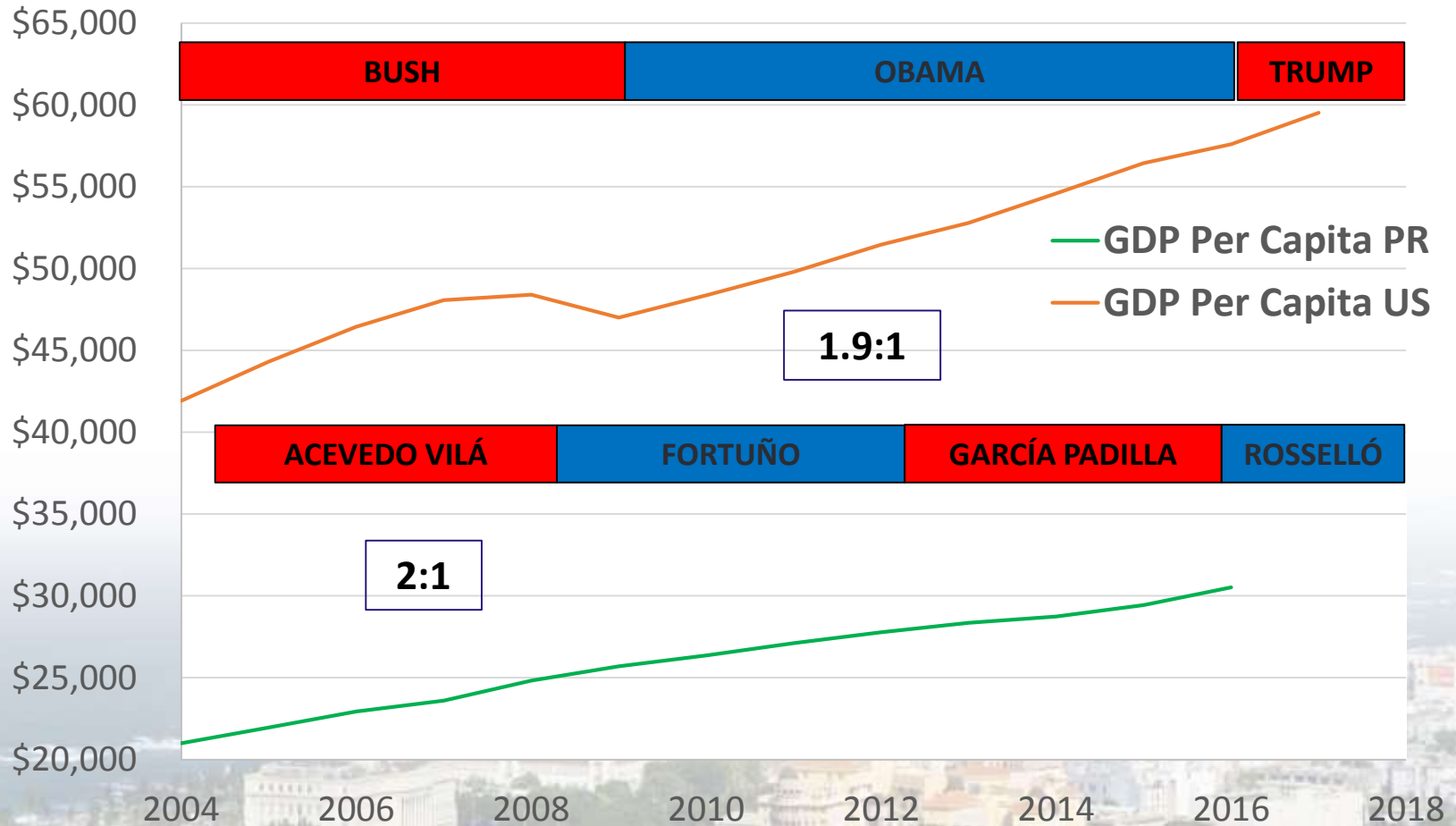


# Puerto Rico GDP (Current US\$), 2004-2016



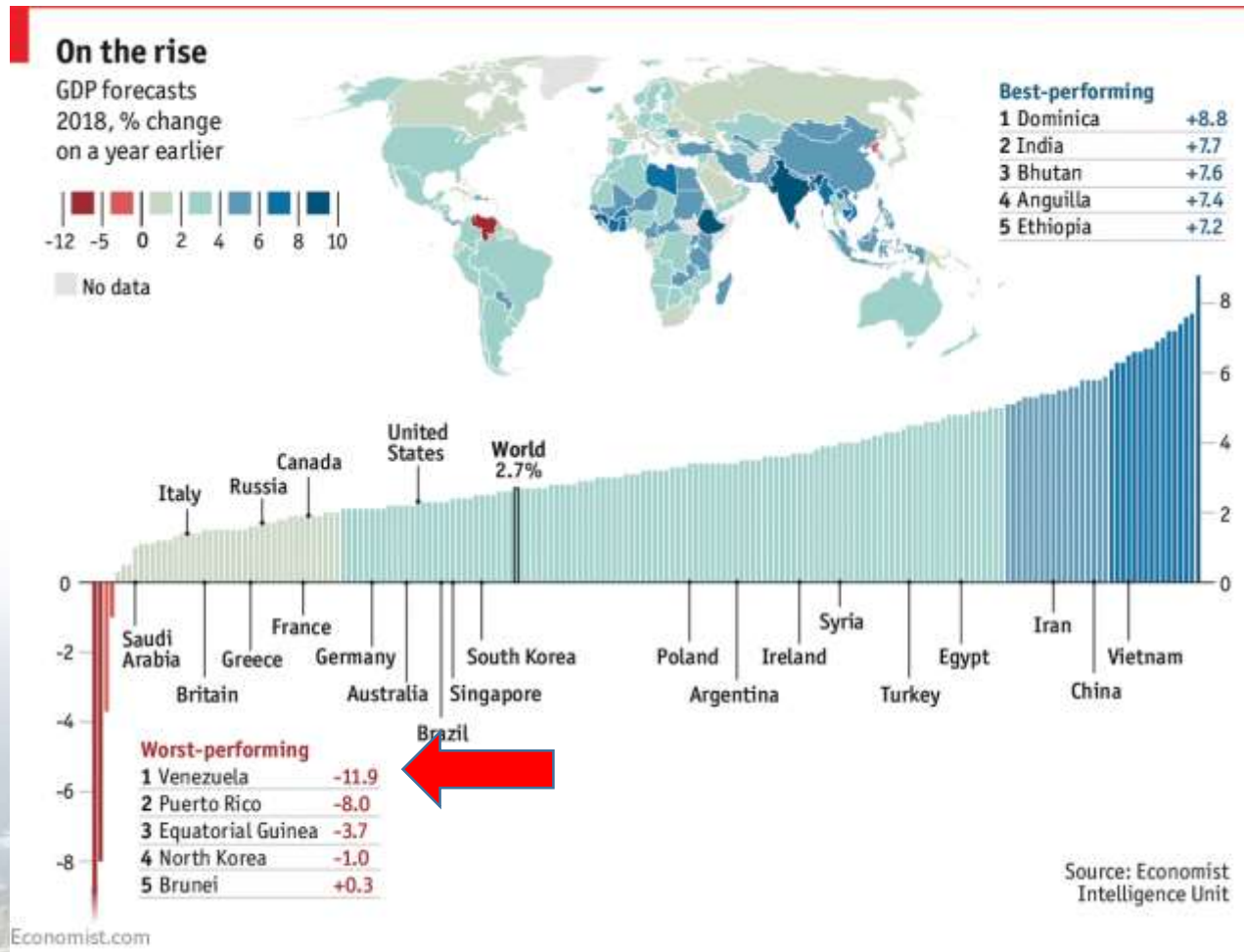


# PR and USA GDP Per Capita (Current US\$), 2004-2017



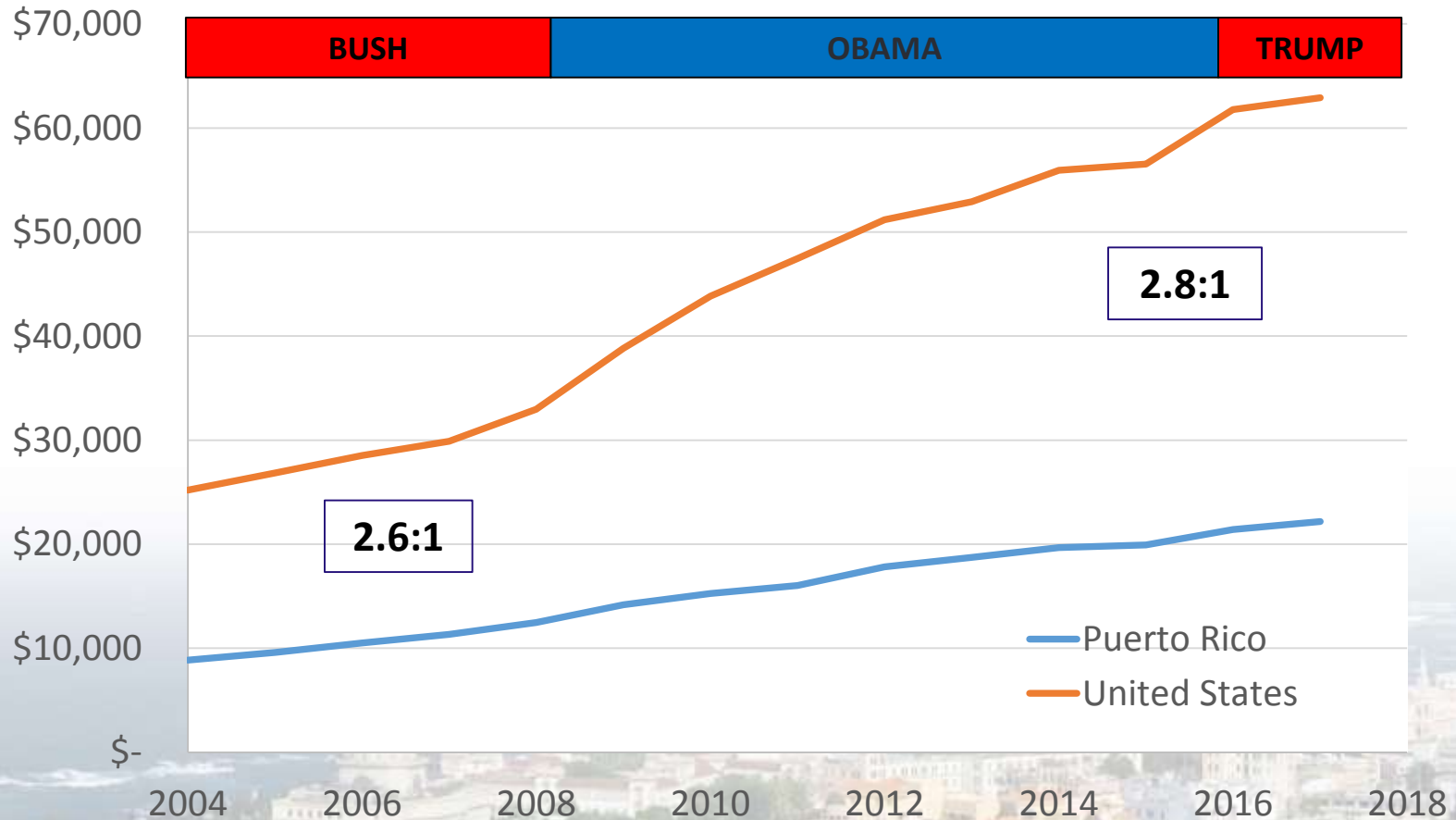


# GDP Forecast 2018



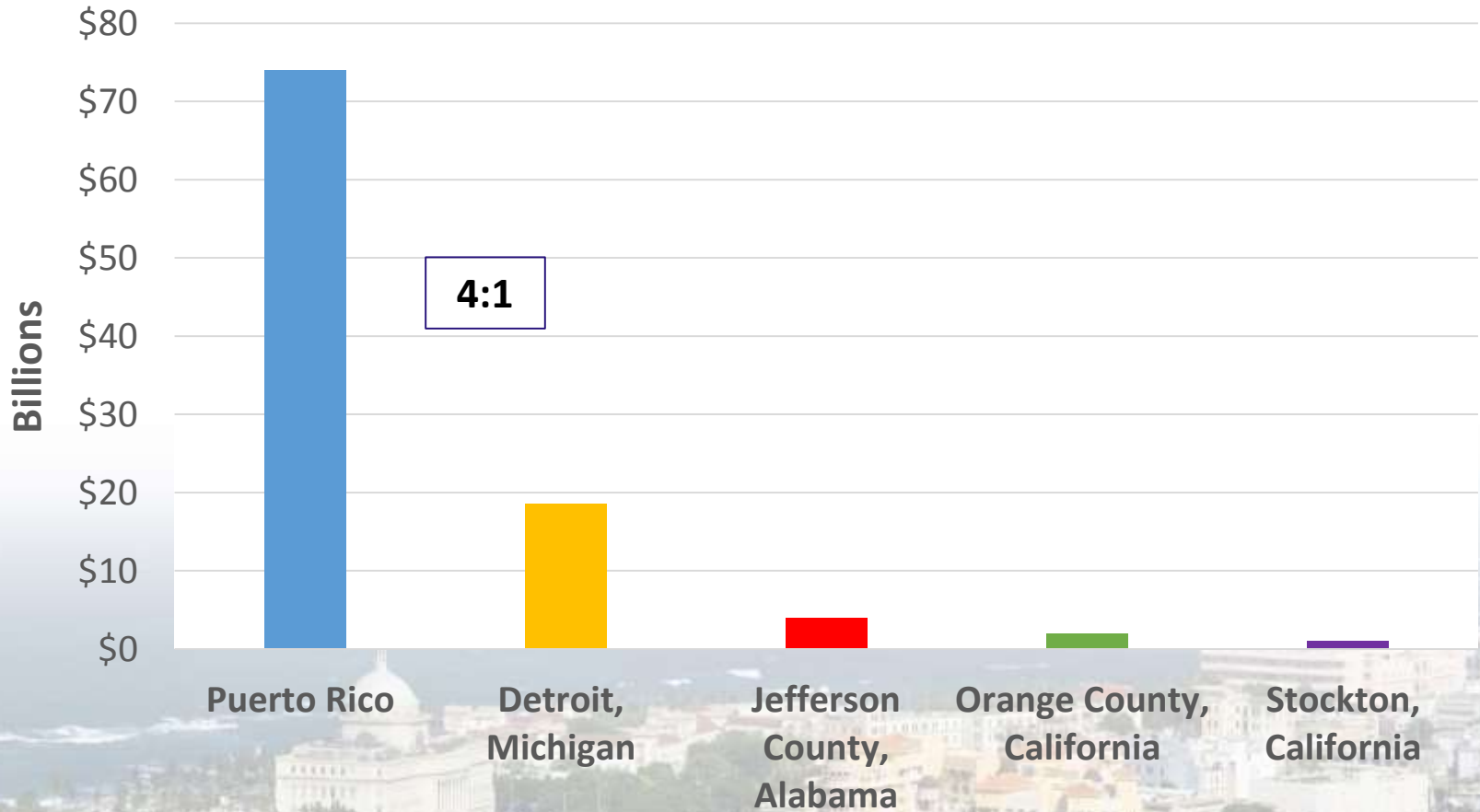


# Amount of Debt Per Person





# Biggest Bankrupt Municipalities and Territories





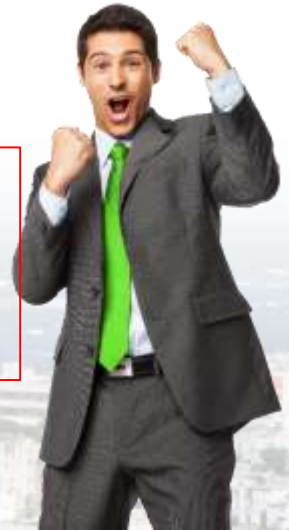


## **Our Problem 9.1.17**

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1. Agree on Current Fiscal Plan 1
2. Puerto Rico Debt Restructure under PROMESA Title III bankruptcy protection
3. Enduring Economy (4 years Balance Budget)

***PUERTO RICO HAS TO GROW ITS  
ECONOMY***





## Our Problem 10.1.17/ Today

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### 1. *Irma/María Recovery*

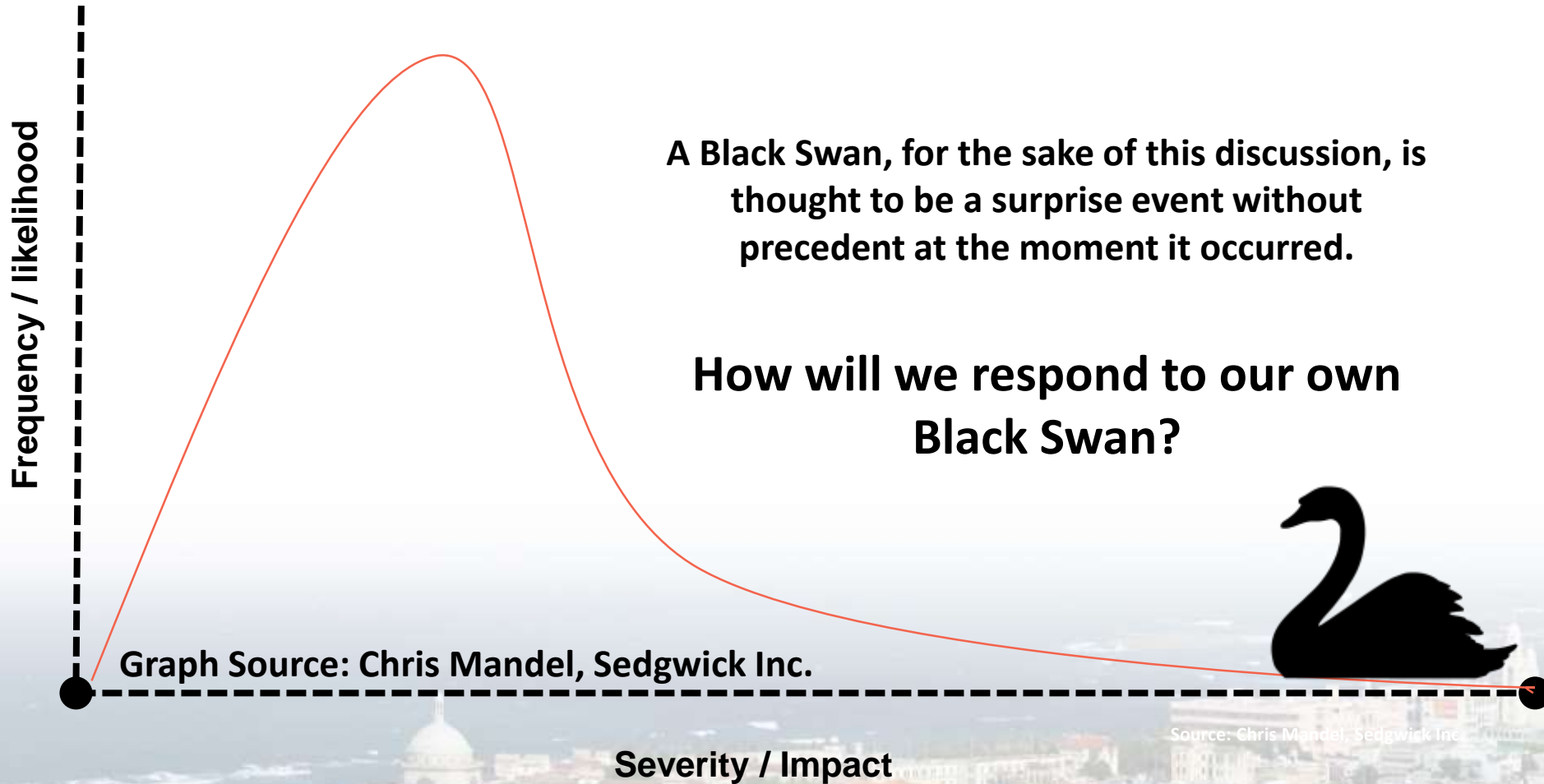
2. Agree on Fiscal Plan 2
3. Puerto Rico Debt Restructure under PROMESA Title III bankruptcy protection
4. Enduring Economy (4 years Balance Budget)



***PUERTO RICO HAS TO GROW ITS ECONOMY***



# Black Swan – Nassim Taleb



**A Black Swan, for the sake of this discussion, is thought to be a surprise event without precedent at the moment it occurred.**

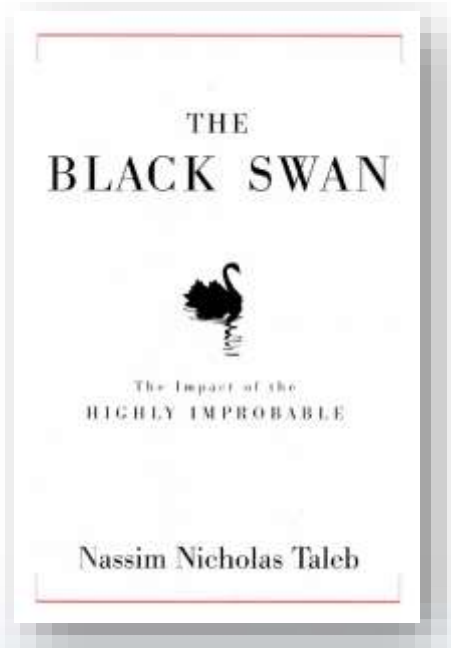
**How will we respond to our own Black Swan?**





## Black Swan Concept

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“If you take risks and face your fate with dignity, there is nothing you can do that makes you small; if you don’t take risks, there is nothing you can do that makes you grand, nothing”

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**Nassim Taleb, *The Black Swan***

The originator of the concept, Nassim Taleb, states that Black Swan events mark unpredictable, game-changing shifts that forever alter the course of what comes next.



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**suc-cess**  
**sək'ses/**  
**noun**  
**1.the accomplishment**  
**of an aim or purpose.**

# PROMESA Definition

**Promesa – n, “promise”....as in “We must all realize that the combination of Puerto Rico’s aptitudes, attitudes, decisions and outcomes must change to avoid a duplication of the current Black Swan we find ourselves in economically...”**

**WE must make that PROMISE to each other!**



**POLITICS IS THE ART OF  
KEEPING THE POOR  
EXCITED AND THE RICH  
HAPPY.**

**POOR FOR THEIR VOTES  
AND THE RICH FOR  
THEIR FUNDING**

**NASSIM NICHOLAS TALEB**



## Our Problem 9.1.17

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Government's first duty is to protect  
the people, not run their lives.

— *Ronald Reagan* —

AZ QUOTES





## What's My Solution?

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N  
O  
W  
!

1. **2 G's** – Greater Good (i.e. don't think only of yourself)
2. **2 C's** - Common Sense, Courage
3. **Deregulate** – Help comes faster when it's easier to help
4. **Infrastructure** – Every strong society needs a foundation
5. **Define the End Game** – You never hit a goal you don't have



### 3. Deregulate

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#### **What locally should be done:**

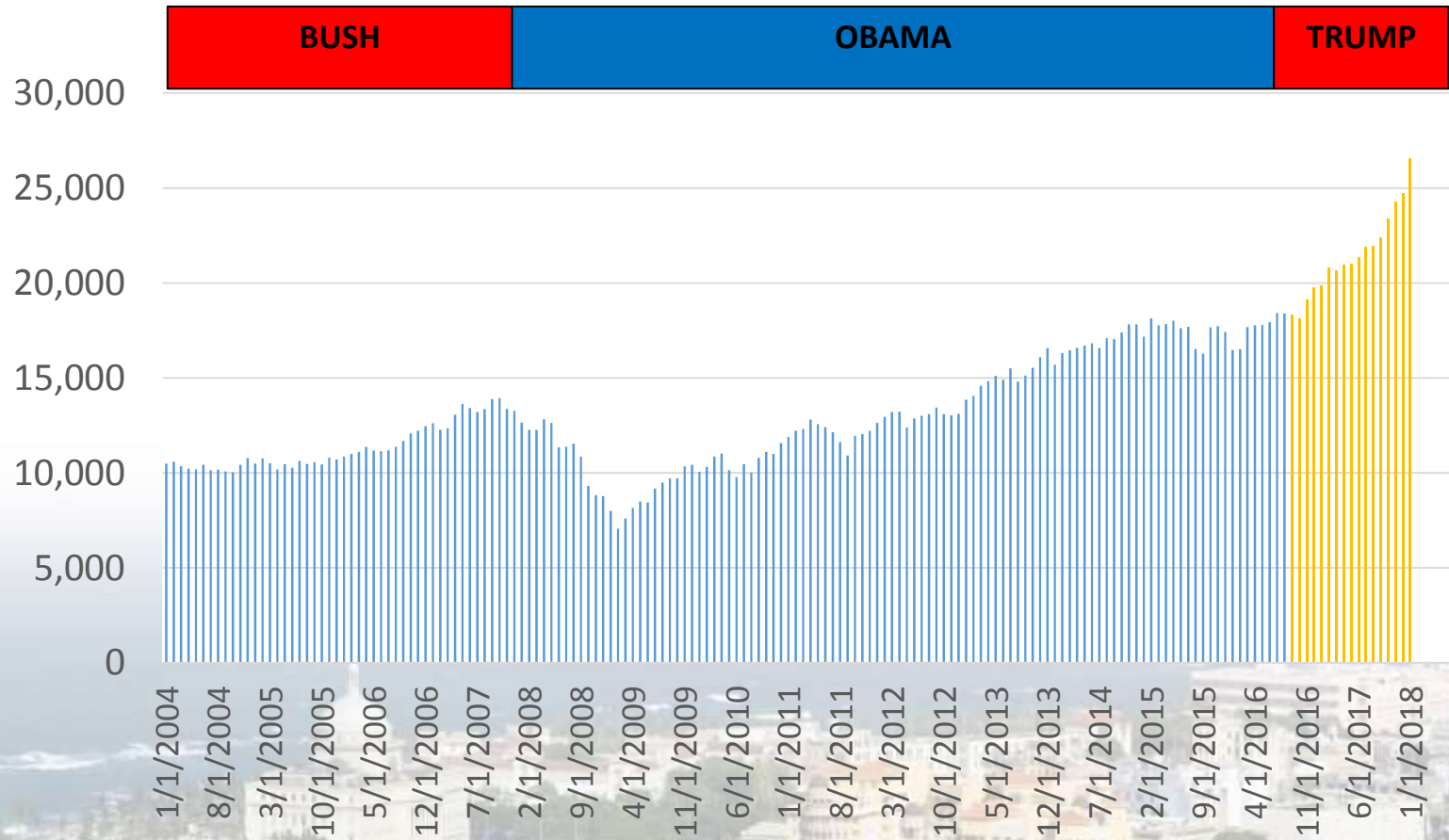
- Permits and Licensing
- Privatize Major Utility Corporations (PREPA, PRASA)

#### **What Trump has done:**

- Fast Tracking Gene and Cell Therapy FDA Approval Process
- 12.22.17 Tax Cuts and Jobs Act
- ACA Individual Mandate Repeal (Part of Tax Cuts and Jobs Act)

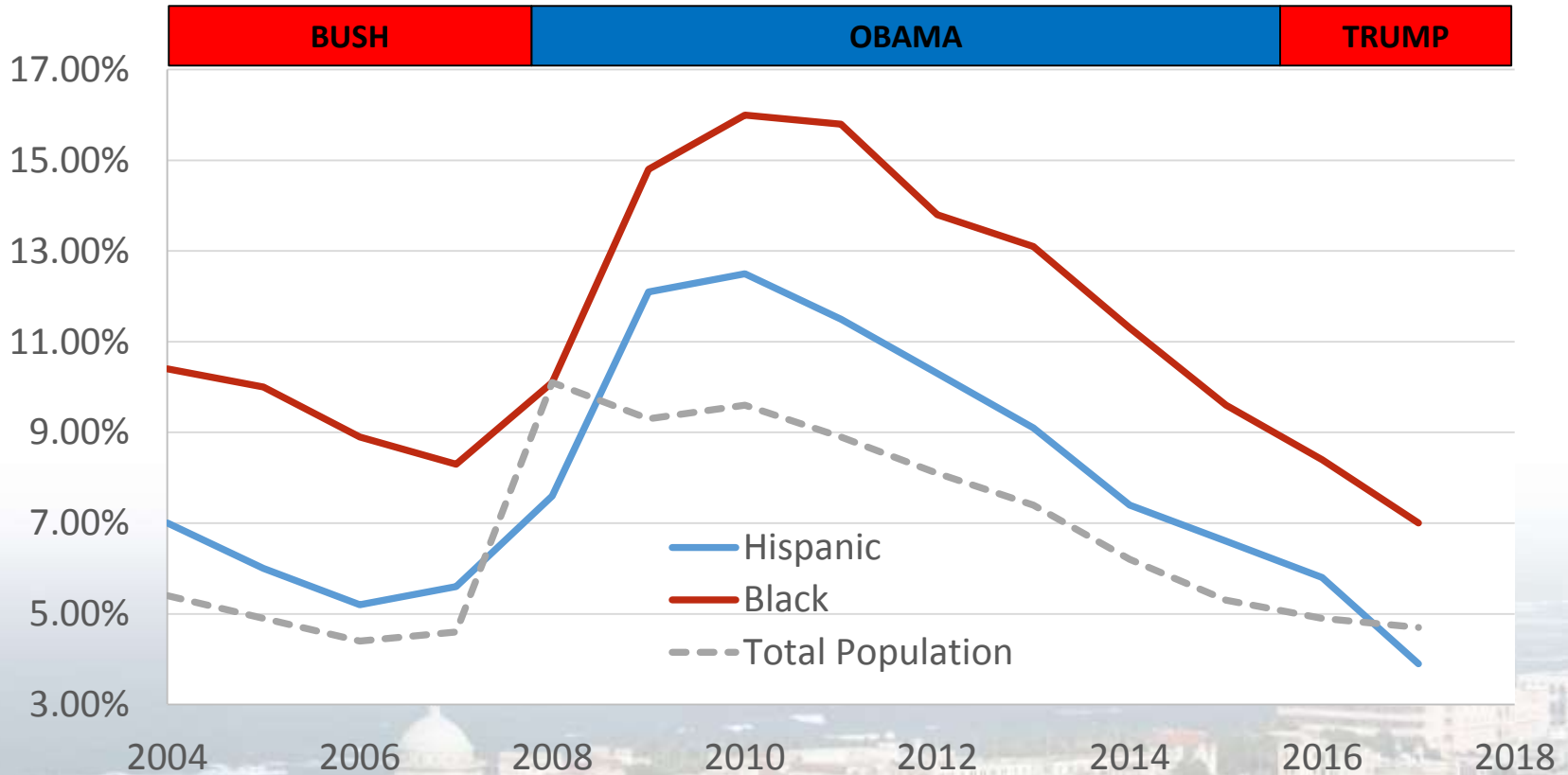


# Dow Jones Industrial Average, 2004 - 2018



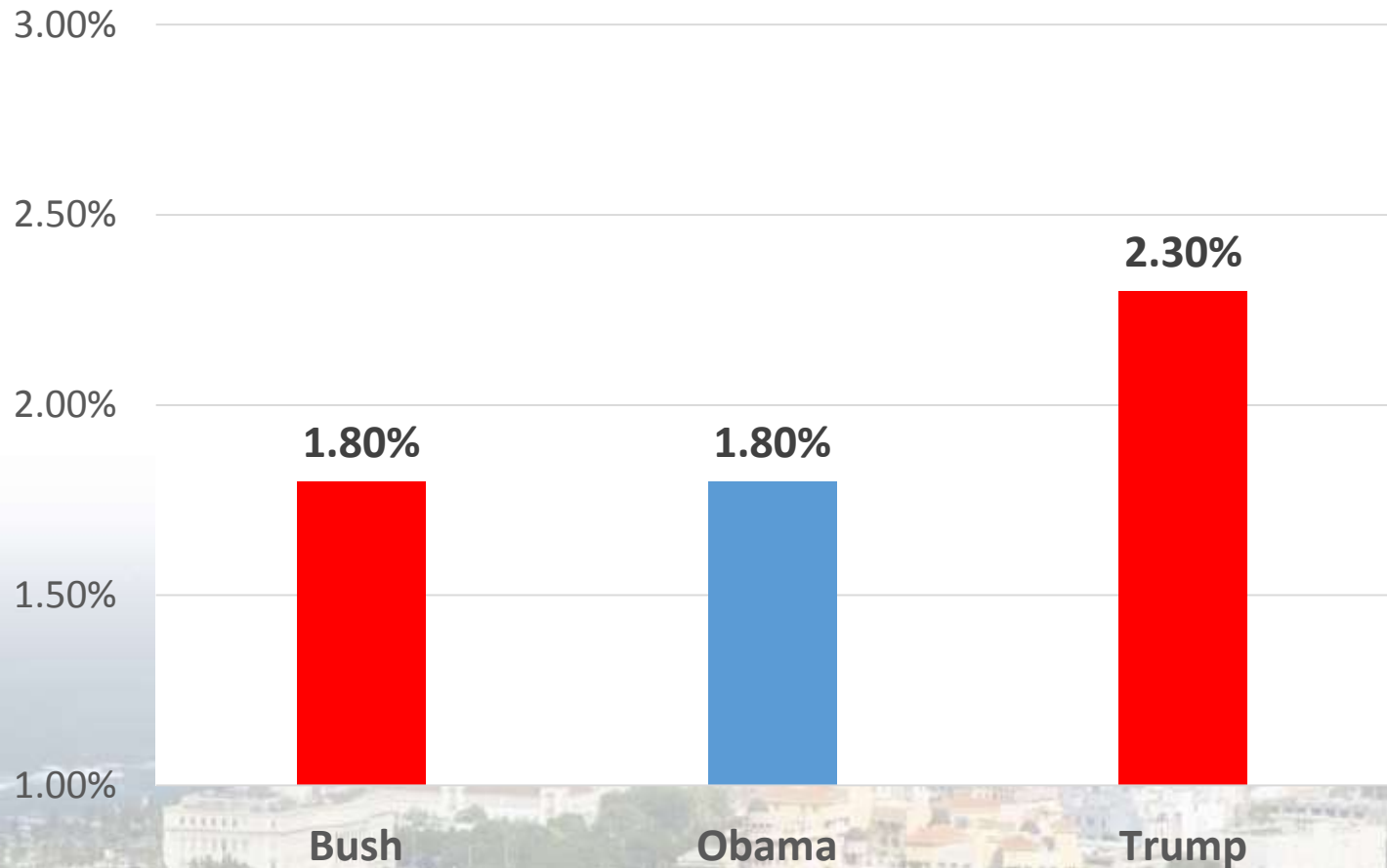


# United States Unemployment Rate by Race , 2004-2016





## Average GDP Growth Rate per President





## 4. Infrastructure

- Education
- Safety – Police
- Utilities – Water, Roads, Power
- Healthcare –A basic right for all



## 5. Define the End Game

- Tourism
- Services Industry
- Manufacturing
- Healthcare



# CMS “Gift to PR” – December 14, 2017

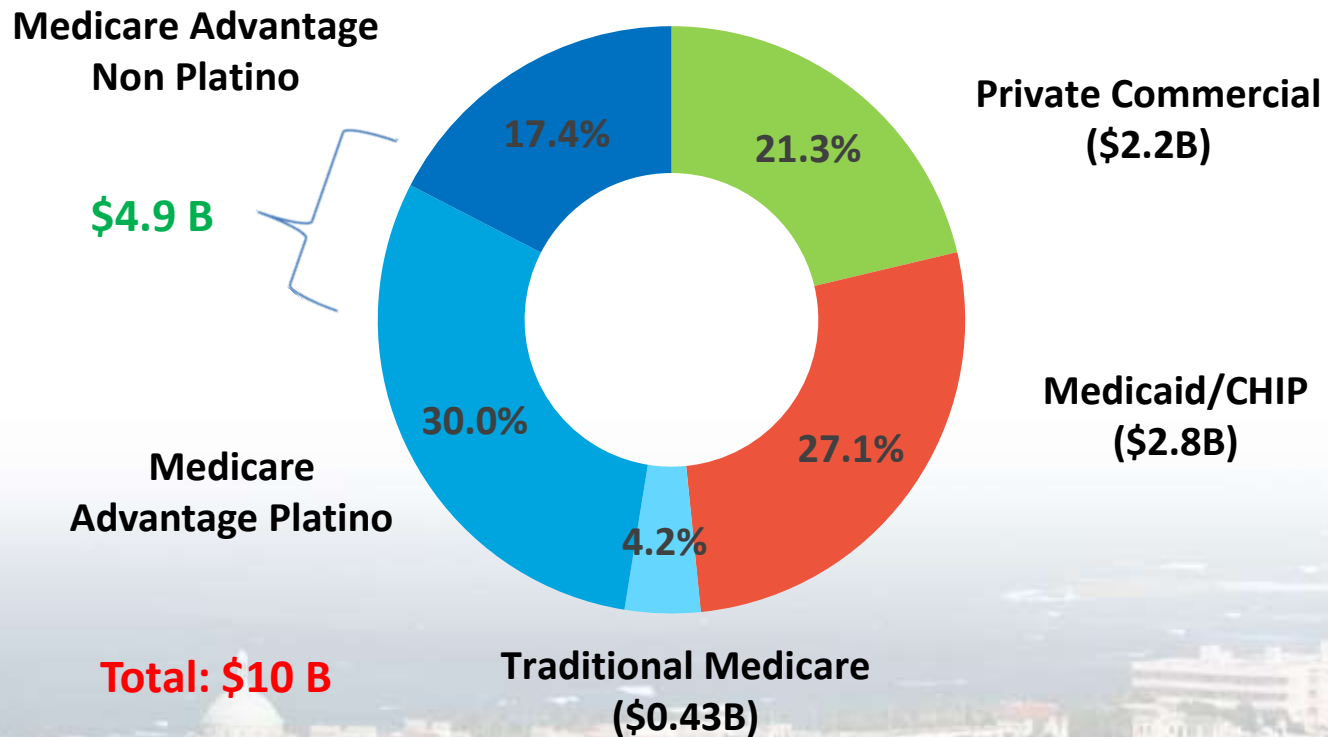






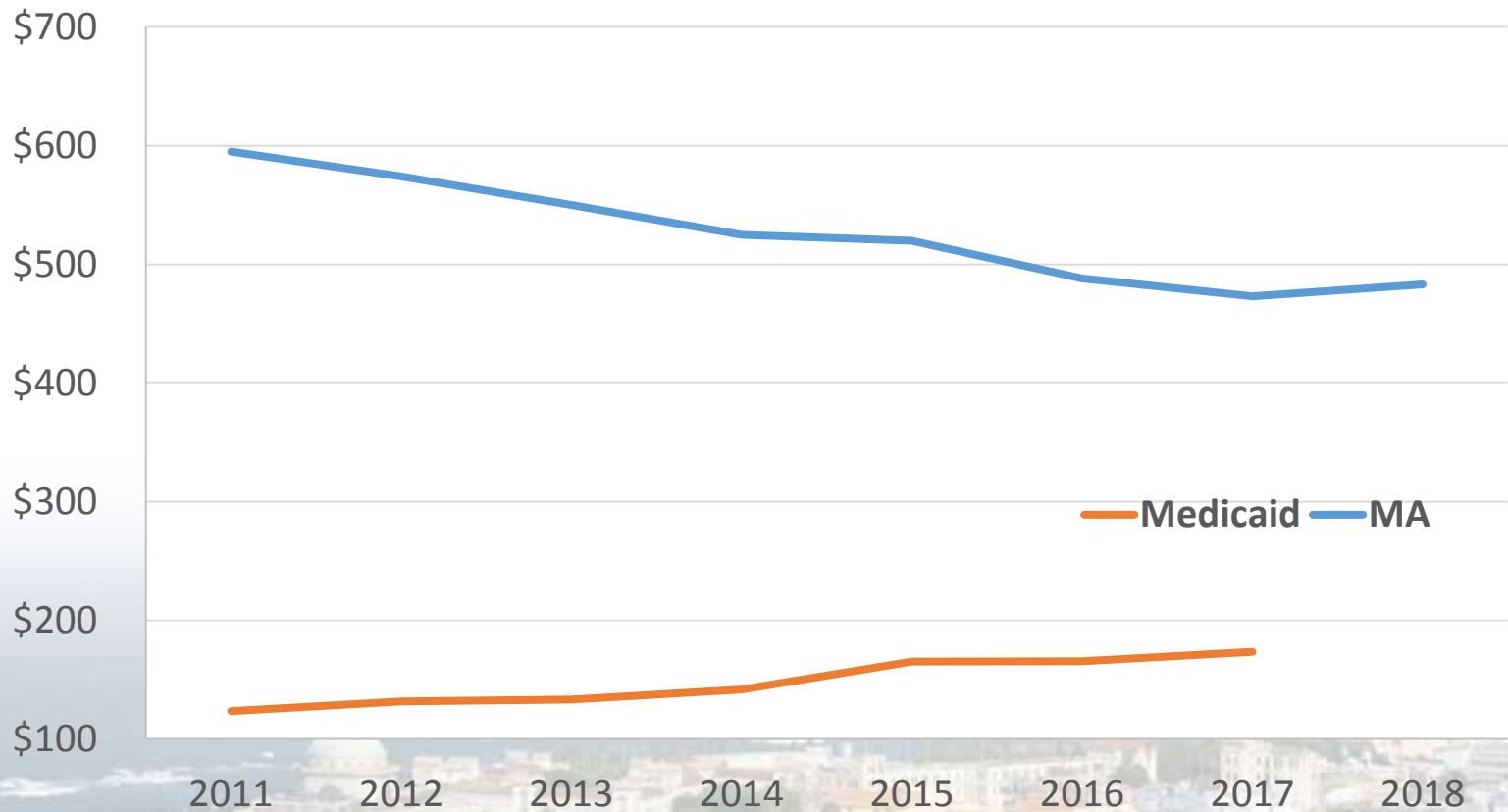
# PR Health Care Delivery System – How it work\$

## Estimated Distribution of Healthcare Resources in 2016





## PMPM in Medicaid and Medicare Advantage, Puerto Rico: 2011-2018





**Let's start today.....**

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....end up here Tomorrow!





# ¿How will we respond to our own Black Swan?





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# Thank You

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