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## **Decision Time in Puerto Rico.**

Puerto Rico is facing another potential default in about a week as it has a \$355 million debt payment due on Dec. 1. The troubled territory defaulted for the first time ever back in August when the government's Public Finance Corporation didn't meet a \$58 million debt payment. This time, the Government Development Bank (which is Puerto Rico's main financier) is the one in trouble.

The GDB announced that it is meeting with bondholders who hold the majority of Puerto Rico's debt on Friday, Nov. 20 in New York. The meeting is not open to the public, although a statement issued by the GDB said they would be discussing a previously announced restructuring plan. That plan seeks to adjust the territory's debt in a way that maximizes creditors' recovery while "preserving the government's ability to serve its citizens."

It's hard to be hopeful that Puerto Rico will find a sustainable solution to its problem in the near future since lately the territory seems to just lurching now from one disaster to the next. It has been in a recession for nearly a decade and it has racked up debt of about \$72 billion. It has less than \$1 billion in cash — far less than it needs to run the government. Earlier this month, Moody's Investor Service issued a statement predicting the island would default on at least some of its debt due Dec. 1. Puerto Rico's credit rating is already well into junk bond territory.

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