

USVI Secures \$150 Million Through GARVEE Bond Sale to Fund Major Transportation Projects

The \$150 million GARVEE bond sale will fund key infrastructure priorities including Phase II of the Veterans Drive project, long-awaited road upgrades on St. Croix, and the long-anticipated St. Thomas–St. Croix ferry, while refinancing older debt.

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Rendering of Phase 2 of the Veterans Drive Project in Charlotte Amalie, St. Thomas. By. V.I. DEPARTMENT OF PUBLIC WORKS.

The V.I. Transportation and Infrastructure Corporation (VITIC), a subsidiary of the Virgin Islands Public Finance Authority, has successfully priced the sale of \$150 million in Grant Anticipation Revenue (GARVEE) Bonds, securing funding for critical transportation projects and achieving

significant debt refinancing savings, Government House made known Tuesday evening.

The bond pricing, completed on Tuesday, provides \$96 million in funding for transportation improvements across the territory, including the completion of Phase II of the Veterans Drive Improvement Project, support for the St. Thomas to St. Croix ferry, and road enhancements on St. Croix. Additionally, the sale enabled the government to refund \$54 million in outstanding 2015 GARVEE Bonds, yielding considerable interest savings.

According to the administration, despite recent volatility in the bond markets, the sale attracted strong investor demand from prominent financial institutions such as Vanguard, Fidelity, Goldman Sachs, Nuveen, and others. The bonds were oversubscribed across all maturities, allowing underwriters to reduce yields by up to 10 basis points on the longest-dated maturities, resulting in nearly \$1 million in savings for the territory.

The final sale was executed at a true interest cost of 4.54% over 20 years, with yields ranging from 3.42% in 2025 to 4.75% in 2044. The refinancing of the 2015 bonds also delivered present value savings of \$1.5 million, or 2.86% of the refunded debt.

The triple tax-exempt GARVEE Bonds received an "A" rating with a stable outlook from Standard & Poor's, and were sold at tight credit spreads over the AAA Municipal Market Data (MMD) index—57 basis points in 2025 and 60 basis points in 2044—marking the narrowest spreads for a government bond transaction in recent memory.

Governor Albert Bryan Jr. praised the outcome of the financing effort and the strength of investor confidence in the territory.

“This financing marks a new milestone in terms of broad public support for the Territory. With this financing, we have secured financing for important transportation projects on a very low, fixed-rate basis. We greatly appreciate the support of our underwriters and our federal partners, who were critical in bringing this financing to a successful closure.”

Nathan Simmonds, director of Finance and Administration at the Public Finance Authority, who led the pricing effort in New York on behalf of VITIC, acknowledged the timing challenges caused by broader market concerns.

“It is hard to overstate the degree of volatility in the bond market, as we prepared to come to market. The Moody's downgrade of the US Government cast a pall over the markets at the end of last week. But by the time we brought our issue to market, things had settled down, and we enjoyed widespread support. This turned out to be a good day for the Virgin Islands.”

The successful sale represents a win for Governor Bryan and an important step forward in advancing infrastructure development while reducing the cost of capital for the territory.