The Virgin Islands Consortium

PFA Sells $49.6 Million Bonds To Help Pay Government Bills

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As the Virgin Islands Government continues to struggle with budget shortfalls, the Public Finance Authority has sold $49.6 million Gross Receipts Tax bonds, Government House made known on Wednesday.

The extra funds will help the government pay its bills, including WAPA receivables, working capital for the General Fund, much-needed capital for the hospitals and other key obligations.

Said Governor deJongh in a statement: "We continue to keep the bond rating agencies and institutional investor apprised of both our challenges and our plans to address those challenges. We have been gratified by the scrutiny that investors have done and the affirmation of progress that the demand for our bonds represents.

"There are a lot of challenging situations for municipal bond investors today, and we have worked hard to make sure that the investment community has complete transparency about our efforts."

David Paul, PFA financial adviser added: "The market continues to support Virgin Islands issues. Institutional investors continue to do their homework and continue to respond positively. The credit spreads to the triple-A scale was the narrowest that we have seen for Virgin Islands paper. That is a great vote of confidence for the territory."

Finance Commissioner and Executive Director of the Public Finance Authority Angel Dawson, who also lead the financing endeavor in this latest round, said that the $49.6 million sale of Gross Receipt Tax bonds will help bring relief to the Virgin Islands hospitals in a time when they are in dire need of assistance.

"We will now have resources available to help our hospitals and WAPA with critical cash flow needs, and make a dent in the General Fund needs as well," Dawson said.

As revealed by Government House: The municipal bonds were sold at a true interest cost of 4.04 percent for the 20-year bond issue. The yields on the serial bonds from 2015 to 2019 ranged from 0.95 to 2.25 percent, and the yields of the three term bonds in 2024, 2029 and 2034 were 3.40, 3.85 and 4.10 percent respectively, representing a 125 basis point (1.25 percent) spread to triple-A rated bonds.