

Bryan Defends Debt Refinancing Bill, Slams 'Political Opponents.' Sarauw Says Founding Fathers Created Checks and Balances With Good Reason.

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Governor Albert Bryan during his Covid-19 response press briefing Monday took a detour from coronavirus-related talking points to praise the eight senators [who voted to approve](#) his controversial debt refinancing bill Friday. He also assailed senators who he labeled as political opponents, whose motives, he charged, were not in the interest of the people of the territory.

"But this, my political opponents of course are fighting against because this is a huge win for the Bryan-Roach administration and it puts a damper on a lot of [their] plans so they don't want to see it go through," Mr. Bryan said, referring to primarily Senators Kurt Vialet and Janelle Sarauw, two of the more vocal dissenters of the measure. "So instead of doing what is the best thing overall for the people, they're thinking about their personal gain and put that in front of our retirement

system," the governor assailed.

Ms. Sarauw responded to the governor's comments, stating that it appeared Mr. Bryan could not handle being opposed. "We are in a democracy and the founding fathers were intentional when they created a check and balance system. It is okay for us to disagree and in the middle of our disagreement come to a level of consensus. No two people in the world think alike. Two people in a relationship have disagreements and it's okay. Disagreement doesn't render dysfunction nor should it render you having the governor's chief of staff trolling; you're having the governor's deputy chief of staff trolling, you're having his administrator trolling and you're having his press secretary trolling on a feed attacking the people when they disagree. It is okay to disagree. I will never allow my staff to go on any live feed and attack people who disagree with me. You have the right to state your opinion and thought. Freedom of speech," Ms. Sarauw said.

The trolling Ms. Sarauw mentioned was relative to the Government House Facebook page during the governor's live Covid-19 press briefings, where a number of Government House staff engage in back and forth with citizens. In one instance, the Government House official page, in referring to this reporter, wrote in the comments, "Where is the question, dude?" See screenshot [here](#).

"I think his press conferences have turned into attacks on people who disagree with him," Ms. Sarauw said. "It's almost as if you can't question or disagree with the governor."

Relative to the bill, Ms. Sarauw added, "My concerns come from an educated standpoint. And as a Virgin Islander I don't plan to leave the territory. I will sink or swim on this island, so I am not intending to be an obstructionist but frankly I find his press conferences to be borderline, or if not petty. We have greater matters to deal with than to have a press conference attacking people for simply disagreeing with the numbers. The numbers before us didn't make sense."

The bill in question has led to wide community discussions and disagreements. In simple terms, it seeks to refinance the territory's debt through a special purpose vehicle, or a shell entity that would enable the territory to secure a more favorable interest rate, as compared to using the government's junk-bonds credit rating. Mr. Bryan on Monday continued to sell the bill as creating \$85 million in revenue every year for the next three years — for a total of \$255 million — from the refinancing. He left out a critical component of the plan: it uses the territory's Debt Service Reserve Funds as part of the \$85 million in annual revenue, thereby dissolving the Debt Service Reserve Fund of \$150 million tied to the Internal Revenue Matching Fund. Every year the U.S. Treasury remits roughly \$250 million in tax dollars for rum made in the USVI and sold in the U.S. These funds are known as the Internal Revenue Matching Fund, or rum cover-over funds.

So of the \$255 million in revenues in three years, \$150 million, which is more than half, are funds that already belong to the government of the Virgin Islands; and the fund has served as a fail-safe in case calamity were to strike.

Mr. Bryan had a different take on the matter when questioned by the Consortium. "The Debt Reserve Fund cannot be considered as savings," he said. "The \$85 million that you're generating is not new revenue. It's revenue that you will be collecting because you have lowered your payment" as part of the refinancing.

Mr. Bryan didn't seem to have an issue with dissolving the fund. "So what you're telling me, the bank gives you back your \$30,000 they're holding for the car and you don't want it? You want your bank to hold your money and not make interest on it? That don't make any sense," he said. He then said his aim is to save the Government Employees' Retirement System. "My point here is not to show how smart I am, my point is to save the G.E.R.S.," the governor said.

While the bill projects savings in the first ten years, it escalates aggressively from year 10 and onwards. The territory would realize a net change in cashflow of negative \$5 million in the 11th year; another projected \$13 million in the 12th year, and in the 15th year it climbs to about \$60 million in negative cashflow. The agreement lasts for 20 years.

"As the deal is currently structured, we envision dissavings starting in year 11," said Capital Markets Advisors President Richard Tortora during a Committee on Finance hearing last Thursday. Capital Market Advisors serves as the financial advisor to the V.I. Public Finance Authority. Mr. Tortora said through the agreement, the SPV would reserve the right to refinance the bonds, however he said refinancing would be dependent on market conditions.

"When you put out that the [revenues generated through the refinancing] will be \$85 million per year but you fail to tell the public that a portion of that is monies that belong to the Government of the Virgin Islands, then your statement isn't factual and you're giving information that you cannot in any way verify," Mr. Violet said during a Committee on Finance Hearing Thursday.

During a session on Friday where the bill was passed, Mr. Violet said, "The numbers are here, they just failed to be honest and to disclose exactly what's happening. And the numbers we have seen clearly say they're taking all the savings, putting it on the frontend for three years, and then on the backend this government of the Virgin Islands — from 2033, 2034, 2035, 2036 — is going to lose \$50 million to \$60 million. That's what the numbers say. The numbers say that there's a net saving of \$52.5 million. Tell me how is that possible when you're already cashing out [\$150 million] that belong to the people of the Virgin Islands, but it's only a net saving of \$52 million."

The five senators voted against the measure include Ms. Sarauw, Mr. Violet, Dwayne DeGraff, Javan James and Oakland Benta. The eight senators who supported the measure were Allison DeGazon, Stedmann Hodge, Jr., Novelle Francis, Donna Frett-Gregory, Alicia Barnes, Myron Jackson, Marvin Blyden and Athneil Thomas.