

Territory Makes \$85 Million Internal Revenue Matching Fund Debt Service Payment

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The territory has made its \$85 million Internal Revenue Matching Fund debt service payment as part of its bond obligation, Government House has made known.

Thursday's debt service payment comes less than a week after Governor Albert Bryan's [unsuccessful shopping of the bond market to find a buyer for the roughly \\$1 billion debt refinancing deal](#). The governor announced the suspension of the effort on Monday.

“The effort we embarked on to refund those bonds was to achieve interest savings and to front-load those savings to address current, critical fiscal needs,” Mr. Bryan said. “Had the transaction close prior to October 1, we would have saved the \$85 million paid to the bondholders today, and those funds would have been available to instead address critical needs like the GERS.”

The controversial debt refinancing deal was criticized as predatory and unfavorable to the territory. "The deal is structurally wrong," said Senator Kurt Vialet of the agreement. "The dissavings in the last ten years is \$300 million. What they're doing now is they are paying zero debt service this year, next year and the year after and it passes on to the latter years."

In essence, if the agreement was successful, during Governor Bryan's remaining first term in office, the territory would have paid no debt service while receiving \$85 million every year for the next three years for a total of \$255 million, according to a chart provided by the administration. Thereafter, beginning in 2034 until 2039, the structure would have seen the escalation of dissavings from \$14 million to \$63 million for a total of roughly \$297 million in dissavings. All this even as the government would have made annual debt service payments from 2024 to 2039 amounting to roughly \$1 billion.

The governor thanked the senators in the 33rd Legislature who voted to approve the authorization — Allison DeGazon, Donna Frett-Gregory, Alicia Barnes, Myron Jackson, Stedmann Hodge, Athneil Thomas, Steven Payne, and Marvin Blyden — to pursue the transaction, for what Mr. Bryan said was the senators' signaling support to appropriate the \$85 million to the GERS.

"Although I could not appropriate the funds. Those senators who approved the initial authorization signaled their support for an appropriation of that amount to the GERS," said Mr. Bryan. "We will continue our efforts to approve the credit ratings of the V.I. Gov and to gain full investment-grade access to the credit markets."