



## Office of Governor Eddie Baza Calvo

### **NEWS: Governor signs Guam's largest bond sale; \$45M saved**

On September 3, 2015, in *Press Releases*, by *jnaputi*

Governor Eddie Baza Calvo signed the closing documents of the Government of Guam Business Privilege Tax Refunding Bonds, Series 2015D today in a packed conference room in Adelup.

"There was a lot of work that went into building the structure, pricing and selling of these bonds," Governor Calvo said. "Through the efforts of our fiscal team, our strong financial management has helped us gain stronger investor confidence, allowing us to take advantage of the market and achieve a 4.02% interest rate – that's almost half of the 7.28% interest we were paying for the 2009 bonds."

Governor Calvo noted the work will continue as we strive to ensure we make the most of the economic growth expected from the upcoming military buildup and the growing tourism and service industry.

"These are exciting times. We have two tremendous pistons in our economic engine that are performing extremely well and the prospects look very good for the future," the governor added.

The bill allowing for the sale was passed recently with the help of several senators. The government could have saved more money if similar legislation hadn't been held up, but still, we have a significant savings with today's transaction.

"I'd really like to thank those senators who helped in this process to save money for the people of Guam," the Governor stated. Those senators are: Sens. Tony Ada, Frank Aguon, Frank Blas, Jim Espaldon, Brant McCreadie, Tommy Morrison, Tina Muna Barnes, Rory Respicio, and Dennis Rodriguez."

#### **Savings**

Governor Calvo was reunited with members of his fiscal team and the underwriters that set out to the US mainland in early August. Their goal was to enlighten investors that the time to invest in Guam is now.

With the closure of these bonds today, the government will realize savings of \$1.975 million immediately. The total savings over the life of the bonds will be approximately \$45.3 million.

Through this bond issuance, the Calvo-Tenorio Administration successfully refunded all of the 2007 General Obligation Bonds and all of the callable 2009 GO Bonds with the superior rated Business Privilege Tax, Series 2015D Bonds. The \$410.5 million bond achieved an all-time low interest rate for long-term Guam bonds of only 4.02%. The BPT Bonds were rated 'A' by Standard and Poor's and 'A-' by Fitch Ratings, 8 rankings higher than the 'B+' rating achieved with the 2007 and 2009 GO bonds.

This was no easy task considering the economic conditions of Puerto Rico and China unsettling investors across the nation. Yet, after numerous meetings and presentations with some of the nations largest investors, Governor Calvo and his fiscal team found themselves able to close the largest bond sale the island has ever seen.

These 'A' rated Guam BPT bonds, are just another reflection of the best practices and fiscal discipline implemented by the Calvo-Tenorio administration. Even with Guam's BPT bonds being offered alongside the \$2B in State of California GO Bonds and \$2.2B of State of New Jersey appropriation bonds, investor demand for the issue remained very strong, with more than 50 investors generating orders exceeding \$1 billion, double the amount Guam was offering.

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