

Dear Editor:

Virgin Islanders, We. Are. At. A. Crossroads.

At a time when new national and local representatives are set to take office, the sobering reality is that we have critical issues to face as a Territory. Many of our pressing matters here at home, like dependable and affordable energy, do have solutions. Time will be needed to fully resolve many of the critical issues because of the complexities of their processes. When the clouds clear we do see a path forward to brighter days.

The Territory's issues demand strong leadership and tough decision-making if we are to win the day. Top of mind for many is fixing the unfunded liability of the Government Employees Retirement System (GERS) which stands at over \$4 billion. Projections for the survival of the GERS system are growing ever grimmer.

From the onset of our candidacy, Lt. Governor Tregenza Roach and I have faced issues head on and have not shied away from putting forth proposals and making decisions that tackle our most serious problems. Our goal is to plan and implement solutions so that Virgin Islanders begin to experience the benefits of economic growth and renewed prosperity.

To that end, the Bryan/Roach administration has put forth revenue generating solutions that are not intended as the entire solution but, without question, will chip away at the looming financial problem of the GERS grown over the last 40 years. We have chosen not to kick the can down the road. In lieu of choosing the easy path, we have done the research, consulted local and national financial and economic experts, and formulated viable solutions to producing funding streams that will secure our people's future.

Survival of GERS is not just a government problem. The quality of life of all Virgin Islanders is at risk. The collapse of the system would be traumatic to current and future retirees, small businesses, the healthcare sector, and infrastructure projects. Without a solution, there will be a significant increase in the number of our people living in poverty and the overall buying power of our consumers will be diminished.

The recent securitization initiative, intended as a dependable tool for a large infusion of funds that will begin to bring our economy back to life, suffered the ills that result from misinterpretation of beneficial information. There has been misunderstanding and confusion over the undertaking, objectives and projected outcomes. Some of it purposely orchestrated.

Refinancing and reducing debt through the creation of a securitization corporation (also called a special purpose vehicle) is a globally accepted strategy used by municipalities for saving large amounts of money on existing debts and accessing that money to benefit citizens. The misinformation campaign fed to the public earlier this year resulted in an unfortunate series of events that caused us to delay our bond issuance. The misinformation led to news in financial media causing red flags to investors. Through it all, we remain committed to solving the vexing pension system problem.

The simple truth is that securitization is a strategy that not only saves us money over time but gives us working capital and credibility that makes it easier to seek larger financing to save the GERS. The timing is critical.

Let's look at our personal situations as an example: If you have a mortgage loan that you are paying at 6% interest and you can get it down to 4.5% or less, it saves you a ton of money in your monthly payment. That's a big win for you. To refinance, you pay off the old mortgage while accessing new money. You close out your old loan and sign up for a new one. Many homeowners are doing this right now. By refinancing, you lower your monthly payment, spread that debt over time, and you now have money to make improvements on that home and improve life in other ways. This makes sense for homeowners and it makes sense for our Territory!

The Matching Fund Securitization Corporation is established through legislation. The Corporation will now be the entity that handles the influx of new money through the sale of bonds (same as loans). Just like the mortgage company wants to know how we will make our payments, the bondholders want to know how we will pay them annually. The simple and credible answer is, we pay them with the Matching Fund Receipts (rum cover over funds) that we have consistently received for decades. The structure of the transaction is such that those funds will always be more than three times as much as we need to pay the bondholders. With the extra money, we will experience a larger consistent source of income for the territory's priorities.

I understand that when government proposes changing systems, the changes are usually met with trepidation. Virgin Islanders can rest easy knowing that by law all transactions are done under the watchful eye of the Board of Directors of the Corporation, the Legislature, and the Governor.

Please keep in mind these important true facts:

- 1) We are not borrowing any extra money.
- 2) The rum cover over revenues will continue to be issued to us.
- 3) We will be paying less money in debt and have more money to spend for our priorities.
- 4) Since the Lt Governor and I took office, we have worked tirelessly to rebuild your trust in government by being transparent and being excellent stewards of government funds.
- 5) Despite the impact of the COVID-19 pandemic, government has been prudent in our expenditures and diligent about collecting revenues.
- 6) We have to act now while prospective bond holders are interested and the low interest rates are in effect.
- 7) Fixing the GERS is urgent!
- 8) Federal regulations, interest from investors, interaction with reputable financial experts, and our commitment to being excellent stewards of Virgin Islands funds, have forced us to be level-headed decision makers.
- 9) There is no better plan!

We ask you now to support us vocally. Legislators need to hear from you. Let them know you support our plan, the only plan. The way forward, together as one people.

Albert Bryan Jr
Governor
U.S. Virgin Islands