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Fiscal Discipline Team Successful in Funding Layon Landfill Expansion
Bonds Sold at Lower Rates, Reducing Anticipated Total Debt Service by $1 Million

Hagåtña, Guam - The Government of Guam sold General Obligation bonds to fund the much-needed new cell at the Layon Landfill at a true interest rate of 3.25%. This week's market volume was $7 billion, however, Guam's offering was extremely well received, and initial interest rates were reduced by 25 basis points. This ultimately reduced total debt service by approximately $1 million from the initial offering terms. The offer was oversubscribed 12.9 times.

Current pricing reduces annual debt service to $2.998 million for this borrowing from the $3.155 million contained in the original financial projections filed with the District Court of Guam--an annual savings of approximately $157,000.

Twenty-three firms participated in the sale of which ten firms placed orders for the entire issue--nine with whom the Fiscal Discipline Team spoke directly prior to the sale.

"The result of this bond sale demonstrates the confidence investors have in our Administration and our commitment to fiscal discipline. It is important to note that recognition of the strong legislative will to maintain the BPT at 5% was an important focus of many of the discussions with Investors. The Fiscal Discipline Team was able to achieve an outstanding result for the financing of the new landfill cell at the lowest possible cost," stated Governor Lou Leon Guerrero.

The proceeds of the bonds will be used to fund $30 million in project costs payable over a 12-year period.

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