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VIRGIN ISLANDS PUBLIC FINANCE AUTHORITY

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Moody's Upgrades VI Tobacco Settlement Financing Corporation Bonds

U.S. VIRGIN ISLANDS — The Virgin Islands Public Finance Authority announced that it received notice that Moody's Investor Service has upgraded the tobacco settlement revenue securitization bonds of the Virgin Islands Tobacco Settlement Financing Corporation. The Series 2001 Bonds were upgraded from A3 to A1. The upgrade action is primarily driven by further deleveraging and the availability of cash reserves, according to the notice.

The Tobacco Settlement Financing Corporation is a public corporation independent of the Government of the Virgin Islands and was established by the government pursuant to the Tobacco Settlement Financing Act of 2001. The corporation is formed for the purposes of: 1) purchasing all of the government's right, title, and interest in the Tobacco Settlement Fund litigation awards received and to be received by the government under the Master Settlement Agreement entered into with the four largest tobacco manufacturers; 2) to issue Bonds to pay the purchase price for acquiring such proceeds; and 3) enabling the government to pay or refinance hospital and healthcare projects and other undertakings of the government. The proceeds of the bonds were used to finance several hospital and health department capital projects, including the Charlotte Kimmelman Cancer Institute on St. Thomas and the construction of the V.I. Cardiac Center on St. Croix, and to fund operating costs of the corporation.

"This is terrific news and very timely", said Governor Albert Bryan Jr., who is also president of the Tobacco Settlement Financing Corporation. "As we prepare to establish another securitization corporation to securitize the Matching Fund revenues, this upgrade confirms that our approach to establish an independent corporation to issue the Matching Fund Revenue Bonds is looked on favorably by the ratings agencies resulting in an investment grade rating and lower interest cost for our bonds."

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