



State of New Mexico

Office of the Governor

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Governor Bill Richardson Announces Nearly \$170 million In Highway Savings

State takes advantage of low interest rates. Construction on GRIP Projects To Start

SANTA FE - Governor Bill Richardson announced today that New Mexico taxpayers will save over \$170 million because the state took advantage of low interest rates to issue new highway construction bonds and refinance old bonds.

Construction of some critical projects, including reconstruction of I-40 and Coors in Albuquerque and four-laning of US 491 (formerly US666) on the Navajo Reservation, will start this year with the issuance of \$700 million in new bonds under the Governor Richardson's Investment Partnership (GRIP).

"We struck while the iron was still hot," Richardson said. "We took advantage of historically low interest rates and saved nearly \$93 million in interest expenses by refinancing the old highway construction bonds."

The state also saved \$38 million by locking in low interest rates to issue the new bonds; and received an additional \$37 million because the new bonds sold at a premium.

Governor Richardson said since the state locked in the low interest rates for issuing \$700 million in new bonds, the interest rates have gone up by quarter of a percentage point.

“If the state had issued these bonds at today’s interest rates, the New Mexico taxpayers would have had to pay an additional \$38 million more in interest expenses,” Richardson said. “So, we did the right thing for the taxpayers of New Mexico and the economic future of our state.”

The New Mexico Department of Transportation and the New Mexico Finance Authority issued \$700 million in new bonds for highway reconstruction and infrastructure improvements projects under the Governor Richardson’s Investment Partnership (GRIP). The Department of Transportation also refinanced \$438 million in existing highway bonds. The state locked the low interest rates on April 29.

Transportation Secretary Rhonda Faught said the new bonds sold at a premium, resulting in the state receiving an additional \$37 million over and above the \$700 million.

“We’re very pleased with this outcome,” Faught said. “This allows us to keep our high bond rating intact while addressing the critical transportation infrastructure and reconstruction needs across New Mexico.”

Transportation Commission Chairman Johnny Cope said, “This is an economic benefit package for our state that will create thousands of jobs and employ hundreds of New Mexico businesses. Most importantly, we will enhance safety on our roads and highways.”

“We assembled a national team of financial experts that implemented the best financial strategy in a very short period of time,” said James Jimenez, interim Director for the New Mexico Finance Authority.