

Randolph National Will Be Banker To the State

Randolph National Bank is one of only three banks to bid successfully for state banking business under a new "bank at home" program spearheaded by State Treasurer Jeb Spaulding.

As a result, the Treasurer's office recently purchased a \$200,000 CD from Randolph National instead of investing it in federal notes or in "commercial paper" such as Ford or GM.

Spaulding announced in June his intention of investing up to \$25 million of short-term money in state banks. That would be a little more than 10% of the \$200 million the state has invested in short-term loans at any given time.

"This is a way where we can invest in Vermont banks and allow them to put the money to work on a community level," Spaulding said.

He expressed particular pleasure that Randolph National was one of the three winning banks in the first round.

"We were hoping we would attract a lot of community banks," he told The Herald yesterday.

The other two banks that were successful in the bidding were Chittenden Trust Co. and Banknorth Vermont, the two behemoths of Vermont banking. Between them, they got \$8.8 million of the \$9 million bid offering.

The amount of the investments is tied directly to the size of the banks, Spaulding noted.

He said he is confident other community banks will join the competition. Currently 11 banks are going through the pre-qualifying process. Bids will go out the first Wednesday of every month.

The CD at Randolph National was \$200,000 for 119 days at an annual rate of 1.7%. The accepted bids all ranged from 1.7% to 1.19%.

To be pre-approved for bidding, all the banks must have a satisfactory federal rating, Spaulding noted.