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Sale of \$10.3 Million in Transportation Bonds Announced by State Treasurer Pearce

MONTPELIER, Vt.—Today's sale of \$10.3 million in Transportation Infrastructure Bonds will enable the State of Vermont to leverage more than \$64 million in federal funds for road and bridge repairs. State Treasurer Beth Pearce announced the successful sale of Vermont special obligation transportation infrastructure bonds and said bonding is an important tool for securing funds for badly needed repairs.

"Funds raised through the bond sale allows the State to match federal fund requirements for 17 projects, six of the projects associated with Tropical Storm Irene," said Pearce. "Thanks to our excellent bond ratings, investors are eager to buy Vermont bonds. In turn, the State can keep interest rates for borrowing as low as possible and save taxpayers money."

Among the more than \$75 million in road and bridge improvements are the replacement of bridges in Brighton, Hancock, Jamaica, and Plymouth that were damaged in Tropical Storm Irene. One bridge in Bennington will be rehabilitated. Other projects include the replacement of interstate bridges in Brattleboro, Milton and Windsor. State bridges in Bristol and Cambridge also will be replaced. Roadway projects include the construction of an alternate truck route on VT 100 in Morristown and road reconstruction and safety improvements in Brandon, Montpelier, Rutland City and White River Junction.

"Bonding is a valuable tool that we use to leverage federal funds for major projects," said Transportation Secretary Brian Searles. "By providing the State match, it allows us the flexibility to take full advantage of available federal funding to complete important transportation infrastructure projects sooner rather than later."

Work on all projects is already underway or will begin during fiscal year 2014. This is the third time the State has issued the bonds which are backed by a motor fuels transportation infrastructure assessment. That assessment is set at two percent of the sale price of gasoline and three cents per gallon on diesel fuel. The assessment raised more than \$23 million during the last fiscal year. The Governor and the State Legislature passed the assessment in 2009 to pay for a backlog of transportation infrastructure needs.

Today's bond sale was competitively bid on PARITY, an internet-based platform. The State received nine bids and awarded the bonds to Morgan Stanley & Co., LLC. The true interest cost was 3.68 percent. The bonds will be repaid in level annual amounts, similar to a mortgage, over 20 years, with the final payment occurring in 2033.

Moody's Investors Service rated the bonds as Aa2 and Fitch Ratings rated the bonds as AA, both with a stable outlook. Standard and Poor's rated the bonds AA+ with a positive outlook. Transportation bonds carry a slightly lower rating than general obligation bonds. Vermont has

the highest general obligation bond rating available, AAA and Aaa, by Fitch and Moody's respectively, and the second highest rating of AA+ by Standard & Poor's. This is the highest state rating in New England.