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**State Treasury to Invest in Vermont Banks**

Montpelier - The Vermont State Treasurer's Office has unveiled an initiative to invest a significant portion of Vermont's short-term cash in Vermont Banks. Currently, such funds are invested primarily in government agency securities, high quality corporate commercial paper, and money market accounts at large financial institutions. The new *Treasurer's Bank in Vermont Program* is consistent with an ongoing effort by State Treasurer Jeb Spaulding to support Vermont-based financial institutions when acceptable rates of return can be achieved.

According to Treasurer Spaulding, "We are inviting banks to participate in a certificate of deposit (CD) program designed to support community banking, while earning a competitive return on State funds. We will invest on a predictable basis, via a competitive bidding process, in banks with branches in Vermont. The program is designed to be attractive to a wide range of banking institutions and is predicated on the belief that investing Vermont funds in Vermont, consistent with earning a competitive rate of return, is a good policy."

Banks will be pre-approved by the Office of the State Treasurer for maximum levels of investment based on a bank's size and other factors. In addition, participating banks must have at least a satisfactory rating under the federal Community Reinvestment Act of 1977. State funds will be available for bid in various maturities, based on State cash flow projections and projected interest rates. Participating banks will submit bids through the Internet and/or e-mail. The Office of the State Treasurer will award CDs based on rank order of quoted rates and associated dollar levels until the funds are depleted for each scheduled bidding period.

Chris D'Elia, Executive Director of the Vermont Bankers' Association, reacted to Spaulding's initiative positively. "Vermont's banking community welcomes the opportunity to work with the Treasurer's Office on implementing this new program. This effort will keep investment funds within Vermont, thus allowing them to be utilized to encourage new economic activity," he said.

Kenneth Perine, President of the National Bank of Middlebury, explained his support of the *Bank in Vermont Program* by saying, "I am pleased to see efforts that recognize Vermont's banking institutions as a viable alternative for State of Vermont investments, and am pleased by Treasurer Spaulding's effort to reach out to Vermont bankers in designing this program."

Other examples of Treasurer Spaulding's commitment to supporting Vermont institutions include investments in the Vermont Community Loan Fund and the Vermont Development Credit Union. In addition, the three investment firms used by the Treasurer's Office to manage longer-term funds are all based in Vermont. They are National Life Capital Management, Hanson Investment Management, and Prentiss Smith & Company.

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