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For immediate release: 6 April 2005

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Vermonters Scoop up Tax-Free Bonds

Montpelier – The Vermont State Treasurer’s Office completed sales of \$15 million in tax-free Vermont General Obligation Citizen Bonds last week, primarily to Vermont residents through local brokers throughout the state.

Traditionally, the State has reserved a \$5 million portion of total annual bonding (\$41 million in Fiscal Year 2005) to be sold as “Citizen Bonds” in smaller denominations with widespread instate broker participation.

The Citizen Bonds were offered in denominations as low as \$1,000. They mature serially from March 1, 2006, through March 1, 2015, with interest payable March 1 and September 1. The total interest cost was 3.65%, with an average life for the issue of 5.38 years.

“We chose to increase the amount of annual bonding done with Citizen Bonds this year to \$15 million because we often receive word that Vermonters are frustrated at the scarcity of Vermont bonds for retail purchase,” explained Treasurer Jeb Spaulding. “Our perception that there is substantial demand for State of Vermont bonds by local Vermonters was confirmed by a total demand of almost 50% more than the number of bonds available at the \$15 million issue level.”

The individual bonds priced near, and in some cases at or below, the AAA index for General Obligation bonds. “As a result,” said Spaulding, “this offering represents a good value for Vermont taxpayers, as well.”

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