



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

NEWS RELEASE

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Press Contact: Jeb Spaulding (802) 828-1452; Lisa Helme (802) 828-3706

State Bond Sale Successful

MONTPELIER, Vt.—State Treasurer Jeb Spaulding announced today that Vermont successfully sold \$50.5 million in general obligation bonds. Demand was so high that once the selling period was open, the bonds virtually sold out in less than three hours.

“We are extremely pleased by the response of our bond offering,” said State Treasurer Jeb Spaulding. “We received approximately \$123 million of orders for the \$50.5 million in bonds that were available. The strong response indicates local investors and brokers are eager to invest in the State and support badly needed capital projects.”

The bonds are scheduled to settle, or close, on March 11, 2009. The State was able to lock in a total interest cost of 3.82 percent. The interest yield investors received on their bond purchases ranged from 0.62 percent for bonds maturing in one year to 4.60 percent for bonds maturing in 20 years. Bonds were offered in amounts as small as \$1,000, with maturities ranging from one to 20 years.

Demand for the State’s bonds was enhanced by the State’s strong bond rating. The bonds offered were rated by Moody’s Investors Service, Standard & Poor’s Ratings Service, and Fitch Ratings as Aaa, AA+ and AA+, respectively. The triple-A rating reflects the highest rating available to government issuers. High demand for the bonds allowed the State to offer a lower rate of return and consequently, lower the cost to the State for borrowing money for capital projects. Costs to the State would have been higher if Vermont’s bond ratings were lower.

“In these challenging economic times, this bond offering gave Vermont investors an opportunity to take advantage of savings on state and federal taxes on investment earnings and also invest in bonds backed by the full faith and credit of the State of Vermont,” explained Spaulding.

Spaulding acknowledged that with such a strong response to the offering, many Vermont investors may have been disappointed by their inability to purchase the bonds. For future offerings, plans are to alert Vermonters about placing their orders for bonds much earlier.

“We will use the experience from this sale to help make the bond sale process more accessible and understandable with future issues,” Spaulding said.

This week’s bond sale funds projects that were authorized by the State Legislature in the last legislative session. While the bonds were originally scheduled to be sold this past

fall, the Treasurer's Office delayed the sale due to the extremely dysfunctional bond market and because the State's cash flow dictated that new funds were not needed until spring.

As part of the annual approval of capital bonding projects, the State is expecting to again offer bonds for sale in the fall.