

# Vermont Educational and Health Buildings Financing Agency

## General Operating Reserve Fund Policy

Scope: This policy covers the management of the Vermont Educational and Health Buildings Financing Agency's General Operating Reserve Fund.

### Purpose

The purpose of the General Operating Reserve Fund (the "Fund") is to provide income to supplement administration of current programs, cover emergencies, and to provide a source of capitalization for new programs.

### Goals

The Vermont Educational and Health Buildings Financing Agency will adopt budgets that provide for an Unrestricted Net Position balance of not less than 0.05% or more than 0.15% of the prior year's December 31 outstanding loan portfolio.

In the event the Unrestricted Net Position balance is greater than 0.15% at the end of any fiscal year, the excess may be used in one of or a combination of the following ways:

- One-time expenditures which do not increase recurring operating costs;
- Other one-time costs, or the establishment of or increase in legitimate reservations or designations of Net Position;
- Start-up expenditures for new programs undertaken at mid-year, provided such action is considered in the context of Board-approved multi-year projections of revenues and expenditures; and
- Distribution of the excess funds to Agency borrowers in the form of credits on the upcoming year's annual Administrative fees.

If at the end of a fiscal year the Unrestricted Net Position falls below 0.5% of outstanding borrower loans, the Executive Director shall prepare and submit a plan for expenditure reductions and/or revenue increases to the Board. The Board shall take action necessary to restore the Unrestricted Net Position balance to acceptable levels within a reasonable time frame.

### Management

The responsibility for the management of the Unrestricted Net Position rests with the Executive Director, in consultation with the Board.

### Performance Evaluation

The Unrestricted Net Position balance shall be monitored on an as needed basis, but not less than on an annual basis.

Adopted: May 15, 2015