



### Scope

This Deficit Financing Policy applies to all applications from governmental units.

### Purpose

The VMBB provides Vermont municipalities and other public bodies access to capital markets and has a long history of assisting such governmental units to purchase land, construct and renovate buildings, install and repair water supply and wastewater systems, and purchase equipment. However, from time to time the VMBB has been asked to consider applications to provide financing of local deficits. Although the VMBB has provided such financings in certain specific circumstances in the past, rather than continue on an *ad hoc* basis, the VMBB wishes to apply a consistent policy to all governmental units.

### Goals

The VMBB recognizes the challenges that governmental units might face, however, potential applicants should know that deficit financings include additional analysis, monitoring and greater risk that might adversely effect the VMBB's goals of achieving the lowest possible interest rate and cost of issuance for all participants. Such deficit financings also create long-term costs without creating a corresponding asset and may contribute to unsustainable financing structures.

Thus, it is the policy of VMBB to not issue bonds or notes for the purpose of financing or refinancing the cash flow deficits of governmental units.

Adopted: June 15, 2009