

Delegation of Approval Authority – Allows Public Bodies to Delegate Bond Approval Authority while Enhancing Process Scrutiny

Who would benefit:

- All bond issuers in the State including the Finance Authority

What are the benefits:

- Flexibility to react to market conditions to move up or delay sales
- Designees are part of sale process so decisions are more informed
- Efficient use of time – eliminates “rubber stamp” Special Meetings
- Removes pricing premium on NM issues for delayed approval risk

What are the Safeguards:

- Parameters set in public meetings determine what can be approved
- Bond counsel will not allow closing to take place outside parameters
- Designees report back results in a public meeting
- Entities are not required to delegate authority

Draft Bill – Summary (1)

- Allows a public body to delegate authority to sign a contract for the purchase of public securities or to accept a bid for public securities to members, officers or employees of the public body, including the chief executive officer or chief financial officer of the public body
- Allows a public body to delegate the authority to approve certain terms and conditions of the sale of public securities to members, officers or employees of the public body
- Requires any delegation to be made by resolution, ordinance or other official action of the public body
- Requires any resolution or ordinance containing delegation authority to establish conditions and parameters within which the public officials to whom decision making authority is delegated must act
- Limits the term of the delegation to 180 days or less

Draft Bill – Summary (2)

- Requires the public officials to whom authority is delegated to certify in writing that the terms and details of the public securities comply with the conditions and parameters established by the public body in the resolution or ordinance
- Requires the public officials to report the final terms of the sale to the public body in a timely manner at a public meeting
- Includes the New Mexico Finance Authority in the definition of public body

Draft Bill - Administrative and Compliance Impact

- Requires monitoring of expiration of delegation period and required formal report to the public body
- Does not require special meetings
- No Fiscal Impact

Draft Bill - Policy and Technical Issues

- Provides public bodies with flexibility and efficiency in-reacting to market conditions through setting of conditions and parameters. Conditions and parameters are established by resolution or ordinance in a public meeting
- Allows terms and conditions of the sale of public securities to be made by officials with public securities knowledge
- Reduces the need for limited purpose special meetings
- Provides transparency by requiring certified report of final conditions and parameters in a public meetings
- Permits pooled financings with simultaneous borrowers to close with less risk and inconvenience
- Does not require delegation of authority