

MEMORANDUM

TO: NMFA Oversight Committee
FROM: John Duff, C.E.O
DATE: July 5, 2011
SUBJECT: Reporting on PPRF loans and other funding

For the last two legislative sessions, the NMFA has recommended the elimination of the statutory requirement for legislative authorization of PPRF loans. Our rationale has been that we believe a more effective process can be created. A few of the more important defects we see in the present system are as follows:

1. Many potential borrowers submit letters of interest (the basis for the authorization list) on the possibility that they will want to borrow during the next year. There is no guarantee that they will, in fact, submit an application. There is also no guarantee that the borrower or the project will meet the PPRF's policies for approval if an application is actually submitted. The authorization list, therefore, contains projects that will never be funded, and will never be considered by NMFA's board.
2. The one-time authorization does not address the possibility that a borrower will develop an unforeseen and unforeseeable need at the authorization date. The \$1 million emergency exception permits NMFA to address some of these situations, but certainly not all.
3. The one-time authorization does not address the possibility that adverse information concerning a project may not be available at the time of authorization but does become available at a later date. While NMFA would always consult with Oversight Committee members in the case of an application, there is presently no systematic process that assures that Committee members are aware that an application they may be concerned about is being actively considered by NMFA.

We believe that a process that provides a regular monthly communication to Committee members will contribute significantly to the oversight process. We plan to begin the following reporting activities beginning July 1:

1. We will provide a "Loan Activity Report" for each month. The report will be provided early each month for the preceding month. A report for the month of June is attached.



This report will allow each Committee member to see, in detail, the flow of loan applications in process, including new applications received and applications approved by the NMFA board.

2. When an application is received by the NMFA, we will notify, by email, the Senators and Representatives in whose districts the projects are located.
3. Upon approval of a project by the NMFA board, we will issue a press release describing the project and its approval. In the process of drafting the press release, an NMFA representative will contact the appropriate Senator and Representative to see if they would like to provide comments for the press release.
4. We will provide a quarterly report on total financings by county on a per capita basis and other data. A copy is attached.