



NEW MEXICO FINANCE AUTHORITY

Standing Committees

Executive Committee

The Executive Committee meets as often as the Chair determines to be necessary to discuss any management issues that the Chair believes would benefit by a private, informal discussion of board members. The scheduling of meetings typically originates in a request from the C.E.O to the Chair for board guidance on a sensitive matter or to inform the board of sensitive issues that have arisen. Meetings may also originate in request by the Chair or Board members. The Committee consists of the Chair, Vice-Chair, Treasurer and Secretary and may have, at the Chair's option, one additional member appointed by the Chair. The maximum membership is limited to five Board members, so that a quorum of the Board is not present at Executive Committee meetings.

Current Committee Composition: Nann Winter, Paul Gutierrez, Tom Clifford and Bill Fulginiti

Audit Committee

The purpose of the Audit Committee is to oversee the financial reporting and disclosure activity of the Authority. Its responsibilities include:

- ◆ Oversight of financial reporting and accounting
- ◆ Oversight of the external auditor
- ◆ Oversight of regulatory compliance (in our case – governmental and financial reporting requirements)
- ◆ Monitoring the effectiveness of the internal control processes under which the Authority operates
- ◆ Oversight of risk management for the Authority

Audit committees typically acquire consultants and experts in these areas to assist the Committee with its responsibilities. Currently, the Authority's Audit Committee has the external auditors (REDW) and the internal auditors (KPMG) report to the Committee on the aspects of the Authority's financial reporting and accounting, effectiveness of internal control processes, regulatory compliance as well as areas of risk as it relates to the operations of the Authority.

Pursuant to the NMTC Policies and Procedures (last adopted in November 2009). In addition to the compliance and reporting mandated by Finance New Mexico's Allocation Agreement with CDFI, investors in Finance New Mexico and its subsidiary CDEs will require certain reporting for its portfolio monitoring purposes. The NMFA, on behalf of Finance New Mexico, will ensure all applicable reports are timely filed and will report to the NMFA audit committee periodically on the status of such reports.

Current Committee Composition: Tom Clifford, Paul Gutierrez and John Bemis

Finance/Loan Committee

The Finance/Loan Committee meets monthly to consider the loans that staff will recommend to the Board for its approval at that month's meeting.

- ◆ The meeting is traditionally scheduled for the afternoon of Wednesday of the week preceding the Board meeting.
- ◆ A detailed presentation of each loan, grant or other transaction for any of the Authority's programs (such as PPRF, Local Government Planning Fund, Water Trust Board, Colonias, Local Transportation Infrastructure Program, Drinking Water State Revolving Loan Fund) is made by staff.
- ◆ The Committee votes to pass the project on the full Board with a "do pass" recommendation, to reject the requested transaction, or to send the project back to staff for further work.
- ◆ The Committee also reviews transactions other than loans and grants, such as staff recommendations for resolutions authorizing bond issues, and recommended changes in policies concerning loans and other financial matters.
- ◆ The Committee may hold a detailed discussion of such matters, may, in the interest of efficiency, pass the matter on the Board with no recommendation, or may refer the matter to another committee for its consideration.

The members of the Committee are appointed by the Chair. The Committee cannot have more than five board members. *Current Committee Composition: Nann Winter, Bill Fulginiti, Paul Gutierrez, Jerry Jones and Tom Clifford*

Contracts Committee

Pursuant to the Authority's Procurement Policies, the Contracts Committee's functions include:

- ◆ Approve the issuance of Requests for Proposals in excess of \$50,000 for budgeted items involving purchases of services, professional services or tangible personal property.
- ◆ Consider recommendations from the evaluation committee comprised of Authority staff and any Authority consultants for an award of contract respective to each Request for Proposals involving the purchases of services, professional services or tangible personal property which involve budgeted items. Negotiations may be conducted by the evaluation committee with respondents who submit proposals deemed by the Contracts Committee to be reasonably likely to be selected for award.
- ◆ Make the final decision for award of contracts for budgeted items procured through Requests for Proposals and reporting its decision to the NMFA Board of Directors.
- ◆ Approve Memorandums of Understanding that have a value of \$50,000 or more and reporting any such actions to the NMFA Board of Directors.
- ◆ Resolve protests by any bidder aggrieved in connection with the award of a contract procured through a Request for Proposals by the Authority. This includes both budgeted and non-budgeted items.
 - ◆ Contracts Committee shall have the authority to take any action it deems reasonably necessary to resolve a protest, pursuant to such procedures as may be established by the NMFA Board, but not including the authority to award money damages or attorney's fees to any party to the protest.
 - ◆ Contracts Committee will issue a notice of determination relating to the protest within a reasonable time after receipt of the protest and the determination by the Contracts Committee will be final. The notice of determination shall state the Contracts Committee's findings and reasons for any actions taken.
- ◆ All sole source procurements and emergency procurements will be reported to the Contracts Committee.

Note: All contracts over \$50,000 involving the purchases of services, professional services or tangible personal property that are non-budgeted items will require full Board approval.

Current Committee Composition: David Martin, Lonnie Marquez and Jon Barela

Investment Committee

The purpose of the Investment Committee is to establish requirements and guidelines applicable to management of the monies of the Authority. In particular, the Committee annually reviews and updates the Authority's Investment Policy Statement and interprets and construes the Policy in a manner to allow the investment program of the Authority to adopt and respond to opportunities in the Securities markets, as well as changes in the Authority's financial requirements.

Investment Committee Responsibilities include:

- ◆ Reviewing and recommending to the Authority changes to the Investment Policy at least annually.
- ◆ Reviewing the investment reports prepared by the Chief Investment Officer.
- ◆ Regularly evaluating the compliance performance of the Investment Advisor(s) and/or the Investment Manager(s) with this Policy, with contractual provisions and with the Authority's investment guidelines.
- ◆ Reviewing and recommending to the Authority and staff, as appropriate, management procedures, financial reporting requirements and internal control measures.
- ◆ Making provisions for financial and other reviews of the investment program.
- ◆ Reviewing the weekly interest rates which are used to establish the interest rates charged on loans made through the Public Projects Revolving Fund ("PPRF").

Pursuant to Financial Management Policies adopted as part of the FY 2010 budget and the PPRF Loan Management Policies, the Investment Committee of the Board will monitor the Weekly Rates set by staff since the previous Board meeting. In addition, as soon as practical after the closing of each reimbursement bond issue, staff will prepare and the Investment Committee will review a report comparing the Final Rates set for each loan reimbursed by the bond sale with the actual rates obtained in the bond sale.

Current Committee Composition: Terry White, Paul Gutierrez, David Martin and Blake Curtis

Economic Development Committee

The purpose of the Economic Development Committee is to:

- ◆ Oversee the implementation of program that are authorized under the Statewide Economic Development Finance Act, including

- ◆ Review establishment of rules and policies for each program
- ◆ Review recommendations for revisions to policies and procedures
- ◆ Review program capitalization efforts
- ◆ Review any recommended changes to Finance New Mexico, LLC or its operating agreements
- ◆ Vet the transactions that are funded from those programs
 - ◆ Review the recommendations of staff & participant banks for each Smart Money or Collateral Support Participation project
 - ◆ Review the financing recommendations of staff on each New Markets Tax Credit transaction
 - ◆ Review the project prioritization recommendations from staff from each New Markets Tax Credit Competitive Application Round
 - ◆ Review the recommendation of staff on direct loans or conduit economic development bonds
- ◆ Monitor the portfolios of the programs.
 - ◆ Review the monthly Smart Money Loan Participation portfolio report, which provides a synopsis of payment history and a status of business activities, including jobs created
 - ◆ Review the periodic reports of the New Markets Tax Credit portfolio, including payment history and status of business activities, including jobs created and other economic impacts achieved
 - ◆ Review reports from the Finance New Mexico, LLC Advisory Board
 - ◆ Provide guidance to staff on loan work-outs and other extraordinary items
- ◆ The Committee also reviews and monitors the loans made from the Primary Care Capital Fund, the Behavioral Health Capital Fund and the Child Care Revolving Loan Fund.
- ◆ The Committee meets monthly and provides an update to the Board on its activities. Similar to the Finance & Loan Committee, the Economic Development Committee provides to the full Board its recommendations on each item reviewed by the committee that also appears before the Board.

Current Committee Composition: Paul Gutierrez, Terry White, Blake Curtis, Jerry Jones & Jon Barela

Internal Staff Committee

Credit Committee: Implemented in 2007 to ensure better continuity of underwriting and more consistent adherence to policy. Committee assignment is made by CEO and has been chaired by the Chief Financial Officer or the Controller since inception. Current Committee is comprised of the Chief of Programs, the Director of Commercial Lending, the Director of Government Affairs, Chief Financial Strategist and the General Counsel. The CEO periodically participates in the committee. *Current Committee Composition: Robert Brannon, Marquita Russel, John Brooks, Rick Martinez, Michael Zavelle and Dan Opperman.*

Private Lending Credit Committee – Initiated in January 2012 to provide additional review of applications prior to review by the Economic Development Committee. This internal review committee is allowed for, but not expressly provided for, in various NMFA policies. This Committee is chaired by the Chief Financial Officer and has as its members the Controller, the Senior Accountant for Private Lending and the Chief Financial Strategist. Periodically, the CEO sits as a member. This committee took the place of the external loan review consultant previously used by the NMFA for an additional review. *Current Committee Composition: Donna Trujillo, Robert Brannon, Joanne Johnson and Michael Zavelle.*

NMTC Review Team: NMTC Economic Impact Policies require NMFA staff and consultants to review and prioritize applications and make recommendations for project approvals. The policy is silent as to which staff and consultants, but by practice, the team consists of five NMFA staffers from across the agency as well as staff from NMEDD and Baker Tilly, the NMTC Financial Advisory firm. *Current Committee Composition: Marquita Russel, John Brooks, Joanne Johnson, Leandro Cordova, EJ Peinado, Antoinette Vigil (NMEDD) and Terri Preston (Baker Tilly)*

Private Loan Compliance Committee: The Smart Money Loan Participation Policy requires that audits of the loan portfolio be conducted by an NMFA staff committee comprised of the Chief Operating Officer, Chief Financial Officer, Chief Financial Advisor and the Chief of Programs and reported to the Chief Executive Officer. *Current Committee Composition: Donna Trujillo and Marquita Russel*

PPRF Debt Management Committee: Required by NMFA Debt Management Policy (last adopted in 2010 and referenced in the PPRF Bond Refinancing Policy (October 2005), the Private Placement Policy (January 2006), and the PPRF Derivatives Policy (October 2005). The purpose of the Debt Management Committee is to implement and maintain the Debt Management Policy and to review and recommend to NMFA's CEO and Board, the structuring

plans for all debt offerings related to the PPRF Program and, to the extent necessary, for refunding and restructuring outstanding PPRF Bond debt. The Committee is comprised of the NMFA's Chief Executive Officer (or designee), the Chief Financial Officer, Chief Operating Officer, Chief of Programs, Chief Investment Officer, Chief Financial Advisor and General Counsel. In addition, the Board of Directors may appoint one or more Board members to the Debt Management Committee. In addition to recommending changes to the PPRF program and policies, the Committee has certain semi-annual and annual reports due to the Board of Directors. *Current Committee Composition: Michael Zavelle, Donna Trujillo, Marquita Russel, Mark Lovato, Leslie Medina and Dan Opperman.*

Inter-Agency Committees and Teams

Co-Administration Committees or Teams

NMFA/DOT GRIP Debt Management Committee – Pursuant to a Memorandum of Understanding, the GRIP Debt is managed and overseen by a joint Debt Management Committee comprised of the NMDOT Cabinet Secretary (or designee), a member of the NM State Transportation Commission designated from time to time by the Chairman of the NMSTC, the Cabinet Secretary of the Department of Finance and Administration (or designee), the Chief Executive Officer of the NMFA (or designee), the Chief Financial Officer of NMDOT, and the Chief Investment Officer of the NMFA. *Current NMFA Representatives: Michael Zavelle and Mark Lovato*

Drinking Water State Revolving Fund Team – Comprised of staff from the Drinking Water Bureau of the Environment Department and the Drinking Water staff of the NMFA, this team meets periodically to ensure compliance with federal regulations and to coordinate capitalization grant applications, funding guidelines and various reports. *Current NMFA Representatives: Jana Amacher, Ryan Helton and Todd Johansen*

Application Review Committees

Primary Care Capital Fund Finance Committee– Pursuant to Rule 7.29.4 NMAC, DoH determines application completeness, eligibility and programmatic priority. Projects meeting these criteria are evaluated by a joint DoH/NMFA Finance Committee, comprised of three NMFA representatives appointed by the NMFA Board Chair (board and/or staff), and three members of DoH staff. The Finance Committee reviews applications and recommends to the NMFA Board. Pursuant to current practice, the NMFA staff presents these projects to the Economic Development Committee to determine creditworthiness; Economic Development

Committee makes recommendations to the Board to finance projects. *Current NMFA Representatives: John Brooks, Marquita Russel and Leandro Cordova*

Behavioral Health Capital Fund Application Committee – Pursuant to Rule 7.20.4 NMAC, HSD determines eligibility and programmatic priority. Projects meeting these criteria are evaluated by a joint HSD/NMFA staff Application Committee, comprised of three NMFA staff members appointed by NMFA CEO, and three members of HSD staff. The Application Committee reviews applications and recommends to the NMFA Board. Pursuant to current practice, the NMFA staff presents these projects to the Economic Development Committee to determine creditworthiness; Economic Development Committee makes recommendations to the Board to finance projects. *Current NMFA Representatives: John Brooks, Marquita Russel and Leandro Cordova*

Child Care Revolving Loan Fund Application Committee – Pursuant to Rule (8.16.3 NMAC), CYFD determines eligibility and programmatic priority. Projects meeting these criteria are evaluated by a joint CYFD/NMFA staff Application Committee, comprised of three NMFA staff members appointed by NMFA CEO, and three members of CYFD staff. The Application Committee reviews applications and recommends to the NMFA Board. Pursuant to current practice, the NMFA staff presents these projects to the Economic Development Committee to determine creditworthiness; Economic Development Committee makes recommendations to the Board to finance projects. *Current NMFA Representatives: John Brooks, Marquita Russel and Leandro Cordova*

Project Review Committees

Water Trust Board Technical Team - Pursuant to Rules and Policies adopted by the Water Trust Board, the NMFA staff works with a seven-agency review team who contribute to recommendations for prioritization by the WTB. This Technical Team reports directly to the WTB Project Review Committee, which makes recommendations to the Water Trust Board for projects to be recommended to the Legislature and then for projects to be recommended to the NMFA for financing. NMFA staff coordinates the efforts of the seven-agency review process and staffs the Water Trust Board and its Project Review Committee and Policy Committee. *NMFA Technical Team Coordinators: Jana Amacher and Angela Quintana. NMFA Technical Team Representatives: Zach Dillenback, Darlaina Chapman, EJ Peinado, Adam Johnson and Yolanda Valenzuela. Other Agencies on Technical Team: New Mexico Environment Dept., Energy, Minerals*

Colonias Infrastructure Board Technical Team - Pursuant to Rules and Policies adopted by the Colonias Infrastructure Board, the NMFA staff works with a review team comprised of seven state agencies and four federal agencies who help prioritize applications and provide funding recommendations to the Colonias Infrastructure Board. NMFA staff coordinates the efforts of the eleven-agency review process and staffs the Colonias Infrastructure Board and its Project Review Committee and Policy Committee. *NMFA Technical Team Coordinator: Rick Martinez*
NMFA Technical Team Representatives: Leandro Cordova, EJ Peinado, Zach Dillenback

Other Committees Operated Under the Auspices of the NMFA

Finance New Mexico, LLC Advisory Board

As part of the federal program, Finance New Mexico is required to establish and maintain an active Advisory Board comprised of low-income community resident and other members representative of our service area. Finance New Mexico's Advisory Board is nine members from across the state appointed by the NMFA Board that serves as the advisory board for both the Finance New Mexico parent as well as each of the subsidiary CDEs.

Finance New Mexico's allocation agreements with the CDFI require that the board meet at least twice annually and that it demonstrate participation in the CDE's NMTC program. Failure to demonstrate this can jeopardize Finance New Mexico's status as a certified CDE, which in turn can jeopardize each of the deals financed.

The Finance New Mexico Advisory meets frequently via conference call to vet staff's Community Impact Recommendations and make recommendations to the Board as to individual projects. This is an industry best practices method of capturing Advisory Board feedback on a project-by-project basis.

The Advisory Board also meets annually to review the policies used to operate the program to see if adjustments need to be made. This is an industry best practice to ensure community feedback is provided to the governing board.

NMFA's Programs Department is responsible for organizing the meetings and for maintaining the records of the Advisory Board's actions for Open Meetings Act purposes as well as federal compliance purposes.

Current Finance New Mexico Advisory Board Members: Leroy Pacheco (Statewide), Jay Czar (Statewide), Barbara Brazil, Gustavo Cordova (Taos), Tom Overstreet (Alamogordo), Mary Kay Papan (Las Cruces), Dan Silva (Albuquerque), Andres Silva (Deming), Jerry Walker (Farmington)