



**STATE OF NEW MEXICO  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
STATE BOARD OF FINANCE**

**GOVERNOR SUSANA MARTINEZ  
PRESIDENT**

**THOMAS E. CLIFFORD, PhD  
CABINET SECRETARY**

**STEPHANIE SCHARDIN CLARKE  
DIRECTOR**

**DISCLOSURE PROCEDURES**

**FEBRUARY 21, 2012**

**BATAAN MEMORIAL BUILDING, SUITE 181 SANTA FE, NM 87501  
(505) 827-4980 FAX (505) 827-3985 New Mexico State Board of Finance**

1. Purpose. These Disclosure Procedures are designed to (a) ensure the completeness and accuracy of the federal securities disclosure made by the New Mexico State Board of Finance (the "**Board**") and the Board's (including the Board, the Board's officers, and staff in the exercise of their official duties) compliance with all applicable federal and state securities laws in connection with issuance and disclosure undertakings relating to its outstanding and any proposed general obligation and severance tax bonds and Annual Financial Information Filings ("**AFIFs**"), and (b) promote best practices regarding disclosures disseminated to investors and the municipal securities markets by the Board.

2. Disclosure. The controls and procedures set forth herein shall apply to all Disclosure disseminated or communicated by the Board. "**Disclosure**" includes any information or communications reasonably likely to reach investors or the securities markets, such as preliminary and final official statements relating to the Board's bonds, filings made by the Board with the Municipal Securities Rulemaking Board or the national repositories (whether required by contract or made voluntarily), press releases which could reasonably be construed as intended for the financial markets, investor calls, rating agency presentations and other communications, and certain postings on the Board's website.

3. Disclosure – Issuance of Bonds.

a. *Responsibilities of Director.* The Director of the Board shall be responsible for overseeing the compilation of the preliminary and final official statements to be used by the Board in connection with the offering and issuance of its bonds (the "**Official Statements**") and AFIFs and for review of other disclosure obligations of the Board undertaken in connection with such bond issuance. In the carrying out of these responsibilities, the Director shall coordinate with, and be provided with assistance from, among other professionals, Disclosure Counsel and the Financial Advisor to the Board. This oversight responsibility shall include the following:

- Develop a separate checklist or similar outline for the Board's Official Statements for each of its bond structures. Each of these checklists shall list the categories of information in the applicable Official Statement and identify the person or persons (whether internal to the Board or a third-party consultant to the Board, including those listed in Attachment A) who should be responsible for reviewing or contributing the information in each portion of such Official Statement (a "**Contributor**").
- Ensure that each Contributor receives a copy of each draft of the Official Statement and the checklist indicating his or her responsibilities with sufficient time to permit such Contributor to perform a thoughtful and thorough review or preparation of information for the applicable portion of the Official Statement. Gather such applicable information and comments from each Contributor.

- Provide information and comments submitted by Contributors to Disclosure Counsel and coordinate with Disclosure Counsel to develop a draft Official Statement for the Bond issue.
- Distribute applicable sections of such Official Statement or AFIF as revised to the respective Contributors for further review and comment. Document confirmation by each Contributor that the information provided by such Contributor has been properly incorporated in such Official Statement draft and is accurate and complete as so incorporated. Contributor confirmation may be provided by means of indications on checklist.
- Schedule and conduct periodic internal and external meetings of Contributors, either in groups or individually, and Disclosure Counsel for the purpose of discussing the Board's financial status generally and its annual audited financial statements, its related programs, the related industries, and other issues affecting the Board and its bonds that may be material to investors.
- Schedule and conduct periodic presentations by auditors to the Board's Subcommittee on Reviewing the State Treasurer's Audit Process and to the Board concerning the auditors' findings prepared for and presented to the State Treasurer's Office.
- Review all continuing disclosure obligations in connection with the Board's Bonds.

b. *Responsibilities of Contributors.* All Contributors to the Board's Official Statements shall be responsible for the following:

- Delivery and review of comments and information as requested (by means of a checklist or otherwise) for purposes of inclusion in the applicable Official Statement.
- Review of applicable portions of the revised Official Statement and provide confirmation (which may be provided by means of indications on a checklist) that the information provided by such Contributor has been incorporated correctly and, as so incorporated, such portions of the Official Statement present accurate and complete information to investors about the items so covered by such portions.
- Attend periodic meetings (as applicable) to discuss broad issues concerning the Board and its Official Statements.

- In the case of third-party or expert Contributors, provide certifications and opinions relating to their contributions to Official Statements as appropriate.

c. *Responsibilities of State Treasurer's Office.* The State Treasurer's Office shall review and provide general comments to any draft Official Statement promptly upon receipt. The Treasurer's Office shall have the opportunity to ask questions of any Contributor as to the form or content of their contribution to the draft Official Statement. Certify to the accuracy and completeness of all financial information concerning the Board which is contained in the draft Official Statement, including confirmation that there are no material differences in presentation of financial material in the Official Statements from the State Treasurer's Office's most recent audited financial statements, except such differences as may be necessary to update such audited financial statements.

d. *Responsibilities of the Office of the Attorney General.* The Office of the Attorney General shall have the following responsibilities with respect to Disclosure by the Board:

- Review and provide general comments to any draft Official Statement promptly upon receipt and draft descriptions of any material current, pending or threatened litigation. Certify to the accuracy and completeness of the discussion of Board litigation matters in the Official Statement.
- The Office of the Attorney General shall have the opportunity to ask questions of any Contributor as to the form or content of their contribution to the draft Official Statement.

e. *Responsibilities of Disclosure Counsel.* Disclosure Counsel shall have the following responsibilities with respect to Disclosure by the Board:

- Provide an initial draft Official Statement to the Director for distribution to Contributors and, at the request of the Director, distribute drafts or sections to Contributors and draft timelines for the review of the Director.
- Confirm that all steps required by the Disclosure Procedures have been followed in connection with preparation of a particular Official Statement. No Official Statement relating to Board Bonds shall be submitted to the Board for approval or to the Director for certification until and unless Disclosure Counsel has completed this confirmation.
- Provide Board packages to participants for review and confirm with participants that no issues have been raised regarding the draft Official Statement based on such review.

- Perform annual review and evaluation of the Disclosure Procedures and confirm to the Board whether or not changes to such Disclosure Procedures are recommended.
- Review and approve any continuing disclosure obligations or statements in connection with any Board Bond issuance.

4. Disclosure in Connection with Outstanding Bonds.

a. Continuing Disclosure Obligations. The Director shall be responsible for overseeing compliance by the Board with its continuing disclosure obligations, including but not limited to its AFIF, the compilation and filing of all annual financial reports and filing of all annual financial statements of the Board, as applicable. The Director shall also consult with Disclosure Counsel to the Board to determine the materiality of any events and whether an event notice is required to be filed under the circumstances. If a determination is made that an event is material and a notice is required, the Director shall work with Disclosure Counsel to prepare a draft of such notice in a timely manner and shall provide such draft notice to the Attorney General for review and comment. Disclosure Counsel shall be directed to file such notice in the required repositories once the notice has been approved by the Director and the Office of the Attorney General. Generally, the process for the annual preparation of the AFIF shall follow the guidelines set forth for disclosure made in connection with the issuance of bonds as set forth in Section 3 of these procedures.

b. Voluntary Filings. The Director shall evaluate whether an event is appropriate for disclosure by the Board on a voluntary basis, based on investor demand or otherwise. Upon a determination that a voluntary notice should be filed, the Director shall work with Disclosure Counsel to prepare a draft of such notice and shall provide such draft notice to the Attorney General for review and comment. Disclosure Counsel shall be directed to file such voluntary notice in the appropriate repositories once such notice has been approved by the Director and the Office of the Attorney General.

c. Press Releases. Press releases for the Board are prepared by the Director. The Director shall consult with Disclosure Counsel prior to approving such press release.

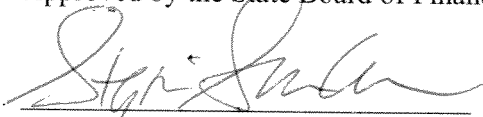
d. Investor Communications. The Director shall be responsible for overseeing the responses to all telephone, email and other inquiries from existing and potential investors in the Board's Bonds. All Board staff shall transfer such inquiries to the Director (or delegated staff under his or her supervision). Investors shall be directed to information provided on the Board's website or shall be given a written response to any inquiry whenever practicable.

e. Rating Agency Communications. All information provided by the Board or for the Board at its direction to any rating agency providing a rating for the Board's Bonds shall be reviewed for accuracy and completeness and approved by the Director, the Director of the State Budget Division of the Department of Finance and Administration, and the Secretary of the Department of Finance and Administration.

f. Website Postings. The Board's Director and Disclosure Counsel shall coordinate on the management of the bond disclosure section of the Board's website. The Director shall be responsible for the content of all items posted on that section of the website, and for directing the removal or transfer to a clearly identified archived location of all items which are no longer timely.

5. Training. The Director and Disclosure Counsel shall be responsible for coordinating regular training sessions for Board staff and Board members about their obligations under the Federal securities laws and regulations and other Federal and state laws affecting the Board's issuance of Bonds. Training shall be provided for general background and overview purposes and, as applicable, to update Board staff and Board members concerning recent changes in applicable laws or regulations.

Approved by the State Board of Finance this 21<sup>st</sup> day of February, 2012.



Stephanie Schardin Clarke, Director

## **Attachment A**

### **Contributors to Official Statements and AFIFs**

Director, State Board of Finance Division, Department of Finance and Administration

Chief Economist, Department of Finance and Administration

Director, State Budget Division, Department of Finance and Administration

Financial Advisor

Office of the State Treasurer

Energy, Minerals and Natural Resources Department

Taxation and Revenue Department

Public Employees Retirement Association

Educational Retirement Board

Retiree Healthcare Authority

State Investment Counsel

Bond Counsel

Disclosure Counsel