

GOVERNING BOARD
Resolution 2013-45

Whereas, it is the responsibility of the Central New Mexico Community College (CNM) Governing Board to determine policy that assures fiscal stability for CNM; and

Whereas, in carrying out that responsibility, the Governing Board deems it prudent and necessary to adopt a debt management policy that provides a framework for issuing and managing long-term debt; now, therefore, be it

RESOLVED, That the Governing Board of Central New Mexico Community College hereby adopts the Debt Management Policy attached as Exhibit A to this resolution.

ADOPTED, This 13th day of August, 2013.

APPROVED:

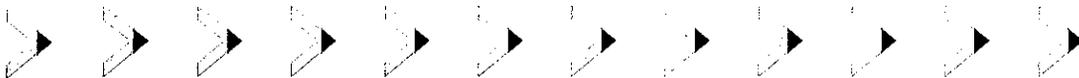


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EXHIBIT A



**CENTRAL NEW MEXICO COMMUNITY COLLEGE
DEBT MANAGEMENT POLICY**

As of August 13, 2013

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Central New Mexico Community College District (the “District” or “College”) Debt Management Policy – Purpose

The College recognizes the foundation of any well-managed debt program is a comprehensive debt management policy. The Debt Management Policy sets forth the parameters for issuing debt and managing the outstanding debt portfolio and provides guidance to decision makers regarding the purposes for which debt may be issued, the type and amount of permissible debt, the timing and method of sale that may be used, and structural features that may be incorporated. Adherence to a debt management policy helps to ensure that government maintains a sound debt position and that credit quality is projected.

It is the intent of the College to establish a debt management policy to:

- Ensure high quality debt management decisions
- Impose order and discipline in the debt issuance process
- Promote consistency and continuity in the decision making process
- Provide all disclosures required by law and promote transparency
- Strategically diagnose the College’s financial condition and demonstrate a commitment to long-term financial planning objectives, and
- Ensure debt management decisions are viewed positively by the investment community, taxpayers and rating agencies

I. Debt Management Policy

The College's Debt Management Policy ("Debt Policy") provides for the following:

- Full and timely payment of principal and interest on all outstanding debt
- Impact of debt service requirements of any new proposed debt within the overall context of outstanding debt
- Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the College's financial and legal obligations. General Obligation (Limited Tax) bonded debt, System Revenue bonded debt and other revenue bonded debt shall be incurred only for those purposes and issued under terms as permitted by State Statute and approved by the College's Governing Board
- The College shall select a method of sale that achieves the financial goals of the College and minimizes financing costs. Such sales may be competitive, negotiated or private placement, subject to State Statute, the project and market conditions
- The College may use the services of qualified internal staff and outside advisors, including bond counsel and financial advisors, to assist in the analysis, evaluation, and decision process
- The College shall make every attempt to earn and maintain the highest investment grade rating achievable
- The College shall maintain good communications with bond rating agencies to ensure complete and clear understanding of the credit worthiness of the College
- Finance team members (including but not limited to financial advisors and bond counsel and may also include disclosure counsel) should be selected in accordance with the College's Purchasing Procedures and the Debt Policy. The selection should maximize the quality of services received while minimizing the cost to the College. Any subtractions or additions to the finance team members shall be subject to approval by the Vice President of Finance and Operations ("VP"). Selected advisors shall adhere to applicable Municipal Securities Rulemaking Governing Board ("MSRB") and the Securities and Exchange Commission ("SEC") rules and regulations
- Financial reports and bond official statements shall follow a policy of full, complete and accurate disclosure of financial conditions and operating results. All reports shall conform to guidelines issued by the Government Finance Officers Association ("GFOA"), SEC and the Internal Revenue Service ("IRS") to meet the disclosure needs of rating agencies, underwriters, investors and taxpayers
- Federal income tax laws restrict the ability to earn arbitrage in connection with tax-exempt bonds. Every effort shall be made to eliminate or minimize negative arbitrage

II. Debt Policy Authorization and Administration

Authorization

The College will issue debt in conformance with New Mexico State Law. Current State Statutes provide for the following:

General Obligation (Limited Tax) Bonds

- NMSA 21-2A-6 authorizes the College's Governing Board ("Governing Board") to issue General Obligation (Limited Tax) bonds for the purpose of financing certain capital improvements and computer hardware and software, as specified in that statutory section.
- NMSA 21-2A-8 authorizes the Governing Board to issue General Obligation (Limited Tax) Refunding Bonds for the purpose of refunding existing General Obligation (Limited Tax) Bonds when such refundings are deemed by the Governing Board to be in the best interest of the College.

System Revenue Bonds

- NMSA 21-2A-9 authorizes the Governing Board to issue System Revenue Bonds for the purpose of financing any necessary buildings, structures or facilities, or to refund existing System Revenue bonds when such refundings are deemed by the Governing Board to be in the best interest of the College.

University Research Park Revenue Bonds

- NMSA 21-8-8 authorizes the Governing Board to form a research park corporation, which may issue revenue bonds, payable only from the revenues or assets of the corporation, in order to carry out the purposes of the Act.

Administration

The VP shall review and recommend to the College's President both the finance team and structuring plans for all capital financings prior to the introduction to the Governing Board. The VP may employ the assistance of the College's retained financial advisor and legal counsel in the development and ongoing administration of its debt management responsibilities.

Key debt management administration responsibilities include but are not limited to:

- Develop and maintain comprehensive supporting guidelines in accordance with the College's Debt Policy.
- Annually assess the College's ability to issue and repay debt utilizing financial benchmarks specified within the College's Debt Policy
- Review and evaluate results of debt financing operations including, but not limited to:
 - Issuance of long-term and short-term debt obligations,
 - Selection of bond type, structure, methods of sale and marketing of bonds, and
 - Investor and rating agency communications
- Review expenditures of bond proceeds and the status of various projects being financed, including the capital improvement program for timeliness of spent bond proceeds
- Review and evaluate services provided by legal counsel (including but not limited to bond counsel, disclosure counsel and tax counsel), financial advisor (s), underwriters and other service providers in bond transactions for effectiveness and quality of service

- Review and revise annually the Debt Policy based upon review of operations
- Maintain Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the College’s financial obligations
- Review and revise annually the Post Issuance Compliance Guidelines based upon review of operations and legal requirements
- Prepare an annual report to Governing Board on the following:
 - Results of previous year’s financings,
 - Rating agency reports and rating status,
 - Bond capacity and relevant comparable financial ratios,
 - All bond financings in progress or anticipated for the subsequent fiscal year, and
 - Any changes to the Debt Policy
- Develop and maintain the selection criteria for financial advisor, underwriters, and other finance team members, appoint Ad-Hoc Committee under the direction of the College’s Purchasing Director on all underwriting Requests for Proposals (“RFP”) and recommend to the Governing Board the finance team for all College bonds, pursuant to the College’s procurement code

III. Debt Affordability Coordination with the College’s Capital Master Plan

As an important step within the annual development of the budget, the VP will annually assess the College’s ability to issue and repay its debt. At a minimum, the VP shall review and evaluate proposed financing plans in conjunction with the long range financial plan, the capital improvement program, current financial position and financial policy to assess the College’s ability to issue and repay its debt. The VP shall recommend how much new debt, if any, the College may authorize.

IV. Debt Affordability and Capacity Measures

A significant portion of the College’s Debt Policy should establish specific financial benchmarks that measure the population’s ability to pay, the burden upon the taxable property values and the College’s current debt servicing capacity. To this end, this section sets forth a step-by-step procedure for evaluating debt capacity.

A. General Obligation (Limited Tax) Debt

The approach, introduced in Table 1, is comprised of two levels of financial measures for evaluating debt capacity for General Obligation (Limited Tax) bonds. Level 1 establishes acceptable debt capacity measures as long-term average targets. Level 2 establishes quantitative upper limits for debt capacity that should generally not be exceeded. Once an upper limit is exceeded, projects requiring new debt need to demonstrate an economic benefit, and overall conditions must allow benchmarks to return within the Level 1 long term average target levels within five (5) fiscal years or less.

TABLE 1.

LIMITED TAX FUND OBLIGATION MEASUREMENTS		
Level	Ability to Pay	Burden on Taxable Property Values
One	1. Direct Net Debt Per Capita \leq \$100	2. G.O. (Limited Tax) Debt Outstanding As % of Assessed Value of Taxable Property \leq 0.60%
	3. Debt Service as a % of Operating Expenditures \leq 7.5%	4. Tax Rate for Debt Service at \$0.55 per \$1,000 of Assessed Valuation
	5. Fund Balance as a % of Revenues \leq 18%	6. Direct Debt as % of Full Value \leq 0.15%
Two	1. Direct Net Debt Per Capita \leq \$188	2. General Obligation (G.O.) Debt Outstanding As % of Assessed Value of Taxable Property \leq 1.00%
	3. Debt Service as a % of Operating Expenditures \leq 10%	4. Tax Rate for Debt Service at \$0.55 per \$1,000 of Assessed Valuation
	5. Fund Balance as a % of Revenues \geq 12%	6. Direct Debt as % of Full Value \leq 0.20%

(1) Direct Net Debt Per Capita—Creditors and credit rating agencies measure the population’s ability to pay by dividing direct debt (includes debt supported by general revenues and taxes such as G.O. bonds debt) by per capita income. The College will utilize the corresponding benchmarks as set forth in Table 1 to evaluate the population’s ability to pay for outstanding and proposed debt.

(2) G. O. (Limited Tax) Debt Outstanding as a Percent of Assessed Value of Taxable Property— This measure evaluates the portion of long-term debt burden that is to be repaid by local property taxes. G.O. debt is limited by NMSA 21-2A-6 to 3.00% of the value of taxable property from the last assessment.

(3) Debt Service as a % of Operating Expenditures — This measure evaluates the size of annual debt service requirements as a percentage of Operating Expenditures. The measure assists the College in monitoring debt service levels and sets parameters for the size of debt service requirements to assist in mitigating outsized debt service growth.

(4) Tax Rate for Debt Service – State law permits a tax rate of \$5.00 per \$1,000 of assessed valuation in the initial year of issuance. The College targets a tax rate of \$0.55 per \$1000 of assessed valuation and actively manages its principal and interest payments to achieve the \$0.55 tax rate.

(5) Fund Balance as a % of Revenue — Measures the College’s total General Fund balance as a percentage of total General Fund Revenues. Provides an indication of reserve levels and ability of the College to manage expenditure spikes and temporary revenue declines.

(6) Direct Debt as Percentage of Full Value— this measure evaluates the burden of governmental direct debt upon the broadest possible measure of the College’s property tax

base. Direct debt is the amount of all long-term debt (generally debt supported by general revenues and taxes such as G.O. debt) less sinking fund accumulations and less self-supporting enterprise debt. Self-supporting enterprise debt is excluded because it is repaid exclusively from revenues generated by the enterprise activity for which the debt was issued, e.g. enterprise revenue bonds or project revenue bonds. Full Value is defined as total fair market value of taxable property in the College, plus any exemptions and exclusions. Management will utilize the corresponding benchmarks as set forth in Table 1 to evaluate the population's ability to pay for outstanding and proposed debt.

B. Revenue Debt

In addition to General Obligation (Limited Tax) debt, the College may elect to issue revenue bonds secured by a lien on and pledge of all or any part of any of the legally available revenues, income or receipts of the College, other than ad valorem tax proceeds. In order to demonstrate the College's ability to pay debt service on the proposed revenue bonds, the College shall provide for an additional bond test as follows:

- Maintaining an additional bonds test of 3.0x (System Revenue Bonds) computed for a period for any twelve (12) consecutive calendar months out of the preceding eighteen (18) months. The additional bonds test allow the College to issue additional bonds, if the College can produce net revenues annually to pay 300% of debt service requirements on all outstanding senior parity obligations.
- Maintaining an additional bonds test of 1.25x for Research Park Revenue Bonds

V. Financing Alternatives

The College shall assess all financial alternatives for funding capital improvements prior to issuing debt. Pay-as-you-go financing should be considered before issuing any debt. Pay-as-you-go financing may include: grants from federal, state and other sources; current revenues and fund balances; private sector contributions; or public/private partnerships. Once the College has determined that "pay-as-you-go" and governmental or private sector grants are not a feasible financing option, the College may use short-term or long-term debt to finance capital projects.

A. The College will not fund current operations or normal maintenance from proceeds of long-term financing. The College will confine long-term borrowing and capital leases to capital improvements, projects, or equipment that cannot be financed from current financial resources. In an effort to conserve debt capacity, the College shall borrow only when necessary and utilize pay-as-you-go financing to the extent possible.

B. Short-Term Debt and Interim Financing - Maturity of one (1) year or less

Short-term obligations may be issued to finance projects or portions of projects for which the College ultimately intends to issue long-term debt (or where cash is available in a debt service fund and can be "sponged" to retire bonds immediately thereafter); i.e., it shall be used to provide interim financing which shall eventually be refunded with the proceeds of long-term obligations. Short-term obligations may be backed with a tax or revenue pledge, or a pledge of other available resources.

C. Bond Anticipation Notes ("BANs")

BANs, including commercial paper notes issued as BANs, may be issued instead of capitalizing interest to reduce the debt service during the construction period of a project or facility. The BANs will not mature more than 1 year from the date of issuance.

D. Lines and Letters of Credit

Where their use is judged by the VP and the Governing Board to be prudent and advantageous to the College, the College has the power to enter into agreements with commercial banks or other financial entities for purposes of acquiring lines or letters of credit that shall provide the College with access to credit under terms and conditions as specified in such agreements. Any agreements with financial institutions for the acquisition of lines or letters of credit shall be approved by the Governing Board. Lines and letters of credit entered into by the College shall be in support of projects contained in the approved capital improvement plans or similar plans implemented by the College.

E. Long-Term Debt (Bonds) – Maturity over one (1) year

Long-term General Obligation (Limited Tax) bonds shall be issued to finance significant capital improvements for purposes set forth by voters in bond elections and the capital improvement program or similar plans implemented by the College. Additionally, revenue bonds may be issued in response to public need without voter authorization. Long-term debt may be incurred for only those purposes as provided by the State Constitution or State Law.

VI. Issuance of Debt Obligations

All College debt shall be issued in accordance with the following policies:

A. Conditions of Sale

Unless otherwise justified, the issuance and sale of all College bonds, notes, loans and other evidences of indebtedness shall be subject to the following parameters:

- The average life of the debt incurred should be no greater than the projected average life of the assets being financed.
- The payment of General Obligation (Limited Tax) bonds shall be secured by the full faith, credit and taxing power of the College, subject to a maximum debt service levy of five (5) mils per thousand of assessed (taxable) property within the District, and by the pledge of specified limited revenues accounted for in special funds, in the case of revenue bonds.
- Prior to the issuance of debt, the College will identify the revenue source and find that the revenue source is sufficient to pay debt service over the expected repayment timeframe when considering current and proposed debt.
- The timing of any borrowing should be coordinated to coincide as closely as possible to the cash flow requirements for construction of the project and to meet the spend down requirements established by applicable statutory and/or regulatory requirements, therefore minimizing potential arbitrage rebate.
- Pursuant to applicable statutory and/or regulatory requirements, a reimbursement resolution (declaration of official intent) must be approved by the Governing Board, if prior to a tax-exempt bond issue being sold, the College intends to spend funds from another source with the intent to reimburse the expenditures with tax-exempt bond proceeds. The reimbursement resolution must be approved not later than 60 days after payment of the original expenditure. Currently, the reimbursement allocation from bond proceeds must be made not later than 18 months after the later of: (i) the date the original expenditure is paid, or (ii) the date the project is placed in service, but in no event more than 3 years after the original expenditure. Certain preliminary “soft costs” expenditures (architectural, engineering, surveying, soil testing, etc) may be recovered without a reimbursement

resolution up to an amount not in excess of 20% of the bond issue.

- The term of every General Obligation (Limited Tax) issue shall be 20 years or less. The term of System Revenue issues shall be 30 years or less.
- New money General Obligation (Limited Tax) bonds shall be issued at a public sale or at a negotiated sale on terms determined by the College or may be sold at private sale to the State of New Mexico or the New Mexico Finance Authority.
- General Obligation (Limited Tax)s bonds may be issued for the purpose of:
 - erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities, exclusive of stadiums;
 - making other real property improvements;
 - purchasing grounds; and
 - purchasing and installing computer hardware and software with a useful life equal to or exceeding the maturity of the bonds.
- General Obligation (Limited Tax) bond issuances by the College are subject to approval by the New Mexico Higher Education Department and subsequently by an election of a majority of qualified electors voting on the proposed issue.
- No General Obligation (Limited Tax) bonds shall be issued that create a total bond indebtedness in excess of three (3) percent of the assessed valuation of the taxable property within the College's district,
- Revenue bonds may be issued for the purpose of:
 - constructing, purchasing, improving, remodeling, furnishing or equipping any necessary buildings, structured or facilities
 - In the case of University Research Park bonds, the College, as authorized by NMSA 21-28-5, may finance all or part of the costs of the research park, including the purchase, construction, reconstruction, improvement, remodeling, addition to, extension, maintenance, equipment and furnishing. Per New Mexico State Statue 21-28-9, bonds issued under the provisions of the University Research Park and Economic Development Act shall be deemed issued on behalf of the College but shall not be deemed to constitute a liability or a pledge of faith of the state or any political subdivision therefore or any college/university. University Research Park bonds shall be payable solely from the revenue or assets of the research park corporation pledged for that payment.
- System Revenue bond issuances shall be authorized by resolution of the Governing Board and approved by a majority vote of the Governing Board. The New Mexico Higher Education Department and the State Governing Board of Finance shall approve the sale of all System Revenue bond issuances.
- Bonds shall be sold at a price that does not result in a net effective interest rate exceeding the maximum net effective interest rate permitted by the Public Securities Act.
- Capital improvements should be developed, approved and financed in accordance with College Bond Resolutions and pursuant to the College capital improvement budgeting process.
- Principal and interest retirement schedules shall be structured to: (1) meet available cash flow available to service debt, (2) achieve a low borrowing cost for the College, (3) accommodate the debt service payments of existing debt and (4) respond to perceptions of market

demand. Shorter maturities shall always be encouraged to demonstrate to rating agencies that debt is being retired at a sufficiently rapid pace.

- Debt shall be limited to obligations that are payable serially and have term maturities, but may be sold subject to optional or mandatory redemption.

B. Methods of Sale

Debt obligations in the form of bonds, notes, loans or other evidences of indebtedness of the College may be sold by competitive, negotiated sale or private placement methods unless otherwise limited by state law. The selected method of sale shall be the option which is expected to result in the lowest cost and most favorable terms given the financial structure used, market conditions, and prior experience with each method.

Pursuant to NMSA 21-2A-6, new money General Obligation (Limited Tax) Bonds shall be issued at a public sale or may be sold at private sale to the State of New Mexico or the New Mexico Finance Authority.

C. Bond Approval Process

The College’s bond issues will generally track an approval process as follows:

Approval Process					
Limited Tax General Obligation Bonds			Revenue Bonds		
Stage	Description	Participants	Stage	Description	Participants
1 Development	Plan of Finance Developed	CNM, FA	1 Development	Plan of Finance Developed	CNM, FA
2 Preliminary Internal Approval	Authorizing Resolution	GB	2 Preliminary Internal Approval	Authorizing Resolution	GB
3 External Approval	HED Approval of Election Proposal	HED, CNM, FA, BC	3 External Approval	HED & SBOF Approval	HED, SBOF, CNM, FA, BC
4 External Approval	Bond Election	Qualified Electors	4 Sale/Final Internal Approval	Bonds structured & Issued. Final Sale Resolution approved by GB	Board, CNM, BC, FA
5 Sale/Final Internal Approval	Bonds structured & Issued. Final Sale Resolution approved by GB	GB, CNM, BC, FA			

Key

- GB - CNM Governing Board
- CNM - CNM Staff
- HED - New Mexico Higher Education Department
- SBOF - New Mexico State Board of Finance
- BC - The College's retained Bond Counsel
- FA - The College's retained Financial Advisor

VII. Selection of Debt Structures

A. Fixed Rate Bonds

In order to minimize interest rate risk, the preference of the College is to issue fixed rate debt;

however, if an alternative structure is determined to be preferential, the College may adopt an alternative bond structure subject to the defined constraints described herein.

B. Variable Rate Bonds

The proportional amount of debt attributable to specific pledged revenue that shall be issued in the form of unhedged variable rate securities shall be limited to a maximum of 20% of the total outstanding debt for which that revenue is pledged. In the case of tax supported variable rate debt, the level of variable rate shall not exceed 20% of the then outstanding tax supported debt which includes General Obligation (Limited Tax) and System Revenue debt. In considering the amount of unhedged variable rate debt to be issued, consideration shall be given to the amount of cash balances available to be otherwise invested as reserves and available as a natural interest rate hedge. Periodically, the VP with assistance from the financial advisor shall analyze each outstanding variable rate issue to determine if the issue should be converted to a fixed rate or otherwise hedged. The College will consult with its legal advisors, financial advisors and a selected derivative advisor for guidance in incurring or managing derivative products.

C. Tax-Exempt Bonds

In order to minimize interest cost, the preference of the College is to issue tax exempt debt; however, if an alternative structure is determined to be preferential the College may adopt an alternative bond structure subject to the defined constraints described herein.

D. Taxable Bonds

The College may elect the use of taxable debt for those projects that have an intended use or other characteristics that preclude the use of tax-exempt debt or in other instances where the use of taxable debt can be shown to offer a financial advantage to the College. Any use of taxable debt requires Governing Board approval and is subject to applicable statutory and/or regulatory requirements.

E. Liquidity and Credit Enhancement Facilities

The College may seek to use liquidity or credit enhancement when such enhancement proves to be cost effective or to improve or establish a credit rating. When their use is judged prudent and advantageous to the College, the VP shall have the authority subject to Governing Board approval to enter into agreements with commercial banks or other financial entities for the purposes of acquiring lines or letters of credit, bond insurance or surety policies, etc. Selection of enhancement providers is subject to a competitive bid process developed by the VP and financial advisor and approved by the Governing Board.

a. Prerequisite to use:

The present value of the estimated debt service savings from the use of credit enhancement should be at least equal to or greater than the premium paid by the College to obtain such credit support; and criteria to be used in the appointment of credit provider include:

- An objective evaluation of responses to a request for qualification
- The short-and long-term credit ratings of the institution and the relative trading level of debt support by such credit provider
- Institution's experience with providing liquidity facilities to municipal bond issuers
- Competitiveness of fees submitted, interest charged on liquidity draws, maximum legal and administrative fees
- Ability to agree to College and state legal requirements; and
- Number and amount of liquidity facilities currently outstanding in the market

F. Optional Redemptions

The College's bonds may be subject to optional redemptions and early calls, consistent with the

objective of paying the lowest possible interest cost. Early calls may permit the College to act upon decreases in interest rates by refinancing debt for the purpose of realizing debt service savings. The College and its financial advisor will evaluate optional redemption provisions for each issue, so the College does not service its debts at unacceptably higher interest rates. Debt will be structured with shortest optional redemption date which does not materially increase cost.

G. Reserve Requirements & Bond Insurance

In the issuance of bonds, the College may find it necessary to fund a reserve fund or acquire bond insurance in order to achieve the lowest possible interest cost. In each instance, the College and its financial advisor will determine the appropriate reserve and or insurance option that allows for the lowest achievable interest cost while maintaining the marketability of the College's bonds.

VIII. Refundings

A. Refunding Bonds: The College shall consider refunding outstanding debt in order to:

- a. Generate interest rate savings,
- b. Restructure principal, or
- c. Eliminate burdensome bond covenants.
- d. A present value analysis shall be prepared that identifies the economic effects of any refunding proposed. Prominent among these are:
 - i. Time to call date,
 - ii. Time remaining to call date,
 - iii. Negative arbitrage per maturity, and
 - iv. Shape of debt service savings.

If the Governing Board so determines, outstanding bonds may be redeemable prior to maturity upon payment of a premium not exceeding one percent of the principal of the bonds.

B. Current Refundings

- a. Requires that the refunding escrow may not exceed 90 days, as described in Table 3. A current refunding transaction shall require a present value savings at least of the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses. A maturity by maturity analysis shall be conducted to determine if threshold is met.

C. Advance Refundings

- a. Requires the refunding escrow duration to exceed 90 days. Governmental bonds issued after 1985 may not be advance refunded with tax-exempt bonds more than once. Consequently, the College should carefully weigh the benefits and opportunity costs of such an action; and unless otherwise justified, an advance refunding transaction shall require a present value savings of at least the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses. A maturity by maturity analysis shall be conducted to include a determination of the negative arbitrage incurred in connection with the escrow established for a particular maturity. To be considered, the negative arbitrage for a particular candidate shall not be greater than the net present value savings generated

by that candidate.

- b. The chart below illustrates the savings matrix for a fixed rate refunding of existing fixed rate bonds so that each individual bond maturity generates a net present value savings of at least the following:

Table 3.

Minimum NPV Savings Decision Matrix				
Years from Call Date to Maturity Date	Years to Call Date			
		0 - 2	3 - 7	8 - 10
	0 - 5	0.50%	3.00%	3.00%
	6 - 10	3.00%	3.00%	4.00%
	11 - 15	3.00%	4.00%	5.00%
	16 - 20	4.00%	5.00%	5.50%

VIII. Investment of Bond Proceeds

Bond proceeds will be invested pursuant to the College’s Investment Policy. If the investment of bond proceeds is not addressed within the College’s Investment Policy or in the absence of a policy, the proceeds will be invested in US Treasury and or US Government Agency securities.

IX. Appointment of Professionals

- A. To provide systematic technical advice and support to the College and for the efficient competitive, negotiated or private placement sale of College debt, the Governing Board may approve the selection of qualified professionals including Bond Counsel, Financial Advisor, Disclosure Counsel, Arbitrage Rebate Services, and underwriters.
- B. Such selection of qualified professionals shall be based on an evaluation of competitive proposals for a combination of advisory and underwriting services, as recommended to the Governing Board by the VP. In no case may the financial advisor on any College credit serve as an underwriter in compliance with MSRB rules and regulations.

a. Term of Appointments

- i. Appointments shall be effective for a term consistent with the College’s procurement code, from the date of ratification of the award by the Governing Board, unless otherwise amended by the Governing Board.

b. Selection Process

- i. The College shall periodically publish a RFP that invites concurrent proposals

from individual offeror to provide services in support of each of the College's anticipated projects.

c. Blackout Periods Imposed

- i. Communication about an RFP or the selection process with members of a financial advisor, or underwriting proposal review committee, College employees, or elected officials of the College by any employee or representative of an underwriting team under consideration for selection is explicitly prohibited from the date of publication of such RFP until recommendation of award by the Governing Board.
- ii. Failure to comply with this requirement shall result in the applicant's disqualification.

d. Selection Criteria

- i. In order of priority, criteria to be used in the appointment of qualified financial advisor and underwriters shall include, but are not limited to:
- ii. Demonstrated ability of the firm to structure an issue of debt utilizing the contemplated credit structure(s) efficiently and effectively (underwriting firms only)
- iii. Experience of assigned personnel
- iv. Approach to proposed scope of work, including quality and applicability of proposed financing ideas
- v. Demonstrated capability to sell bonds to institutional and retail investors, especially to investors located in New Mexico (underwriters only)
- vi. Demonstrated commitment and capacity of the underwriting firm or firms to put its firm's capital at risk, especially as evidenced by having successfully bid on prior competitive sales of College debt or by having underwritten the College's debt in adverse markets (underwriting firms only)
- vii. Demonstrated secondary market support for debt which the underwriting firm or firms are retained, especially for the specific credit which is to be pledged (underwriting firms only)
- viii. Fees and expenses
- ix. Weights for the above criteria may vary and shall reflect the unique requirements of the proposed engagement
- x. Other factors. Other factors are defined as those factors that have not been included as technical selection criteria, but are factors that in some instances must be considered in making the final selection. Their nature will not permit a meaningful numerical predetermination of relative significance of impact on the selection decision, and therefore, they are not numerically scored.

Failure to provide complete disclosure for each of the offeror firms to the following questions or misrepresentation shall result in disqualification. The provider must certify that, to the best of its knowledge, the information submitted in response to this section is accurate, complete and not misleading.

e. Conflicts of Interest

- i. Each offeror shall list all potential conflicts of interest of which the firms have knowledge or which may arise with respect to the representation of the College on the proposal, including, without limitation, any circumstances which would create the appearance of a conflict of interest.
- ii. Each offeror shall disclose any political contribution, gift or fund-raising, either direct or indirect, valued in excess of \$250.00 (singularly or in the aggregate) made by the firms or individuals at the firms to any elected official or person seeking office in the state of New Mexico in the last five (5) years; any current, proposed or past financial or business relationship or arrangement between a firm or any individual at the firm and any College Governing Board member, officer or employee of the College; and any other actual or potential conflict which may give rise to a claim of conflict of interest.
- iii. Each offeror shall provide acknowledgement that it has complied with all MSRB Rule G-37 filings, and shall document specific breaches of the Rule for which sanctions were imposed. The offers shall only be required to provide any supplementary information requested by the College (underwriting firms only).

f. Regulatory Action

- i. Each offeror shall disclose any judicial or administrative proceedings of public record that have been filed against the firm during the five (5) years preceding the date of the proposal that concerned the offeror participation in a securities transaction.
- ii. Each offeror shall list and describe the current disposition or status of any litigation or formal or informal action taken by any state or federal securities commission, the MSRB, or any other regulatory body against the firm (or taken against any individuals now at the firm who will work under this contract) within the last five (5) years.
- iii. Each offeror shall disclose employment practices and describe the current disposition or status of any litigation or formal or informal action taken by the Equal Employment Opportunity Commission or any other regulatory body against the firm within the last five (5) years with respect to its employment practices.

X. Investor and Rating Agency Communications

A. Disclosure

- a. It is the College's policy to provide primary and secondary disclosure to all its bond investors on a periodic basis as required by the SEC Disclosure Rule 15c2-12 and SEC Antifraud Provision Rule 10b-5 and MSRB Rule G-36 as stated below:
- b. SEC Disclosure Rule 15c2-12 requires that issuers of municipal securities undertake in a written agreement or contract for the benefit of holders of such securities to provide

certain annual financial information to various information repositories.

- c. SEC Antifraud Provisions Rule 10b-5 requires that disclosure made by issuers of municipal securities be both accurate and complete in all material respects at the time the disclosure is provided.
- d. MSRB Rule G-17 requires, in the conduct of municipal securities or municipal advisory activities, each broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest or unfair practice.
- e. MSRB Rule G-23 establishes ethical standards and disclosure requirements for brokers, dealers, and municipal securities dealers who act as financial advisors to issuers with respect to the issuance of municipal securities. Firms are prohibited from engaging in underwriting and remarketing activities with issuers of municipal securities with whom they maintain a financial advisory relationship, as defined by MSRB Rule G-23.
- f. MSRB Rule G-36 requires filing by the broker dealer of the Official Statement within seven (7) business days of the Bond Purchase Agreement execution.
- g. The College acknowledges the responsibilities of the underwriting community and shall assist underwriters in their efforts to comply with SEC Disclosure Rule 15c2-12, SEC Antifraud Rule 10b-5 and MSRB Rule G-36.

B. Official Statement Filing - Primary Disclosure

- a. The College shall file its Official Statements on the MSRB's Electronic Municipal Market Access ("EMMA") system which is the official repository for municipal securities.

C. Comprehensive Annual Financial Report

- a. The College shall provide its Comprehensive Annual Financial Report ("CAFR") and shall disseminate other information that it deems pertinent to the market in a timely manner. The College shall file its CAFR with EMMA on a timely basis as required.

XI. Securities Disclosure Policies and Practices of Administration Officials

In connection with the issuance of certain bonds, notes, and other municipal securities, the College is required to prepare and disseminate certain disclosure information in order to comply with Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, including a requirement for continuing disclosure of annual financial information and notices of certain material events. This policy shall centralize the information dissemination process, establish appropriate controls on disclosure statements made by the College and enable the College and its enterprises to comply with Rule 15c2-12, in order to assure the College's access to the capital markets as a source of funds for necessary and useful public undertakings of the College. This policy is not intended in any way to limit any person's access to public records or information, nor to infringe upon the normal political process, in particular the right of any elected official of the College to review, discuss, release, comment upon or criticize any information.

A. Policy

- a. The VP shall be responsible for reviewing and recommending, prior to release to the public, all official statements and disclosure statements relating to municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12.
- b. No official statement relating to any municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 shall be issued or released to the public until and unless approved in writing by the VP.
- c. No disclosure statement concerning municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 shall be made, issued or released to the public by any employee, agent or official of the College until and unless such disclosure statement and the release thereof shall be approved in writing by the VP.
- d. The College shall not bind itself pursuant to an undertaking relating to securities, such as certain types of private activity bonds, as to which it is not an obligated person for purposes of Rule 15c2-12. No undertaking relating to municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 shall be binding upon the College without the written approval of the VP.
- e. No disclosure statement, official statement or undertaking in respect of any municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 that is issued or released to the public by any employee, agent or official of the College without the express written approval of the VP as required by this policy shall be deemed to be a statement or undertaking by or on behalf of the College.

B. Action

- a. Unless otherwise required by law, prior to releasing to the public any official statement or disclosure statement intended to be made public, all non-elected employees, agents and officials of the College shall report to and file with the VP any such proposed disclosure statement, together with such additional information requested by the VP, including certificates as to the accuracy of such disclosure statement, and each such employee, agent and official of the College shall consult with the VP concerning such proposed official statement or disclosure statement.

C. Published Disclosure Statements

- a. All information and documentation requested by the VP that may be required to support the preparation of a disclosure statement, official statement or undertaking shall be provided by the appropriate College departments, as identified by the VP, on a timely, complete, and accurate basis.
- b. All disclosure statements, official statements and undertakings shall be compiled by disclosure counsel and reviewed by the VP and other counsel who are parties to the documentation. They shall be afforded, by the originating department, such unobstructed access to documentation and information, as they may deem appropriate.

D. Rating Agency, Investor and Media Communications

- a. All communications with rating agency personnel, including responses to their periodic questions, shall be managed through and approved by the VP.
- b. In order to ensure uniform market access to information that may be relevant to the valuation of the College's securities, the release of any information, whether in response to an ad hoc question or self initiated, that may be potentially relied upon by the market to impute the credit worthiness of the College's debt, whether intended for that purpose or not, shall be reviewed by the VP and Disclosure Counsel to determine whether or not:
 - The information is already in the public domain;
 - The information is a disclosure event as defined by the SEC, requiring prompt EMMA filing; and
 - The information is full, accurate, complete and not misleading.

CNM Governing Board Meeting

August 13, 2013

Supplemental Information

Post Issuance Compliance Guidelines,
Referenced in the Debt Management
Policy, Section 1. Debt Management
Policy, Bullet 3 (Page 3).



Post-Issuance Tax and Securities Compliance Guidelines for Bonds

Dated as of August 13, 2013

Overview

This guide lists the post-issuance tax compliance controls and procedures related to financial obligations (“Post-Issuance Compliance Guidelines”) maintained by Central New Mexico Community College District (the “College” or “District”). Post-Issuance Compliance Guidelines are intended to ensure that the College complies, and is able to demonstrate such compliance, with applicable legal provisions including certain recordkeeping and reporting requirements in order (a) to maintain the tax status of the bonds for federal income tax purposes under the Internal Revenue Code and the Treasury Regulations, (b) to ensure that the bonds continue to comply with the securities laws contained in Rule 15c2-12 of the Securities Exchange Commission. References herein to “tax-exempt bonds” include the issuance of tax exempt and tax-advantaged bonds, loans and other similar debt instruments that may be issued by the College. This guideline is designed to formalize compliance procedures so that the College utilizes the proceeds of all issues of bonds in accordance with applicable federal tax requirements and complies with all other applicable federal requirements with respect to bond issues.

A list of currently outstanding bond issues, inclusive of taxable and tax advantaged issues when applicable is attached hereto as Exhibit A. Such exhibit will be reviewed and updated periodically as new bond issues arise or existing bond issues cease to be outstanding. Certain additional transactional covenants and recurring reporting and similar obligations of the College relevant to the College’s current bonds are set forth in Exhibit B hereto, which may be reviewed and amended periodically to address future leases or bond issues.

Section I: Issuance of Bonds

Financing with tax-exempt bonds is determined by the College governing board with consultation from the following:

- College Finance Staff
- Financial Advisor
- Bond Counsel

Bond Counsel

The College will retain a firm of nationally recognized bond counsel ("Bond Counsel") to deliver a legal opinion upon issuance of Bonds. The College will consult with Bond Counsel, other legal counsel and advisors including disclosure counsel throughout the bond financing process as well as during the post-issuance term of the bonds.

External Financial Advisor

The College maintains a relationship with a firm to serve as financial advisor ("Financial Advisor") in connection with the issuance of tax-exempt bond financing to advise with respect to outstanding tax-exempt bonds and for future capital projects.

Tax Certificate

The federal tax requirements relating to each issue of Bonds will be set forth in a related Tax Certificate, which will be included in the closing transcript for each issue. The certifications, representations, expectations and covenants set forth in the Tax Certificate relate primarily to the restriction on use of the Bond-financed facilities by persons or entities other than the College, changes in use of Bond-financed assets, restrictions applicable to the investment of Bond proceeds and other moneys relating to the Bonds, arbitrage rebate requirements, and economic life of the Bond-financed assets. Bond Counsel will rely in part on the Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes.

IRS Form 8038-G

Bond Counsel, with assistance from the College and other professionals associated with each Bond issuance, shall prepare an IRS Form 8038-G. The College's Vice President of Finance and Operations or designee ("VP") will review and sign at closing, and will confirm that the IRS Form 8038-G with respect to all Bond issues is timely filed by Bond Counsel, including any required schedules and attachments. The Form 8038-G filed with the IRS, together with an acknowledgement copy or IRS Notice CP152, will be included as part of the closing transcript for each Bond issue.

Bond Financing Transcript

The transcript associated with each Bond financing, will include copies of the executed Opinion of Bond Counsel, Tax Certificate, and IRS Form 8038-G. The VP will keep a copy of the transcript in accordance with the provisions of Section V-"Records Retention", of these Post-Issuance Compliance Guidelines.

Section II. Application of Bond Proceeds

The VP will monitor and report to the College's President the use of bond proceeds. Bond proceeds will be used for the purpose set forth in the respective Tax Certificate.

Assignment of Responsibility and Establishment of Calendar

On the date of issuance of any bond, the VP will identify for the bond issue:

- The funds and/or accounts into which bond proceeds are deposited.
- The types of expenditures expected to be made with the bond proceeds deposited into those funds and/or accounts and any expenditures prohibited from being made from such funds or accounts.
- The dates by which all bond proceeds must be spent or become subject to arbitrage yield limitations ("Expenditure Deadlines") and all interim dates by which funds and/or accounts must be checked to ensure compliance with the applicable Expenditure Deadlines.

Timely Expenditure of Bond Proceeds

At the time of issuance of any Bond issue, the College must reasonably expect to spend at least 85% of all proceeds expected to be used to finance improvements, which proceeds would exclude proceeds in a reasonably required reserve fund, ("Net Sale Proceeds") within three (3) years of issuance. In addition, the College must have incurred or expect to incur within six months after issuance expenditures or a binding obligation of not less than 5% of such amount of proceeds, and must expect to complete the project and allocate the proceeds to costs with due diligence. Satisfaction of these requirements allows project-related Bond proceeds to be invested at an unrestricted yield for three (3) years. The VP will work with the Departments of Facilities and Information Technology Services to clarify an anticipated Project construction and funding timeline. The College's finance staff will monitor the appropriate capital project accounts and ensure that Bond proceeds are spent in the time period required under federal tax law. If the VP discovers that an Expenditure Deadline has not been met, said person will consult with Bond Counsel to determine the appropriate course of action with respect to such unspent bond proceeds. Special action may need to be taken with such unspent bond proceeds, including yield restriction, or redemption of Bonds.

Final Allocation

Expenditures will be summarized in a final allocation of bond proceeds ("Final Allocation") in a manner consistent with allocations made to determine compliance with arbitrage yield restriction and rebate requirements. The Final Allocation will memorialize the assets or portion thereof financed with bond proceeds and the assets or portion thereof financed with other funds.

The Final Allocation must occur not later than 18 months after the later of the date the expenditure is paid or the date the Project to which the expenditure relates is completed and actually operating at substantially the level for which it was designed. This allocation must be made in any event not later than 60 days after the end of the fifth year after issuance of the Bonds or 60 days after none of the Bonds are outstanding, if earlier.

The VP will be responsible for ensuring that such Final Allocation is made for the bonds.

Modification of Bond Terms (Variable Rate Debt)

The VP is responsible for identifying any events resulting in (a) changes or modifications of any of the contractual terms of bonds (including, without limitation, modifications of the bond interest rates, maturity dates or payment schedule), (b) changes to any credit enhancement of or liquidity facility for bonds, (c) changes in the nature of the security for the bonds, (d) purchase of bonds by the College or any entities related to the College or (e) any deferral or forbearance of default of payment of principal and interest due on bonds. Such actions may result in a deemed reissuance of the bonds for federal income tax purposes and could require protective actions to maintain the tax status of the bonds. Bond Counsel should be consulted prior to taking any of these actions.

Use of Bond Proceeds

Bond proceeds generally should be used for long-term capital projects and not more than 5% of the proceeds should be loaned to one or more non-governmental persons. Bond proceeds (including earnings on original sale proceeds), other than proceeds deposited in a reasonably required reserve fund or used to pay costs of issuance, should be spent on Capital Expenditures. For this purpose, Capital Expenditures generally mean costs to acquire, construct, or improve property (land, buildings and equipment), or to adapt the property to a new or different use. The property must have a useful life longer than one (1) year. Capital Expenditures include design and planning costs related to the Project, and include architectural, engineering, surveying, soil testing, environmental, and other similar costs incurred in the process of acquiring, constructing, improving or adapting the property. Capital Expenditures do not include operating expenses of the projects or incidental or routine repair or maintenance of the Project, even if the repair or maintenance will have a useful life longer than one (1) year. Capital Expenditures also include purchasing and installing computer hardware and software, to the extent that such computer equipment is part of a building or other capital improvement, and the average maturity of the bond issue does not exceed 120% of the weighted useful life of all of the property purchased with the proceeds of the bond issue. Bond proceeds to fund the project will include details on Project costs incurred and will indicate review and approval by the Departments of Facilities and Information Technology Services.

Segregation of Bond Proceeds

Bond proceeds shall be maintained in separate accounts or subaccounts to ensure accurate calculations and accounting as required by the Internal Revenue Code. The College shall establish separate accounts or subaccounts as provided in the related Bond Resolution and to establish the accounts or subaccounts as they are described in the Bond Resolution.

Section III: Use of Bond Financed Assets

The College reviews, and will continue to review, any third-party uses of its Bond-financed facilities (“Projects”) for private business use. In addition, the College will continue to consult regularly with Bond Counsel and Financial Advisor regarding applicable federal tax limitations imposed on the College’s outstanding tax-exempt obligations and whether arrangements with third parties give rise to private business use of the Projects. The VP, together with the Departments of Facilities and

Information Technology Services or other College departments managing Bond-financed assets, will maintain records identifying the assets or portion of assets that are financed with proceeds of a Bond issue, the uses and the users (including terms of use and type of use). Such records may be kept in any combination of paper or electronic form. In the event the use of Bond proceeds or the Project is different from the covenants and representations in the Tax Certificate, the VP shall be notified at that time and Bond Counsel will be promptly notified and consulted to ensure that there is no adverse effect on the tax-exempt status of the Bond issue.

Ownership and Use of Project

For the life of the Bond issue, the Project must be owned and operated by the College (or another state or local governmental entity). At all times while the Bond issue is outstanding, no more than 10% (or \$15,000,000, if less) of the Bond proceeds or the Project may be used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit (“Private Use”). Generally, Private Use consists of any contract or other arrangement, including leases, management contracts, operating agreements, guarantee contracts, take or pay contracts, output contracts or research contracts, which provides for use by a person who is not a state or local government on a basis different than the general public. Use may include: (i) owning, leasing, providing services, operating, or managing the Project; (ii) acquiring the output (or throughput) of the Project; or (iii) acquiring or using technology developed at the Project. The Project may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes “General Public Use”. General Public Use is any arrangement providing for use that is available to the general public at either no charge or on the basis of rates that are generally applicable and uniformly applied. College staff will monitor all leases and subleases on property that has been financed with tax-exempt long-term obligations. Prior to entering into any lease or sublease on a bond-financed property, College staff will consult with Bond Counsel to determine the impact, if any, such lease or sublease would have on the tax status of outstanding tax-exempt obligations.

The College will use long-term obligations to finance those projects that are intended to be owned and operated by the College for the entire term of the long-term financing. Prior to selling or otherwise disposing of any tax-exempt debt financed project for which debt remains outstanding, the College will consult with Bond Counsel to determine the impact, if any, such sale or disposition would have on the tax status of outstanding tax-exempt debt.

Management or Operating Agreements

Any management, operation or service contracts whereby a non-exempt entity is using Bond-financed assets must relate to portions of the Project that fit within the above-mentioned 10% allowable Private Use or the contracts must meet the IRS safe harbor for management contracts. Any replacements of or changes to such contracts should be reviewed by Bond Counsel. The College shall contact Bond Counsel if there may be a lease, sale, disposition or other change in use of Bond-financed assets. The Office of the Vice President for Finance and Operations maintains records on contracts related with College real estate. In general, management or service contracts related to Projects must provide for reasonable compensation for services rendered with no compensation based on a share of net profits from operations.

Useful Life Limitation

The weighted average maturity of the Bond issue cannot exceed 120% of the weighted average economic life of the Bond-financed assets. In other words, the weighted average economic life of the Project must be at least 80% of the weighted average maturity of the Bond issue. The term of a long-term obligation should not exceed the useful life of a project financed by those obligations; or in the case of multiple projects, the term of the long-term obligation will not exceed the average useful life. The useful life of an object is confirmed at the time of issuance. Also, each asset of the College has a useful life that is recorded in the College enterprise resource program.

Section IV: Investment Restrictions, Arbitrage Liability

Investment Restrictions

Investment restrictions relating to Bond proceeds and other moneys relating to the Bonds are set forth in the Tax Certificate. The College's finance staff will monitor the investment of Bond proceeds to ensure compliance with yield restriction rules. The VP is responsible for directing the investment of proceeds of Bonds or other funds related to the College's Bonds and will provide periodic updates on the investments of Bond proceeds to the College's Governing Board or related staff.

Arbitrage Yield Calculations and Rebate

Investment earnings on Bond proceeds will be tracked and monitored to comply with applicable yield restrictions and/or rebate requirements. The College is responsible for calculating (or causing the calculation of) rebate liability for each Bond issue, and for making any required rebate payments. Any funds of the College set aside or otherwise pledged or earmarked to pay debt service on Bonds should be analyzed to assure compliance with the tax law rules on arbitrage, invested sinking funds and pledged funds (including gifts or donations linked to the Bond-financed assets).

Arbitrage Rebate Consultant

The College will retain an arbitrage rebate consultant, to perform rebate calculations as required in the Tax Certificate of each Bond financing. The VP is responsible for providing the arbitrage rebate consultant with requested documents and information on a prompt basis, reviewing applicable rebate reports and other calculations and generally interacting with the arbitrage rebate consultant to ensure the timely preparation of rebate reports and payment of any rebate liability.

Arbitrage Rebate Payments

The reports and calculations provided by the arbitrage rebate consultant will confirm compliance with rebate requirements, which include the College to make rebate payments, if any rebate liability exists, no later than the fifth (5th) anniversary date and each fifth (5th) anniversary date thereafter through the final maturity or redemption date of a Bond issue. A final rebate payment must be made within sixty (60) days of the final maturity or redemption date of a Bond issue. The VP will confer and consult with the arbitrage rebate consultant to determine whether any rebate spending exception may be met. Rebate spending exceptions are available for periods of 6 months, 18 months and 2 years. The College will review the Tax Certificate and/or consult with the arbitrage rebate consultant

or Bond Counsel for more details regarding the rebate spending exceptions. Copies of all arbitrage rebate reports, related return filings with the IRS (i.e., IRS Form 8038-T), copies of cancelled checks with respect to any rebate payments, and information statements must be retained as described below. The College's finance staff will follow the procedures set forth in the Tax Certificate entered into with respect to any Bond issue that relate to compliance with the rebate requirements.

Section V: Record Retention

The VP will maintain, or cause to be maintained, copies of all relevant documents and records sufficient to support that the tax requirements relating to a Bond issue have been satisfied will be maintained by the College for the later of: (i) the term of a Bond issue, or (ii) the term of any subsequent issue that refunds the original Bond issue, plus three (3) years, including the following documents and records:

- Bond closing transcript
- All records of investments, arbitrage reports, returns filed with the IRS and underlying documents
- Construction contracts, purchase orders, invoices and payment records
- Documents relating to costs reimbursed with Bond proceeds
- All contracts and arrangements involving Private Use of the Bond-financed property
- All reports relating to the allocation of Bond proceeds and Private Use of Bond-financed property
- Itemization of property financed with Bond proceeds

VI. Annual Review of Post Issuance Compliance Controls

The College will conduct periodic reviews of compliance with these Post-Issuance Compliance Guidelines to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treas. Reg. Section 1.141-12) or the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance). If any changes to the terms or provisions of a Bond issue are contemplated, the College will consult Bond Counsel. The College recognizes and acknowledges that such modifications could result in a "reissuance" for federal tax purposes (i.e., a deemed refunding) of the Bond issue and thereby jeopardize the tax-exempt status of interest on the Bonds after the modifications. At least annually, the VP will conduct an evaluation of the effectiveness of the design and operation of the College's Post-Issuance Compliance Guidelines with the assistance of the College's Financial Advisor, Bond Counsel and other employees of the College as appropriate, to the extent determined by any of them to be necessary or appropriate.

Tax Return Filings

The College's Finance Staff will assure compliance with IRS tax return filing requirements.

The College's Finance Staff will coordinate the engagement of an accounting firm and the delivery of requested information in order to assure the preparation and filing of annual tax returns on a timely basis.

Annual Review

The VP will coordinate an annual review process to investigate, monitor, assure and document compliance with the tax and continuing disclosure requirements described in these guidelines.

Continuing Disclosure Compliance Requirements

In each year that the College has bonds or taxable obligations outstanding subject to SEC Rule 15c2-12, it must provide updated information or its designee, must file or cause to be filed its annual report (the "Annual Report") with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system for municipal securities disclosure. Aforementioned updated information must be provided by the College or designee by the date specified in each bond's official statement. Refer to Exhibit B for the required disclosure dates for College's existing bonds.

In preparing its Annual Report, the College should review each of its outstanding continuing disclosure undertakings, if any, (collectively, the "Undertakings") to determine the quantitative financial information and operating data which, together with the audited financial statements, will constitute the content of the Annual Report. Certain quarterly reports may also need to be filed with the MSRB through EMMA.

The College, through its VP, will also continuously monitor other events relevant to the bonds and provide proper notice to the MSRB through EMMA as may be required by the Undertakings. A list of relevant events is included on Exhibit C hereto, which may be amended from time to time to reflect updates in the law.

The College will coordinate any submissions with the MSRB through EMMA with Bond Counsel or other legal counsel.

EXHIBIT A

TO POST-ISSUANCE COMPLIANCE GUIDELINES

LIST OF CURRENTLY OUTSTANDING BONDS

GENERAL OBLIGATION (LIMITED TAX) BONDS

- \$33,360,000 (original principal amount; dated October 24, 2011) Central New Mexico Community College, General Obligation (Limited Tax) Bonds, **Series 2011** (Final Maturity: August 15, 2026)
- \$30,000,000 (original principal amount; dated August 19, 2009) Central New Mexico Community College, General Obligation (Limited Tax) Bonds, **Series 2009** (Final Maturity: August 15, 2024)
- \$30,000,000 (original principal amount; dated September 12, 2006) Central New Mexico Community College, General Obligation (Limited Tax) Bonds, **Series 2006** (Final Maturity: August 15, 2021)

**EXHIBIT B
TO POST-ISSUANCE COMPLIANCE GUIDELINES**

THE FOLLOWING SUMMARIES ARE NOT COMPLETE DESCRIPTIONS OF THE COVENANTS DESCRIBED IN THE BOND DOCUMENTS, AND REFERENCE MUST BE MADE TO THE APPLICABLE DOCUMENT SECTIONS FOR A FULL DESCRIPTION OF SUCH COVENANTS. The College should seek advice of Bond Counsel or other legal counsel to assist in reviewing tax, insurance, disclosure and business covenants summarized below.

ISSUE	ADDITIONAL BOND TEST	CDU DATE	RATE COVENANT	RESERVE REQUIREMENT
GENERAL OBLIGATION (LIMITED TAX) BONDS				
SERIES 2011	O/S GO Debt Within 3% A.V. Capacity Limit	Mar. 31	Sufficient To Pay Debt Svc (Not to exceed five mils)	N/A
SERIES 2009	O/S GO Debt Within 3% A.V. Capacity Limit	Mar. 31	Sufficient To Pay Debt Svc (Not to exceed five mils)	N/A
SERIES 2006	O/S GO Debt Within 3% A.V. Capacity Limit	Mar. 31	Sufficient To Pay Debt Svc (Not to exceed five mils)	N/A

EXHIBIT C
TO POST-ISSUANCE COMPLIANCE GUIDELINES
SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS

For its Undertakings with respect to bonds or other obligations issued before December 1, 2010, the College must monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking:

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

For its Undertakings with respect to bonds or other obligations issued on or after December 1, 2010, the College must monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking, but not later than 10 business days after occurrence:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Failure to provide event filing information as required
13. Tender offer/secondary market purchases
14. Merger/consolidation/acquisition and sale of all or substantially all assets
15. Bankruptcy, insolvency, receivership or similar event of the College
16. Appointment of a successor or additional trustee or the change of name of a trustee, if material.