

## Business Travel and Meal Expenses

### A. General Guidelines

1. **Travel and Meal Expenses.** The MFA will pay or reimburse MFA Members and/or their duly authorized designees, external Advisory Committee Members as appointed by the Board, Management, and Employees for business travel and meal expenses incurred by them in connection with the performance of MFA business in accordance with the policies set forth in this section 1.4. Business travel expenses shall be paid or reimbursed pursuant to sub-section B of this policy. Business meal expenses shall be paid or reimbursed pursuant to sub-section C.
2. **Payment and Reimbursement Procedures.** Requests for payment or reimbursement of business travel and meal expenses shall be processed in accordance with sub-section D of this policy.
3. **Airline Travel Vouchers.** When traveling on MFA business via airliner, Members, external Advisory Committee Members, Management and Employees shall not voluntarily surrender his/her seat in order to receive a travel voucher. In the case that the surrender of a seat is unavoidable, the voucher becomes MFA's property and will be used for future MFA travel for the Member, external Advisory Committee Member, Management or Employee.

### B. Travel Expenses

#### 1. Reimbursable Expenses

- a) **General Rule.** The MFA will pay or reimburse Members and/or their duly authorized designees, external Advisory Committee Members, Management and Employees for reasonable travel expenses actually incurred in connection with the performance of MFA business approved pursuant to sub-section C(3) of this policy. Reimbursable travel expenses include expenses for transportation, lodging, reasonable personal phone calls and meals purchased while traveling on MFA business. Reimbursable travel expenses also include mileage reimbursement for the use of a personal automobile on MFA business (other than travel to and from work). The amount of mileage reimbursement shall be the current rate for mileage established by the Internal Revenue Service. Reasonable meals purchased on one day travel trips may be reimbursed in accordance with sub-section C of this policy. Meals purchased during same day, in-town travel are not reimbursable. Same day, in-town travel is defined as travel within 50 miles of the MFA.
- b) **Reasonableness.** Whether travel expenses are reasonable shall be determined by the MFA on a case by case basis. In general, reasonable travel expenses include coach or economy class airline tickets, reasonably priced hotel or motel accommodations and non-luxury rental cars. Reasonable travel expenses do not include expenditures for entertainment, first class airline tickets, luxury hotel accommodations, or luxury rental cars.
- c) **Authorization.** All in-state and out-of-state travel must be authorized as follows:
  - (1) All in-state travel must be authorized in advance by the employee's direct supervisor and Deputy Director(s) or Executive Director.  
**Exceptions:**
    - (a) Travel for Board related meetings does not require prior authorization;
    - (b) Travel within Bernalillo, Sandoval and Valencia counties does not require prior authorization;
    - (c) Travel to Santa Fe during the Legislative Session or to attend State Board of Finance meetings does not require prior authorization.

- (2) All out-of-state travel must be authorized in advance by the Deputy Director(s) or Executive Director. The Chair of the Board must authorize all out-of-state Board travel.

**Exceptions:**

- (a) Travel to El Paso with the destination of Las Cruces or nearby areas will be considered in-state travel;
  - (b) Travel to the Navajo Nation will be considered in-state travel.
  - (3) All pre-authorizations will be documented on the travel request form;
  - (4) The Executive Director and Chair of the Board have the authority to authorize their own travel.
- d) **Travel Arrangements.** All travel arrangements for members of Management and Employees may be made by designated MFA Employees. Members and external Advisory Committee Members may, but are not required to, make their travel arrangements through MFA Employees.
  - e) **Advances.** Ordinarily a Member, external Advisory Committee Member, Management or Employee's business travel expenses should be paid directly by the MFA or reimbursed. However, in appropriate circumstances, and subject to approval by the Deputy Director(s) or Executive Director, the MFA will authorize and issue cash advances up to \$100 per day (\$400 maximum) for overnight travel and up to \$50 for one-day travel. Exceptions may be made for "high cost" areas.
  - f) **Reimbursement/Refund of Travel Advances.** A complete Travel/Expense Reimbursement Request form must be submitted within five working days from the return of business travel. The request must reflect reimbursement to the Member, external Advisory Committee Member, Management or Employee, or reflect a refund to the MFA.

**2. Persons Eligible to Travel on MFA Business.**

- a) **Authorized Persons.** Only MFA Members and/or their duly authorized designees, external Advisory Committee Members, Management and Employees will be authorized to incur travel expenses to be paid or reimbursed by the MFA.
- b) **Ex-officio Members.** Ex-officio Members may be authorized to incur travel expenses to be reimbursed by MFA provided the Member does not claim or receive reimbursement or per diem under the Per Diem and Mileage Act.
- c) **Spouses and Others.** The MFA will not reimburse travel expenses incurred by or on behalf of spouses or dependents of Members, external Advisory Committee Members, Management or Employees or other persons not employed by the MFA except as provided in sub-section 2.d) below relating to Third Party Contractors.
- d) **Third Party Contractors.** MFA may reimburse or pay directly the travel expenses of third party contractors in accordance with this travel reimbursement policy.

**C. Business Meals.** The policies set forth in this sub-section shall apply to all meal or beverage expenses incurred in connection with MFA business other than meal expenses incurred while traveling on MFA business covered by sub-section 1.4B of this policy.

1. **Reimbursable Expenses.** The MFA will pay or reimburse Member's, Management's and Employee's expenses for food and non-alcoholic beverages if and only if the meal is either directly related to the active conduct of MFA business ("directly related" test), or in the case of a meal preceding or following a bona fide business discussion, the meal is associated with active conduct of MFA business ("associated with" test); and the cost of the meal is not lavish or extravagant.

- a) **Directly Related Test.** A meal expenditure is "directly related" to MFA business if it occurred in a clear business setting and meets all of the following requirements:
  - (1) **Expected Benefit.** At the time of the meal expenditure the MFA expected to derive some income or other specific business benefit at some future time (i.e., a general goodwill or

public relations purpose is not sufficient, but it is not necessary that income/business actually result from expenditure);

- (2) **Business Discussions.** During the meal period, an MFA Member, Management or Employee actively engaged in a bona fide MFA business meeting or discussion;
- (3) **Business Purpose.** The principal character of the combined business and meal was the active conduct of MFA business; and
- (4) **Business Contact Presence.** The business meal involves an MFA Member, Management or Employee and a person with whom the MFA Member, Management or Employee was actively conducting MFA business (there is no eat-alone reimbursement except for approved travel away from home).
- (5) **Examples.**
  - (a) John meets with Joe, an investment banker, at a restaurant to discuss refunding certain MFA multifamily housing bonds. During the course of the meal John and Joe discuss the pros and cons of refunding the bonds, including market conditions, costs of issuance, etc. John picks up the tab. The business meal constitutes a reimbursable meal expense.
  - (b) In May 1992, Joe, an MFA Member, worked closely with XYZ Investment Bank in connection with the issuance of its 1992A Single Family Mortgage Purchase Refunding Bonds. In September 1992, as a goodwill gesture, Joe calls Bob, an XYZ executive, and invites him to lunch. Joe pays for lunch. Because there is no expectation of a specific business benefit, but only a general goodwill or public relations purpose, this business meal is not a reimbursable expense.

2. **"Associated with" Test.** A meal is "associated with" the active conduct of MFA business if the MFA Member or Employee establishes that he or she had a clear MFA business purpose in making the expenditure and the meal directly preceded or followed a substantial and bona fide business discussion such as a business meeting, negotiation, discussion or other bona fide business transaction. The MFA Member, Management or Employee must show that the business meeting was substantial in relation to the meal, that specific business was a principal objective of the meeting (and the meal incidental).

- a) **Example:** Joe, an MFA Member, meets Bob, a bank executive, at MFA's office to discuss the bank's participation in the MFA's down payment and closing cost assistance program. After the meeting, Bob and Joe go to dinner and Joe pays. The meal occurs directly following a substantial and bona fide business discussion and is associated with MFA business. Therefore, the meal expense is reimbursable.

3. **Required Documentation.** MFA Members, Management and Employees shall submit forms for meal expense payment or reimbursement, which shall include:
- a) the amount of the meal expenditure;
  - b) the time and place of the business meal;
  - c) the bona fide business reason (business-specific justification) for the meal including the date and place of any business meeting the meal preceded or followed; and
  - d) the identity of and the MFA's business relationship to each of the persons present at the business meal.

Any meal expense payment or reimbursement forms, which do not contain the required information, will not be approved.

#### **D. Expense Reimbursement Procedures**

1. **Reimbursement Forms.** MFA Management and Employees shall submit all requests for expense payment or reimbursement for travel or meal expenses to the Controller according to Staff Travel

Guidelines & Procedures. MFA Members and external Advisory Committee Members shall submit all requests for expense payment or reimbursement for travel or meal expenses using the forms established by MFA's Controller. All expense reimbursement forms must be completed in full to be considered for reimbursement. Incomplete expense reimbursement forms will be returned for completion (completion includes approval signatures and pre-authorized travel request).

2. **Required Documentation.** Receipts, travel authorization form, business meal documentation and any other required documentation must accompany all reimbursement request forms.

3. **Disputed Items.** The Deputy Director of Finance and Administration, subject to the provisions of this policy, shall make the determination of whether a disputed expense is payable or reimbursable by MFA. The Executive Director shall resolve any dispute regarding reimbursement that cannot be resolved between the Deputy Director of Finance and Administration and the person seeking reimbursement.

4. **Third Party Contractors.** MFA will accept any reimbursement request forms submitted by third party contractors so long as documentation for travel expenses is in accordance with this travel reimbursement policy.

#### **E. Third Party Expenditures**

1. **General.** No third party contractor, such as legal counsel, investment bankers or accountants, shall be reimbursed for any expense not otherwise reimbursable under MFA's reimbursement policies.
2. **Out-of-pocket Expenses.** Out-of-pocket expenses incurred by third party contractors, such as costs for document reproduction, long distance telephone calls and overnight courier services shall be reimbursed in accordance with MFA reimbursement policies issued from time to time and the contract executed with third party.

Board Meeting Attendance. **MFA will not reimburse third party contractor's travel expenses to attend board meetings or other activities unless their attendance is requested or required.**