

New Mexico Finance Authority
207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454

Minutes of Water Trust Board Meeting
May 14, 2021
Teleconference/Via Zoom

Members Present:

John D'Antonio Jr., Chairman
A.J. Forte, Vice Chairman
Michael Sloane, Secretary
Brent Van Dyke, Treasurer
Greg Alpers
Julie Maitland
Judi Kahl
Joy Esparsen
Mark Thompson
Wesley Billingsley
Tim McGinn
Todd Leahy
Marquita Russel

New Mexico State Engineer
Executive Director, NMML
New Mexico Department of Game & Fish
Soil & Water Conservation District
Irrigation or Conservancy District – Surface Water
Designee, Department of Agriculture
Designee, New Mexico Environment Dept.
Designee, New Mexico Counties
New Mexico Indian Affairs Department
Designee, New Mexico Dept. of Finance & Administration
Irrigation or Conservancy District Group Water Rep.
Designee, New Mexico Energy and Minerals Department
CEO, New Mexico Finance Authority

Absent:

Robert Baracker
Debbie Hughes
Jonathan Nez

Acequias Water Users Representative
Environment Community Representative
Navajo Nation President

Finance Authority Staff:

Bryan Otero
Shawna Johnson
Angela Quintana
Michael Vonderheide
Joe Maldonado
Connie Marquez
Lisa Barela

Legal and Compliance Counsel
Credit Analyst
Senior Program Administrator
Managing Director, Program Administration
Senior Administrative Assistant
Executive Assistant
Board Administrator

Guests:

David Bishop
Ashley Martinez
Cody Stropki
Jody Garcia

Designee, New Mexico Environment Department

Uday V. Joshi
Cally Carswell
D. Tarr

1. **Call to Order and Roll Call.** Chairman John D’Antonio Jr., called the Water Trust Board (“WTB”) meeting to order at 9:01 a.m. Roll call was taken, and a quorum was established.
2. **Approval of Agenda.** Member Alpers made a motion for approval of the agenda, seconded by Member Forte. The motion passed unanimously by a voice vote.
3. **Approval of the April 15, 2021 Board Minutes.** Member Van Dyke made a motion, seconded by Member Forte, to approve the minutes of the April 15, 2021 meeting. The motion passed unanimously by a voice vote.
4. **Report from Nominating Committee.** In the absence of a formal report, staff provided the Committee’s recommendation for the current standing Board Members to continue to serve with Mr. John D’Antonio as Chairman, Mr. A.J. Forte as Vice-Chairman, Mr. Michael Sloane as Secretary, and Mr. Brent Van Dyke as Treasurer.
5. **Election of Officers.** Member Sloane made a motion, seconded by Member Russel to accept the Nominating Committee’s recommendation that the current officeholders continue to serve as Board officers. Motion passed unanimously by a roll call vote.
6. **2021 Water Project Fund Awards. Consideration and Approval of Awards** – Angela Quintana, Senior Program Administrator. Ms. Quintana presented the 2021 Water Project Fund award recommendations.

The Water Project Finance Act provides that the New Mexico Finance Authority (“NMFA”) make loans and grants to projects recommended by the WTB and authorized by the New Mexico Legislature.

The 2021 application cycle opened on August 10, 2020 with the submission of Notices of Intent (“NOI”) to file an application. The NMFA received 56 NOI’s. On October 8, 2020, 50 applications totaling more than \$59.6 million were filed.

At the WTB meeting on October 29, 2020, six applicants submitted waiver requests for Board consideration for Preliminary Expenditure Target requirements. The WTB approved all with the exception of the request from Chapelle MDWCA.

At the time of legislative authorization determination, the anticipated available funding was \$39.3 million -- \$39.7 million from Severance Tax Bonds plus \$4 million from the Water Trust Fund distribution, less 10% to the Office of the State Engineer for adjudication.

Using the criteria set forth in the WTB Project Management Policies, the Project Management Team (“PMT”) comprised of staff from seven agencies and the Legislative Finance Committee evaluated the

applications and proposed that 38 of the applications be recommended for legislative authorization. Senate Bill 137, which contained the legislative authorization for the recommended projects, passed the Legislature and was signed by Governor Lujan-Grisham.

All applicants recommended for legislative authorization were required to complete a Readiness Application which initiated a review of regulatory, policy and Executive Order compliance, including mandatory spending of prior WTB awards. Readiness Applications were due January 27, 2021. Thirty-six legislatively authorized applicants submitted Readiness Applications. The City of Santa Fe withdrew their application and Fambrough MDWCA and NM Model Community Ditch Association did not submit readiness applications. Applicants who had compliance issues were notified of all outstanding issues and given an opportunity to: 1) correct identified issues by March 22, 2021; 2) discontinue their applications and correct compliance issues in preparation for the next funding cycle, or; 3) request a waiver from the WTB. Ten applicants submitted waiver requests, all but Buena Vista MDWCA were approved at the WTB meeting on April 15, 2021.

The Water Project Fund receives annually a 9% earmark of Senior Severance Tax Bonds (“STBs”) and a \$4 million distribution from the Water Trust Fund. From these amounts, 10% is sent to the Office of the State Engineer (“OSE”) and Administrative Office of the Courts for adjudication purposes.

9% Senior Severance Tax Bonds (as of April 2021)	\$	53,261,589.00
Water Trust Fund Distribution	\$	4,000,000.00
Gross Total	\$	57,261,589.00
Less Adjudication	\$	<u>(5,726,159.00)</u>
Available Funding	\$	<u>51,535,430.00</u>
15% Project Maximum per WTB Policies	\$	7,730,314.50

Using the criteria set forth in the WTB Project Management Policies, the PMT evaluated the applications from the 2021 authorization list and proposes that 32 applications be recommended for funding. The recommended list provides funding to the projects in the order in which they are prioritized based on available funding, policy targets, and compliance requirements. Agua Pura MDWCA received Capital Outlay funds in the 2021 Legislative Session and withdrew their application for funding consideration. Sangre de Cristo MDWC&SWA is out of compliance with the EO-Compliance and State Audit Rule and therefore is not recommended for funding.

Due to the increase in projected available funds, the PMT recommends that the following project’s requested amounts be increased to utilize all the available funding:

Applicant	Project	Requested Amount	Recommended Amount
ABCWUA	To'Hajülee water supply pipeline	\$4,965,000	\$7,708,271
ENMWUA	Ute Pipeline conveyance project	\$4,540,000	\$7,708,272
City of Gallup	Navajo Gallup – Reach 27.7B	\$4,100,000	\$7,708,271
Village of Ruidoso	Well Improvements	\$557,500	\$1,115,000

Project Category Type	Policy Targets	Funding Requested		Recommended Funding		
		# of App	Total Adjusted	# of App	Total Amount	%
Flood Prevention	Up to 10%	5	\$2,290,000	5	\$2,290,000	4.44%
Water Conservation or Treatment, Recycling or Reuse	15% - 30%	2	\$4,500,000	2	\$4,500,000	8.73%
Water Storage, Conveyance and Delivery	50% - 75%	23	\$34,995,307	21	\$42,445,430	82.36%
Watershed Restoration and Management	10% to 20%	4	\$2,300,000	4	\$2,300,000	4.46%
	TOTAL	34	\$44,085,307	32	\$51,535,430	100%

Funding Recommendations:

Project No.	Applicant	County	Project Name/Description	Scope	Amount Requested	Funding Recommendation	Financial Analysis Grant/Loan
Flood Prevention							
5440	Southern Sandoval CAFCA	Sandoval	Lower Venada Bank and Levee stabilization	Construction	\$ 800,000	\$ 800,000	100%
5414	Columbus, Village of	Luna	W. Broadway Drainage and Flood control	Design	\$ 315,000	\$ 315,000	60/40
5444	Upper Rio Grande WSD	Rio Arriba	Dum Site 18 sediment removal	Construction	\$ 300,000	\$ 300,000	100%
5441	Sunland Park, City of	Dona Ana	Memorial Pines Ph II sediment basins	Design, ROW	\$ 125,000	\$ 125,000	60/40
5442	Truth or Consequences, City of	Sierra	Cantrell Dam Design/rehabilitation	Plan, Design, Construct	\$ 750,000	\$ 750,000	60/40
Water Conservation or Treatment, Recycling or Reuse							
5401	Albuquerque BCWUA	Bernalillo	Ph 6 Advanced meter infrastructure	Construction	\$ 2,000,000	\$ 2,000,000	60/40
5426	Los Alamos County	Los Alamos	Los Alamos WTP Filtration Project	Construction	\$ 2,500,000	\$ 2,500,000	48/52
Water Storage, Conveyance and Delivery							
5424	Gallup, City of	McKinley	Navajo Gallup - Reach 27 7B	Construction	\$ 4,100,000	\$ 7,708,271	60/40
5435	Ruidoso, Village of	Lincoln	H-1979-S10 & II-1497-S well improvements	Construction	\$ 557,500	\$ 1,115,000	45/55
5402	Albuquerque BCWUA	Bernalillo	To'Hajilee water supply pipeline	Construction	\$ 4,965,000	\$ 7,708,271	60/40
5446	Williams Acres WSD	McKinley	Water Distribution System	Construction	\$ 900,000	\$ 900,000	90/10
5438	Santa Clara Pueblo	Rio Arriba	Water systems improvement	Construction	\$ 1,398,584	\$ 1,398,584	100%
5434	Roswell, City of	Chaves	Edgewood Waterline replacement ph 2	Construction	\$ 750,000	\$ 750,000	60/40
5443	Union del Llano MDWCA	Taos	Water System improvements	Design, Construct	\$ 1,700,000	\$ 1,700,000	75/25
5431	Regina MDWCA	Sandoval	Water System Improvements	Construction	\$ 1,338,106	\$ 1,338,106	84/16
5408	Belen, City of	Valencia	Aragon Tank Cover	Design, Construct	\$ 400,000	\$ 400,000	55/45
5433	Rodarte MDWCA	Taos	Rodarte MDWCA water system improvements project	Construction	\$ 1,678,000	\$ 1,678,000	76/24
5420	Eunice, City of	Lea	Water tanks project	Construction	\$ 882,114	\$ 882,114	45/55
5437	Sangre de Cristo MDWC&SW	Guadalupe	Water System improvements		\$ 880,316	non-compliance	
5417	El Río Regional W&WWA	Rio Arriba	Water System Improvements	Design, Construct	\$ 1,259,600	\$ 1,259,600	80/20
5425	La Cueva MDWCA	San Miguel	Water system improvements ph 2	Construction	\$ 713,990	\$ 713,990	88/12
5427	Mescalero Apache Tribe	Otero	Mescalero Summit WST	Construction	\$ 223,000	\$ 223,000	100%
5416	Eastern NMWUA	Curry	Eastern NMWUA Pipeline conveyance project	Design, Construct	\$ 4,540,000	\$ 7,708,272	60/40
5415	Dona Ana MDWCA	Dona Ana	Tank Rehab project	Construction	\$ 2,500,000	\$ 2,500,000	60/40
5429	Otis MDWC&SWA	Eddy	Water system improvements ph. VI & VIII	Design, Construct	\$ 2,506,722	\$ 2,506,722	60/40
5432	Rio Lucio MDWCA	Taos	Water system improvements	Construction	\$ 750,500	\$ 750,500	85/15
5406	Alto Lakes WSD	Lincoln	Tank Replacement	Design, Construct	\$ 890,000	\$ 890,000	60/40
5418	El Salto MDWCA	Taos	Backup Well	Design, Construct	\$ 150,000	\$ 150,000	58/42
5430	Peña Blanca WSD	Sandoval	Water System Improvements	Design	\$ 165,000	\$ 165,000	85/15
Watershed Restoration and Management							
5413	Claunch-Pinto SWCD	Torrance	Estancia Basin restoration	Plan, Design, Construct	\$ 600,000	\$ 600,000	100%
5412	Claunch-Pinto SWCD	Torrance	Greater Rio Grande restoration	Plan, Design, Construct	\$ 600,000	\$ 600,000	100%
5436	San Juan SWCD	San Juan	San Juan Watershed Restoration Project 2021	Construction	\$ 500,000	\$ 500,000	100%
5445	Ute Creek SWCD	Harding	Canadian River watershed restoration project	Design, Construct	\$ 600,000	\$ 600,000	100%

The Project Review Committee has reviewed this proposal and concurs with the PMT's recommendations.

The PMT recommends the projects as presented for funding from the Water Project Fund.

Member Russel made a motion, seconded by Member Forte to concur with staff's recommendation for the approval of the 2021 Water Trust Board Awards. The motion passed unanimously by a voice vote.

7. **Consideration and Approval of Resolution, Notification and Certification of Need for Issuance of Severance Tax Revenue Bonds for Qualified Projects.** – Bryan Otero, Legal and Compliance Counsel Presented the Resolution for Notification and Certification of Severance Tax Bonds for Qualified Projects.

Member Russel made a motion, seconded by Member Forte to approve the Resolution, Notification and Certification of Need for Issuance of Severance Tax Revenue Bonds for Qualified Projects. Motion passed unanimously by a roll call vote.

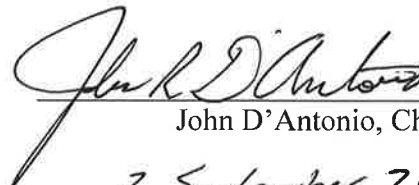
8. **Proposed Next Meetings.**

- August – September, TBD. Chairman D'Antonio requested information on the HB200 Task Force to determine whether a meeting would be required prior to August. Member Russel informed the Board that the Task Force would be meeting in June and indicated that staff would reach out to the Board if an earlier Board meeting was required.

9. **Adjournment.**

Member Van Dyke made a motion to adjourn, seconded by Member Forte. The motion passed unanimously by a voice vote.

The meeting adjourned at 9:36 a.m.



John D'Antonio, Chairman
2 September 2021

Date

ATTEST:

Michael Sloane, Secretary

Date