

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

Minutes of Water Trust Board Meeting
November 23, 2021
Teleconference/Via Zoom

Members Present:

John D'Antonio Jr., Chairman	New Mexico State Engineer
A.J. Forte, Vice Chairman	Executive Director, NMML
Michael Sloane, Secretary	New Mexico Department of Game & Fish
Brent Van Dyke, Treasurer	Soil & Water Conservation District
Jason John	Designee, Navajo Nation
Steven Kopelman	New Mexico Counties
Judi Kahl	Designee, New Mexico Environment Dept.
Julie Maitland	Designee, Department of Agriculture
Mark Thompson	New Mexico Indian Affairs Department
Marquita Russel	CEO, New Mexico Finance Authority
Priscilla Lucero	Environmental Community Representative
Wesley Billingsley	Designee, New Mexico Dept. of Finance & Administration
Greg Alpers	Irrigation or Conservancy District Surface Water Rep.
Todd Leahy	Designee, Energy, Minerals and Natural Resources Department

Absent:

Tim McGinn	Irrigation or Conservancy District Group Water Rep.
Robert Baracker	Acequias Water Users Representative

Finance Authority Staff:

Angela Quintana	Senior Program Administrator
Bryan Otero	Legal and Compliance Counsel
Alysia Sanchez	Program Administrator
Joe Maldonado	Senior Administrative Assistant
Lisa Barela	Board Administrator
Michael Vonderheide	Managing Director, Program Administration

Guests:

Jacquelynn Bowen	KK Redhorse
Charles Thomas	R. Atkins
Chita Gillis	Trevor Birt
Andrea Telmo	Yossie N.

1. **Call to Order and Roll Call.** Chairman John D’Antonio Jr., called the Water Trust Board (“WTB”) meeting to order at 9:02 a.m. Roll call was taken, and a quorum was established.
2. **Approval of Agenda.** Member Lucero made a motion for approval of the agenda, seconded by Member Van Dyke. The motion passed unanimously by a voice vote.
3. **Approval of the October 27, 2021, Board Minutes.** Member Sloane made a motion, seconded by Member Forte, to approve the minutes of the October 27, 2021, meeting. The motion passed unanimously by a voice vote.
4. **Update HB200 Task Force (Informational Only).** – Michael Vonderheide, Managing Director, Program Administrator, and Marquita Russel, NMFA Chief Executive Officer.

Although the Task Force was unable to convene since the October 27, 2021, Board Meeting, Mr. Vonderheide provided a summary of staff’s activities regarding review of the public comments received. To date, 90 comments were received from Grant, Hidalgo, Luna, and Catron Counties, of which the majority were from Grant County. The majority of respondents favor a simplified application and evaluation process that is separate and apart from the WTB process. Staff will continue to review the narrative sections of the public comments to assist the Task Force in implementing HB200.

Member Russel noted that although the intent of the HB200 legislation was to mirror the current WTB processes, the comments received indicated a far more simplified process would be preferred. Member Russel also emphasized that from a staffing perspective, the vetting and oversight process from reviewing agencies could not be provided in the implementation of HB200. Staff will coordinate with the Interstate Stream Commission to better understand their priorities and current processes in an effort to align the WTB review and ISC funding process for proposed projects. A summary of public comments received was provided to the Legislature over the Interim including the overwhelming response that any recommendations related to HB200 should avoid negative impacts to the Gila.

5. **2022 Legislation Consideration and Recommendation.** – Marquita Russel, NMFA Chief Executive Officer.

For the 2022 Legislative Session, Member Russel recommended that the Board consider asking for an additional \$60M for the Water Trust Fund to ensure a permanent source of funds during lean years when funding from Severance Tax Bond proceeds may not be readily available. Chairman D’Antonio agreed with Member Russel’s proposal to place permanent funds aside for future years.

Member Kahl made a motion, seconded by Member Russel to support legislation for funding in the amount of at least \$60M to the Water Trust Fund. The motion passed by a roll call vote with 10 yes votes and 4 abstentions.

6. 2022 Application Cycle, Consideration and Recommendation of Projects Recommended for Legislative Authorization. - Angela Quintana, Senior Program Administrator

Recommendation for projects to be recommended to the Legislature for authorization for potential funding from the Water Project Fund.

The Water Project Finance Act provides that the New Mexico Finance Authority (“NMFA”) may make loans and grants to projects recommended by the Water Trust Board (“WTB”) and authorized by the Legislature. In April 2015, the WTB amended its rules to provide those applications submitted by qualified entities for qualified projects will be evaluated prior to the WTB recommending projects to the Legislature.

As part of the evaluation process, applicants are required to meet certain application standards, which include mandatory planning documents, as well as meeting a Preliminary Expenditure Target which was first introduced in the 2017 application cycle.

By August 25, 2021, the NMFA received 52 Notices of Intent to File an application. On October 8, 2021, 36 applications totaling more than \$66.4 million were filed.

At the WTB meeting on October 27, 2021, six applicants that did not meet policy requirements submitted waiver requests for the Board’s consideration which the WTB approved.

For the 2022 cycle, staff anticipates that a maximum of \$51.3 million will be available for projects -- \$53 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. Pursuant to WTB policies, the maximum amount a single project can receive is 15% or \$7.69 million.

A Project Management Team (“PMT”) comprised of staff from six agencies evaluated the applications and provided a recommended list comprised of projects ranking in the upper half of their project type categories based on average and median scores. In the 2022 Application Cycle, three projects, Luna County, City of Anthony, and Eastern New Mexico Water Utility Authority (“ENMWUA”) met the “Urgency” determination as defined by policy. To ensure that the recommended list is appropriately sized to the funds available and includes sufficient projects should any of the highly ranked projects not pass any part of the regulatory and/or policy compliance, the PMT also recommended the inclusion of “other” projects in all the categories with the exception of the Endangered Species Act collaborative programs. The Legislative Authorization list includes all 36 projects totaling approximately 130% of the expected available funds.

Category	Policy Target	Applications Requested		PMT Recommended		
		# of Apps	Total Request	# of Apps	Total Amount	%
Water Conservation	15% - 30%	6	\$ 12,470,000	6	\$ 12,470,000	24%
Flood Prevention	Up to 10%	5	\$ 6,325,000	5	\$ 6,325,000	12%
Water Storage	50% - 75%	21	\$ 44,111,547	21	\$ 44,111,547	86%
Watershed	10% - 20%	3	\$ 1,577,000	3	\$ 1,577,000	3%
ESA	Up to 5%	<u>1</u>	<u>\$ 2,000,000</u>	<u>1</u>	<u>\$ 2,000,000</u>	<u>4%</u>
TOTAL		36	\$ 66,483,547	36	\$ 66,483,547	130%

Projects recommended to the Legislature will be invited to complete a Readiness Application that includes a review of regulatory, policy, and executive order compliance, including mandatory spending of prior WTB awards.

Applicants who have open 2020 or prior WTB awards that are not certified as complete must submit any requisitions by January 28, 2022, to be counted towards the Final Expenditures Target as defined by WTB Policy: Section 2.5 Project Continuation. Applicants will be notified by March 2, 2022, if they have not passed their compliance checklist and will be given until March 22, 2022, to either show evidence of compliance or submit a written policy waiver that provides a justification for the waiver request. The PMT will first review the waiver requests and then submit a recommendation to the WTB and the Project Review Committee. Currently staff expects to present the waiver requests to the Board at the April 13, 2022, meeting with final funding recommendations to the Board at the May 5, 2022, meeting.

The Project Review Committee has reviewed these recommendations and concurs with the Project Management Team and staff's recommendations.

7. Public Comment.

No Public Comments were provided.

8. Next Meetings.

- April 13, 2022 – 9:00 a.m. Water Trust Board (TBD)
- May 5, 2022 – 9:00 a.m. Water Trust Board Meeting (TBD)

9. Adjournment.

Member Russel made a motion to adjourn, seconded by Member Lucero. The motion passed unanimously by a voice vote.

The meeting adjourned at 9:50 a.m.



A. J. Forte, Vice-Chairman

4-27-22

Date

ATTEST:

Michael Sloane, Secretary

Date