

New Mexico Finance Authority
207 Shelby St.
Santa Fe, NM 87501
(505) 984-1454
Minutes of Water Trust Board Meeting
May 5, 2022
Teleconference/Via Zoom

Members Present:

Mike Hamman, Chairman	NM State Engineer
A.J. Forte, Vice Chairman	Executive Director, NMML
Michael Sloane, Secretary	New Mexico Department of Game & Fish
Jason John	Designee, Navajo Nation
Joy Esparsen	Designee, 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, NM Department of Finance Administration

Absent:

Robert Baracker	Acequias Water Users Representative
Brent Van Dyke (Treasurer)	Soil & Water Conservation District Representative
Greg Alpers	Irrigation or Conservancy District Surface Water Rep.
Tim McGinn	Irrigation or Conservancy District Surface Water Rep.
Sarah Cottrell-Propst	New Mexico Energy and Minerals Department

Finance Authority Staff:

Angela Quintana	Senior Program Administrator
Joe Maldonado	Senior Administrative Assistant
Cherise Martinez	Board Administrator
Michael Vonderheide	Managing Director, Program Administration
Bryan Otero	Legal and Compliance Counsel
Connie Marquez	Executive Assistant

Guests:

Trevor Birt, NMISC	Wesley Hall, Stantec
Jacqueline Bowen, ENMWUA	Alan Hook, City of Santa Fe
Cally Carswell, NM LFC	George Esqueda, Stantec
Uday V. Joshi, OSE	Heather Lutz, Luna County
David Bailey, Luna County	
Kimberly Redhorse, Wilson & Co.	Bobby Ortiz, EMWT RWA

1. **Call to Order and Roll Call.** Vice-Chairman Forte, called the Water Trust Board (“WTB”) meeting to order at 9:00 a.m. Roll call was taken, and a quorum was established.
2. **Approval of Agenda.** Member Russel made a motion for approval of the agenda, seconded by Member Lucero. The motion passed unanimously by a voice vote.
3. **Approval of the April 13, 2022, Board Minutes.** Member Lucero made a motion, seconded by Member Russel, to approve the minutes of the April 13, 2022, meeting. The motion passed unanimously by a voice vote.
4. **Report from Nominating Committee.** Ms. Marquita Russel, CEO-NMFA. The Nominating Committee comprised of Members Esparsen, Lucero, McGinn, Russel, and Vice-Chairman Forte met and recommended that State Engineer Mike Hamman, serve as the Chairman of the WTB for the remaining term of one year for outgoing Chairman, John D’Antonio.
5. **Election of Officers.** Member Russel made a motion, seconded by Member Esparsen to accept the Nominating Committee’s recommendation for State Engineer Hamman, as Chairman of the WTB, to serve the remaining term of one-year vacated by former Chairman John D’Antonio. Motion passed by 10-0 roll call vote with Member Hamman abstaining.
6. **Update on Lead/Copper Ruling.** – A.J. Forte, Vice-Chairman
Vice-Chairman Forte reported on the new Lead and Copper Ruling from the Federal Government and how it may impact systems in New Mexico. Member Forte will provide more information as it becomes available in the future. Member Thompson suggested requesting additional information within the application to assist in identifying those systems that may have lead/copper issues. Member Russel recommended that the Policy Committee meet prior to the next funding cycle to address any changes to the application and/or process affected by the new Federal guidelines as well as the increase in funds and decrease in project oversight.
7. **Consideration and Approval of a Scope Change for Village of Columbus Project #5090-WPF20.** – Angela Quintana, Senior Program Administrator

The Village of Columbus (“Village”) is requesting a scope change for Project No. 5090-WPF20.

The Village secured funding on July 23, 2021, for a Flood Prevention project in the amount not to exceed \$1,100,000 (60% grant/ 40% loan). The approved scope of work is for the construction of the NE Channel.

The design was completed at the time of the application. The Village, in its attempt to move the project forward, reached out unsuccessfully to its engineering consultant. The Village has since hired another engineering firm. The new engineering firm will survey and re-design the project in preparation for construction. The Village is requesting a scope change to include design and surveying.

Pursuant to Section 2.1-Recommendation to the Legislature and Section 2.5 Project Continuation of the WTB Project Management Policies, the Board requires that applicants meet preliminary expenditure targets

by the submission date of the Project Application to be eligible for recommendation to the Legislature; and applicants that have received prior Water Project Fund awards to certify completion of all projects prior to the approval of the new award. This request does not waive these policies for any current or future funding cycle.

The Project Review Committee has reviewed this request and concurs with staff's recommendation for approval of a scope change to include design and surveying for the Village of Columbus' Project No. 5090-WPF20.

Member Kahl made a motion, seconded by Member Forte to approve the Scope Change for Project No. 5090-WPF20 as recommended by the PRC and staff. The motion passed unanimously by a voice vote.

8. 2022 Water Project Fund Awards. Consideration and Approval – Angela Quintana, Senior Program Administrator

Funding recommendations for the 2022 Water Trust Board (“WTB”) awards.

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

The 2022 application cycle again consisted of a two-part cycle: 1) Project Application; and 2) Readiness Application.

Project Application:

The 2022 application cycle opened on August 10, 2021, with the submission of Notices of Intent (“NOI”) to file an application. The NMFA received 52 NOI's. 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 for the Preliminary Expenditure Target submitted waiver requests for Board consideration. The WTB approved all of the waiver requests.

At the time of legislative authorization determination, the anticipated available funding was \$51.3 million - - \$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.

Using the criteria set forth in the WTB Project Management Policies, a Project Management Team comprised of staff from seven agencies and the Legislative Finance Committee evaluated the applications and proposed that all 36 applications be recommended for legislative authorization. Senate Bill 17, which contained the legislative authorization for the recommended projects, passed the Legislature and was signed by Governor Lujan-Grisham.

Readiness Application:

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 by January 28, 2022. Thirty-four legislatively authorized applicants submitted Readiness Applications. The NM New Model Community Ditch Association withdrew their application and Talpa MDWCA and Ramah WSD 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, 2022; 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, and all but one, Sangre de Cristo MDWC&SWA, were approved at the WTB meeting on April 13, 2022.

Funding Available for the 2022 Application Cycle:

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 (“WTF”). From these amounts, 10% is sent to the Office of the State Engineer (“OSE”) and Administrative Office of the Courts for adjudication purposes. As of January 2022, the SBOF estimates for available funds had increased substantially. Due to increases in construction and material costs that may affect 2022 awarded projects, the WTB at its April 13, 2022, meeting, approved to set aside the WTF distribution for the 2022 cycle to fund projects that may experience construction funding shortfalls.

9% Senior Severance Tax Bonds (as of January 2022)	\$ 76,300,000.00
Water Trust Fund Distribution	\$ 4,000,000.00
Gross Total	\$ 80,300,000.00
Less Adjudication	\$ <u>(8,030,000.00)</u>
Total	\$ <u>72,270,000.00</u>
WTF set-aside for shortfalls	\$ <u>(3,600,000.00)</u>
Available Funding	\$ <u>68,670,000.00</u>
15% CAP per WTB Policies	\$ 10,300,500.00

2022 Recommended Projects

Using the criteria set forth in the WTB Project Management Policies, and by evaluating the readiness applications from the 2022 authorization list, staff proposes that 32 applications be recommended for funding. The recommended list provides funding to the projects in the order in which they are prioritized and is based on available funding, policy targets, and compliance requirements.

All the applications are recommended for at least their requested amounts with the exception of EMWT Regional Water Association Project No. 5669-WPF. Since the Association does not have the required water rights to begin construction, staff recommends funding for design only which will allow the Association to complete the design and water rights acquisition in preparation for applying in the future for construction.

Due to the increase in projected available funds, the following project's requested amounts will be increased to avoid shortfalls and utilize the available funding. The Eastern NMWUA ("Authority") project addresses the needs of an inadequate water supply and has therefore been identified as an urgent project as defined by WTB policy. The Board may provide greater policy consideration to projects determined to be urgent. At this time, the Authority is being recommended for an amount that exceeds the 15% cap.

Applicant	Project	Requested Amount	Recommended Amount
Flood Prevention			
Luna County	LPOE diversion bern/pond	\$2,500,000	\$3,250,000
Village of Milan	Airport rd./ Rio San Jose Channel	\$2,000,000	\$2,500,000
Water Conservation			
Los Alamos County	Bayo non-potable booster station	\$2,000,000	\$3,650,000
Water Storage			
Village of Ruidoso	Well Improvements	\$659,400	\$1,697,281
*Eastern NMWUA	Finished Water 1 NW to CAFB	\$7,695,000	\$14,510,522
Town of Bernalillo	Waterline replacement	\$1,739,000	\$1,913,000
Village of Milan	Water system improvements	\$2,400,000	\$2,900,000

Project Category Type	Policy Targets	Funding Requested		Recommended Funding		
		# of App	Total Adjusted	# of App	Total Amount	%
Flood Prevention	Up to 10%	5	\$6,325,000	5	\$7,575,000	11.03%
Water Conservation or Treatment, Recycling or Reuse	15% - 30%	6	\$12,470,000	6	\$14,120,000	20.56%
Water Storage, Conveyance and Delivery	50% - 75%	17	\$40,644,117	17	\$43,398,000	63%
Watershed Restoration and Management	10% to 20%	3	\$1,577,000	3	\$1,577,000	2.29%
Endangered Species Act	Up to 5%	1	\$2,000,000	1	\$2,000,000	2.91%
	TOTAL	32	\$63,016,117	32	\$68,670,000	100%

The Project Review Committee has reviewed these recommendations and recommends that the projects on the following spreadsheet be presented to the Water Trust Board for funding consideration from the 2022 WTB Funding Cycle.

Project No.	Applicant	County	Project Name/Description	Total Project Cost	Amount Requested	Funding Recommendation	Prioritization (Scoring-Fall 2021)	Financial Analysis Grant/Loan	Grant	Loan
Flood Prevention										
5690	Southern Sandoval CA/CA	Sandoval	High Range Pond - Design and construction of the High Range retention pond to store 40 acre-feet of runoff	\$ 2,408,800	\$ 1,150,000	\$ 1,150,000	73	100%	\$ 1,150,000	\$ -
5674	Luna County	Luna	PHIE Diversion Berm pond flood control - Construction including bidding services of Phase I Land Post of City flood diversion berm and pond	\$ 7,750,000	\$ 2,500,000	\$ 2,250,000	62	60-40	\$ 1,500,000	\$ 1,000,000
5691	Stanford Park, City of	Dona Ana	Carlos Aguirre Court Pond flood control - Design surveying of the Carlos Aguirre Court pond	\$ 247,500	\$ 225,000	\$ 225,000	61	60-40	\$ 135,000	\$ 90,000
5676	Milan, Village of	Cibola	Airport Rd Rio San Jose Channel CIBC - Construction replacement of storm water conveyance concrete box including final permitting and bidding services	\$ 2,200,000	\$ 2,000,000	\$ 2,000,000	52	80-20	\$ 1,600,000	\$ 400,000
5664	Anthony, City of	Dona Ana	Anthony Basin 9A1 Flood control - Plan, design, surveying for development of flood mitigation alternatives in the sub-basin 9A1 area	\$ 450,000	\$ 450,000	\$ 400,000	52	60-40	\$ 450,000	\$ 270,000
				\$ 6,156,300	\$ 6,175,000	\$ 7,075,000				
Water Conservation or Treatment, Recycling or Reuse										
5673	Los Alamos County	Los Alamos	Buyer non-potable booster station tank upgrades - Construct a new 253,000 gallon non-potable water tank	\$ 2,400,000	\$ 2,000,000	\$ 3,350,000	68	60-40	\$ 1,200,000	\$ 800,000
5660	Albuquerque DCWUA	Hernalvilla	Vulkan U City Avenue treatment facility upgrades - Design contract of new aeration treatment facility to treat effluent produced in Vulkan U City and Zuni area wells	\$ 47,000,000	\$ 7,100,000	\$ 7,100,000	66	60-40	\$ 7,100,000	\$ 4,260,000
5659	Albuquerque DCWUA	Hernalvilla	Valencia metering - PH 7 - Construct to replace 18,000 existing water meters with advanced metering infrastructure (AMI) meters and devices	\$ 9,200,000	\$ 2,000,000	\$ 2,000,000	62	60-40	\$ 1,200,000	\$ 800,000
5663	Albuquerque, City of	Hernalvilla	PHB Chacoan Park Irrigation system - Construct renovate 10 yr old irrigation system at 20-acre park including replacing mainline piping	\$ 1,500,000	\$ 950,000	\$ 900,000	48	60-40	\$ 950,000	\$ 570,000
5662	Albuquerque, City of	Hernalvilla	Verbeswood Park Irrigation system - Construct estimate of irrigation system including upgrade of irrigation infrastructure	\$ 800,000	\$ 300,000	\$ 300,000	42	60-40	\$ 300,000	\$ 180,000
5661	Albuquerque, City of	Hernalvilla	Ladera Golf course pond liner - Construct re-lining of irrigation ponds	\$ 230,250	\$ 120,000	\$ 120,000	39	60-40	\$ 120,000	\$ 720,000
				\$ 11,730,250	\$ 14,170,000	\$ 14,170,000				

Project No.	Applicant	County	Project Name/Description	Total Project Cost	Amount Requested	Funding Recommendation	Prioritization (Scoring-Fall 2021)	Financial Analysis Grant/Loan	Grant	Loan
Water Storage, Conveyance and Delivery										
5668	El Morado Area WSD	Santa Fe	Verano and Conchas loop distribution line - Construction of 1.1 AWD Verano and Conchas loop water pipeline replacement	\$ 2,400,000	\$ 800,000	\$ 800,000	71	60-40	\$ 300,000	\$ 200,000
5671	La Jara MDWC & MSWA	Sandoval	Water system improvements - Construct rehabilitation of Tank No. 1 and replacement of Tank No. 2	\$ 402,000	\$ 361,800	\$ 361,800	65	60-40	\$ 217,080	\$ 144,720
5681	Quail Hollow MDWCA	Hernalvilla	Waterline and well rehabilitation - Construct replace waterlines and install service connections, including repair to well pump house, secondary water well and drill 3rd well	\$ 480,000	\$ 432,000	\$ 432,000	64	90-10	\$ 388,560	\$ 43,440
5666	Camalote los Alamos MDWCA	Santa Fe	Water system improvements - Design supply booster pump, pump station and transmission line for connection to SF County water for the Association	\$ 784,500	\$ 682,000	\$ 682,000	62	80-20	\$ 454,600	\$ 136,400
5685	Ruidoso, Village of	Lincoln	H-1978-P105 and H-1979-P106 well improvements - Construct improvements to 2 existing manhole wells including pump, motor, drilling and casing casing wellhead improvements and construction and connection to existing transmission lines	\$ 942,000	\$ 659,400	\$ 1,697,201	60	60-40	\$ 395,640	\$ 263,560
5683	Red River, Town of	Taos	Underfoot area waterline - Design and construct water distribution system improvements including replacement of aging and deteriorated waterlines	\$ 4,618,000	\$ 3,624,347	\$ 3,624,347	59	90-10	\$ 3,261,912	\$ 362,435
5670	Greener Chimayo MWCD	Rio Arriba	Well No. 4 - Design construct well #4	\$ 950,000	\$ 825,000	\$ 825,000	59	80-20	\$ 660,000	\$ 165,000
5667	Easton NMWCA	Curry	ENMWA water conveyance project - Design and construction of finished water 17" W1 transmission pipeline to the NW area near CAH	\$ 9,845,000	\$ 7,695,000	\$ 14,518,521	58	90-10		
5684	Regina MDWCA	Sandoval	Water system improvements - Design of Phase III replacement of approx. 11,000 ft waterlines and meters	\$ 255,150	\$ 243,000	\$ 243,000	58	90-10	\$ 218,700	\$ 24,300
5694	Williams Acres WSD	Mckinley	Water system upgrade - Construct and equip water system to connect to the Navajo GasTap water supply project Resub 27.1	\$ 3,600,000	\$ 3,060,000	\$ 3,060,000	56	90-10	\$ 2,754,000	\$ 306,000
5689	Santa Fe, City of	Santa Fe	Nichols Dam Repair Project - Construct a repair outlet conduit including sealing of conduit joints, lining and installation of filter fabric/grain zoning outlet conduit	\$ 12,245,750	\$ 1,500,000	\$ 1,500,000	50	60-40	\$ 900,000	\$ 600,000
5672	Lincoln MDWCA	Lincoln	Water system improvements - Design and construct new supply well and water pipeline replacement including installing fire hydrants, replacing meters and upgrading to AMR system	\$ 2,690,000	\$ 2,316,000	\$ 3,348,000	48	90-10	\$ 2,124,000	\$ 236,000
5693	Tijeras, Village of	Hernalvilla	Water tank replacement - Design construct replacement of water storage tank	\$ 1,115,000	\$ 1,143,000	\$ 1,143,000	46	90-10	\$ 1,029,700	\$ 114,300
5665	Bernalillo, Town of	Sandoval	Waterline replacement - Design construct replace 6.520 water transmission lines	\$ 2,016,000	\$ 1,739,000	\$ 1,913,000	43	60-40	\$ 1,043,400	\$ 695,600
5669	UMWI Regosua WA	Terrance	McIntosh community water system design - design of phase I community water system including water storage tank, transmission lines and looped distribution pipeline system	\$ 7,345,925	\$ 6,264,570	\$ 491,850	43	90-10	\$ 441,945	\$ 49,105
5677	Milan, Village of	Cibola	Water system improvements - Design construct well rehabilitation, install SCADA system, tank rehabilitation of three tanks	\$ 2,785,000	\$ 2,400,000	\$ 2,900,000	42	80-20	\$ 1,920,000	\$ 480,000
5675	Midille Rio Grande CD	Hernalvilla	Siererra division conveyance - Design construct Securo Mtn tunnel by concrete lining for a portion of the channel's North section	\$ 8,228,250	\$ 7,155,000	\$ 7,155,000	38	60-40	\$ 4,293,000	\$ 2,862,000
				\$ 48,844,117	\$ 41,376,600	\$ 41,376,600				

Project No.	Applicant	County	Project Name/Description	Total Project Cost	Amount Requested	Funding Recommendation	Prioritization (Scoring-Fall 2021)	Financial Analysis Grant/Loan	Grant	Loan
Watershed Restoration and Management										
5686	San Francisco SWCD	Catron	Willis Creek habitat restoration - Constructing along 3 reaches of a perennial stream in the Tule National Forest, restore riparian habitat of streambank vegetation, include bank stabilization and planting of native plants/seeds.	\$ 664,000	\$ 327,000	\$ 327,000	75	100%	\$ 327,000	\$ -
5687	San Juan SWCD	San Juan	San Juan watershed restoration project - Restoration including riparian area tree removal and revegetation in the San Juan Basin Watershed.	\$ 625,000	\$ 500,000	\$ 500,000	71	100%	\$ 500,000	\$ -
5678	SMUMNRD	Socorro	Tiffany Fire rehabilitation ph. II - Construct restoration of approximately 1,000 acres to control invasive trees and non-native noxious weeds in the Tiffany fire area.	\$ 1,300,000	\$ 750,000	\$ 750,000	62	100%	\$ 750,000	\$ -
				\$ -	\$ 1,577,000	\$ 1,577,000				
Endangered Species Act										
5679	SMISC	Hernaldo	River and Bosque restoration ES - Design construct up to 200 acres of habitat restoration projects within the Middle Rio Grande for the Silvery Minnow.	\$ 2,610,000	\$ 2,000,000	\$ 2,000,000	64.5	100%	\$ 2,000,000	\$ -
				\$ -	\$ 2,000,000	\$ 2,000,000				

As of November 2021

Expected STB	\$53,000,000
WTF Distribution	\$4,000,000
Total	\$57,000,000
Less Adjudication	\$5,700,000
Expected 2022 Funds	\$51,300,000

As of January 2022

Expected STB	\$76,300,000
WTF Distribution	\$4,000,000
Total	\$80,300,000
Less Adjudication	\$8,050,000
WTF set-aside for shortfall	\$3,650,000
Expected 2022 Funds	\$68,600,000

Category	Policy Target	Expected Amount Range	Requested Amount	Requested %	Recommended Amount	Recommended %
Flood Prevention	Up to 10%	Up to \$6,367,000	\$ 6,325,000	9%	\$ 7,575,000	11%
Water Conservation	15% - 30%	\$10,000,000 - \$20,000,000	\$ 12,470,000	18%	\$ 14,120,000	21%
Water Storage	50% - 75%	\$4,375,000 - \$11,500,000	\$ 40,644,117	99%	\$ 43,389,000	63%
Watershed	10% - 20%	\$6,867,000 - \$13,734,000	\$ 1,577,000	2%	\$ 1,577,000	2%
Endangered Species	Up to 5%	Up to \$3,438,500	\$ 2,000,000	3%	\$ 2,000,000	3%
			\$ 63,016,117	92%	\$ 68,670,000	100%

Member Russel clarified the role of the NMFA with regards to the decision of the financial package. The credit analysis on the funding structure for those projects that may not be backed by a revenue source, particularly the flood prevention projects will be reviewed by the revenue of the project instead of the entity. The initial determinations listed in the spreadsheet may change when presented to the NMFA Board.

Member Russel made a motion, seconded by Member Kahl to concur with staff's recommendation for the approval of the 2022 Water Trust Board Awards. The motion passed unanimously by an 11-0 roll call vote.

- 9. 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 with an amendment of the dollar amount to reflect the full amount including the OSE 10% set-aside for adjudication.

Member Lucero 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 with an amendment to the corrected amount as stated. Motion passed unanimously by an 11-0 roll call vote.

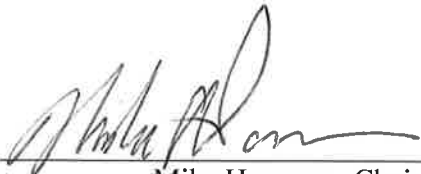
10. Proposed Next Meetings.

- August – September 2022, TBD
Staff will reach out to the Policy Committee on meeting dates for early June.

11. Adjournment.

Member Russel made a motion, seconded by Member Forte for adjournment. Motion passed unanimously by voice vote.

The meeting adjourned at 9:56 a.m.



Mike Hamman, Chairman
8/19/22

Date

ATTEST:

Michael Sloane, Secretary

Date