

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

Minutes of Water Trust Board Meeting
November 8, 2022
Teleconference/Via Zoom

Members Present:

Mike Hamman, Chairman	NM State Engineer
Michael Sloane, Secretary	New Mexico Department of Game & Fish
Jason John	Designee, Navajo Nation
Joy Esparsen	Designee, New Mexico Counties
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 and Administration
Greg Alpers	Irrigation or Conservancy District Surface Water Rep.

Absent:

A.J. Forte	NM Municipal League
Brent Van Dyke	Soil & Water Conservation Districts Representative
Robert Baracker	Acequias Water Users Representative
Sarah Cottrell Propst	Energy, Minerals and Natural Resources Department
Tim McGinn	Irrigation or Conservancy District Surface Water Rep.
Jeff Witte	Department of Agriculture

Finance Authority Staff:

Angela Quintana	Senior Program Administrator
Alysia Sanchez	Program Administrator
Joe Maldonado	Senior Administrative Assistant
Cherise Martinez	Board Administration Manager
Michael Vonderheide	Managing Director, Public Programs
Bryan Otero	Legal and Compliance Counsel
Connie Marquez	Executive Assistant
Adam Johnson	Chief of Program Operations

Guests:

Jacquelynn Bowen	Cally Carswell	Yossie N.
Deidra Tarr - Claunch Pinto SWCD	David Bailey	Trevor Birt
ENMWUA	Charles Thomas	
Luz Carreon		

1. **Call to Order and Roll Call.** Chairman Hamman, 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 October 20, 2022, Board Minutes.** Member Alpers made a motion, seconded by Member Russel, to approve the minutes of the October 20, 2022, meeting. The motion passed unanimously by a voice vote.
4. **2023 Application Cycle, Consideration, and Recommendation of Projects Recommended for Legislative Authorization.** Ms. 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 that 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 includes mandatory planning documents, as well as meet a Preliminary Expenditure Target.

By August 15, 2022, the NMFA received 73 Notices of Intent to File an Application. On September 23, 2022, 61 applications totaling more than \$139.8 million were filed. Two applications were deemed ineligible: Paakweree Village MDWCA (planning) and Roosevelt SWCD (ineligible project).

At the WTB meeting on October 20, 2022, twelve applicants that did not meet policy requirements (Preliminary Expenditure Target) necessary to be reviewed submitted waiver requests for the Board’s consideration. The WTB approved all the waiver requests.

For the 2023 cycle, staff anticipates that a maximum of \$114.5 million will be available for projects -- \$123.3 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 \$17.18 million.

Using the project-specific criteria set forth in the WTB Project Management Policies, a Project Management Team (“PMT”) comprised of staff from six agencies evaluated the applications. In previous years, the PMT’s recommended list was comprised of projects ranking in the upper half of their project type categories based on average and median scores. Projects that fall below the upper half but met the “Urgency” determination as defined by policy were also moved forward.

This year, the WTB made changes to the policies that encourage applicants to apply for “design only” projects. Once the design is completed, it would hopefully allow applicants to be ready for construction dollars from state and federal funders. These projects may have scored low based on existing criteria because they are on the first step to moving their projects forward. There are also many projects that have applied for multiple scopes (plan, design, and construction). To ensure that the recommended list is appropriately sized to the amount of funds available and includes sufficient projects in case some of the highly ranked projects do not pass any part of the regulatory and/or policy compliance or are “phased” to encompass a stand-alone, functional project that can be completed within the 2-year time funding time, staff recommends that all of the projects move forward. The Legislative Authorization list includes all 59 projects totaling approximately 121% of the expected available funds.

Category	Policy Target	Applications Requested		PMT Recommended		
		# of Apps	Total Request	# of Apps	Total Amount	%
Water Conservation	15% - 30%	4	\$ 13,971,305	4	\$ 13,971,305	12%
Flood Prevention	Up to 10%	5	\$ 13,192,273	5	\$ 13,192,273	12%
Water Storage	50% - 75%	42	\$ 104,174,922	42	\$ 104,174,922	91%
Watershed	10% - 20%	8	\$ 7,300,000	8	\$ 7,300,000	6%
ESA	Up to 5%	0	\$ 0	0	\$ 0	0%
TOTAL		59	\$ 138,638,500	59	\$ 138,638,500	121%

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

Applicants who have open WTB awards from 2021 and prior (*those not yet certified as complete*) must submit any requisitions by January 27, 2023, to be counted towards the Final Expenditures Target as defined by WTB Policy: Section 2.5 Project Continuation. Changes to the 2023 application process, required applicants to reach out to the Office of the State Engineer (“OSE”) on regulatory compliance during the project application to allow additional time to resolve any compliance issues. All applicants will be notified if they have not passed their compliance checklist and will be given until March 22, 2023, to either show evidence of compliance or submit a written policy waiver that provides a justification for the waiver request. The WTB Project Management Team will first review the waiver requests and a recommendation on the requests will be made to the WTB and its Project Review Committee. Currently, staff expects to present the waiver requests to the Board at its April 11, 2023, meeting and to make final funding recommendations to the Board at its May 3, 2023, meeting.

The Project Management Team and staff bring forward project recommendations for consideration to the Legislature for authorization for potential funding from the Water Project Fund.

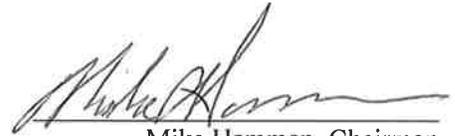
Member Lucero made a motion, seconded by Member Russel to approve the 2023 Application Cycle projects recommended for legislative authorization as presented. The motion passed unanimously by a roll call vote.

5. Next Meetings.

- April 6, 2023, Project Review Committee (TBD)
- April 11, 2023, 9:00 a.m. Water Trust Board (TBD) – *waiver considerations*
- April 21, 2023, Project Review Committee (TBD)
- May 3, 2023, 9:00 a.m. Water Trust Board Meeting – *2023 Award Determinations (TBD)*

6. Adjournment.

Member Russel made a motion, seconded by Member Thompson to adjourn the meeting.
The meeting adjourned at 9:23 a.m.



Mike Hamman, Chairman

4/13/23 Date

ATTEST:

Michael Sloane, Secretary

Date