

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

Minutes of Water Trust Board Meeting
May 3, 2023
New Mexico State Capitol, Room 309
490 Old Santa Fe Trail, Santa Fe, New Mexico

Members Present:

Mike Hamman, Chairman
A.J. Forte, Vice Chairman
Michael Sloane, Secretary
Joy Esparsen
Mark Thompson
Marquita Russel
Priscilla Lucero, *virtual*
Wayne Probst, *virtual*

Julie Maitland
Jason John, *virtual*
Judi Kahl
Todd Leahy

New Mexico State Engineer
Executive Director, New Mexico Municipal League
Director, New Mexico Department of Game & Fish
Executive Director, New Mexico Counties
New Mexico Indian Affairs Department
CEO, New Mexico Finance Authority
Environmental Community Representative
Secretary, New Mexico Department of Finance &
Administration
Designee, New Mexico Department of Agriculture
Designee, Navajo Nation
Designee, New Mexico Environment Department
Designee, New Mexico Energy, Minerals and Natural
Resources Department

Absent:

Brent Van Dyke
Robert Baracker
Greg Alpers
Tim McGinn

Soil & Water Conservation Districts Representative
Acequias Water Users Representative
Irrigation or Conservancy District Surface Water Rep.
Irrigation or Conservancy District Ground Water Rep.

Finance Authority Staff:

Angela Quintana
Joe Maldonado
Cherise Martinez
Michael Vonderheide
Sharon Romero
Bryan Otero
Paul Romero
Sean Endler
Brenda Garcia
Connie Marquez
Kryshana Madrid

Guests:

Anthony Dimas
Adrian Marrufo, City of Gallup
Maryann Ustick, City of Gallup
Angelina Gray, NWNMCOG

R. Young
Evan Williams, NWNMCOG
Tonantzin Roybal, NMDFA
John Blair, City of Santa Fe

Brandon Howe
Emily Oster, City of Santa Fe
Jesse Roach, City of Santa Fe

Nicole Britt
John Dupuis, City of Santa Fe
Ashley Martinez, Wilson & Co.

1. **Call to Order and Roll Call.** Chairman Hamman, called the Water Trust Board (“WTB”) meeting to order at 9:03 a.m. Roll call was taken, and Chairman Hamman requested that all Board Members introduce themselves. A quorum was established.
2. **Approval of Agenda.** Member Forte made a motion for approval of the agenda, seconded by Member Sloane. The motion passed unanimously by a voice vote.
3. **Approval of April 11, 2023, Board Minutes.** Member Esparsen made a motion, seconded by Member Forte, to approve the minutes of the April 11, 2023, meeting. The motion passed unanimously by a voice vote.
4. **Report from Nominating Committee.** Marquita Russel, CEO, NMFA
The Nominating Committee consisting of Members’ Forte, Lucero, Russel, Esparsen, and McGinn met virtually and made the nominations to include Mike Hamman, Chairman, A.J. Forte, Vice Chairman, Michael Sloane, Secretary and Mark Thompson, Treasurer.
5. **Election of Officers.**

Member Russel made a motion to accept the Nominating Committees’ recommendation of Officers of the Board of Directors, seconded by Member Esparsen. The motion passed unanimously by a voice vote.
6. **Audit Update, City of Santa Fe.** Presented by Ms. Emily Oster, Finance Director, City of Santa Fe
After a lengthy discussion, Ms. Oster reported that the City of Santa Fe would complete its FY 2021 audit by June 30, 2023, and the FY 2022 and FY 2023 audits should be completed by December 15, 2023, and submitted to the State Auditor to become compliant. Mr. John Blair, City Manager, Jesse Roach, Water Department Director, and John Dupuis, Public Utilities Director also spoke on behalf of the City.

(Informational Only)

7. 2023 Water Project Fund Awards. Consideration and Approval of Awards - Angela Quintana, Senior Program Administrator

Funding recommendations for the 2023 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. This year \$125.2 million is available for award, most of which will be coming from severance tax notes issued by the State Board of Finance.

9% Senior Severance Tax Notes	\$135,120,000
Water Trust Fund Distribution	4,000,000
Less adjudication	<u>(139,912,000)</u>
Total Available for Awards	\$125,208,000

In August 2022 the WTB approved changes to the Project Management Policies in an effort to award projects that are more fiscally sustainable while providing opportunities for applicants to be better prepared to apply for construction-ready projects in future cycles. One notable change was to provide 100% grant for “design only” projects requested by applicants serving fewer than 500 connections. Ten of this year’s applications fit that criterion. The second notable change is to provide certain small systems --those with fewer than 500 connections, have implemented asset management plans, and have multi-phase projects – to undertake a loan only as part of the first phase. This year one applicant, if awarded, would also qualify for 100% grant. Overall, this funding cycle has sixteen applicants that qualify for 100% grant based on current and newly revised policies.

Similar to previous years, the 2023 application cycle consisted of a two-part cycle: 1) Project Application which is used to prioritize the applications; and 2) Readiness Application which is used to determine compliance with relevant laws, Executive Orders, and WTB policies and to determine appropriate scope of awards.

Project Application:

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 59 applications and proposed that all 59 applications be recommended for legislative authorization. House Bill 525, which contained the legislative authorization for the recommended projects, passed the Legislature and was signed by Governor Lujan-Grisham on March 30, 2023.

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. Fifty-seven legislatively authorized applicants submitted Readiness Applications. Chapelle MDWCA and Upper Chama SWCD did not submit readiness applications and Union del Llano MDWCA has since withdrawn its application.

Applicants who had compliance issues were notified of all outstanding issues and given an opportunity to: 1) correct identified issues by March 22, 2023; 2) discontinue their applications and correct compliance issues in preparation for the next funding cycle, or; 3) request a waiver from the WTB.

Using information supplied in the Readiness Application, staff notified one applicant that it would not be able to meet Executive Order 2013-06, which among other things requires that recipients of state funding comply with the State Audit Rule at the time that the funding is certified. The Water Trust Board will certify the funding as the next item on the agenda. The applicant requested that the WTB waive the timing of the compliance requirement because its audits could not be submitted until after the WTB makes its funding decision. The WTB deferred action on the waiver request until its meeting now planned for early August. The deferral does not guarantee the waiver will be granted nor does it guarantee funds will be available in the event the compliance item is met.

Following the WTB’s consideration of waivers, staff discovered that four additional entities had supplied inaccurate information in their Readiness Applications and were also not compliant with the Executive Order. Consistent with the Executive Order, these four additional applicants cannot be certified as part of the FY2023 funding. Staff recommends that funding decisions be postponed on these applications as well, until the summer meeting. This brings the total number of deferred applications to nine.

Applicant	Project	Requested Amount	Compliance
Flood Prevention			
City of Anthony	Donaldson Ave. storm drainage	\$400,000	State Audit Rule
City of Anthony	West S. Anthony Arroyo multi-purpose liner	\$1,500,000	State Audit Rule
Water Conservation			
City of Santa Fe	Water treatment plant improve	\$3,000,000	State Audit Rule
Water Storage			
Buena Vista MDWCA	Water system improvements	\$440,000	State Audit Rule
City of Deming	Water well rehab.	\$391,500	State Audit Rule
EI Valle WA	Ilfield tank replacement	\$499,683	OSE Regulations
Ramah WSD	Water system improvements	\$440,000	State Audit Rule
City of Santa Fe	San Juan-Chama return pipeline	\$3,491,133	State Audit Rule
Watershed			
San Juan SWCD	San Juan watershed restoration project	\$500,000	State Audit Rule

Using the criteria set forth in the WTB Project Management Policies, and by evaluating the readiness applications from the 2023 authorization list, staff proposes that 47 applications be recommended for funding. The recommended list provides funding to the projects by project type, in the order in which they are prioritized, and is based on available funding, policy targets, and compliance requirements. All 47 applications are being recommended for at least their requested amounts.

The Project Review Committee has reviewed the list and concurs with staff’s recommendations.

Member Russel made a motion seconded by Member Esparsen, to approve the recommendation for the 2023 Water Project Fund Awards as presented. The motion passed unanimously by a voice vote.

Member Russel made a motion, seconded by Member Sloane to reconsider those deferred applicants that meet the required compliance by July 5, 2023, for funding at the next Board Meeting. The motion passed unanimously by a voice vote.

8. **Consideration and Approval of Resolution, Notification, and Certification of Need for Issuance of Severance Tax Revenue Bonds for Qualified Projects.** Bryan Otero, Compliance Officer and Deputy General Counsel presented a Resolution, Notification and Certification of Need for Issuance of Severance Tax Revenue Bonds for Qualified Projects.

Member Thompson made a motion, seconded by Member Lucero to approve the Resolution, Notification, and Certification of Need for Issuance of Severance Tax Revenue Bonds for Qualified Projects. The motion passed unanimously by a voice vote.

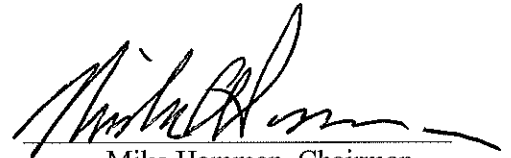
9. **Proposed Next Meeting.**

- August 2023, WTB Meeting, TBD

10. **Adjournment.**

Member Kahl made a motion, seconded by Member Esparsen to adjourn the meeting. Motion passed by a unanimous voice vote.

The meeting adjourned at 10:15 a.m.



Mike Hamman, Chairman

8/10/2023

Date

ATTEST:

Michael Sloane, Secretary

Date