

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

Minutes of Water Trust Board Meeting
October 24, 2023
New Mexico State Capitol, Room 315
490 Old Santa Fe Trail, Santa Fe, New Mexico

Members Present:

Mike Hamman, Chairman	NM State Engineer
Richard Garcia	Designee, NM Counties
Mark Thompson (via zoom)	NM Indian Affairs Dept.
Marquita Russel	CEO, NM Finance Authority
Priscilla Lucero	Environmental Community Representative
Julie Maitland (via zoom)	Designee, NM Dept. of Agriculture
Timothy McGinn (via zoom)	Irrigation/Conservancy District-Ground Water
Michael Sloane, Secretary	Director, NM Dept. of Game & Fish
Judi Kahl	Designee, NM Environment Department
Wes Billingsley	Designee, NM Dept. of Finance and Administration
Greg Alpers (via zoom)	Irrigation/Conservancy District Surface Water Rep.
Alison Nichols	Designee, New Mexico Municipal League
Albert Chang	Designee, Energy, Minerals and Natural Resources Dept.

Absent:

Dr. Buu Nygren	Navajo Nation
Brent Van Dyke	Soil & Water Conservation District Rep.

Finance Authority Staff:

Angela Quintana	Kryshana Madrid
Brenda Garcia	Michael Vonderheide
Bryan Otero	Michele Cox
Charlotte Larragoite (via zoom)	Sharon Romero
Cherise Martinez	

Guests:

Ashley Martinez	Wilson & Co.
Dee Tarr	Claunch Pinto
Jaquelyn Bowens	ENMWUA
Luz Carreon	ABCWUA
Mario Juarez-Infante	City of Sunland Park

1. **Call to Order and Roll Call.** Chairman Hamman called the meeting to order at 10:00 a.m. A quorum was established.
2. **Approval of Agenda.** Member Russel moved, seconded by Member Lucero, to approve the agenda. The motion passed 13-0.
3. **Approval of October 3 & 4, 2023, Board Minutes.** Member Sloane moved, seconded by Member Russel, for approval of the October 3 & 4, 2023, minutes, noting the two spelling errors will be corrected. The motion passed 13-0.
4. **Scope Change for Eastern New Mexico Water Utility Authority (“ENMWUA”) Project #WPF-5667.**

4.1 Ms. Quintana presented for consideration a scope change for ENMWUA. ENMWUA secured funding in December 2022, for a Water Storage, Conveyance and Delivery project in an amount not to exceed \$14,510,522 (90% grant/ 10% loan). The approved scope of work is to design and construct a 15.5-mile transmission pipeline (“FW1”) which will connect to Finished Water (“FW2”). In the 2023 WTB cycle, the ENMWUA was awarded \$13,900,000 for the design and construction of phases titled Raw Water 1, Raw Water 2, and Raw Water 3, including installation of 26 miles of pipeline. The Authority has been awarded federal funds in FY2022 and FY2023. These federal funds require a non-federal match. Below is the current breakdown of funding received:

Year	Funding Source	Amount
FY2022	USBR Federal Funding	\$177.4 million
FY2022	*Water Trust Board-WPF-5667	\$14,510,522
FY2023	USBR Federal Funding	\$94,139,421
FY2023	*NM Capital Outlay-HB2	\$14,800,000
FY2023	*Water Trust Board-WPF-5952	\$13,900,000

The Capital Outlay funding (\$14,800,000) has a reversion date of June 2024. ENMWUA will use the Capital Outlay and federal funding to complete FW1. The ENMWUA is requesting a scope change for WPF-5667 on the next phase of the project titled: Raw Water (“RW”) 1, 2, and 3 so there is not an overmatch of the non-federal match by using required state spenddown before federal funds.

The RW1, 2, and 3 project scopes were vetted through the 2023 application cycle-project WPF- 5952. The ENMWUA would combine WPF-5667 with WPF-5952. The ENMWUA intends to use all the funding effectively to move the project/phases forward without jeopardizing future federal and non-federal funding. The Project Review Committee has reviewed this request and concurs with staff’s recommendation. Therefore, NMFA staff recommends approval of a scope change from Finished Water 1 (“FW1”) to Raw Water 1, 2, and 3 (“RW1”, “RW2” and “RW3”) for Project No. WPF-5667.

Member Lucero made a motion, seconded by Member Kahl to approve agenda item 4.1. The motion passed 13-0.

5. Construction Cost Overrun Set-Aside.

5.1 Ms. Quintana presented an overview of the cost overrun set-aside. Fambrough MDWCA has returned funds from their 2023 award and the City of Santa Fe has returned funds from their 2022 award. Below is the current balance and proposed balances for the construction cost-overrun set-aside:

2021 Set-Aside \$2,280,398	Cost Overrun Awards	Amount
	La Cueva MDWCA	\$105,500
	Rodarte MDWCA	\$540,000
	Rio Lucio DWCA	\$250,686
	Balance	\$1,384,212
2022 Set-Aside \$3,600,000 (WTF distribution)		\$3,600,000
2022 Returned Funds (City of Santa Fe)		\$1,500,000
	Proposed Balance	\$5,100,000
2023 Set-Aside \$5,678,227 (Carlsbad balance)		\$5,678,227
2023 Returned Funds (Fambrough MDWCA)		\$388,050
	Proposed Balance	\$6,066,277

The Project Review Committee has reviewed this request and concurs with staff’s recommendation for the City of Santa Fe 2022 returned funds be added to the set-aside for construction cost overruns for the 2022 WTB awardees and the 2023 returned funds for Fambrough MDWCA be added to the set-aside for construction cost overruns for the 2023 WTB awardees. Discussion ensued with staff clarifying that the NMFA intends to use the severance tax bonds first for draws and utilize the water trust fund distribution last for maximum flexibility.

Member Kahl made a motion, seconded by Member Lucero to approve agenda item 5.1. The motion passed 13-0.

6. 2024 Application Cycle, Recommendation of Projects for Legislative Authorization.

6.1 2024 Application Cycle, Recommendation of Projects for Legislative. Ms. Quintana presented for consideration 65 projects to be recommended to the Legislature for authorization for potential funding from the Water Project Fund pursuant to The Water Project Finance Act.

Ms. Quintana went over the application criteria and evaluation process that began in early July 2023 with 67 applications totaling more than \$276.7 million were filed and one application was rescinded. In October 2023, 18 policy waivers (one planning; 17 Preliminary Expenditure Target) were presented for the Board’s consideration. The WTB approved all waiver requests with the exception of the planning document waiver.

For the 2024 cycle, staff anticipates that a maximum of \$133.1 million will be available for projects. 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 a 2-year time period, staff recommends the Legislative Authorization list include all 65 projects totaling approximately 207% of the expected available funds.

Category	Policy Target	Applications Requested		PMT Recommended		
		# of Apps	Total Request	# of Apps	Total Amount	%
Water Conservation	15% - 30%	7	\$ 49,068,000	7	\$ 49,068,000	37%
Flood Prevention	Up to 10%	8	\$ 18,488,589	8	\$ 18,488,589	14%
Water Storage	50% - 75%	45	\$ 205,987,071	45	\$ 205,987,071	155%
Watershed	10% - 20%	5	\$ 1,750,000	5	\$ 1,750,000	1%
ESA	Up to 5%	0	\$ 0	0	\$ 0	0%
TOTAL		65	\$ 275,293,660	65	\$ 275,293,660	207%

Ms. Quintana went over the upcoming deadlines for applicants. Changes beginning in 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. The OSE has identified regulatory compliance issues with 14 applicants. Those 14 applicants have been notified of their compliance deadline.

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 at its April 3, 2024, meeting and to make final funding recommendations to the Board at its April 23, 2024, meeting.

NMFA staff brings forward all 65 projects for consideration to the Legislature for authorization for potential funding from the Water Project Fund. The Project Review Committee has reviewed and concurs with staff’s recommendation.

Member Lucero made a motion, seconded by Member Kahl to approve agenda item 6.1 as presented. The motion passed 13-0.

Ms. Quintana relayed items 6.2 (Authorization Spreadsheet), 6.3 (Water Conversation), 6.4 (Flood Prevention), 6.5 (Water Storage), and 6.6 (Watersheds) were not action items and information pertaining to these items were provided in the board book. Ms. Quintana offered to answer any questions the Board may have from their review of the board book materials. No further discussion occurred.

7. New Mexico Unit Fund.

7.1 Chairman Hamman presented an update regarding the NM Unit Fund. For background, Legislative action was used to address the NM Unit Fund. The Unit Fund directed the WTB to be a pre-vetting process

to make recommendations to the interstate street commission for approval of specific funds and priorities that are associated with the funds that were set aside through the Arizona Water Settlement Act, specifically the Gila River in the Southwest portion of the state. Committees impacted thereof ranges from irrigation district and mutual domestics in that region.

A task force, administered by the NMFA, will be created for purposes of pre-vetting the NM Unit Fund, establish criteria, create policies and processes for the authorization of the 100-million-dollar fund. The task force will provide their recommendations in the upcoming 2023 Legislative Session.

Chairman Hamman appointed Member Lucero as Vice Chair, Member Forte, Member Esparsen, and Member Russel to the task force. Chairman Hamman will serve as Chairman for this task force. NMFA staff will coordinate with these members to schedule the first meeting.


Chairman Hammam made a motion to approve the task force and the appointed members. Member Russel and Member Kahl seconded the motion. The motion passed 13-0.

8. Proposed Next Meeting:

8.1

- March 26, 2024, Project Review Committee (teleconference)
- April 3, 2024, 10:00 a.m. Water Trust Board (TBD) *waiver considerations*
- April 18, 2024, Project Review Committee (teleconference)
- April 23, 2024, 10:00 a.m. Water Trust Board (TBD) *2024 WTB funding recommendations*

9. Adjournment. The meeting adjourned at 10:33 a.m..



Secretary
4/3/2024

Date