

**MINUTES  
of the  
SEVENTH MEETING  
of the  
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**January 14, 2016  
Room 309, State Capitol  
Santa Fe**

The seventh meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Representative Jane E. Powdrell-Culbert, chair, on January 14, 2016 at 10:07 a.m. in Room 309 of the State Capitol in Santa Fe.

**Present**

Rep. Jane E. Powdrell-Culbert, Chair  
Rep. David E. Adkins  
Sen. Lee S. Cotter  
Rep. Bealquin Bill Gomez  
Sen. Ron Griggs  
Rep. Idalia Lechuga-Tena  
Rep. Patricia A. Lundstrom  
Sen. Richard C. Martinez  
Rep. Andy Nunez  
Rep. Patricia Roybal Caballero  
Rep. Patricio Ruiloba

**Advisory Members**

Rep. Alonzo Baldonado  
Rep. Kelly K. Fajardo  
Rep. Debbie A. Rodella  
Rep. Tomás E. Salazar

**Absent**

Sen. Joseph Cervantes, Vice Chair  
Rep. Sharon Clahchischilliage  
Rep. Candy Spence Ezzell  
Rep. Dona G. Irwin  
Sen. Michael Padilla  
Sen. Nancy Rodriguez  
Sen. John C. Ryan  
Sen. William P. Soules  
Rep. Monica Youngblood

Sen. Sue Wilson Beffort  
Sen. Jacob R. Candelaria  
Rep. George Dodge, Jr.  
Rep. Brian Egolf  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Stuart Ingle  
Rep. Sarah Maestas Barnes  
Sen. Bill B. O'Neill  
Sen. Mary Kay Papen  
Sen. William H. Payne  
Sen. John Pinto  
Sen. Clemente Sanchez  
Rep. Sheryl Williams Stapleton  
Rep. Don L. Tripp

## **Staff**

Lisa Sullivan, Staff Attorney, Legislative Council Service (LCS)

Jeff Eaton, Research and Fiscal Policy Analyst, LCS

Tessa Ryan, Staff Attorney, LCS

## **Guests**

The guest list is in the meeting file.

## **Handouts**

Handouts and other written testimony are in the meeting file.

## **Minutes Approval**

Because the committee will not meet again until the 2016 interim, the minutes for this meeting have not been officially approved by the committee.

## **Thursday, January 14**

### **Request for Endorsement of Proposed Water Project Legislation (.202970.1SA)**

Robert P. Coalter, chief executive officer, NMFA, and Marquita D. Russel, chief of programs, NMFA, testified on the water projects recommended by the Water Trust Board to move forward in the funding process. Ms. Russel noted that many NMFA staff persons work with the water project program, and she acknowledged those who were in the audience: Angela Quintana, Charlotte Larragoite, Zachary Thomas, Dan Opperman and Mark Chaiken.

***Water Trust Board-approved project list.*** Ms. Russel reviewed the first of three presentation handouts. The first handout listed the applicants for Water Project Fund funding by rank, those applicants' projects and relevant details. The handout included a table showing the percentage of applicants by project type and the total values of, and average scores for, the projects in those categories. Ms. Russel reported that the total project value of the 42 applicants preliminarily determined to be eligible for funding was about \$55 million and that the average score for those applications was 70%. Twenty-three of those projects, she said, were in the category of water storage, conveyance and delivery. Ms. Russel highlighted a table showing the funding proportion targets for each project type.

***Summary of program application and policy changes; summary of recommended projects.*** Ms. Russel reviewed as follows a second handout, which outlined changes to program policies and project evaluation criteria. Following a process that included public comment, the Water Trust Board approved policies to streamline the application process starting with the 2016 funding cycle. Among the policy changes is a local match requirement: going forward, an applicant entity's median household income will help determine the entity's local match.

Ms. Russel also recapped the application cycle and results as follows. There were 94 notices of intent to apply and 77 applications. The project management team reviewed 60 of

those applications. Representatives of 58 applicant entities presented their projects to the board. The NMFA estimates that about \$22 million will be available for project funding and that the value of the 42 projects recommended by the board is approximately \$42 million. Meanwhile, some projects on the list might become ineligible for funding for their failure to comply with program requirements. The board will make its final project funding decisions in May.

***Water project authorization bill (.202970.ISA).*** The committee reviewed a third handout, a bill draft listing the Water Trust Board's project recommendations. The bill would authorize the NMFA to use money from the Water Project Fund to make loans and grants for those projects.

### Questions and Discussion

On questioning, Ms. Russel, Ms. Quintana and committee members addressed the following topics.

***Water Project Fund program and current funding cycle.*** Ms. Russel answered members' questions about the Water Project Fund program and current project recommendations as follows. The NMFA funds projects in priority order and tries to fund as many whole projects as possible within established funding targets and guidelines. Projects identified as having spend-down issues are italicized in the list and are at risk of becoming ineligible. However, those projects' sponsors have until March 4 to show that the applicable spending criteria have been met. If the sponsors fail to meet that requirement, they may request a policy waiver from the board. A member commented that the funding target ranges seem broad, and Ms. Russel characterized the approach to meeting them as more of an art than a science. Ms. Russel further noted that the board heard applicants' presentations on January 4 and voted on project recommendations on January 7 and that, of the two applicants that did not present their projects to the board, one received the board's recommendation and the other did not.

A member underscored the committee's need to review the project authorization list earlier in the interim. Ms. Russel noted that the NMFA's program policy revision process interfered with producing the list sooner and that no such delay is expected in coming years.

***Authorization expiration.*** Ms. Russel clarified that a statute enacted last year imposes a three-year expiration on the legislative authorization of projects funded through the Water Project Fund.

***Use of Water Project Fund money for water rights adjudication.*** Ms. Russel indicated that the NMFA does not track the use or balance of money statutorily required to be distributed to the Office of the State Engineer for water rights adjudications because the office does not report that information to the NMFA. A member remarked that if the office is not spending that money, the money should be reserved in the Water Project Fund.

***Specific projects.*** Members inquired about specific projects on the list. Ms. Quintana indicated that the Santa Cruz Irrigation District project is receiving some federal funding.

***Legislative authorization of Public Project Revolving Fund (PPRF) projects.*** A member said that the filed committee-endorsed bill that would authorize the NMFA to fund PPRF projects mistakenly included the Spaceport as a funding recipient. The member said that the item would be promptly removed by amendment during the session.

***Colonias infrastructure program update.*** Concerning the colonias infrastructure program, Ms. Russel reported that: applications for colonias infrastructure funding were due in December; in all, the value of projects applied for is about \$36 million; the NMFA is in the process of identifying — and giving applicants the opportunity to address — problems in the applications; several applicants have spend-down issues; and the Colonias Infrastructure Board will soon hear applicants' presentations.

#### Endorsement

With no opposition, the committee endorsed the proposed water project bill. Senator Cervantes agreed to sponsor it.

#### **Minutes**

On a motion made and seconded, the minutes of the committee's November meeting were approved without objection.

#### **Adjournment**

There being no further business before the committee, the seventh meeting of the NMFA Oversight Committee adjourned at 11:03 a.m.