

OPPORTUNITY ENTERPRISE REVIEW BOARD

OPPORTUNITY ENTERPRISE EVALUATION AND PRIORITIZATION POLICY

Revised on ~~October 19, 2023~~ June xx, 2024

PURPOSE AND IMPLEMENTATION

The purpose of the Opportunity Enterprise Evaluation and Prioritization Policy (“Policy”) is to provide a systematic, transparent approach to prioritizing ranking projects that meet the overarching goals of creating and expanding economic development opportunities statewide for consideration of enterprise assistance.

The Policy shall be implemented by the Opportunity Enterprise Review Board (“Board” or “OERB”) and may, at times, be waived by the Board if the Board determines that a deviation from its adopted policy is necessary. Such waiver will be reflected on the agenda of the public meeting at which the waiver is considered.

SECTION 1.0 DEFINITIONS

1. “**Act**” means the Opportunity Enterprise Act, Sections 6-34-1 through 6-34-15, NMSA 1978, as the same may be amended and supplemented.
2. “**Board**” means the Opportunity Enterprise Review Board created by the Act.
3. “**Economic Development Opportunities**” means the advancement of an environmentally sustainable economic development goal of the state as determined by the authority, in coordination with the NMEDD, and includes the creation of jobs, the provision of needed services and commodities to diverse communities across the state and the increase of tax and other revenue collections resulting from the project.
4. “**Enterprise Assistance**” means opportunity enterprise financing, an opportunity enterprise lease or an opportunity enterprise loan.
5. “**Enterprise Development Project**” means a commercial real estate development project primarily occupied by businesses unrelated to the opportunity enterprise partner that involves the purchase, planning, designing, building, surveying, improving, operating, furnishing, equipping or maintaining of land, buildings or infrastructure to create or expand economic development opportunities within the state.~~means the purchase, planning, designing, building, surveying, improving, operating, furnishing, equipping or maintaining of land, buildings or infrastructure to create or expand economic development opportunities within the state.~~
6. ~~“**Frontier**” means Rural census places on Native American land or Federally designated Colonias in New Mexico or Rural communities in New Mexico located outside of~~

~~Metropolitan Statistical Areas where the majority of the population lives sixty (60) minutes or more from urbanized areas.~~

~~7.6.~~ “Fund” means the Opportunity Enterprise Revolving Fund.

~~8.7.~~ “NMEDD” means the New Mexico Economic Development Department.

~~9.8.~~ “NMFA” means the New Mexico Finance Authority.

~~10.9.~~ **“Opportunity Enterprise Partner” or “Partner”** means a domestic corporation, a general partnership, a limited liability company, a limited partnership, a public benefit corporation, a nonprofit entity or other private business entity or combination thereof that the authority determines is or will be engaged in an enterprise that creates or expands economic development opportunities within the state and is eligible for enterprise assistance pursuant to the Act.

~~11.10.~~ **“Policy”** means this Opportunity Enterprise Evaluation and Prioritization Policy.

~~12.11.~~ **“Project Application”** means a written document made publicly available by the authority and filed with the authority for enterprise assistance for the purpose of evaluating, in consultation with the NMEDD, the applicant’s qualifications and proposed project or projects for types of enterprise assistance which may be provided by the authority under the Act.

~~13.12.~~ **“Rural”** means census places in New Mexico with populations less than 40,000 not including Class H counties.

~~13.~~ **“Urban”** means census places in New Mexico with populations greater than 40,000 and Class H counties.

~~14. “Unrelated”:- - Opportunity Enterprise Partner” or “Partner” projects are intended to be unrelated such means that the business ownership relationship between the developer and the tenant is limited. The developer or a third-party will not have control/ownership of the tenant. A Partner (Developer) should not have more than 30% affiliation with the tenant.~~

~~14.15. **“Unrelated – Percentage of Occupancy” In terms of both ownership and pPercentage of occupancy, means that the project developer/partner should not have more than 30% ownership/occup of intended tenant and/or 30% occupancy of the proposed projectancy is allowed.**~~

SECTION 2.0 ECONOMIC DEVELOPMENT GOALS AND FUND DIVERSIFICATION

Section 2.1 Economic Development Goals

The vision laid out in the State’s 20-year comprehensive statewide strategic plan is “New Mexico will have a diverse and robust economy that engages local talent, cultivates innovation, and delivers prosperity for all New Mexicans.” The Act created the Opportunity Enterprise

Revolving Fund to finance Enterprise Development Projects and directs that projects demonstrating local support and financial need shall be prioritized for enterprise assistance. The sponsors of the Act gave as examples of types of projects consistent with economic development objectives: site-ready industrial spaces, manufacturing hubs, commercial kitchens, maker spaces, speculative development, mixed-use development, adaptive reuse, redevelopment of vacant facilities, infill development and reconstruction of blighted properties.

Consistent with the state’s economic development goal, priority in awarding financial assistance will be given to Enterprise Development Projects that support:

- ◆ a diversified, resilient and inclusive economy
- ◆ high-paying jobs across New Mexico
- ◆ ~~private~~ private-sector investment and growth in targeted industries
- ◆ community well-being and benefit

Section 2.2 Fund Diversification

The Board promotes investment in projects and communities with the aim of attracting private capital, creating and expanding economic opportunity, and revitalizing areas experiencing economic decline. To ensure enterprise assistance is distributed to diverse communities throughout the state, the following geographic and project diversity concentration limitations are established:

1. **Project:** Enterprise assistance will be limited to no more than \$17,500,000 per Enterprise Development Project.
2. **Location:** Fund investments will be limited to no more than 25% of the Fund in any county.
3. **Applicant:** Opportunity Enterprise Partners, including any person with an ownership interest in an Opportunity Enterprise Partner, may only participate in one Project application per application round and may not receive more than one assistance in a calendar year. ~~Opportunity Enterprise Partners, including any person with an ownership interest in an Opportunity Enterprise Partner may not receive enterprise assistance awards for more than one Project in any calendar year.~~

SECTION 3.0 PROJECT APPLICATION AND REVIEW CRITERIA

Section 3.1 Opportunity Enterprise Assistance Project Applications

The Board seeks Project Applications from Enterprise Development Projects expected to advance Economic Development Opportunities and with the ability to proceed expeditiously. Project Application forms for enterprise assistance will be made available through an application system operated by the NMFA. Applicants must first demonstrate financial need by passing the “But For Test”. Applicants passing the “But For Test” are given access to the complete Project

Application, which requests additional project information and documentation necessary for the Board to rank and prioritize Project Applications according to the criteria detailed in 4.2. In order to be considered for enterprise assistance, applicants shall submit a complete Project Application in the manner requested by NMFA.

Section 3.2 “But For Test”

The “But For Test” seeks to identify projects unable to raise sufficient capital to proceed. The “But For Test” requests applicants to provide a detailed narrative explaining steps taken to raise capital required to complete their Enterprise Development Project. Applicants are asked to explain specific barriers they have faced in raising capital, and specific reasons they have been given when declined financing. Where possible applicants are required to submit evidence where they have been previously declined project financing.

Section 3.3 Evaluation and Review Criteria

~~1. Project Location and Economic Diversification~~ Location of Developer:

1. Developer of project headquartered in New Mexico will receive more points than a “National” developer who is headquartered outside of the state.

2. **Community Impact and Support:** a project’s ability to improve the quality of life for the residents in close and direct proximity to the project will receive priority. Applicants will be required to submit evidence of strong community benefit and support, including a description of the benefits the project.

a. ~~Projects will also be evaluated on the expected e~~**Environmental i**mpacts of the project, including sustainable design elements ~~and redevelopment efforts such as~~ Water Conservation efforts or obtaining any type of LEED Certification.

b. **Square Footage of project** will be evaluated by the size of the building that is put into inventory for a community. This can have implications for the types of business that is attracted to a location.

c. **Apprentice and Training P**oints will be awarded to projects that directly support registered New Mexico apprenticeship programs or other approved training programs.

d. **Re-Development** contributes to the revitalization of a community. Those projects that remediate brownfields, renovation of unused properties and repurposing areas that are not contributing to a location’s economy.

3. **Project Location and Building Type** – Projects located in ~~Frontier and Rural~~ communities receive greater points. ~~Projects diversifying local economies dependent on environmentally unsustainable industries for economic development are also prioritized~~ Total investment in rural community will have a greater economic impact than those projects located in more heavily populated community.

a. **Building/Business Type** is evaluating the type of business that will have the most impact on location. Manufacturing, Office/Commercial and retail all play important role in the economy and have different levels of impacts based on types of jobs that are created.

4. **Applicant Need and Readiness.** Availability of private capital to support the project and likelihood of success will be measured.

~~**Financial Soundness of Proposal** – the proposed project must demonstrate the potential for success based on financial feasibility.~~

- a. Qualified Development Team – the application must demonstrate that the proposed Enterprise Development Partner is experienced in successfully completing similar projects on time and with the resources budgeted.
- b. Leveraging of Private Capital and Cap on PublicOE Funding – Applications seeking to leverage secured private investment will be prioritized. Applicants will be required to submit evidence of secured private capital to be leveraged by the enterprise assistance. Applications relying on public funding for more than 49% of total project costs will not receive any points.
- c. Readiness to Proceed Priority will be given to projects that are able to begin the project expeditiously:
- i. High Readiness – Projects will be determined to be of High Readiness if they have adequate site control and zoned correctly for the proposed project, long-term leases or a contract to purchase the land and has identified final project costs through a feasibility study or through an experienced third-party cost estimator. Projects of High Readiness can enter into contracts, have permitting nearly completed, Plans and Specs for the project, Environmental Assessment nearly complete and ~~for~~ have enterprise assistance within three (3) months of receiving an award, including having secured additional funds necessary to complete the project.
 - ii. Moderate Readiness – Projects will be determined to be of Moderate Readiness if they have existing or near-term (within three (3) months) site control, has applied for the re-zoning for the project, identified a final scope of work and estimated final project costs. Projects of Medium Readiness can enter into contracts for enterprise assistance within six (6) months of receiving an award.
 - iii. Low Readiness – Projects will be determined to be of Low Readiness if they do not have site control and are not zoned correctly for the proposed project, have not identified a final scope of work and do not have estimated final project costs, and do not have a feasibility study or market plan for the proposed project.

5. Project Designation: a project meeting the NMEDD’s target industries and projects ~~that~~ diversifying the local economies in the areas dependent on environmentally unsustainable industries.

b.a. Projects that directly support one or more of NMEDD’s nine target industries will be awarded points:

- ◆ Aerospace
- ◆ Biosciences

- ◆ Cybersecurity
- ◆ Film & Television
- ◆ Outdoor Recreation
- ◆ Sustainable & Value-Added Agriculture
- ◆ Intelligent Manufacturing
- ◆ Global Trade
- ◆ Sustainable & Green Energy

~~2. **Community Impact and Support:** a project's ability to improve the quality of life for the residents in close and direct proximity to the project will receive priority. Applicants will be required to submit evidence of strong community benefit and support, including a description of the benefits the project. Projects will also be evaluated on the expected environmental impacts of the project, including sustainable design elements and redevelopment efforts.~~

~~3. **Job Creation and Employment:** a project creating jobs is considered to have an important impact on New Mexico's economy. Projects also providing high wages and/or employee benefits will be awarded additional points.~~

~~a. **Job Creation:** Points will be awarded based upon jobs created as a result of the project. Applicants will be required to provide the basis for their assumptions.~~

~~b. **High Wage Job Creation:** Points will be awarded to projects creating jobs that pay 20% higher than the local area average wage based upon information available through the Bureau of Labor Statistics (QCEW).~~

~~c. **Construction Jobs:** Projects creating more construction jobs relative to the amount of enterprise assistance requested receive more points. One construction job is equivalent to 1,040 hours worked (six months at 40 hours per week). Projects must create at least 1 construction job per \$500,000 of enterprise assistance requested to receive points.~~

~~d. **Apprentice and Training** Points will be awarded to projects that directly support registered New Mexico apprenticeship programs or other approved training programs.~~

~~e. **Justice, Equity, Diversity and Inclusion:** Points will be awarded to projects that expand benefits for disadvantaged, marginalized or otherwise underserved populations as evidenced by populations served, equity, diversity and inclusion policies and workforce development and training programs.~~

~~4. **Applicant Need and Readiness.** Availability of private capital to support the project and likelihood of success will be measured.~~

~~a. **Financial Soundness of Proposal**—the proposed project must demonstrate the potential for success based on financial feasibility.~~

~~b. **Qualified Development Team**—the application must demonstrate that the proposed Enterprise Development Partner is experienced in successfully completing similar projects on time and with the resources budgeted.~~

~~c. **Leveraging of Private Capital and Cap on Public Funding**—Applications seeking to leverage secured private investment will be prioritized. Applicants will~~

~~be required to submit evidence of secured private capital to be leveraged by the enterprise assistance. Applications relying on public funding for more than 49% of total project costs will not receive any points.~~

~~d. **Readiness to Proceed** Priority will be given to projects that are able to begin the project expeditiously:~~

~~i. **High Readiness**—Projects will be determined to be of High Readiness if they have adequate site control—either through existing ownership, long-term leases or a contract to purchase the land and has identified final project costs through a feasibility study or through an experienced third party cost estimator. Projects of High Readiness are in a position to enter into contracts for enterprise assistance within three (3) months of receiving an award, including having secured additional funds necessary to complete the project.~~

~~ii. **Moderate Readiness**—Projects will be determined to be of Moderate Readiness if they have existing or near term (within three (3) months) site control, identified a final scope of work and estimated final project costs. Projects of Medium Readiness are in a position to enter into contracts for enterprise assistance within six (6) months of receiving an award.~~

~~iii. **Low Readiness**—Projects will be determined to be of Low Readiness if they do not have site control and site control is not expected within 30 days of filing an application, have not identified a final scope of work and do not have estimated final project costs.~~

Section 3.4 Recommendation to the NMFA for Enterprise Assistance

A review team comprised of staff from NMFA and NMEDD will evaluate each Project Application using the criteria contained in this Policy. Evaluated applications will be prioritized and presented to and vetted by the OERB Project Review Committee. Projects meeting a minimum score of 60 and with a High or Moderate Readiness determination will be placed on a priority list that is recommended to the Board.

~~NMFA will ask these recommended projects to complete a A separate Financing application which will be used to augment information provided in the OERB Project Application application and will -be submitted immediately after submitting the Project Application. In the priority order recommended by the OERB, NMFA will review prioritized applications using its own rules and underwriting policies to determine whether enterprise assistance should be provided, and the terms and conditions of any enterprise assistance offered.~~

NMFA will report back to the OERB on the status of recommended projects. Board recommendations are in no way a guarantee that a Project will receive enterprise assistance from the Opportunity Enterprise Revolving Fund.

<u>Location of Developer</u>	<u>5</u>
<u>In-state = 5 points</u>	<u>5</u>
<u>Out-of-state = 0 points</u>	

<p><u>Project Location and Economic Diversification</u> <u>Community Impact</u></p>	<p>3035<u>350</u></p>
<p><u>Community Support</u></p> <p><u>A project’s ability to improve the quality of life for residents in areas that are in close and direct proximity to the project. Applications must demonstrate strong community benefit and support. Points will be awarded based on the depth of community consultation and support included in the application including public meeting records and/or public body resolutions.</u></p> <p><u>Projects submitting evidence of having engaged the community directly impacted by the project. 5 points</u></p> <p><u>Projects submitting letters of support that are aligned with local jurisdiction plans and development districts 5 points</u></p> <p><u>REQUIRED: All projects are required to submit a Feasibility Study/Market Analysis as part of the Financial Application</u></p>	<p style="text-align: center;"><u>10</u></p>
<p><u>Environmental Impact</u></p> <p><u>Demonstration of sustainable results will be included in the overall impact evaluation of a project and will take into consideration energy efficiency, water conservation, waste reduction and projects that participate in LEED Certification:</u></p> <p><u>*Water Conservation, Water Reclamation, Waste Reduction or Environmental projects such as “brownfields—brownfields” 5 points</u></p> <p><u>*Silver LEED Certification or higher 3 points</u></p> <p><u>*Basic LEED Certification or minimal environmental impacts 2 points</u></p>	<p style="text-align: center;"><u>5</u></p>
<p><u>Total Square Footage of Project</u></p> <p><u>up to 10,000 sq ft 5 points</u></p> <p><u>10,001 to 50,000 sq ft 7 points</u></p> <p><u>50,001 sq ft or more 10 points</u></p>	<p style="text-align: center;"><u>10</u></p>
<p><u>Training and Apprenticeship</u></p> <p><u>Points will be awarded to projects that directly support a registered New Mexico apprenticeship program or other approved training initiative.</u></p>	<p style="text-align: center;"><u>5</u></p>

<p><u>Re-Development</u></p> <p><u>Includes projects that contribute to revitalization of a community and includes adaptive reuse, redevelopment of vacant facilities, infill developments and projects that address blight regardless of their location.</u></p>	<p><u>5</u></p>
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<u>Location and Building Type</u>	<u>25</u>
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<p>Project Location based upon population from most recent federal decennial census.</p> <p>*Projects located within a "Frontier Rural" area 15 10 points</p>	<p>15<u>10</u></p>
<p><u>Rural areas</u> <u>10 points</u></p> <p><u>Urban areas</u> <u>5 points</u></p>	
<p>*Projects located in a "Rural" area Total Investment</p> <p><u>Rural areas</u> <u>10 points</u></p> <p><u>Urban areas</u> <u>5 points</u></p>	<p><u>10</u></p>

<p><u>Building/Business Type</u> Target Industry — Projects that operate within one or more of NMEDD’s nine target industries:</p> <p><u>Retail development</u> <u>2 points</u></p> <p><u>Office/Commercial development</u> <u>3 points</u></p> <p><u>Light Manufacturing development</u> <u>4 points</u></p> <p>—Heavy Manufacturing/Industrial development <u>5</u> points</p> <p>—Aerospace</p> <p>—Biosciences</p> <p>—Cybersecurity</p> <p>—Film & Television</p> <p>—Outdoor Recreation</p> <p>—Sustainable & Value Added Agriculture</p> <p>—Intelligent Manufacturing</p> <p>—Global Trade</p> <p>—Sustainable & Green Energy</p>	<p><u>10</u><u>5</u></p>
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<p><u>Economic Diversification</u> — Projects diversifying local economies in areas dependent on environmentally unsustainable industries.</p>	<p><u>5</u></p>
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Community Impact	25
<p>Community Support</p> <p>A project’s ability to improve the quality of life for residents in areas that are in close and direct proximity to the project. Applications must demonstrate strong community benefit and support. Points will be awarded based on the depth of community consultation and support included in the application including public meeting records and/or public body resolutions.</p> <p>Projects submitting evidence of having engaged the community directly impacted by the project, for example outcomes of community engagement surveys or engagement with community based stakeholders and organizations, records from public meetings where the project was presented and discussed, and public resolutions ————— 5 points</p> <p>Projects submitting letters of support ————— 5 points</p> <p>Projects attaining and providing adequate zoning permission ————— 5 points</p>	15
<p>Environmental Impact</p> <p>Demonstration of sustainable results will be included in the overall impact evaluation of a project and will take into consideration energy efficiency, water conservation, waste reduction and projects that participate in LEED Certification:</p> <p>*Water Conservation, Water Reclamation, Waste Reduction or Environmental projects such as “brownfields” ————— 5 points</p> <p>*Silver LEED Certification or higher ————— 3 points</p> <p>*Basic LEED Certification or minimal environmental impacts — 2 points</p>	5
<p>Re-Development</p> <p>Includes projects that contribute to revitalization of a community and includes adaptive reuse, redevelopment of vacant facilities, infill developments and projects that address blight regardless of their location.</p>	5

Job Creation and Employment	25
<p>Job Creation</p> <p>Factors to be considered include the number and type of jobs created for New Mexicans as well as other jobs availability in the community.</p>	5
<p>Construction Jobs</p> <p>Ratio of total construction hours divided by enterprise assistance requested:</p> <p>*At least 1 construction job (1,040 hours) per \$100,000 or less — 5 points</p> <p>*1 construction job (1,040 hours) per \$100,001 - \$300,000 — 3 points</p> <p>*1 construction job (1,040 hours) per \$300,001 - \$500,000 — 2 points</p> <p>*Less than 1 construction job (1,040 hours) per \$500,000 — 0 points</p>	5
<p>High Wage Job Creation</p> <p>Based upon information available from the Bureau of Labor Statistics, jobs paying 20% higher than the local area average wage will be awarded points.</p>	5
<p>Training and Apprenticeship</p> <p>Points will be awarded to projects that directly support a registered New Mexico apprenticeship program or other approved training initiative.</p>	5
<p>Justice, Equity, Diversity and Inclusion</p> <p>Points will be awarded to projects that expand resources for disadvantaged, marginalized or otherwise underserved populations:</p> <p>*Minority, female, veteran, and/or an individual with disabilities owned business — 5 points</p> <p>*Clearly defined diverse and inclusive hiring process — 3 points</p> <p>*Social equity statement or equity principals — 2 points</p>	5

Applicant Need and Readiness	203025
<p>Financial Soundness of Proposal</p> <p>The proposed project must demonstrate the potential for success based on financial feasibility as evidenced by an adequate project budget, analysis contained in feasibility studies, secure sources of funding and contributions from Opportunity Enterprise Partners.</p>	5
<p>Qualified Development Team</p> <p>The proposed Enterprise Partner is experienced and is supported by a strong, qualified management team.</p>	5
<p>Leveraging of Private Capital</p> <p>Enterprise assistance leveraging private investment and not overly dependent on public funding are awarded maximum points:</p> <p>*Total public funding sources including request is less than<u>OE funding is less than</u> 25% <u>of the</u> total project costs 5<u>10</u> points</p> <p>*Total <u>OE funding is</u> public funding sources including request is more than 25% but less than 49% of total project costs 3-5<u>10</u> points</p> <p>*Total public-OE funding sources including request greater than 49% of the total project costs _____ 0 points</p>	510
<p>Project Readiness</p> <p>*High Readiness Determination _____ 5-10 points</p> <p>*Moderate Readiness Determination _____ 3-5 points</p> <p>*Low Readiness Determination _____ 0 points</p>	510

<u>Project Designation</u>	<u>10</u>
<p><u>Target Industry</u> – Projects that operate within one or more of NMEDD’s nine target industries:</p> <ul style="list-style-type: none"> - <u>Aerospace</u> - <u>Biosciences</u> - <u>Cybersecurity</u> - <u>Film & Television</u> - <u>Outdoor Recreation</u> - <u>Sustainable & Value-Added Agriculture</u> - <u>Intelligent Manufacturing</u> - <u>Global Trade</u> - <u>Sustainable & Green Energy</u> 	<u>5</u>
<p><u>Economic Diversification</u> – Projects diversifying local economies in areas dependent on environmentally unsustainable industries.</p>	<u>5</u>