

# OPPORTUNITY ENTERPRISE REVIEW BOARD

## OPPORTUNITY ENTERPRISE EVALUATION AND PRIORITIZATION POLICY

Revised on July 11, 2024

### PURPOSE AND IMPLEMENTATION

The purpose of the Opportunity Enterprise Evaluation and Prioritization Policy (“Policy”) is to provide a systematic, transparent approach to 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.
6. “**Fund**” means the Opportunity Enterprise Revolving Fund.
7. “**NMEDD**” means the New Mexico Economic Development Department.
8. “**NMFA**” means the New Mexico Finance Authority.

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.
10. **“Policy”** means this Opportunity Enterprise Evaluation and Prioritization Policy.
11. **“Application”** means a form and supporting materials submitted to NMFA by a Opportunity Enterprise Partner that seeks enterprise assistance. The application must be on forms provided by NMFA and will be comprised of two parts: a Project Application, the information from which is available to the public, and a Financing Application, which may contain confidential or proprietary information that may be excepted from the Inspection of Public Records Act.
12. **“Rural”** (non-urban community) means a municipality with a population of less than 60,000 according to the most recent federal decennial census or the unincorporated area of a county not including Class H counties.
13. **“Urban”** means a continuously built-up area with a population of 60,000 or more. Urban areas may include one or more municipalities or census designated places.
14. **“Unrelated - Opportunity Enterprise Partner” or “Partner”** 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.
15. **“Unrelated – Percentage of Occupancy” Percentage of occupancy** means that the project developer/partner should not have more than 30% ownership of intended tenant or 30% occupancy of the proposed project.

## **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-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.

## **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. **Location of Developer:** 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. **Environmental Impacts** of the project, including sustainable design elements 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. Furthermore, this will be used as a proxy for number of construction jobs.
  - c. **Training and Apprenticeship** points will be awarded to projects that directly support registered New Mexico apprenticeship programs or other approved training programs during the construction phase.
  - 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 Rural communities receive greater points. 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.
  - 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 OE 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 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 diversifying the local economies in the areas dependent on environmentally unsustainable industries.
- 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

### 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.

A separate Financing Application will be used to augment information provided in the Project Application and will be submitted immediately after submitting the Project Application. 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.

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

<b>Community Impact</b>	<b>35</b>
<p><b>Community Support</b></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. <i>5 points</i></p> <p>Projects submitting letters of support that are aligned with local jurisdiction plans and development districts <i>5 points</i></p> <p><b>REQUIRED: All projects are required to submit a Feasibility Study/Market Analysis as part of the Financial Application</b></p>	10
<p><b>Environmental Impact</b></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” <i>5 points</i></p> <p>*Silver LEED Certification or higher <i>3 points</i></p> <p>*Basic LEED Certification or minimal environmental impacts <i>2 points</i></p>	5
<p><b>Total Square Footage of Project</b></p> <p>up to 10,000 sq ft <i>4 points</i></p> <p>10,001 to 25,000 sq ft <i>6 points</i></p> <p>25,001 to 50,000 sq ft <i>8 points</i></p> <p>50,001 sq ft or more <i>10 points</i></p>	10
<p><b>Training and Apprenticeship</b></p> <p>Points will be awarded to projects that directly support a registered New Mexico apprenticeship program or other approved training initiative during the construction phase.</p>	5

<p><b>Re-Development</b></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
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---

<b>Location and Building Type</b>	<b>25</b>
<p><b>Project Location</b> based upon population from most recent federal decennial census.</p> <p style="margin-left: 20px;">*Project Location</p> <p style="margin-left: 40px;">Rural areas <span style="float: right;"><i>10 points</i></span></p> <p style="margin-left: 40px;">Urban areas <span style="float: right;"><i>5 points</i></span></p> <p style="margin-left: 20px;">*Total Investment</p> <p style="margin-left: 40px;">Rural areas <span style="float: right;"><i>10 points</i></span></p> <p style="margin-left: 40px;">Urban areas <span style="float: right;"><i>5 points</i></span></p>	10
<p><b>Building/Business Type</b></p> <p style="margin-left: 20px;">Retail development <span style="float: right;"><i>2 points</i></span></p> <p style="margin-left: 20px;">Office/Commercial development <span style="float: right;"><i>3 points</i></span></p> <p style="margin-left: 20px;">Light Manufacturing development <span style="float: right;"><i>4 points</i></span></p> <p style="margin-left: 20px;">Heavy Manufacturing/Industrial development <span style="float: right;"><i>5 points</i></span></p>	5

<b>Applicant Need and Readiness</b>	<b>25</b>
<p><b>Qualified Development Team</b></p> <p>The proposed Enterprise Partner is experienced and is supported by a strong, qualified management team that is experienced in successfully completing similar projects on time and with the resources budgeted.</p>	5
<p><b>Leveraging of Private Capital</b></p> <p>Enterprise assistance leveraging private investment and not overly dependent on public funding are awarded maximum points:</p> <p>*Total OE funding is less than 10% of the total project costs     <i>10 points</i></p> <p>*Total OE funding is more than 10% but less than 35% of total project costs     <i>5 points</i></p> <p>*Total OE funding is 35% or greater than total project costs     <i>0 points</i></p>	10
<p><b>Project Readiness</b></p> <p>*High Readiness Determination     <i>10 points</i></p> <p>*Moderate Readiness Determination     <i>5 points</i></p> <p>*Low Readiness Determination     <i>0 points</i></p>	10

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