

OPPORTUNITY ENTERPRISE REVIEW BOARD

OPPORTUNITY ENTERPRISE EVALUATION AND PRIORITIZATION POLICY

Approved on April 12, 2023

PURPOSE AND IMPLEMENTATION

The purpose of the Opportunity Enterprise Evaluation and Prioritization Policy (“Policy”) is to provide a systematic, transparent approach to prioritizing 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. “**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.
3. “**Board**” means the Opportunity Enterprise Review Board created by the Act.
4. “**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.
5. “**Enterprise Assistance**” means opportunity enterprise financing, an opportunity enterprise lease or an opportunity enterprise loan.
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 the Opportunity Enterprise Evaluation and Prioritization Policy.
11. **“Project”** means Enterprise Development Project as defined in the Act: 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.

SECTION 2.0 APPLICATION AND REVIEW

Section 2.1 Opportunity Enterprise Assistance Applications

Application forms for enterprise assistance will be made available through an application system operated by the NMFA. Application forms will seek documented evidence of community support and projected impacts. Completed applications will contain information sufficient for the Board to effectively evaluate and prioritize projects that support stated economic development goals and priorities of the NMEDD. In order to be considered for enterprise assistance, applicants shall submit a complete application in the manner requested by NMFA.

Section 2.2 Economic Development Goals and Priorities

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.” Consistent with this goal, priority in awarding financial assistance will be given to 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 3.0 PORTFOLIO CONCENTRATION

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 equitably distributed, the following geographic, industry and project diversity concentration limitations are established:

1. **Project:** Enterprise assistance will be limited to no more than \$17,500,000 per Project.
2. **Location:** Fund investments will be limited to no more than 25% of the Fund in any county.
3. **Industry:** As defined by the NAICS Sector code (two-digit NAICS code), no single industry may constitute more than 50% of the Fund portfolio.
4. **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. 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 4.0 APPLICATION REVIEW CRITERIA

Section 4.1 Evaluation and Review Criteria

The Board seeks applications for Projects expected to have a high positive impact and ability to proceed expeditiously. The Board will utilize the following economic impact criteria to evaluate the potential benefits of a project:

1. **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.
2. **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:** 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 b). Projects must create at least 1 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
3. **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 for this criteria.
 - d. **“But For Test”** – Applicants must demonstrate that “but for” the enterprise assistance the project would be unable to proceed or able to attract additional capital necessary to complete the project.
 - e. **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.

4. Project Location and Industry:

- a. **Project location** criteria, similar to the Job Training Incentive Program criteria, will be utilized with urban communities defined as municipalities with a population of 40,000 or greater as provided in the Act. 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.
- b. Projects that directly support one or more of **EDD’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 4.2 Recommendation to the NMFA for Enterprise Assistance

In order to be considered for enterprise assistance, applicants shall submit a complete application in the manner requested by NMFA. A review team comprised of staff from NMFA and the EDD will evaluate each application using the economic impact criteria contained in this Policy. The 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 separate financial application which will be used to augment information provided in the OERB application. In the priority order

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

Applicant Need and Readiness	25
<p>Financial Soundness of Proposal 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 The proposed Enterprise Partner is experienced and is supported by a strong, qualified management team.</p>	5
<p>Leveraging of Private Capital: 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 25% total project costs 5 points</p> <p>*Total public funding sources including request is more than 25% but less than 49% of total project costs 3 points</p> <p>*Total public funding sources including request greater than 49% of the total project costs 0 points</p>	5
<p>“But For Test” This criterion means the necessity of the enterprise assistance -- “but for” the enterprise assistance the project would be unable to proceed. An applicant must demonstrate that other means of project financing are unavailable or insufficient to complete the project.</p>	5
<p>Project Readiness</p> <p>*High Readiness Determination 5 points</p> <p>*Moderate Readiness Determination 3 points</p> <p>*Low Readiness Determination 0 points</p>	5

Business Location and Industry	25
<p>Project Location based upon population from most recent federal decennial census</p> <p>*Projects located within a "Frontier" area: communities with a population of 15,000 or fewer and outside an MSA; Native American lands; or Federally designated Colonias in New Mexico 10 points</p> <p>*Projects located in a "Rural" area: falling outside an Urban area 5 points</p> <p>*Projects located within an "Urban" area (cities with population greater than 40,000 and Class H counties (i.e. Los Alamos) 0 points</p>	10
<p>Target Industry – Projects that operate within one or more of NMEDD’s nine target industries:</p> <ul style="list-style-type: none"> - Aerospace - Biosciences - Cybersecurity - Film & Television - Outdoor Recreation - Sustainable & Value-Added Agriculture - Intelligent Manufacturing - Global Trade - Sustainable & Green Energy 	10
<p>Economic Diversification – Projects diversifying local economies in areas dependent on environmentally unsustainable industries</p>	5