



NEW MEXICO
FINANCE AUTHORITY

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Presentation to the
New Mexico Finance Authority Oversight Committee

Update on the Opportunity Enterprise Review Board

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Opportunity Enterprise Revolving Loan Fund



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The Opportunity Enterprise Act (the “Act”) created in 2022 to provide a partnership and funding program to support local communities in building and investing in commercial spaces to directly support their economic development initiatives. This program differs from other state and federal programs because it allows the funding to be used to support non-owner occupied facilities, sometimes referred to as “speculative development.”

The Act created the Opportunity Enterprise Revolving Fund and allows NMFA to finance projects recommended by the 12-member Opportunity Enterprise Review Board (“OERB”).

Pursuant to the Act, the NMFA may make loans to a private business entity that NMFA determines is or will be engaged in an enterprise that creates or expands economic development opportunities within the state. Projects must advance an environmentally sustainable economic development goal of the state.

The application consists of two parts: a project application that is scored based on specific criteria in the OERB Project Prioritization policy. The loan application is reviewed for financial soundness, ability to repay the loan, and statutorily program requirements that other means of financing are unavailable or insufficient.

Only businesses whose applications score high enough to be prioritized by the OE Review Board are invited to submit a loan application

Opportunity Enterprise Review Board & Project Selection Policies



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- ❑ **Joe Farr, Chair**
New Mexico Municipal League
- ❑ **Jennifer Garcia Kozlowski, Vice Chair**
New Mexico Municipal League
- ❑ **Victor Mendoza**
New Mexico Municipal League
- ❑ **Brian Condit**
New Mexico Municipal League
- ❑ **Priscilla Lucero**
Executive Director of SWNMCOG
- ❑ **Jon Clark***
NM Economic Development Dept.
- ❑ **Robert Doucette, Jr.***
NM General Services Dept.
- ❑ **Wayne Propst***
NM Dept. of Finance & Administration
- ❑ **Laura Montoya, NM State Treasurer***
- ❑ **Joseph Maestas, NM State Auditor***
- ❑ **Two Vacancies**

*Ex-Officio members

OERB Policy delineates how applications are prioritized

- ❑ **Community Impact & Support 25 points**
 - Community Support (15 points)
 - Environmental Impact (5 points)
 - Re-Development (5 points)
- ❑ **Job Creation & Employment 25 points**
 - Job Creation (5 points)
 - Construction Jobs (5 points)
 - Project High Wage Creation (5 points)
 - Training & Apprenticeship (5 points)
 - Justice, Equity, Diversity & Inclusion (5 points)
- ❑ **Applicant Readiness & Need 25 points**
 - Financial Soundness of Proposal (5 points)
 - Qualified Development Team (5 points)
 - Leveraging of Private Capital (5 points)
 - "But-For" Test (5 points)
 - Project Readiness (5 points)
- ❑ **Business Location & Industry 25 points**
 - Project Location (10 points)
 - Target Industry (10 points)
 - Economic Diversification (5 points)

Highlights of Application



At its meeting on June 6, the OERB approved the opening of a competitive application cycle that ended on July 31st. Policy provides \$17.5 million of the \$70 million fund could be awarded to one or more projects. The on-line application opened on June 7, 2023

NMFA coordinated program details with NMEDD Regional reps as the primary method of contacting potential applicants. Additionally, the NMFA website provides detailed information to interested businesses.

- ❑ 33 complete applications were submitted for a total dollar amount \$136.2 million
- ❑ Average request of application - \$4.2 million
- ❑ The policy and resulting application requires information about both the applicant and the future business occupant(s)
- ❑ Per policy a team of 6 NMFA and NMEDD staff members reviewed and ranked the all 33 applications.

The teams were provided training, and the process was designed to enforce the scoring criteria approved in the OERB Prioritization Policy. The nature of the process required applicants to support their written answers with demonstrable evidence.

Applications included a large number of owner-occupied facilities.

Financing Requirements

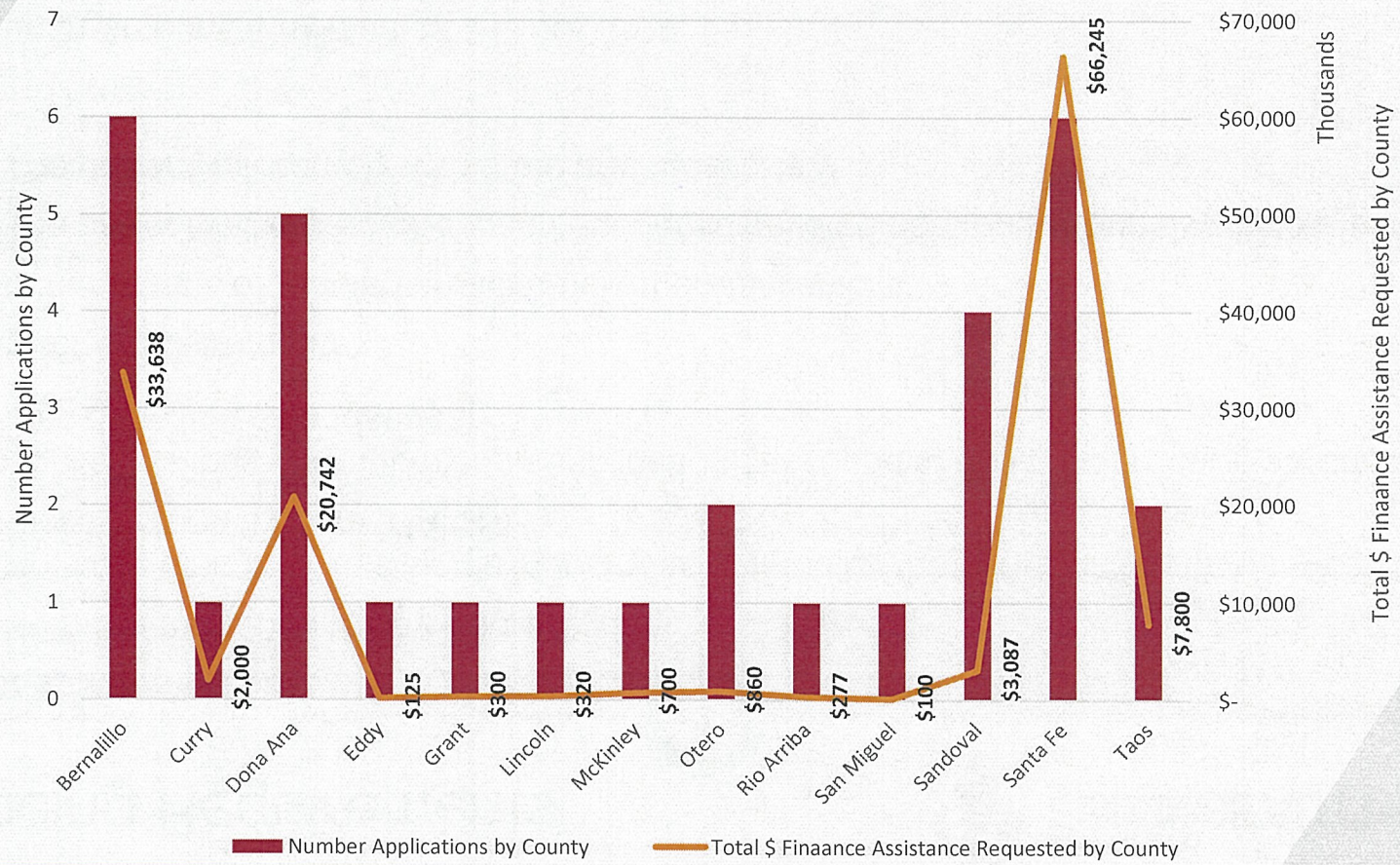


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- ◆ Fund Concentrations
 - ❑ No more than 25% to any single County
 - ❑ No more than 50% to a single industry as defined by the two-digit North American Industry Classification System (NAICS)
 - ❑ Applicants may only submit one application per round and may not receive assistance more than once in a calendar year
- ◆ Statutory Requirements
 - ❑ Other means of funding are insufficient or unavailable
 - ❑ The project will create or expand economic development opportunities within the state
 - ❑ The project will comply with state and federal law
- ◆ Loan Terms
 - ❑ Loan Amount: Maximum of \$17,500,000.
 - ❑ Interest Rate: Fixed rate at 60% of the WSJ prime rate, but no less than 3%
 - ❑ Term: 15-30 years. Up to three years of interest only period during construction and stabilization. The loan may be paid off in advance with no pre-payment penalty.
 - ❑ Collateral: Minimum loan-to-value of 80%. The loan may be subordinated to a loan made to the project by a federally insured financial institution.
 - ❑ Guarantees required. Minimum equity contribution of 10%.

Applications Received

1st Round Project Applications by County



Applications Received

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Number of Projects from OERB Target Industries

