

NEW MEXICO
FINANCE AUTHORITY

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Presentation to the
New Mexico Finance Authority Oversight Committee

Update on the Opportunity Enterprise Revolving Fund

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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 impact and project readiness criteria in the OERB Evaluation and Prioritization Policy (“OERB Policy”); and a loan application underwritten to assess financial soundness and ability to repay the loan. Only opportunity enterprise partners whose applications score high enough (60+) and demonstrate moderate or high readiness to proceed are recommended by the OERB. NMFA makes the financing application available to applicants recommended by the OERB according to their score and subject to capital availability.

Opportunity Enterprise Review Board & Project Selection Policies



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- ❑ **Joe Farr, Chair**
Duke City Commercial, Albuquerque
- ❑ **Jennifer Garcia Kozlowski, Vice Chair**
Downtown Las Cruces Partnership, Las Cruces
- ❑ **Jon Clark*, Secretary**
NM Economic Development Dept.
- ❑ **Victor Mendoza**
RPM Lending Solutions, Los Lunas
- ❑ **Brian Condit**
NM Building & Construction Trades Council, Albuquerque
- ❑ **Priscilla Lucero**
Executive Director of SWNMCOG
- ❑ **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)

Program Parameters



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- ◆ Statutory Requirements
 - Prioritize applications that demonstrate local support and financial need
 - The project will create or expand economic development opportunities within the state
 - The project will comply with state and federal law
 - Other means of funding are insufficient or unavailable
- ◆ Fund Diversification (per current OERB Policy)
 - 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)
 - Opportunity enterprise partners may only submit one application per round and may not receive assistance more than once in a calendar year
- ◆ Loan Terms (per current NMFA Loan Policy)
 - 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%. Loan may be subordinated to a loan made by a federally insured financial institution. Guarantees required. Equity contribution of at least 10%.

- ◆ At its meeting on June 6, the OERB approved the opening of Round One of a competitive application cycle for potential awards totaling \$17.5 million of enterprise assistance. The online application opened on June 7 and closed on July 31.
- ◆ A team of six NMFA and NMEDD staff members reviewed and scored applications. The teams were provided training, and the process was designed to rank projects according to the criteria in the OERB Policy. Applicants were required to support written answers alongside demonstrable documented evidence.
- ◆ In Round One, 33 complete applications were submitted for a total of \$136 million
 - Average project request was for \$4 million
 - 22 of the 33 applications and 90% of capital demand from Bernalillo, Sandoval, Santa Fe and Doña Ana counties
 - 11 projects were from rural counties with demand of \$13 million (10% of total)
 - 10 projects totaling \$82 million were speculative development
 - Demand from owner-operated projects to develop land, vacant lots, renovate buildings and build specialized facilities
 - Demand for infrastructure (utilities, roads)

Round One OERB Recommendations



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- ◆ At its meeting on September 27, the OERB recommended seven projects advance to NMFA for potential awards

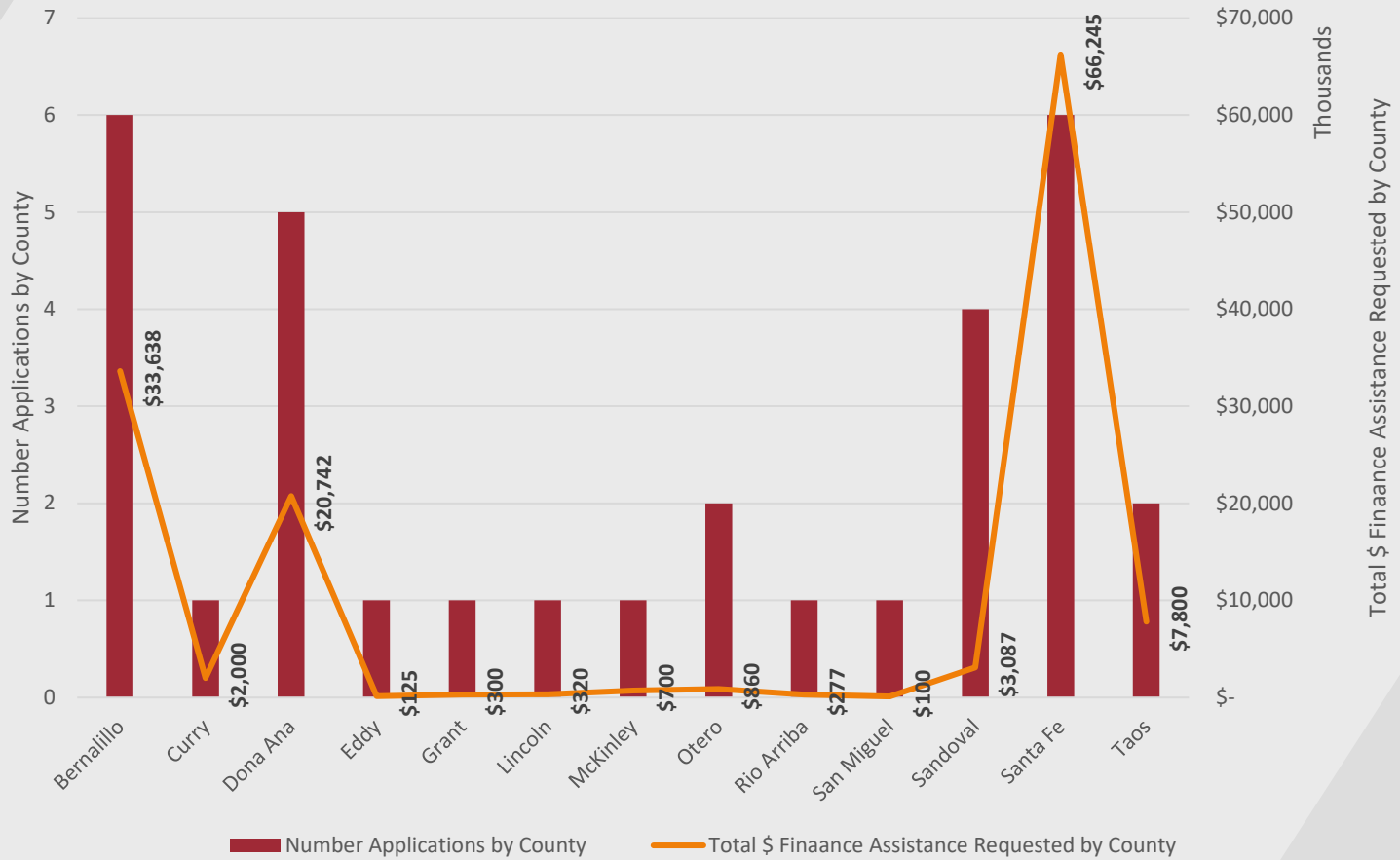
Account Name	Project Description	Location	County	Spec / Owner Occ / Hybrid	\$ SPEC	\$ 60+ Points	Avg Score
Mesa del Sol, LLC	solar manufacturing infrastructure	Urban	Bernalillo	S	\$17,500,000	\$17,500,000	74.40
The BioScience Center	biotech campus	Urban	Bernalillo	S	\$3,500,000	\$3,500,000	69.83
Structured Logistics	pecan processing	Urban	Dona Ana	S	\$8,000,000	\$8,000,000	69.67
City Different Farms	urban farm	Urban	Santa Fe	OO		\$900,000	66.83
Ex Novo Brewing Company	brewery	Urban	Bernalillo	H		\$1,150,000	65.33
Osceola Inc	solar business	Urban	Bernalillo	H		\$847,542	63.67
Ko Development, LLC	boba tea	Urban	Sandoval	H		\$1,762,000	60.50
scored 60+					\$29,000,000	\$33,659,542	

- ◆ The OERB Policy Committee is meeting in October to review potential revisions to the OERB Policy to ensure prioritization consistent with intent
- ◆ OERB anticipates opening the next round for additional enterprise assistance available in early November

Round One Applications

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1st Round Project Applications by County



Round One Applications

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Number of Projects from NMEDD Target Industries

