



FY17 2nd Quarter Performance Report



OFFICE OF THE SECRETARY

2nd Quarter Highlights

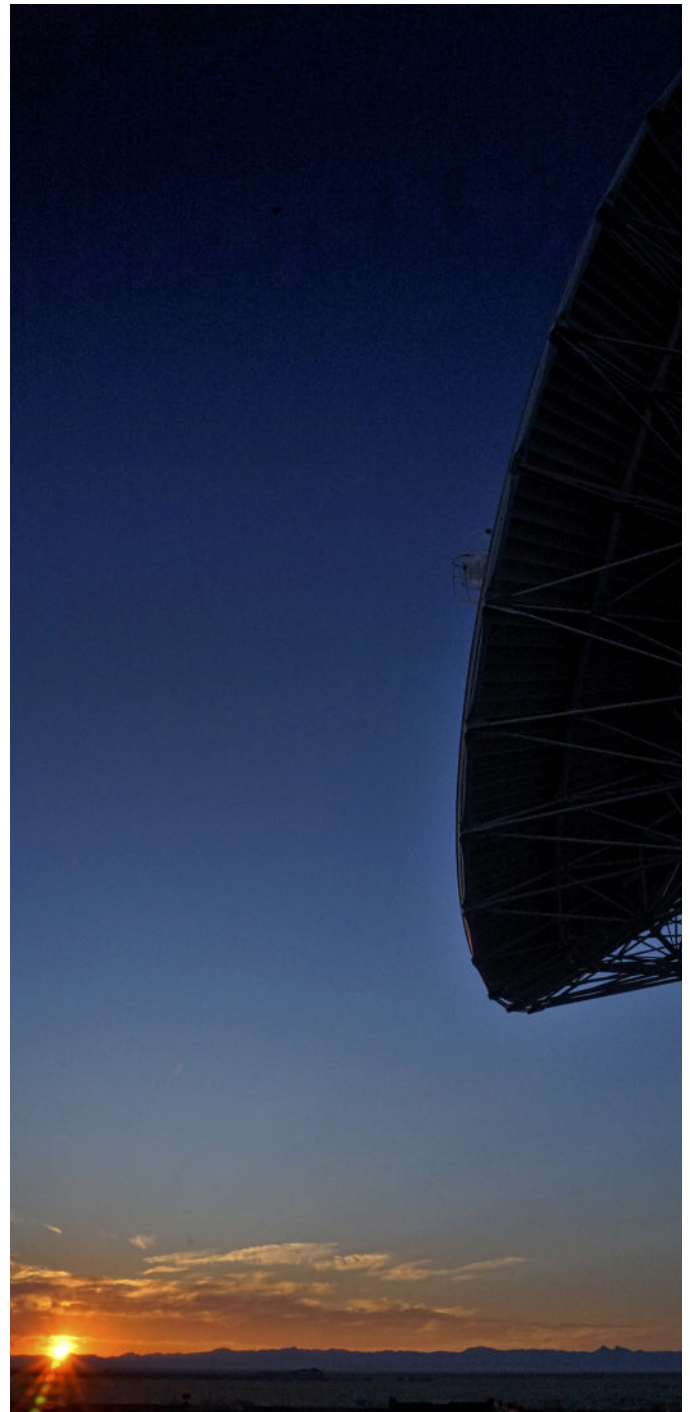
The second quarter was one of transition as both EDD and the New Mexico Partnership welcomed new leadership. Governor Susana Martinez and Secretary Designee Geisel made three exciting business development announcements during the quarter.

- x2nSat is a satellite communications company that will expand into New Mexico, to Las Cruces, with the help of \$300,000 in LEDA funds. The company has operations in California and Georgia. X2nSat provides wireless network, satellite, and other remote communication solutions to clients in a variety of industries. The company will employ 45.
- STAR Cryoelectronics, in Santa Fe, expanded with the assistance of \$100,000 in LEDA funding, creating 11 new jobs. STARCryo was founded in New Mexico in 1999 and is a high tech manufacturer that produces x-ray detectors, sensors, and other products that primarily support super-conductor technologies.
- Valley Cold Storage is expanding in Santa Teresa. The company is building a 105,000 square-foot warehouse, creating 33 new jobs.

The Partnership recruited one new company, R.L. Jones, which will locate in Santa Teresa, creating 10 new jobs. In December the New Mexico MainStreet (NMMS) program was reaccredited by the National Main Street Center for 2017. From 2011 to 2016, NMMS supported 3,271 net new jobs, 752 net new businesses, 1,063 building rehabilitations, and \$85 million in private reinvestment.

Three communities received NMMS capital outlay this year: Belen, Downtown Albuquerque and Raton. Despite having no meeting or available funds in November, JTIP is almost at two-thirds of their annual target of 1,500 trainees.

The Film Office has already exceeded two of its metrics, direct spend and worker days. The NMFO is on track to set yet another record in FY17.



Measure	Target	Q1	Q2	Q3	Q4	Total
Total jobs created	4,500	736	140			927
Rural jobs created	1,600	168	51			308

NEW MEXICO PARTNERSHIP

The New Mexico Partnership has seen an uptick in activity as it relates to larger employment project opportunities. During the second quarter (October-December) the Partnership team worked with several large projects each 400 or more employees. Notably, we have a large energy related manufacturing project requiring up to 1,800 employees, and a centralized service operation with an estimated 742 jobs (including 275 employees earning well above the high-wage jobs threshold).

The Partnership's sales activities continue to yield opportunities. For example, while appointment- setting for the Dallas Sales Mission, we received a 550 employee contact center relocation opportunity. Our team has also expanded our sales activities to new geographies including Portland/Seattle (met with consultants and companies with project opportunities) as well as attending the Economix Conference for the first time, and connecting with many active site selection consultants there to promote New Mexico. The team is seeing an uptick in activity for the new year, which is expected as companies plan their sales, production and workforce strategies for the year ahead. Also, with the election season behind us we feel a backlog of projects will add to our pipeline moving forward.

The Border region added a new locate with R.L. Jones bringing 20 jobs to Santa Teresa. Watson Hopper, Hobbs-based company, was able to diversify its traditional contract manufacturing oil/gas base, and branch out into manufacturing solar trailer equipment for a new customer thus adding 10 new positions.

Measure	Target	Q1	Q2	Q3	Q4	Total
Number of jobs created by business relocations facilitated by the EDP	2,250	80	10			90
Number of Potential Recruitment Opportunities (PRO) generated by Partnership marketing & sales activities	84	12	16			28

Sent out Statewide		Generated by Community, other	Specific to Border Region
Explorer (10/14)	Dallas Sales Mission	Shelling (10/14)	Tela (10/25)
Alamo (11/13)	Sales mission to St. Louis & Kansas City	Greenpeace (company may purchase business)	Ram (10/26)
Pasta (11/16)	Select USA contact		Gingerbread (10/1)
Flatbed (12/3)	NMEDD		T-Rex (11/23)
CEP (12/9)	NMEDD		Flat (11/30)
Alpha (12/29)	Consultant		
Sol (12/30)	NMEDD		
Sunrise	Consultant – not emailed yet		
Metric	Not emailed yet		
Drummer	NMEDD – not emailed yet		

The Partnership recruited one new company to the state:

- R.L. Jones – creating 10 jobs

Marketing Activities:

- IAMC Fall Forum (Oct. 9-11): This event, attended by a controlled ratio of consultants, industry and utility representatives, and economic development professionals, provides high-value networking access to many potential project generators. We estimate an impact of 30-50 connections from this event.

- Economix/ATL & SC Sales Mission (November 1-3): The Partnership combined the Economix Conference in Atlanta with a Sales Mission to the same area. Economix provided networking access plus one-on-one time with 10-15 active site selection consultants. In addition, 4 meetings were held in the region with consultants not attending Economix.

- Chicago Sales Mission (November 2-4): New Mexico Partnership staff met with seven site selection consultants and real estate brokers such as Deloitte, PwC, TransWestern and smaller firms such as Biggins, Lacy, and Shapiro, and True Partners

- Dallas Sales Mission (October 25-27): The New Mexico Partnership set

up nine meetings with site selection consultants as well as BNSF representatives. Also participating on the sales mission was Mesilla Valley Economic Development Alliance (MVEDA). During the trip we met with a consultant representing a food processing opportunity interested in rural

and urban communities in New Mexico (competed with southern states, project eventually went elsewhere due to logistics). This was one of three projects over the last year we've worked with this particular consultant.

- Portland and Seattle Sales Mission (November 7-10): The Partnership met with eight site selection consultants, real estate representatives and corporate executives during this mission. NMP staff met with an active project representative interested in manufacturing carbon materials in NM and is considering relocating the company. Also met with a large firm to explore future possible logistics projects in New Mexico, and another company interested in potentially expanding its location in NM. During the trip, we had the opportunity to brief some of the west coast Ernst & Young state/local tax team on tax reforms and incentives in New Mexico.

- CoreNet Global Summit (October 16-18): NMP staff participated at this commercial real estate conference in Philadelphia joining hundreds of brokers from around the country. At the event we had the opportunity to meet with over 20 representatives to promote New Mexico for future projects. Mesilla Valley Economic Development Alliance (MVEDA) also was in attendance.



ECONOMIC DEVELOPMENT DIVISION

The largest division in the department assists New Mexico businesses and communities through its programs. Businesses receive direct assistance from JTIP, Finance Development, International Trade, and the Community, Business & Rural Development Team (CBRDT). Community development programs are provided by MainStreet, Finance Development, and the CBRDT.

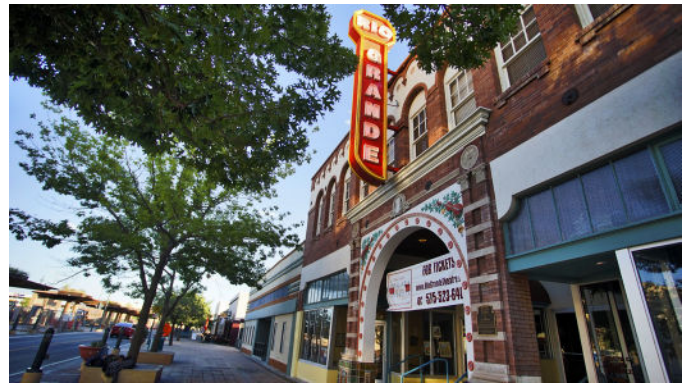
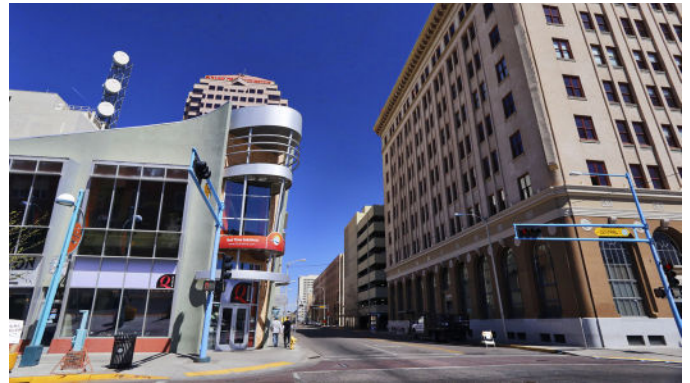
New Mexico MainStreet (NMMS)

New Mexico MainStreet (NMMS) communities realized \$1,076,093 in Private Sector Reinvestment, with 41 Private Building Rehabilitations and 24 Net New Businesses and Business Expansions.

Some highlights included, Alamogordo MainStreet reports \$18,400 of private reinvestment in seven buildings, Carlsbad MainStreet rehabilitation projects totaled \$114,200 and five property owners in Truth or Consequences invested \$62,500 in rehabilitation work. Los Alamos completed Phase 2 of its street redevelopment project, in part funded through MainStreet capital outlay funds, which included pedestrian safety improvements, night lighting upgrades, landscaping and curb extensions.

Utilizing professional Technical Assistance provided by NMMS, we secured Partnership Grants from:

- New Mexico Finance Authority, \$150,000, awarded to Santa Rosa, Aztec and Las Vegas.
- New Mexico Gas Company, \$40,000, awarded to Mountainair, Santa Clara, Raton MainStreet, Mora Arts & Cultural Compound. NM Resiliency Alliance, \$2,900 awarded to Tucumcari MainStreet: Great Blocks on MainStreet Initiative



Measure	Target	Q1	Q2	Q3	Q4	Total
Dollars of private sector investment in MainStreet districts (millions)	\$9	\$10,140,612	\$1,076,093			\$11.2M

Job Incentive Training Program (JTIP)

Seventeen businesses were approved by the JTIP board in the second quarter, including companies located in Bernalillo, Las Vegas, Los Lunas, Silver City, Santa Fe, Albuquerque and Rio Rancho. Five-hundred-seventy-two new jobs were approved, and 3 Interns will gain valuable on-the-job experience working at New Mexico companies. The overall average wage was \$17.15 per hour, and the average wage for the 133 rural jobs created was \$20.22 per hour.

At the end of October JTIP was fully obligated, so no applications were considered in November. A portion of obligated funds were disencumbered in late November which allowed the board to convene in December to consider two applications. JTIP funds are nearly fully-obligated, but additional projected disencumbrances will allow the board to convene again in January to consider applications. It is expected that all available funds will be fully obligated again, after the January meeting.

The Film Crew Advancement Program (FCAP), one of the two JTIP for Film and Multimedia programs was approved to train 25 crew members at an average wage of \$22.53 per hour.

Available funds as of December 31, 2016: \$270,000

Measure	Target	Q1	Q2	Q3	Q4	Total
Number of workers trained by JTIP	1,500	321	600			921

17 Companies Assisted

Alstate Steel, Inc.	Albuquerque	Old Wood, LLC	Las Vegas
American Gypsum Co.	Bernalillo	P4Q, USA	Albuquerque
Amfabsteel, Inc.	Bernalillo	PCM Sales	Rio Rancho
BabyPage, LLC	Albuquerque	Rural Sourcing	Albuquerque
Century Automotive Services	Albuquerque	Ryan LLC	Albuquerque
Little Toad Creek Brewery	Silver City	SK Infrared, LLC	Albuquerque
Mako Medical Laboratories	Albuquerque	Safelite Solutions	Rio Rancho
MrOwl.com Inc.	Albuquerque	Whoo's Donuts	Santa Fe
Niagara Bottling	Los Lunas		

Finance Development Team

The Finance Development Team performed outreach on behalf of the department and presented information about Finance Team services at numerous events, including: New Mexico Infrastructure Finance Conference, Municipal Officials Leadership Institute, Hosted the Finance Information session for Lenders, Brownfields Technical Assistance Workshop.

Technical Assistance:

- Met with over 15 companies to offer technical assistance and inform them of State incentive programs
- Continued to cultivate relationships with funding entities (state, federal, non-profit, nontraditional lenders, micro financiers, etc.)
- Completed 4 incentive analysis
- Provided Financial Analysis for approximately 30 companies participating in the JTIP program.

FUNDIT:

- 6 projects were reviewed

- 2 meetings were held with an average attendance of 35 participants
- FUNDIT received Best Practices Award at New Mexico Infrastructure Finance Conference & held "live" FUNDIT general session

- Over 13 state and federal entities are currently represented in the group

- Projects are now being posted on Ristra.com for follow up



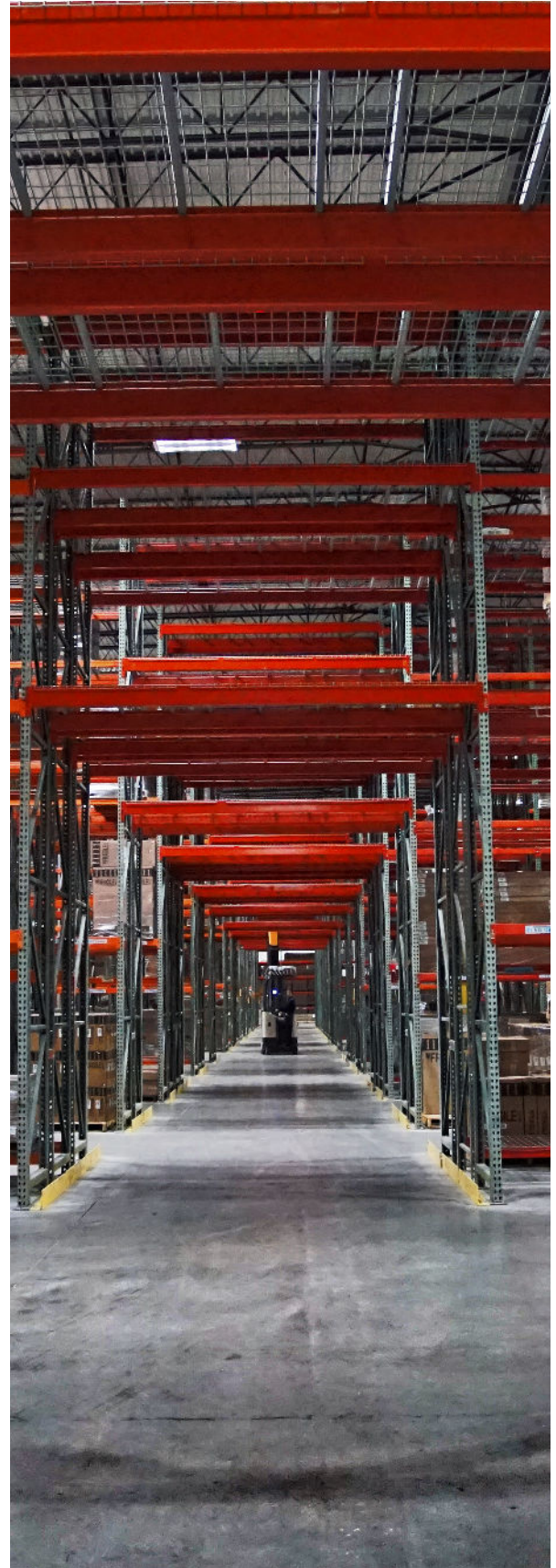
LOCAL ECONOMIC DEVELOPMENT ACT (LEDA)

There were no LEDA projects completed in the second quarter. However, the Team completed due diligence and business plan review for 12 LEDA pipeline projects, facilitated the transfer of over \$3,000,000 and conducted four site visits with LEDA fiscal agents and companies to provide assistance with audit and compliance review and job creation reporting.

Measure	Target	Q1	Q2	Q3	Q4	Total
Number of private sector dollars leveraged by each dollar through LEDA	10 to 1	25.2	-			25.2
Number of jobs created through the use of LEDA funds	2,000	144	0			144

LEDA 2nd Quarter FY17 Project Pipeline

INDUSTRY SECTOR	URBAN	RURAL	LEDA AMOUNT
Manufacturing		x	\$1,500,000
Food Processing		x	\$1,500,000
Aviation/MRO		x	\$1,000,000
Industrial Park		x	\$1,300,000
Food Processing	x		\$500,000
Food Processing	x	x	\$1,000,000
Food Processing	x		\$100,000
E-Base Training		x	\$1,600,000
Food Processing		x	TBD
Food Processing		x	TBD
Food Processing		x	TBD
Food Processing		x	TBD
Food Processing	x		\$75,000
Other		x	TBD
Food Processing		x	TBD
Manufacturing		x	\$400,000
Medical	x		\$250,000
Manufacturing		x	TBD
Food Processing	x		TBD
Manufacturing		x	\$700,000
Finance Services	x		\$400,000
Customer Service Center	x		\$200,000
Back Office & Financial Services	x		\$325,000
Advanced Manufacturing	x		\$8,000,000
Data Center		x	\$10,000,000
Injection Molding/Manufacturing		x	TBD
Textile		x	TBD
Manufacturing	x		\$20,000,000
Manufacturing	x		\$250,000
Finance	x		\$140,000
Manufacturing	x		\$500,000
Manufacturing	x		\$980,000
Manufacturing		x	\$200,000
Manufacturing	x		\$600,000
Medical Fulfillment	x		\$5,000,000
Customer Service Center	x		\$4,000,000
	18	19	\$60,520,000



Community, Business & Rural Development Team

Carlsbad has completed their Eagles for Eddy marketing and trade show attraction and recruitment project and has been reimbursed. Their campaign resulted in the generation of twenty-four (24) company leads. Out of those leads, there have been thirty-six (36) follow-up conversations to include specific quotes of data and incentives. Out of those conversations two (2) companies have conducted a total of five (5) site visits. Out of those site visits Carlsbad is in final negotiations with one (1) company for which a final decision is expected by March 1 of 2017.

BUSINESS AND COMMUNITY DEVELOPMENT PROJECTS

Region 1

Bernalillo- Regional Representative assisted Bernalillo in updating their economic development plan and LEDA ordinance.
 Bernalillo – Regional Representative conducted a Business and Retention Survey with Amfabsteel, since then, the company was successfully awarded JTIP for 43 jobs. Additional expansion discussions continue and we hope to expect more jobs and investment in next year.

Region 2

Espanola – Regional Representative is providing technical assistance and data as well as assisting in the public planning for an upcoming grant application for the City.
 Belen – Regional Representative conducted a Business Retention and Expansion survey with a company for which discussion ensued about an additional expansion to meet their needs for the next 10 years.

Region 3

Albuquerque – Regional Representative is currently working with 2 businesses in the greater Albuquerque area regarding expansions and final approval for their respective LEDA applications. Announcements are expected early in the 3rd quarter of this fiscal year which will result in 35 new jobs.

Region 4

Mora - Regional Representative assisted in securing a \$50,000 NMFA planning grant to determine the feasibility of operating an industrial pellet plant and an existing woody bio mass boiler plant for the new Mora County Courthouse.

Angel Fire - Regional Representative worked with Angel Fire Water to acquire a transfer permit approval in preparation for the last step with NM Environmental Department's Final Water Permit, as well securing approval for a water beverage permit. This will result in seven (7) new positions.

Angel Fire - ABQ Bestcare Pharmacy held a grand opening on November 17, 2016. This is the first time the Village of Angel Fire has had a pharmacy in many years. One (1) job was created. The

Regional Rep worked with the Angel Fire Chamber and assisted this project by meeting with UNM's Pharmacy Program and the New Mexico Pharmacy Association to address the demand in Angel Fire and Springer.

Las Vegas - Regional Representative assisted Old Wood which resulted in Old Wood being approved for 15 jobs through JTIP.

Region 5

Sunland Park - Regional Representative provided technical assistance and data as well as serving and helping guide Sunland Park's Economic Development Strategy.

Dona Ana County - Regional Representative assisting Dona Ana County update its comprehensive plan.

Regional Representative coordinated a LEDA Capital Outlay Tour through Region 6 that resulted in the successful closeout of 1 LEDA project as well as put 4 new LEDA projects into the pipeline for funding which is expected to occur in the 3rd QTR of this fiscal year.

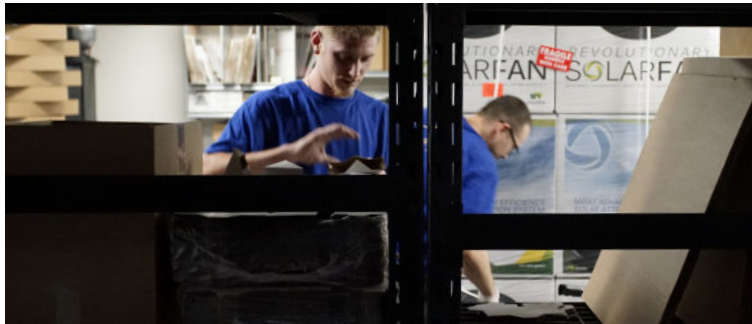
Region 6

(Vacant Due to Budget Cuts)

Hobbs - Through the efforts of the previous Regional Representative who arranged a tour of southeastern New Mexico from the Border Rep of the New Mexico Partnership to discuss how the area could capitalize on border activity, a contact was made between Watson Hopper of Hobbs and a company wanting to onshore their solar powered portable light tower manufacturing. This discussion led to Watson Hopper entering into an agreement to do the manufacturing and more importantly let them (Watson Hopper) bring back 15 employees that had been laid off during the downturn in oil.

The Team Leader is continuing to cover this region as well as his other duties and expects some exciting announcements in the 3rd quarter of this fiscal year.

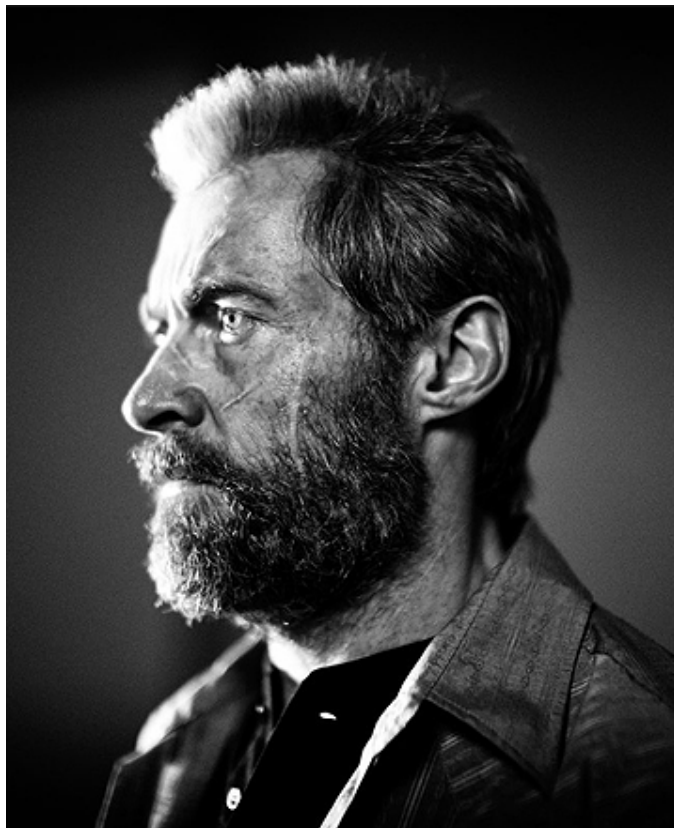
Measure	Target	Q1	Q2	Q3	Q4	Total
Number of successfully completed agency grant funded projects resulting in job growth, new investment, increased revenue, or workforce development	15	0	1			1



New Mexico Film Office (NMFO)

The New Mexico State Film Office is a division of the New Mexico Economic Development Department that serves the film and television industry locally, nationally and internationally. The office's purpose is to market the state to this industry, service the productions and promote jobs for New Mexico residents. The division offers resources to producers, film crew and local filmmakers and works diligently to assist with the scouting of potential filming locations. The division consults with productions regarding the financial aspects of their projects, guiding them through the incentives such as the 25% to 30% Refundable Film Production Tax Credit and the Job Training Incentive Program for Film & Multimedia. The division also connects productions with the crew, vendor services and film liaisons throughout the state.

	Target	Q1	Q2	Q3	Q4	FY17 YTD
Direct Spend into NM Economy	\$200M	\$144.6M	\$132.2M			\$276.8
Total number of New Projects in Principal Photography	63	25	9			34
Number of Projects over \$1M (total budget) in Production	20	12	15			27
Worker Days (crew size x days employed)	200,000	133,128	160,405			293,533



The division continues to focus on three (3) main initiatives: (1) Recruitment: Television, Feature Productions and Digital Emerging Media Projects/Companies; (2) Workforce Development; and (3) Statewide Industry Outreach.

Recruitment

The division continues to work towards taking the lead in Emerging Media entrepreneurial opportunities in-state.

Highlights:

- In the first quarter: It is a banner year so far for NM film and TV. Our highest Q1 ever. We have almost doubled our worker days from last year. Another first, all of the production studios are booked throughout the fall and winter months which has never happened before in NM. Currently we have major features wrapping up Hostiles, Granite Mountain, Villa Capri and Woman Walks Ahead. Ongoing TV series: Godless (Netflix), Better Call Saul Season 3 (AMC), t@gged Season 2 (AwesomenessTV), plus many student shorts, indie features such as Galileo (filmed exclusively in Taos), Furthest Witness, Making a Killing, locally produced TV series When Angels Guard Your Every Step for cable international distribution and BioPark for National Geographic Channel as well as local indie shorts like Leslie, Mrs. Murphy's Confession, Lyra, Scaredy Cat, Why I Run, Diva's Perfect Posse, Cuts, and Broken Sidewalk.

- The Director attended the 40th annual Association of Film Commissioners International Cineposium in Atlanta, Georgia. Conference attendees were from 22 countries and 25 US states were represented during the three-day Building Your Business focused conference. This year's event gave attention to Production Infrastructure - how to build it, maintain it and manage crew development to meet its needs. Senator Christopher J. Dodd, Chairman and CEO of the Motion Picture Association of America provided the keynote address where he discussed how film commissions have enabled the flourishing of a truly global film and TV business. Industry professionals and government leaders learned about BUILDING the business of TV and film production infrastructure in their respective markets.

- In the first quarter, fourth-eight (48) new projects were logged in-progress / in-production.

- In the second quarter, Film and TV is booming in NM. It's winter time and our state has never seen summer-like numbers in the colder months. The studios are booked to capacity and New Mexico crew and cast are in high demand and working! Currently we have major features wrapped: Logan, Granite Mountain, Cliffs of Freedom and Villa Capri. Major feature films still in principal photography: Soldado (Sequel to Sicario) and Horse Soldiers. Ongoing TV series include: Midnight, Texas (Season 1, NBC), Get Shorty (Season 1, Epix), Monsters of God (TNT pilot), plus many student shorts, indie features such as Rose (filmed exclusively in Truth Or Consequences), Astro (Roswell), Prison Break and Be My Baby (Canadian company that for the first time hired a full New Mexico resident crew from Above The Line to Below The Line jobs).

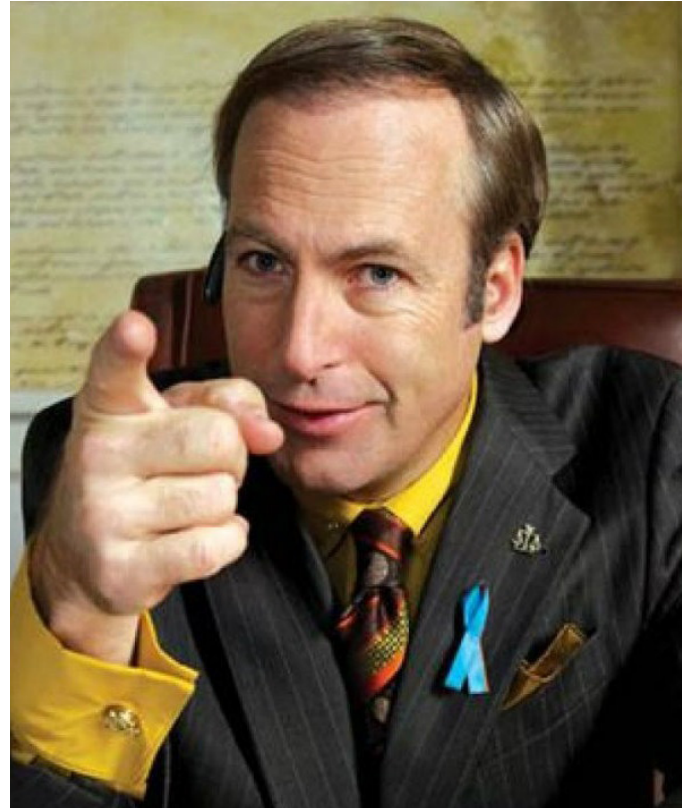
- In the second quarter, twenty-four (24) new projects were logged in-progress / in-production.

Workforce Development

The Job Training Incentive Program for Film & Multimedia (JTIP) provides multiple ways for residents to advance in this industry and to keep talent in-state. The program continues to evolve and expand to meet industry needs. The Film Crew Advancement Program (FCAP) is the division's priority program in training as it provides high-wage job opportunities with production companies where crew can diversify and advance their skill sets increasing retention and continual employment in the industry. As an additional incentive to the film tax credit, productions that hire qualifying, local crew are reimbursed fifty percent (50%) of a qualifying resident's wages for up to 1040 hours. In addition, the program encourages veterans and reserve member components to apply transitional skill sets to this industry in an initiative entitled "Operation Soundstage."

Highlights:

- In the first quarter: due to a cut of funds in FY17, the FCAP number of participating production companies and number of participating New Mexico residents has significantly decreased. The division made administrative adjustments to review FCAP applications from production companies with budgets ranging from \$200K to \$3M. The division also limited one (1) FCAP position per department. Three (3) Q1 productions had to decrease the number of trainees by 40 and the division had to decline participation of eight (8) major productions with budgets over \$2M, resulting in an average estimate of eighty (80) potential trainees who were not able to participate in FCAP. Funds



may not be available for Q2, Q3 or Q4. Five (5) companies qualified for FCAP with forty-seven (47) resident participants.

- In the second quarter: the division attended the Santa Fe Community College veteran career fair and the New Mexico Workforce Connection career fair to educate and recruit veterans and reserved component members to Operation

Soundstage; Four (4) companies qualified for FCAP with thirty-seven (37) resident participants. The division may coordinate training classes in Q3 and Q4.

Statewide Outreach

There are a variety of ways to work with local communities, schools, filmmakers and chambers in order to assist and promote the industry and the jobs it creates. The five (5) that have been identified by the division to increase the effectiveness of local outreach are (1) expanding upon the Statewide Film Liaison Network that trains designated community members in the production process and encourages filmmaking in rural areas; (2) collaborating Film Tourism efforts to give communities an additional way to market to visitors, to increase economic impact and to ben-

enefit from the success of the industry; (3) holding regional meetings and utilizing social media to assist in educating the public on the industry and the division's resources; (4) developing educational networking initiatives to provide opportunities to learn about film and media programs available throughout New Mexico; and (5) expanding on two primary outreach events: the annual NM filmmakers Showcase and the annual Film & Media Industry Conference.

Highlights:

- In the first quarter: The division held its fourth annual Filmmakers Showcase at the Hispanic Cultural Center with over one hundred (100) entries. The Showcase is an annual event featuring a vast range of creative talent from New Mexicans around the state; the division co-hosted with SONY a crew screening of "The Magnificent Seven," with approximately 180 attendees in Albuquerque; created a new podcast for the division, "NMFO Filmcast" and conducted the inaugural podcast with actor Robert Taylor; and assisted the 2016 Balloon Fiesta Student Filmmaker Challenge which provides student filmmakers the opportunity to develop short films / digital videos presented by Canon.
- For second quarter: the division held its annual Film & Media Industry Conference at the Isleta Casino & Resort with over forty (40) in and out-of-state guest speakers and panelists, over four hundred (400) registrants and over sixty (60) sponsors and vendors. This two-day conference offers New Mexico's film community unique access to panels, dynamic presentations and networking opportunities; the division participated in ESPN's Gildan Bowl at UNM with a debut screening of the new 2017 New Mexico Sizzle Reel, celebrity guest appearance from Benicio Del Toro, who returned to New Mexico to film "Soldado", the follow-up to the blockbuster film "Sicario". The ESPN Gildan Bowl at UNM audience exceeded 30,000 attendees and the division hosted a cast and crew screening of "The Magnificent Seven" with over 250 attendees. In the third quarter, the division will host the annual film liaison summit in Santa Fe and attend the annual film and media day at the round-house during the 2017 Legislative Session.





1100 St. Francis Drive • Santa Fe, NM 87505-4147 • 505.827.0300 • www.goNM.biz