



NM Bioscience Authority Update and Request

Richard S. Larson, MD, PhD
President and Chair

September 2, 2020

Why Bioscience Industry in New Mexico?

Bioscience innovation is a catalyst for improving our state's health, productivity and economic development.

- High paying, green jobs
- University research and patents
- Workforce Generation
- Existing companies & entrepreneurs
- Some Financing
- Bioscience Authority



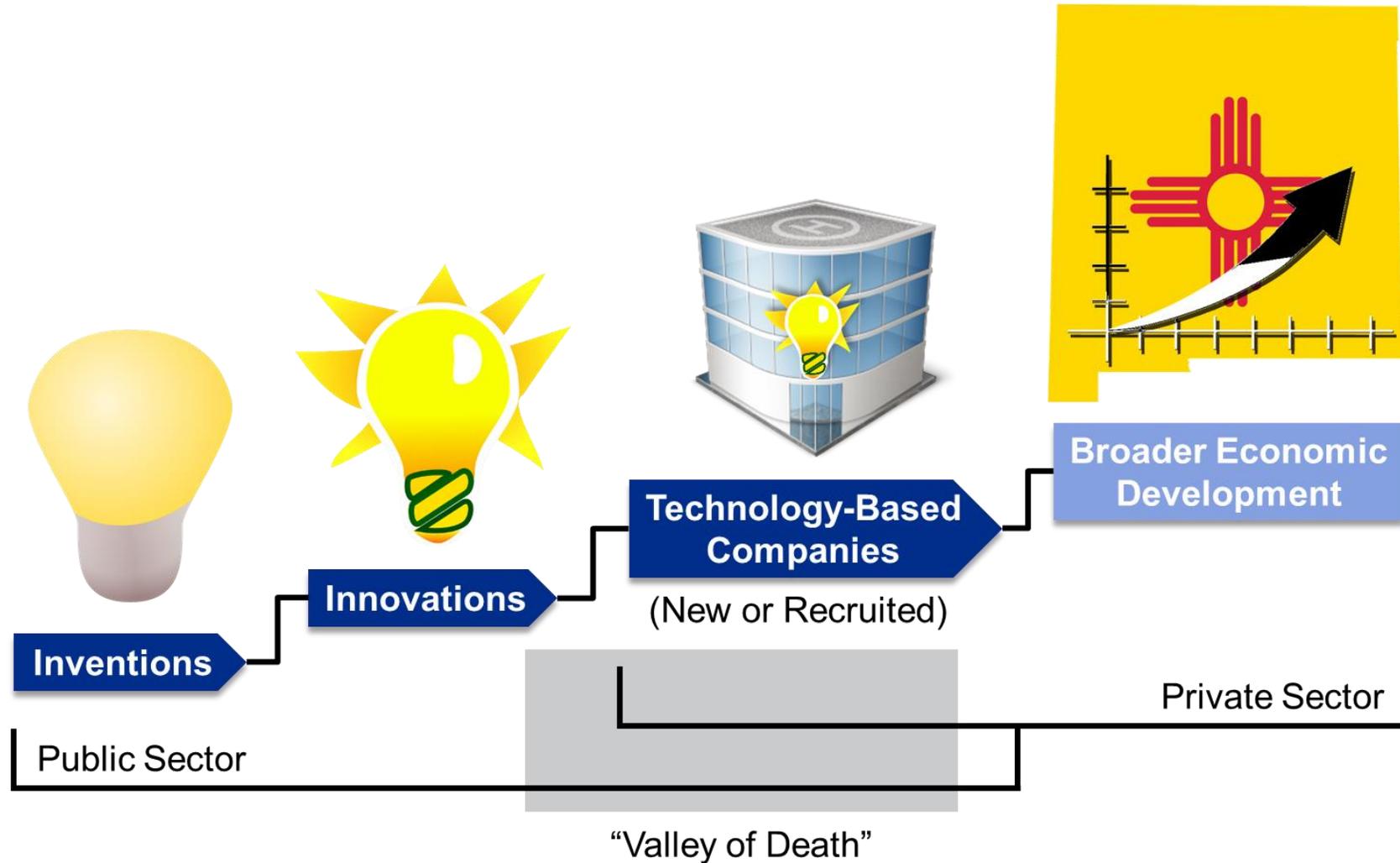
What is Bioscience?

Six Industries Make Up Bioscience Sector:

1. Agricultural feedstock and chemicals
2. Bioscience-related distribution
3. Drugs and pharmaceuticals
4. Medical devices and equipment
5. Research and bioinformatics
6. Testing and medical laboratories



How New Companies Are Created



Effective Public-Private Partnership in Key

University/Public Sector

- Their view: Contributes scientists and experts
- Business perspective: Minimizes technical risk, market risk, and evolving nature of market
- Supports existing business (recruitment)

Private Sector

- Their view: Priority of economic growth and jobs
- Academic perspective: Societal impact

Example of Success

Background

Terry Dunlay, Founder, President, & CEO

- 2006 - moving to New Mexico and was referred to STC
- Licensed by STC/UNM
- Inventors: Larry Sklar and Bruce Edwards (UNM HSC)
- 2006 - Worked with STC through Cecchi Venture Lab (first tenant of CVL)

Raised approximately \$20 Million

- 2007-2010 - \$5 million in 3 rounds. \$1 million in 2007 from Verge & Village Ventures, \$1.5 Million in 2008 from Verge & Village Ventures and \$2.5 million from Prolog Ventures, Verge, and New Mexico Community Capital.
- May 2013 – \$8 million from Arboretum Ventures who led the venture funding round with participation from current backers Prolog Ventures, Verge Fund and New Mexico Community Capital
- July 2015 – \$5.4 million from Arboretum Ventures who led the venture funding round with participation from current backers Prolog Ventures, Verge Fund and New Mexico Community Capital

Sold to Sartorius AG in June 2016 for \$90 million

- Company currently has 55 employees
- Company will continue to operate in New Mexico

intellicyt



 sartorius

Commercialization

Since 2002, 61 new private companies were either spun off from the University of New Mexico Health Sciences Center or used technology from the university to start up.

Companies focused on drug development, cancer therapies, molecular imaging, medical diagnostics, software development, genetics, and more.

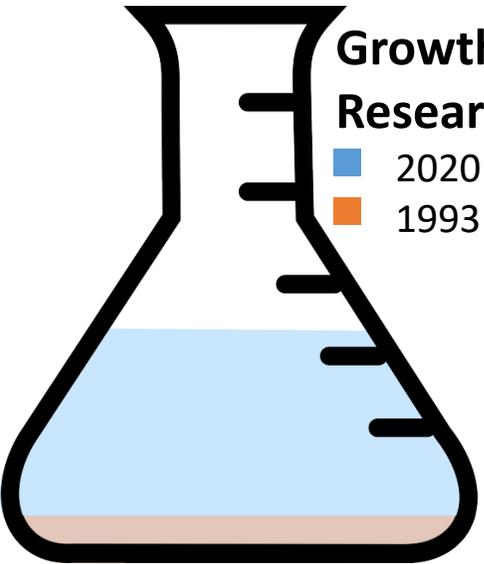


Key Metrics

Growth in Bioscience

Research Funding, UNM HSC

- 2020 (\$206M)
- 1993 (\$25M)



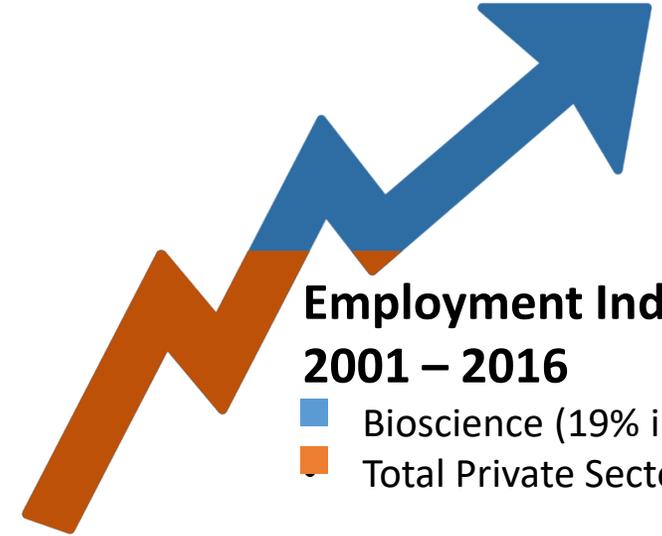
Availability of Workforce (NM Graduates in Bioscience-Related Fields, 2009 – 2013)

- Natural Sciences (4,271)
- Health Professions, excl. BSN (4,379)
- Engineering/Tech/CS (6,718)
- Business (10,941)



Employment Index Increase, 2001 – 2016

- Bioscience (19% increase)
- Total Private Sector (10% increase)



Bioscience Leads NM Patents, 2011 – 2015

- Biosciences-related (~ 275)
- Computer/Data science (~ 250)
- Optics (~ 150)
- Electricity (~125)
- Communications (~120)
- Chemicals (~25)



Bioscience Leads in Salaries

- Bioscience (\$87.4K)
- Engineering (\$85.6K)
- Communication (\$84.1K)
- Mining (\$78.7K)
- Computing (\$74.1K)
- Aerospace (\$71.5K)



Background of the New Mexico Bioscience Authority

- The New Mexico Bioscience Authority was created in 2017 to support and cultivate the bioscience industry by attracting investment, influencing policy and assisting in the development of the critical business infrastructure needed for start-ups, business recruitment, R&D, and entrepreneurship.
- New Mexico Bioscience Authority is the states only public-private partnership.
- In 2019, Governor Lujan Grisham established four Centers of Excellence, and re-establish funding with UNM as fiscal agent and administrative oversight.

Activities of New Mexico Bioscience Authority

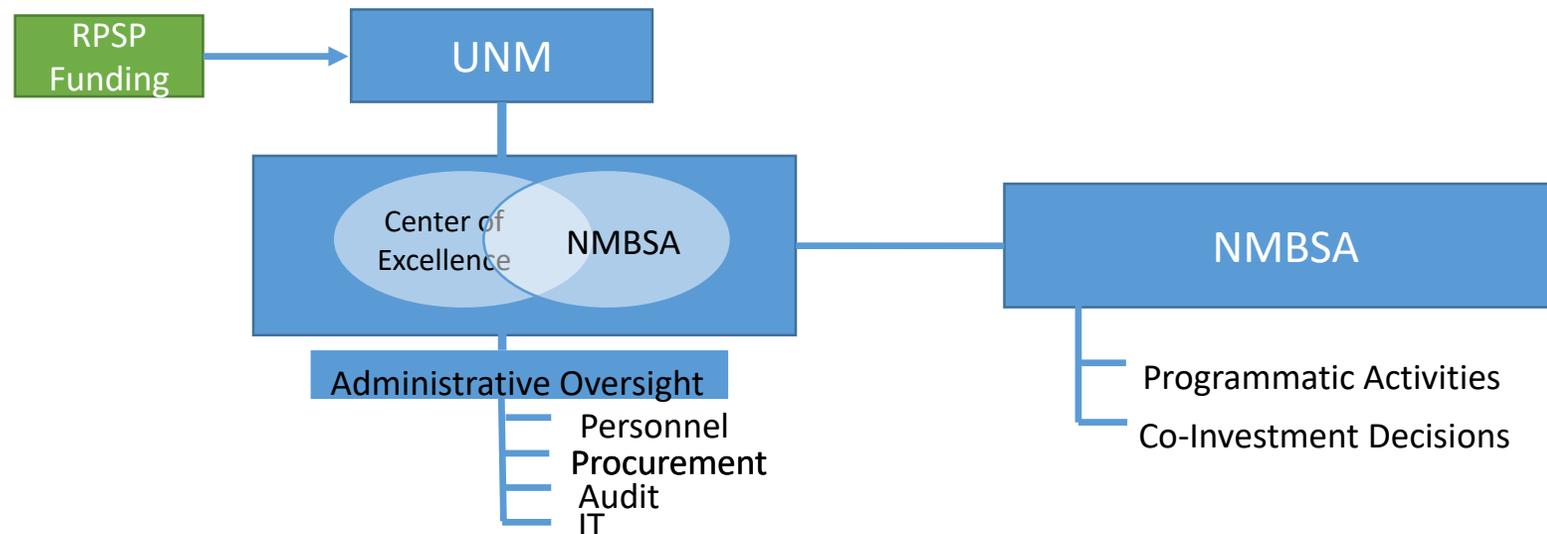
- Advise state leadership on initiatives that may stimulate investment and provide jobs
- Create programs to expand bioscience economic opportunities
 - Community Readiness Program
- Connect New Mexico and representatives of bioscience industries
- Promote legislation to grow the bioscience industry
- Produce promotional literature related to explanation and fulfillment of the NMBSA's goals
- Identify science and technology trends and be a clearinghouse for bioscience enterprise issues

- **Direct Investment & Funding**
- Endowment for long-term investment
- Actively recruit bioscience businesses to New Mexico



NM BioScience Authority : Structure assures fiscal and administrative responsibility

- 12 person board (appointed by Governor, Speaker of the House, Senate Pro-Tempore, and University Presidents).
- With Center of Excellence bill, UNM established as administrative home including fiscal agent with BSA board overseeing programmatic activities- similar to other COE.
- UNM affiliated to assure conformity with state procurement rules, statutes and guidelines.



Initiative #1: Community Readiness:

The Path to Make New Mexico Bioscience Ready

What Community Readiness means for New Mexico?

- Attract Bioscience companies and startups
- Foster Bioscience industry growth
- Help municipalities create innovation zones
- Facilitate Bioscience site selection
- Current sites include Albuquerque, Rio Rancho, Las Cruces, Santa Fe and Clovis

Community Readiness Rating:



BRONZE
Local governments have identified sites that are served by utilities and have a process in place to assist bioscience businesses.



GOLD
Local governments have identified sites within Opportunity and/or tax advantage location, have expedited development processes, have available suitable buildings, have invested in enhanced transportation and logistics infrastructure and are partnering with universities and colleges to train workforce.

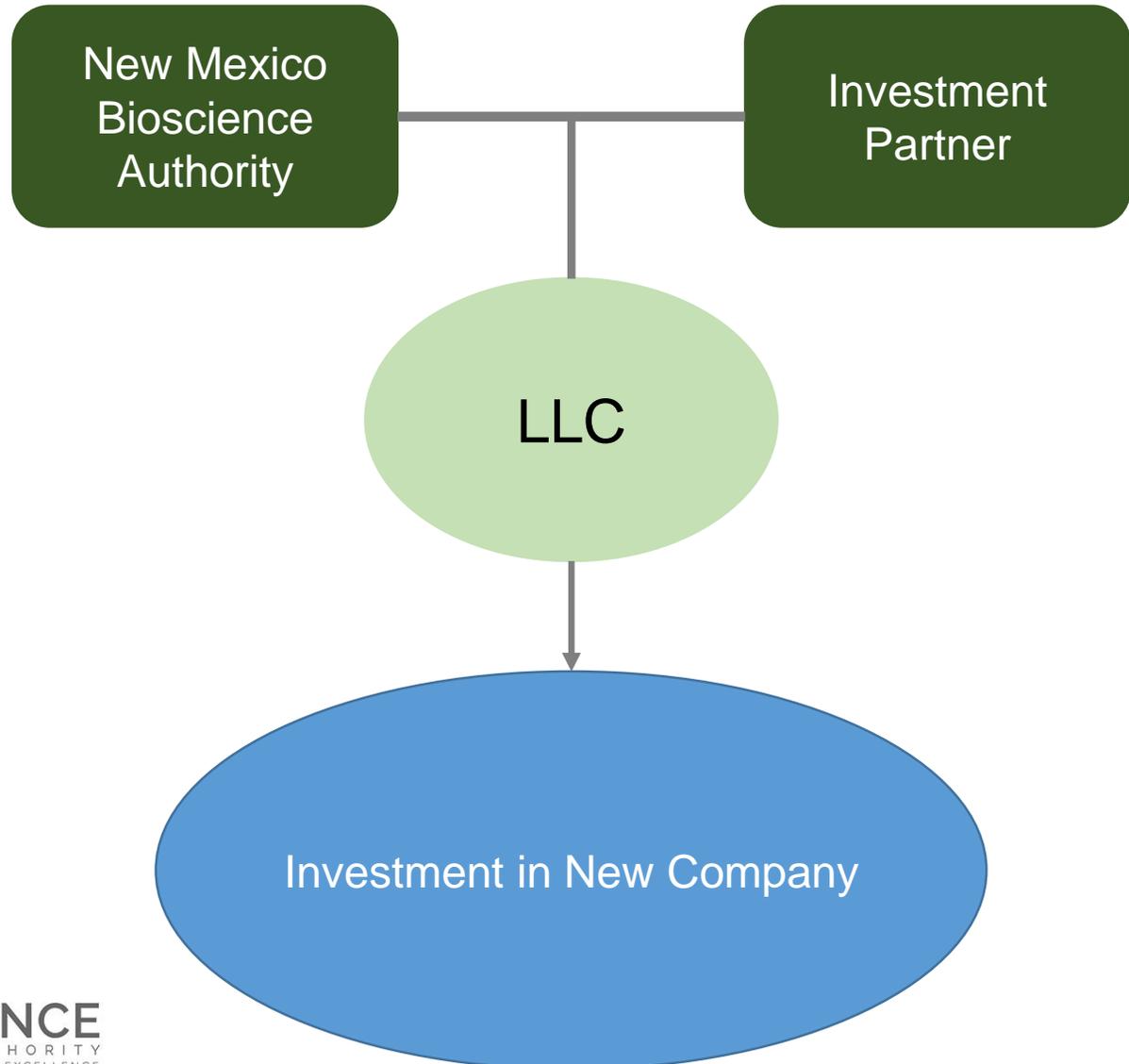


SILVER
Local governments have 'shovel ready' sites, have development incentives and have identified point person to assist bioscience businesses through the process.



PLATINUM
Local governments have an inventory of suitable buildings and sites, sites are pre-permitted for bioscience uses, sites have completed NEPA review, and local governments assist bioscience businesses with identifying funding sources.

Initiative # 2: Creating NM Companies & Jobs Through Co-Investment



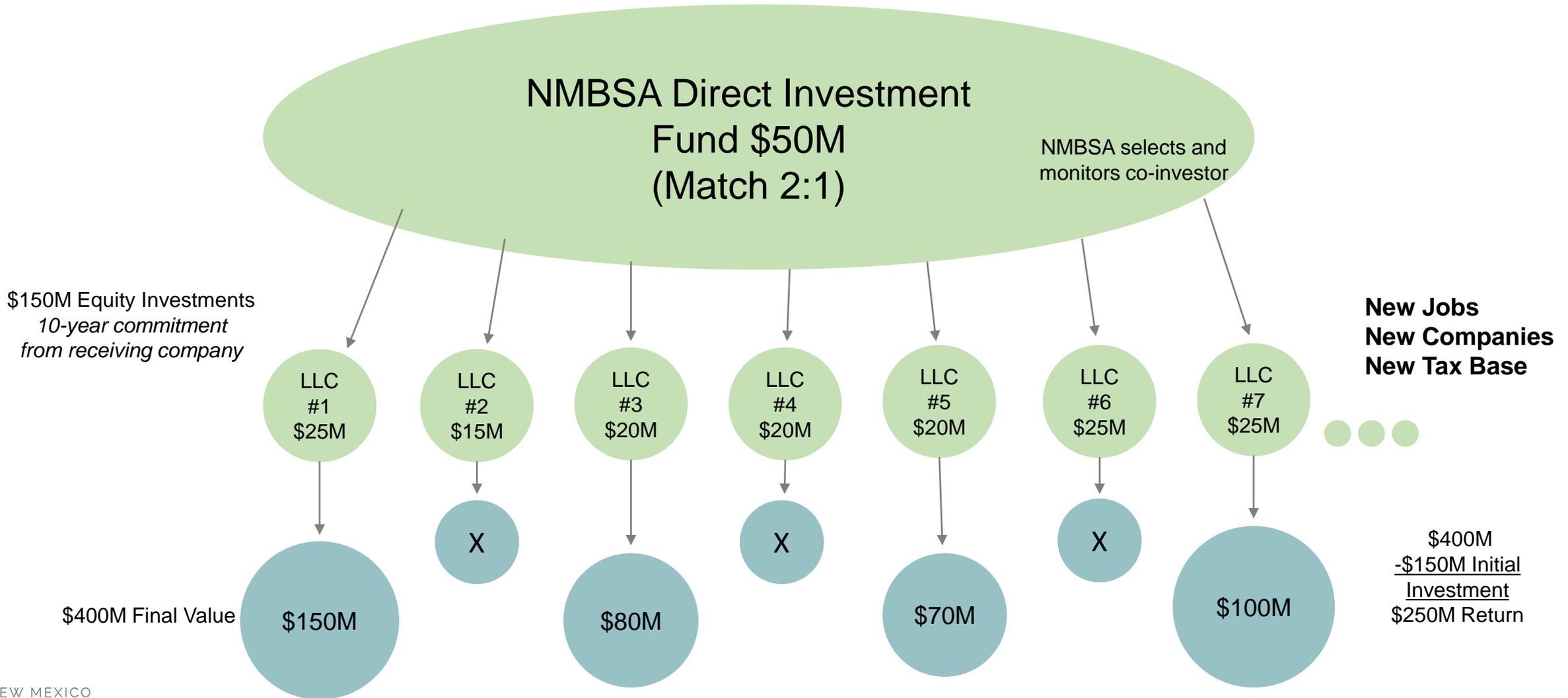
Investment Partner Criteria

- Qualifies to be lead investor
- Will provide a 2:1 match of funds
- Funds New Mexico bioscience start-ups, early stage or existing bioscience companies or companies relocating to New Mexico
- Has greater than five years' experience in sourcing, vetting and investing in companies
- Has existing capital for co-investment and is currently investing in bioscience companies

Selection of Co-Investment Partners

- Issue RFP per state procurement rules
- BSA Board selects co-investor
- Formation of LLC through contract with co-investment partner that takes equity or equivalent. (2:1 match required)
- New Mexico benefits with new company and jobs
- New Mexico and investment partner may later benefit financially with company success or purchased (“exit”) by another company. This makes one time request sustainable.
- Procedures in place due to pilot co-investment.
- Administrative and fiscal oversight at UNM (including audit)

How Co-Investment Grows the Economy



Direct Investment Fund

- Request \$25M – \$50M one time investment for DIF
- Arizona has \$100M DIF and \$200M Endowment

New Program: Connect & Capitalize

Need:

- New Mexico has limited access to venture capital and angel investors.
- Out-of-State funders often require the set-up to move when bigger investment (\$M2+) required.
- Start-up and early stage companies do not know how to find/connect/reach potential investors on their own.

Goal:

To create a program to build an interface in order to accelerate economic growth, jobs and company formation among investors, entrepreneurs, start-ups and early stage bioscience companies

Description:

- Matching software with databases
- Hosted forums
- Mentoring of entrepreneurs

Budget: \$280,000 recurring

Questions?

Richard S. Larson, M.D., Ph.D.
President and Chair, NM Bioscience Authority
RLarson@salud.unm.edu