



NM Bioscience Authority

*Presenting on behalf of the New
Mexico Bioscience Authority:*

Dale Dekker, AIA, AICP

Chair, Board of Directors, NM Bioscience Authority
Founder, Dekker/Perich/Sabatini Architects, Engineering
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President, NM Bioscience Authority
Executive Vice Chancellor, UNM HSC
Vice Chancellor of Research, UNM HSC

NM Finance Authority

October 15, 2021

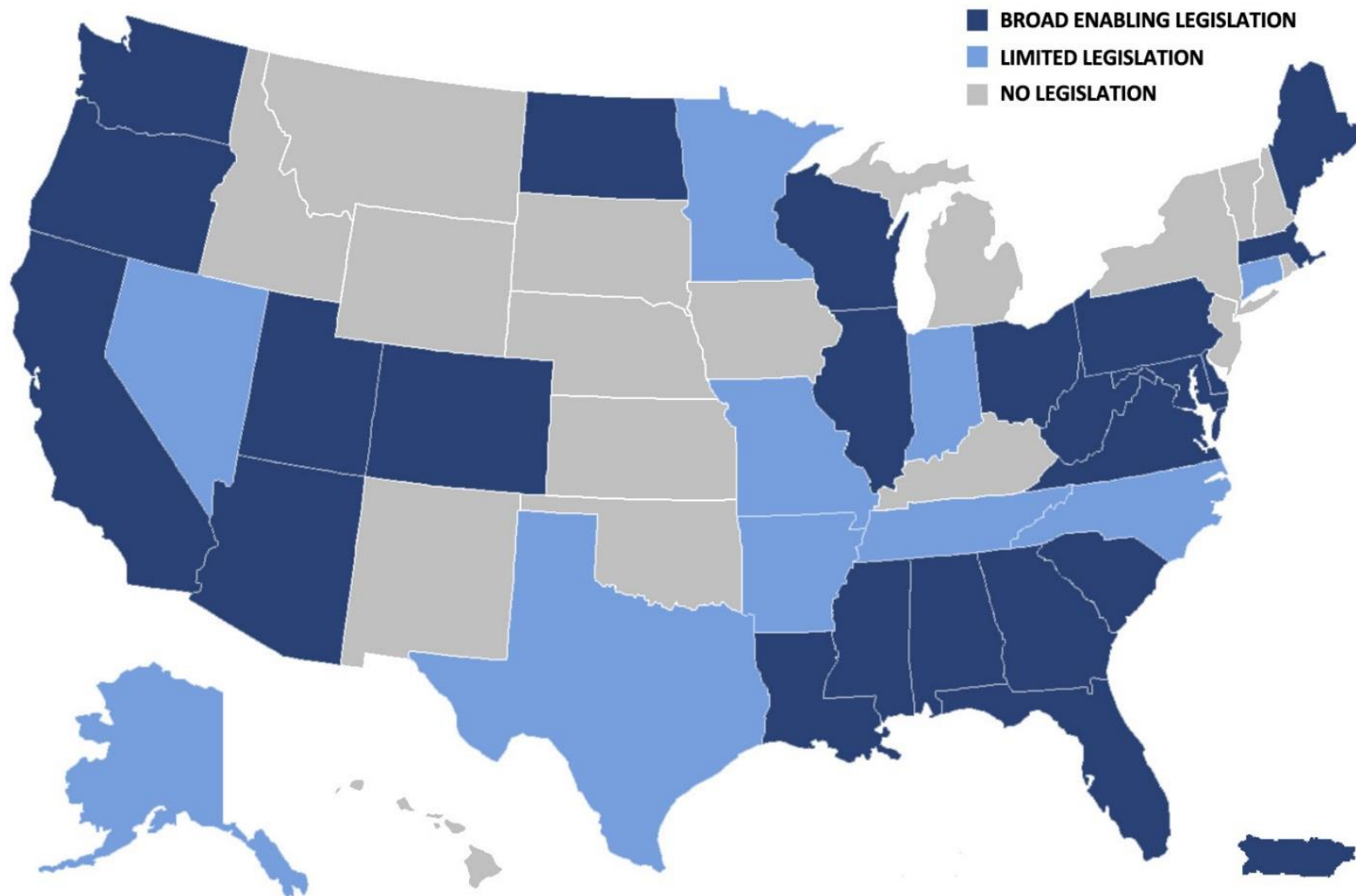
What is Private Public Partnership?

- A public-private partnership (P3) is a contractual arrangement between a public agency (federal, state or local) and a private sector entity.
- Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public.
- In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.

How Many States Have P3 Enabling Legislation?

- As of June 2017, **NCSL** (National Council of State Legislatures) is aware of **39 states**, the District of Columbia and Puerto Rico which have enabling laws for public-private partnerships.
- **Enabling legislation is widely viewed as a vital component for successful P3s.**

States with P3 Enabling Legislation



Examples of P3 Type Projects

- **Transportation Projects** (Roads, Bridges)
Transit Systems & Vertical Facilities
Critical Infrastructure (Water, Sewer, Renewable Energy)
Broadband Infrastructure
- **Housing**-Student, Workforce, Military
Innovation Mixed Use Districts/Facilities
- **BioTech and R&D Facilities**
Fire Stations/Public Safety Facilities/Jails and Prisons
- **Healthcare**-Hospitals and Medical Office Buildings and Specialty Clinics
- **Recreation Complexes and Facilities**
- **Convention and Visitor/Tourist Facilities**
Libraries/Community Centers
Schools/Charter Schools/Specialty Schools
Support Facilities (Warehouses, Garages)
Administration/Office Facilities/Administrative Complexes
- **Commercial facilities on public/institutional land as revenue generators**

21st Century Infrastructure



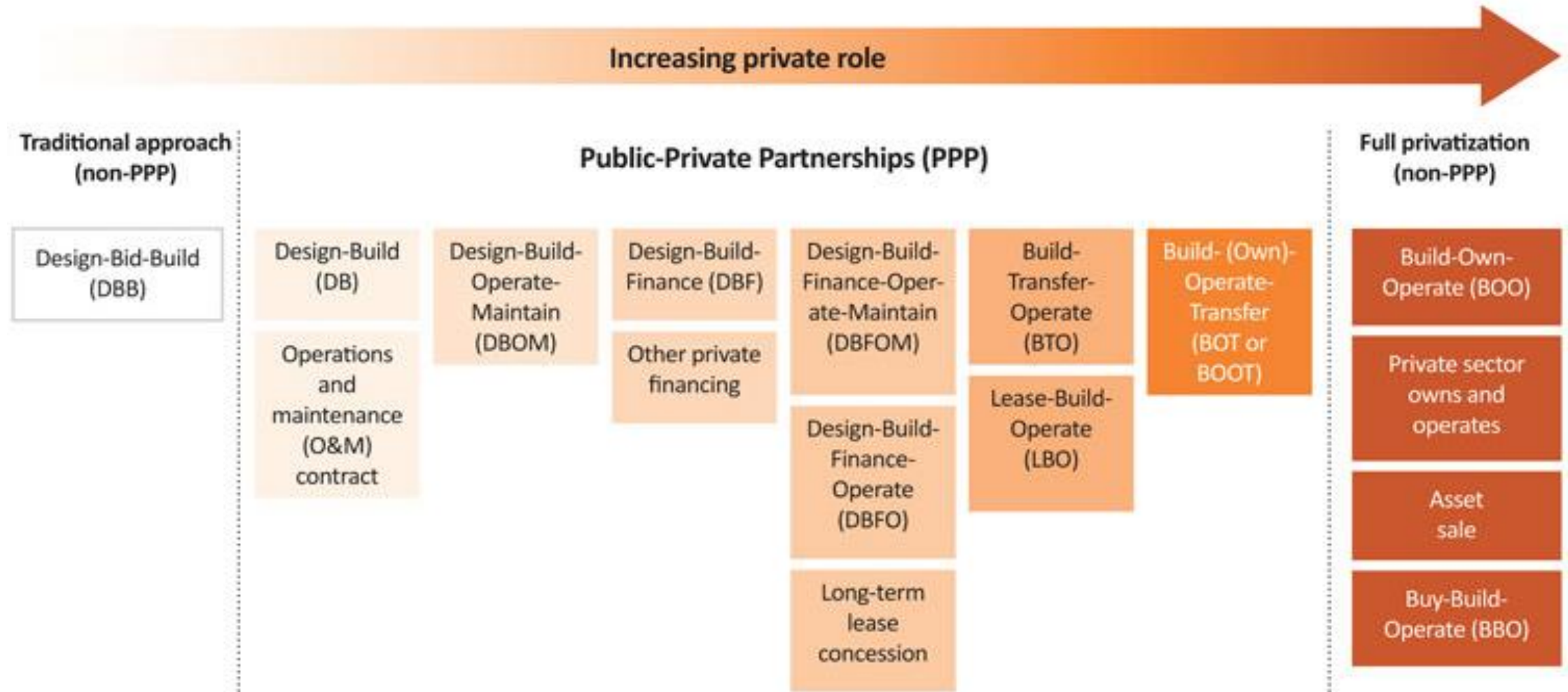
FACT SHEET: President Biden Announces Support for the Bipartisan Infrastructure Framework

JUNE 24, 2021 • STATEMENTS AND RELEASES
WHITE HOUSE

Public-private partnerships,
private activity bonds, direct pay
bonds and asset recycling for
infrastructure investment

Alternative Contracting Methods
for Federal Land Management
Agencies and Tribal Governments

Project Delivery Models Along a Continuum of Private Sector Involvement



TITLE VII- Public-Private Partnerships

21 SEC. 70701. VALUE FOR MONEY ANALYSIS

(a) IN GENERAL.—Notwithstanding any other provision of law, in the case of a project described in subsection 24 (b), the entity carrying out the project shall, during the planning and project development process and prior to 2291 EDW21A09 WG9 S.L.C. 1 signing any Project Development Agreement, conduct a value for money analysis or comparable analysis of the 3 project, which shall include an evaluation of—

- (1) the life-cycle cost and project delivery schedule;
 - (2) the costs of using public funding versus private financing for the project;
 - (3) a description of the key assumptions made in developing the analysis, including—
 - (A) an analysis of any Federal grants or loans and subsidies received or expected (including tax depreciation costs);
 - (B) the key terms of the proposed public private partnership agreement, if applicable (including the expected rate of return for private debt and equity), and major compensation events;
 - (C) a discussion of the benefits and costs associated with the allocation of risk;
- (2) carried out—
- (A) by a public entity that is a State, territory, Indian Tribe, unit of local government, transit agency, port authority, metropolitan planning organization, airport authority, or other political subdivision of a State or local government; and
 - (B) in a State in which there is in effect **a State law authorizing the use and implementation of public-private partnerships for transportation projects;**



Public-private partnerships, private activity bonds, direct pay bonds and asset recycling for infrastructure investment

HB286-Enacting the Public-Private Partnerships Act

HOUSE BILL 286

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Patricia A. Lundstrom and Roberto "Bobby" J. Gonzales and
Jim R. Trujillo and Jane E. Powdrell-Culbert
and Clemente Sanchez

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO PUBLIC PROJECTS; ENACTING THE PUBLIC-PRIVATE PARTNERSHIPS ACT; CREATING THE PUBLIC-PRIVATE PARTNERSHIPS BOARD; CREATING THE PUBLIC-PRIVATE PARTNERSHIP PROJECT FUND; ALLOWING THE STATE AND LOCAL GOVERNMENTS TO ENTER INTO PARTNERSHIPS WITH PRIVATE SECTOR PARTNERS TO FACILITATE PUBLIC PROJECTS; PROVIDING POWERS AND DUTIES; REQUIRING REPORTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Public-Private Partnerships Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the Public-Private Partnerships Act:

A. "authority" means the New Mexico finance authority;

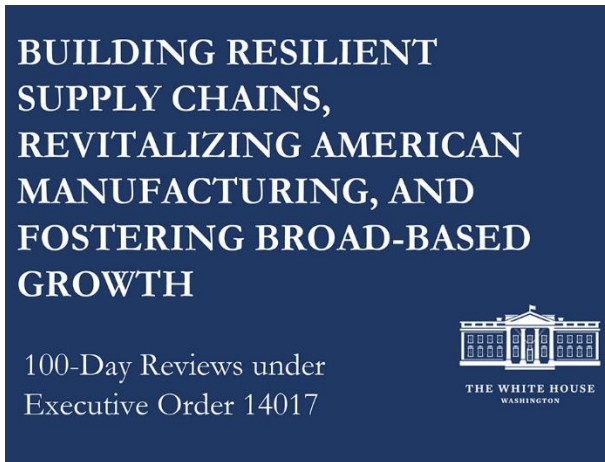
B. "board" means the public-private partnership

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underscored material = new
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Innovation/R&D



Resilient Supply Chains

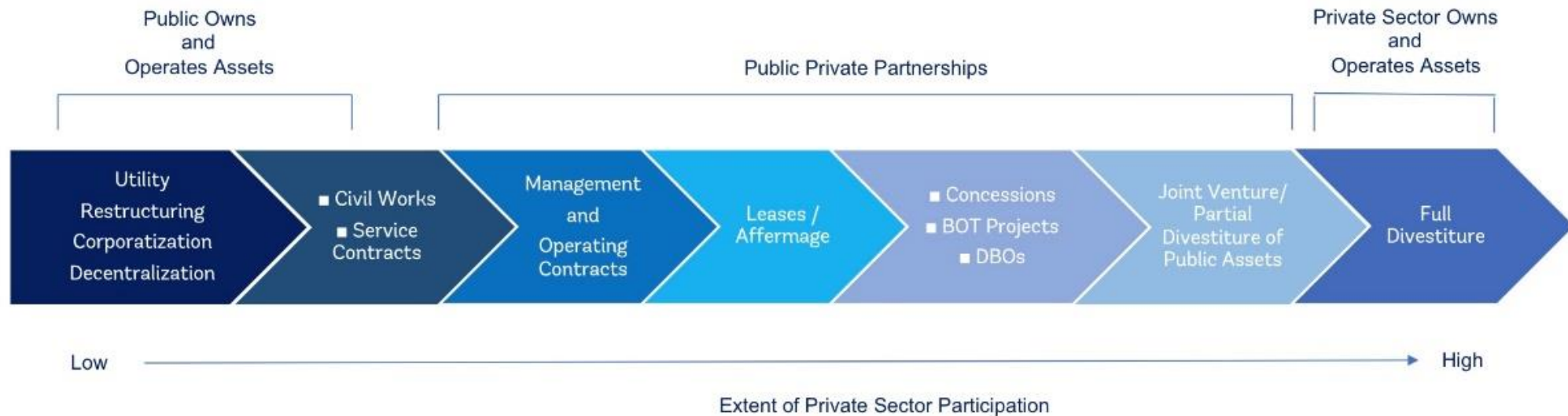


21st Century Infrastructure



New Mexico Bioscience Authority

- *Public private partnership* designed to co-invest public and private funds in bioscience company startup or relocation



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



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



Why Bioscience is Good Industry to Grow in NM

Growth in Bioscience Research Funding, UNM HSC¹

- 2021 (\$212M)
- 2004 (<\$90M)

Availability of Workforce (NM Graduates in Bioscience- Related Fields, 2011 – 2020)²

- Natural Sciences (6,389)
- Health Professions, excl. BSN (6,551)
- Engineering/Tech/CS (10,051)
- Business (16,369)

70% of NM
bioscience
graduates leave
the state due to
lack of jobs.

Employment Index Increase, 2020 – 2030⁴

- Bioscience (17% increase)
- Total Private Sector (7.7% increase)

Bioscience Leads NM Patents, 2011 – 2020³

- Biosciences-related (~ 325)
- Computer/Data science (~ 275)
- Optics (~ 175)
- Electricity (~140)
- Communications (~125)
- Chemicals (~40)

NM is 7th in
nation in
bioscience
patents per
capita

Bioscience Leads in 2021 NM Salaries⁴

- Bioscience (\$98.7K)
- Engineering (\$95.2K)
- Aerospace (\$90.1K)
- Mining (\$82.9K)
- Computing (\$74.2K)
- Communication (\$56.2K)

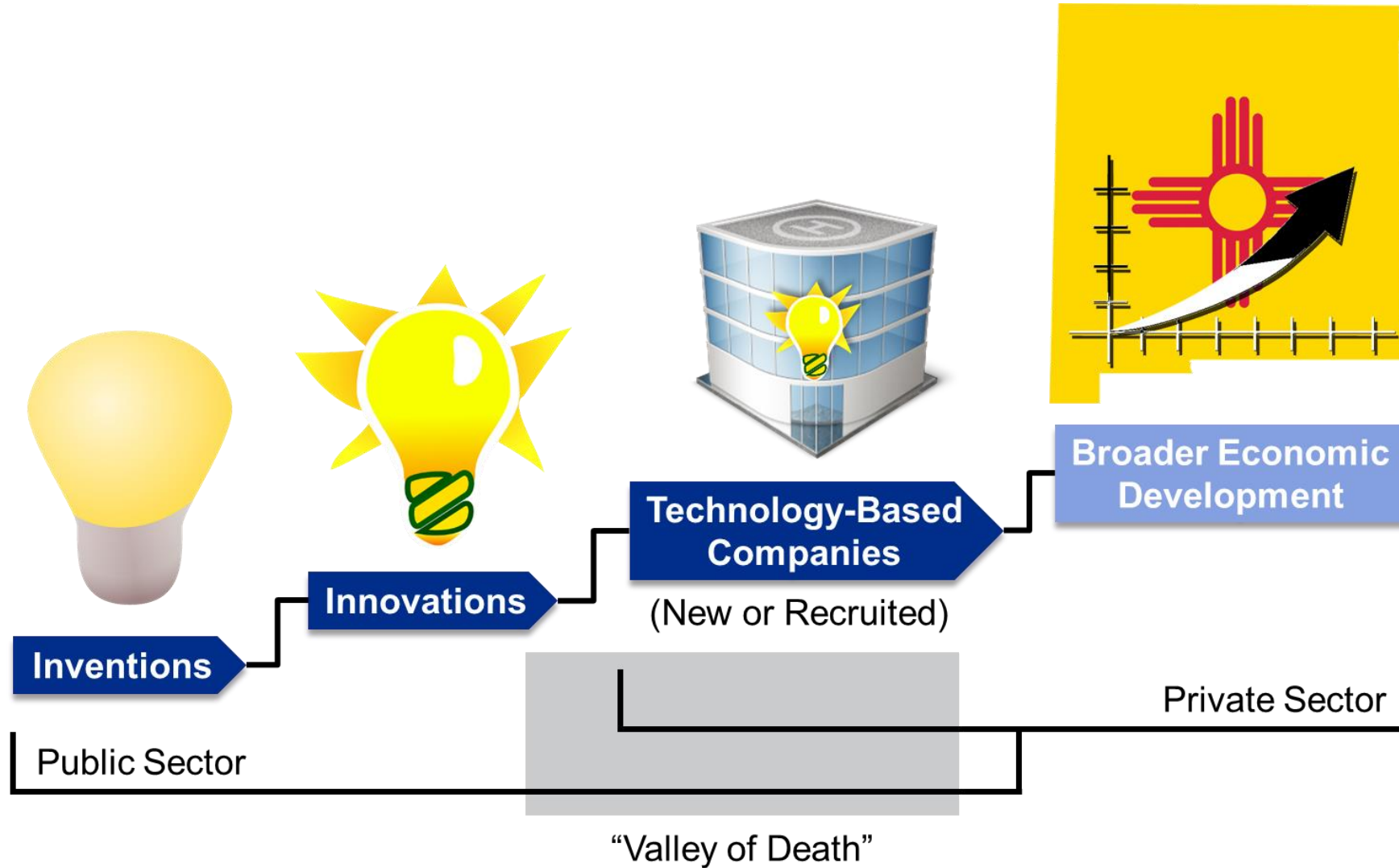
¹UNM HSC Annual Report

²NM HED Annual Report

³USPTO, Google Patents

⁴U.S. Bureau of Labor Statistics

How New Companies Are Created



Effective Public-Private Partnership is 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 (workforce)

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)

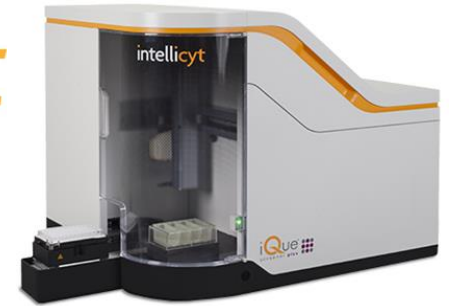
Raised approximately \$20 Million

- 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

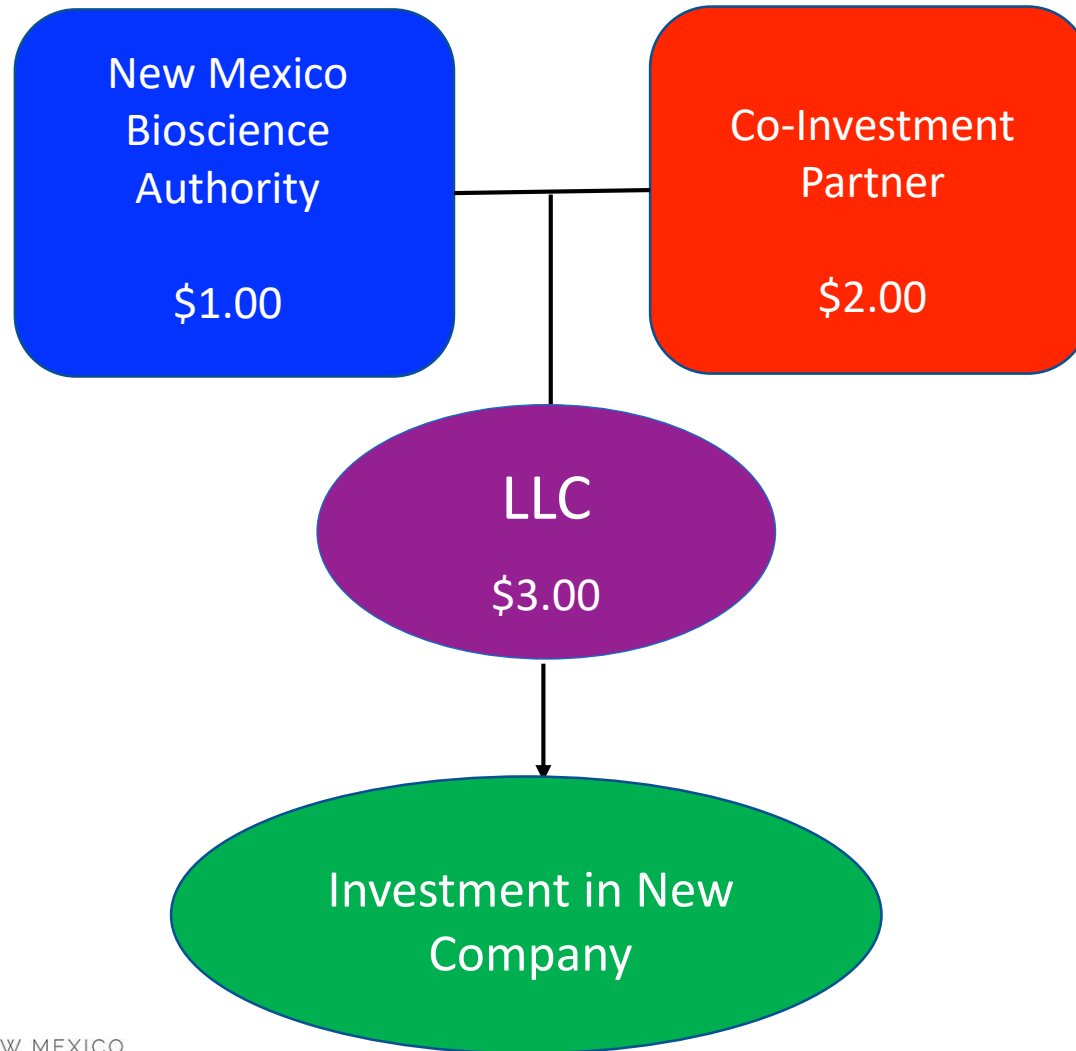
- Company currently has 55 employees
- Company will continue to operate in New Mexico

intellicyt



 sartorius

NMBSA Co-Investment Program



Main Objective

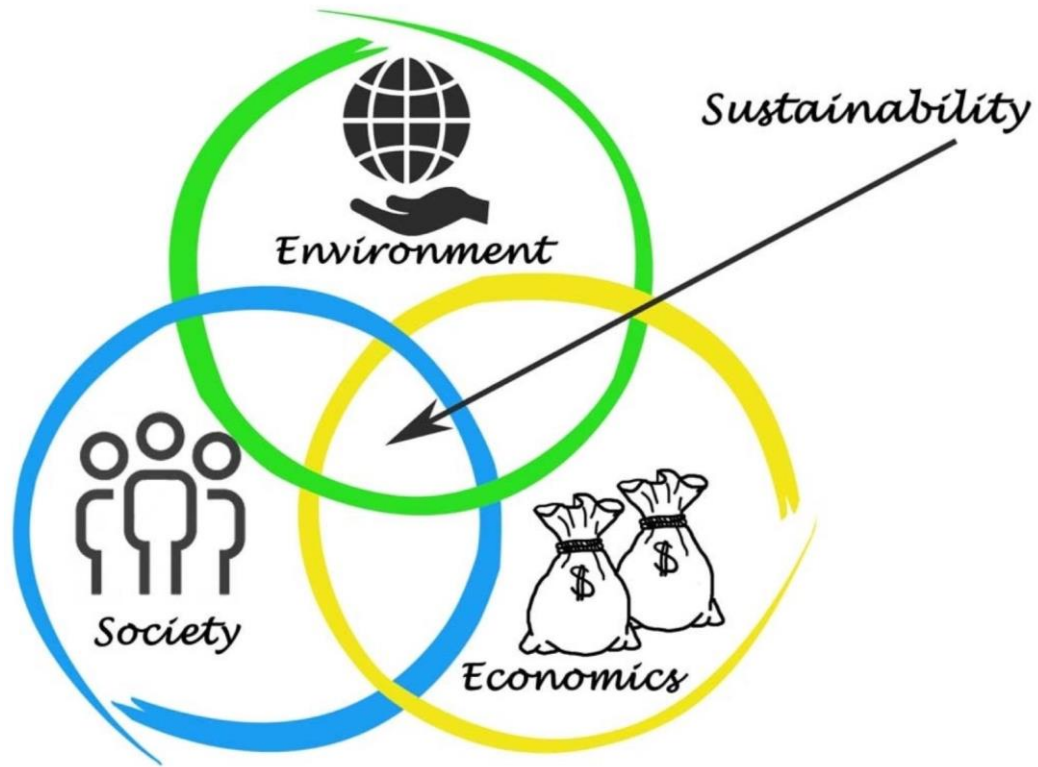
- Create NM Companies & Jobs
- Available to all investors in NM

Investment Partner Criteria

- **Qualifies to be lead investor**
- Will provide a **2:1 match of funds**
- Has **experience in sourcing, vetting and investing in companies**
- Has **investment experience in bio-related industry**
- Has **existing capital for co-investment and is currently investing in bioscience companies**

Co-Investment Model is Self-Sustaining

Next Steps to Consider



- **All size municipalities can benefit.**
- More capital is needed, to grow the bioscience industry. The more capital there is, the more activity will occur.
- Need capital across spectrum of economic activity.
- Include Main street businesses to higher tech companies.
- In bioscience space, this includes high tech companies making new drugs or devices, but also light manufacturing or distribution shops.

\$25M Co-Investment Program Request



Will invest over 5 years



Co-Investment of state and private dollars through LLC to start new companies or recruit companies



Will Invest in all stages of business growth (pre-seed, Series A, B,C; Main Street and high tech)



LLC will invest \$100K to \$1.5M per company



If successful, will return funds so program will be self-renewing and sustainable.



Will build economy throughout state.



Selection of Pilot Program Co-Investment Partners Timeline

- July 2021 - Issued Request for Proposal (RFP) through UNM Procurement Office per state procurement rules
- September 2021 – Scoring Task Force reviewed applications through UNM Procurement system
- October 2021 - Following approved evaluation criteria, the Scoring Task Force selected co-investors they will recommend to the full Board of Directors
- Formation of LLC or limited partnership agreement through contract with co-investment partner that takes equity or equivalent



Co-Investment Fund Organization

Roles & Responsibilities of Investment Partner

- Seasoned investor with at least 5 years experience investing in New Mexico based companies
- Not related to anyone on the NMBSA Board of Directors
- Independently vets prospective bioscience companies to invest in and then presents options to NMBSA BOD to agree on decision as part of the 50/50 governance of the LLC
- Contributes 2-1 match of NMBSA funding to bioscience companies

Roles & Responsibilities of NM BSA

- Selects co-investment partner using evaluation criteria approved by UNM Procurement Office following State procurement guidelines
- Enters into a limited partnership or LLC with seasoned investor with equal governance over investment into company to ensure effective oversight of state funding
- Provides \$1 for every \$2 investment partner invests in agreed upon company

Good for Business = Good for New Mexico

Return on Investment (ROI) for New Mexicans

- For each bioscience job, four more jobs are spun out because of supply chain and impacts
- For every dollar put in by state of NM funds, there will be a \$2 match by our co-investment partner
- Selection process will be transparent, and qualifications based following same protocols as SIC
- Companies supported will include stipulations that they stay in NM once they exit
- Will support all municipalities and counties in NM

Funding Source for Co-Investment Fund

- General Fund funding through the State budget
- Strategic Investment in a growing industry
- Diversify the economy
- Attract more bioscience jobs to NM
- Create a sustainable source of funding
 - Accumulate additional funds through investment company exits and growth

Other New Mexico Bioscience Authority Programs

Community Readiness Program

SBIR/STTR Bioscience Business Accelerator Program

Centralization of State Resources for Bioscience Inventors, Entrepreneurs, and Investors

Newsletter

NM Bioscience Authority Success Stories

Community Ready Zones are attracting new businesses

- Five businesses have started or relocated to community ready zones certified in Albuquerque since 2019.
- 45 highly skilled employees included



“Without the New Mexico Bioscience Authority, Bright Path Labs would not be in New Mexico.”

Tony Quinones

CEO, Bright Path Labs



Questions?

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<https://www.nmbioscience.org/>