




January 16, 2018

To: Mayor Teresa Jacobs  
-AND-  
Board of County Commissioners

From: Ajit Lalchandani, County Administrator 

Subject: Sanford Burnham Prebys Medical Discovery Institute  
Discussion Agenda Item - January 23, 2018

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At our January 23, 2018 meeting, the Board will hear presentations from Florida Hospital and the University of Central Florida regarding their proposals for the transfer of the medical research facility currently occupied by the Sanford Burnham Prebys Medical Discovery Institute (SBP) at Lake Nona. As has been covered extensively in the media, SBP is winding down its operations at the Lake Nona campus and does not intend to continue its Florida operations.

SBP's Lake Nona research medical facility and campus is the product of what was at the time a highly celebrated economic development package involving the state, Orange County, City of Orlando ("City") and Lake Nona Land Company, LLC ("LNLC"). In 2006, the state approved over \$155 million to incentivize SBP's expansion to Florida from its California base and required a local match at least equal to that amount; making the total economic package in excess of \$300 million.

For the local match, the County, City and LNLC provided the majority of the funding as summarized below:

**Capital (temporary and 175K sq. ft. medical research facility):**

✓ County	\$40.7 million
✓ City	\$32.7 million
✓ LNLC	<u>\$ 7.6 million</u>
	\$ 81.0 million

**Operating:**

✓ LNLC	\$10 million
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**Philanthropy Guarantee:**

- County	\$ 5 million
- City	\$ 5 million
- Philanthropy Guarantee never requested or paid	

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**Donated Land (50 acres):**

- ✓ LNLC \$ 13.5 million
- ✓ 12 acres for medical research facility
- 38 acres surplus land for cluster life science companies (never transferred as contemplated in the agreement)

**Other:**

- Off-site infrastructure, tissue donation, promotion, and Lake Nona home and membership

In general, the state provided funding for operations, while the collective contributions from the County, City and LNLC primarily provided funding for the state-of-the art medical research facility. The local contributions were negotiated through a complex set of legal documents, including a ground lease, grant agreement and funding parties agreement. Under these documents the County, City and LNLC are collectively the “Funding Parties.”

These agreements contemplated the eventual ownership transfer of the medical research facility to SBP after the establishment of 303 jobs by the tenth year of operations, or upon meeting 90% of this goal for three consecutive years between the eleventh and fifteenth year of operation. The agreements also provided a reverter provision remedy in the event of an uncured default by SBP, including “ceased operations.”

As SBP has continued to wind down its Florida operations, potential tenants for the research facility have surfaced. Initially in 2016, SBP entered into detailed discussions with the University of Florida to transfer the facility and equipment; however, the University of Florida pulled out of the discussions after lack of support from the state. SBP then entered into discussions with Florida Hospital and ultimately presented a proposal to the Funding Parties. Subsequently, UCF expressed an interest in the research facility and came forward with their proposal.

Since the county provided in excess of a \$40 million contribution for this economic incentive, the Mayor directed staff to schedule both of these proposals to be presented at a board meeting to ensure the financial terms and benefits are discussed, and the options for the medical research facility are publicly vetted. Although no action is being requested of the Board, staff is seeking Board direction.

AML/lm

c: Jeffrey Newton, County Attorney  
Eric Gassman, Deputy County Administrator  
Lila McHenry, Senior Assistant County Attorney  
Eric Ushkowitz, Economic Development Administrator