

# **Sanford Burnham Prebys Medical Discovery Institute (SBP)**



**Board of County Commissioners  
January 23, 2018**



# Background



- **2006 - SBP announces Orlando (Lake Nona) expansion**
  - **Economic incentive package in excess of \$300 million, including:**
    - **State - \$155.3 million**
    - **Orange County - \$40.7 million**
    - **Orlando – \$32.7 million**
    - **Lake Nona – \$17.6 million plus land**

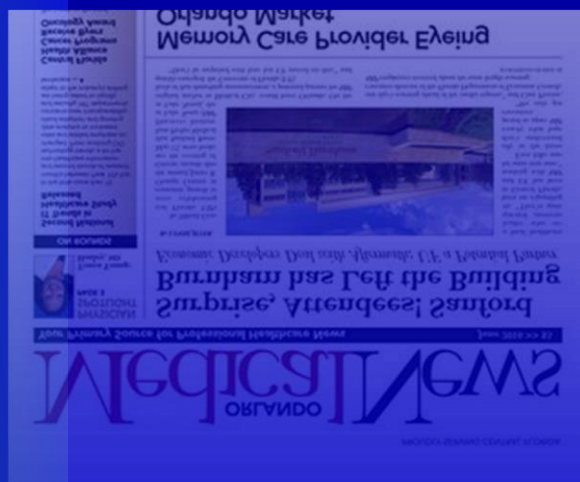


**BURNHAM INSTITUTE**  
*for MEDICAL RESEARCH*



# Background

- 2016 - SBP plans to close its operations at the Lake Nona facility
- SBP enters into discussions to transfer facility and equipment
- University of Florida – Ultimately withdraws proposal
- Florida Hospital proposal
- UCF proposal





# Outline



- **Legal Framework**
- **Proposals:**
  - **Florida Hospital Proposal**
  - **UCF Proposal**
- **Board Direction**



# Outline



- **Legal Framework**
- **Proposals:**
  - **Florida Hospital Proposal**
  - **UCF Proposal**
- **Board Direction**

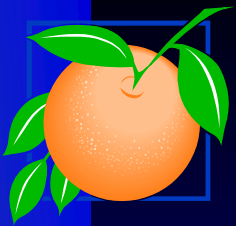




# Legal Framework



- **State: Funding for operations under separate agreement**
- **Local Funding Parties**
  - **Orange County, City of Orlando, and Lake Nona Land Company, LLC (LNLC)**
  - **Provided funding for:**
    - **Temporary facility (\$2 million)**
    - **Permanent facility (\$79 million)**



# Legal Framework

- **LNLC donated 12 acre site for permanent facility**
- **LNLC was to donate 38 acres for industry cluster development (never transferred)**





# Legal Framework

## Primary Legal Documents

- **Grant Agreement: Local Funding Parties and SBP**
- **Local Funding Parties Agreement**
- **Two Gift Agreements**
  - **Permanent Facility Site**
  - **Surplus Land Site**
- **Ground Lease**



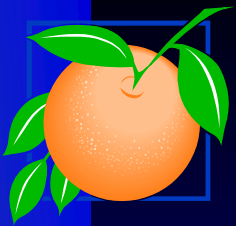




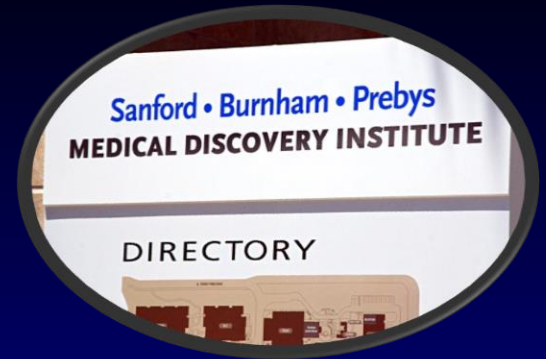
# Legal Framework

- **County to own land and lease ground to SBP**
- **SBP:**
  - **Own and operate the biomedical research facility**
  - **Establish and maintain 303 jobs at agreed upon wage level by 10<sup>th</sup> year of operation**
  - **Provide reports**





# Legal Framework

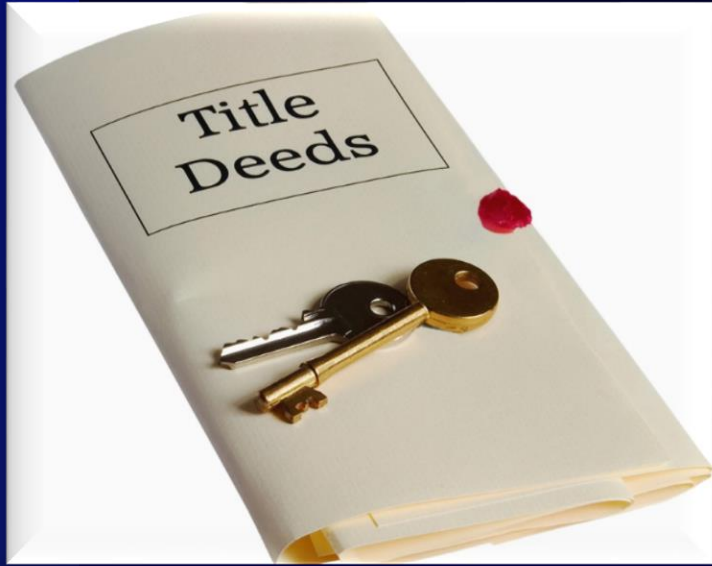


## Ground Lease

- 15 year initial term
- Contemplated title transfer to SBP after it established 303 jobs at agreed wages for three consecutive years during first 10 years of operation, or after meeting 90% of that goal for three years between the 11<sup>th</sup> and 15<sup>th</sup> year of operation

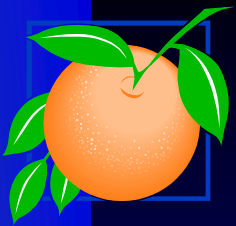


# Legal Framework



## Ground Lease (Cont.)

- If jobs commitment not met at the end of the 15<sup>th</sup> year, then term is automatically extended to 25 years
- If SBP fails to achieve Job Commitment at end of term, SBP must convey the Permanent Facility to the Local Funding Parties



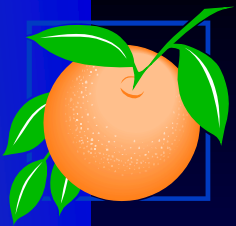
# **Legal Framework**

## **Options for Medical Research Facility**

**Prior to a default (current status):**

- **Voluntary termination of Ground Lease with the consent of the Local Funding Parties and SBP**
- **Parties can agree to transfer, lease, sell or put facility to other use**





# Legal Framework



## Options for Medical Research Facility

**In the event of a default:**

- **If less than 1/2 of Job Commitment, SBP considered to have "Ceased Operations"**
- **Local Funding Parties may terminate after notice of default and 45-day cure period**
- **After termination, Permanent Facility reverts to Local Funding Parties**





# Legal Framework

- **After termination:**
  - **Funding Parties meet to establish FMV of Permanent Facility and site**
  - **Determine course of action:**
    - **Public auction without sealed bids**
    - **Lease**
    - **Other action**
  - **Absent a unanimous decision after 30 days, facility to be sold through public auction**
    - **Funds split based on pro-rata contribution**



# Outline



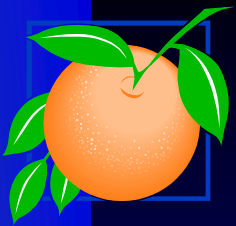
- **Legal Framework**
- **Proposals:**
  - **Florida Hospital Proposal**
  - **UCF Proposal**
- **Board Direction**



# Outline



- Legal Framework
- **Proposals:**
  - Florida Hospital Proposal
  - UCF Proposal
- Board Direction



# Outline



- Legal Framework
- **Proposals:**
  - Florida Hospital Proposal
  - **UCF Proposal**
- Board Direction



# Outline



- Legal Framework
- Proposals:
  - Florida Hospital Proposal
  - UCF Proposal
- Board Direction

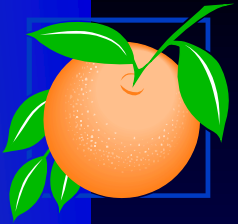




# Next Steps

## **Meeting of Funding Parties:**

- 1. Create an open process consistent with Chapter 125 Fla. Stat. for sale or lease**
- 2. Select one of the proposals and negotiate transfer & new lease**
- 3. Wait for default (If no unanimous vote - disposition by public auction)**



# **Board Direction**

**Board direction regarding  
the medical research  
facility currently occupied  
by SBP**