



get the **FAQs**



HOW ARE THE CITY OF PORT ST. LUCIE AND CLEVELAND CLINIC FLORIDA WORKING TOGETHER REGARDING FLORIDA CENTER FOR BIO-SCIENCES FACILITY?

Cleveland Clinic proposes to create a translational vaccine and immunotherapy institute in the FCB building that will become the focal point for development of therapies across the areas of cancer, neuroscience, infectious disease and allergies. Australian-based research company Vaxine would co-occupy the building. The goal of the collaboration with Vaxine is to create a minimum of 100 jobs above the average wage over five years.

The City Council on Aug. 26 will consider a 15-year lease with Cleveland Clinic Florida with options to purchase the building.

WHAT IS THE FLORIDA CENTER FOR BIO-SCIENCES FACILITY?

FCB is a 107,000 square-foot, highly specialized, level 3 bio-tech facility with clean rooms, wet labs and relevant equipment. As part of its vision to create a new economic pillar for the City, a previous City Council approved an agreement with the Vaccine and Gene Therapy Institute to open a research institute in the building, as a jobs creator and an anchor to the Tradition Center for Innovation. In the midst of the Great Recession, VGTI defaulted on its commitment to operate and pay debt service on the building, leaving the City responsible for the debt service payments.

In 2015, the building was transferred to a Receiver tasked with disposing the assets and recovering value for the bond holders. The City took possession of the building in August 2017, and the building was rebranded as the Florida Center for Bio-Sciences. The City has actively marketed the building for sale.

WHY DOES PORT ST. LUCIE STILL HAVE TO PAY THE DEBT SERVICE AND HOW MUCH DOES THAT COST?

The outstanding bonds on this facility total \$57,875,000 as of August 2019. When the previous Council approved the partnership with VGTI, the City agreed to guarantee the bond payments if VGTI defaulted. That is why the City must pay this debt service. The City is obligated to make these payments even if the building is sold. The City Council has since set new policy that does not allow this type of economic development incentives (guaranteeing bonds) to happen anymore.

CAN CLEVELAND CLINIC BUY THE BUILDING?

Yes, under the proposed lease with options to purchase, Cleveland Clinic can purchase the building for \$14.5 million, which is the most recent appraised value. In an effort to encourage the creation of high-wage employment in the building, purchase price reductions have been included if Cleveland Clinic reaches certain job-creation milestones.

FAQ

WHAT WOULD HAPPEN IF CLEVELAND CLINIC DOES NOT PURCHASE THE BUILDING WITHIN 15 YEARS?

The building would return to the control of the City, unless a new lease is entered into with Cleveland Clinic.

WHAT IS PROPOSED UNDER THE TERMS OF THE LEASE AGREEMENT BETWEEN CLEVELAND CLINIC AND PORT ST. LUCIE?

The 15-year proposed lease includes options to purchase the building for \$14.5 million.

Cleveland Clinic would pay \$1 a year and the new occupants would assume full responsibility for all building maintenance, operating expenses and the payment of special assessment district fees and community development district fees. Cleveland Clinic would be responsible for the direct and indirect cost associated with the recruitment and employment of research scientists. The proposal would result in a reduction of \$1.5 million in expenses that are incurred annually by the City. The City would be responsible for the annual debt service on the building.

WHAT HAPPENS IF CLEVELAND CLINIC BUYS THE BUILDING AND THEN SELLS IT?

If Cleveland Clinic purchases the building and subsequently sells it, then Cleveland Clinic will share net proceeds with the City of Port St. Lucie. Under the proposal, Cleveland Clinic must continue research in the building and maintain its brand on the building for a period of 10 years from the lease date if the building is acquired and subsequently sold.

WHY LEASE THE BUILDING RATHER THAN DIRECTLY SELL IT?

The City has attempted to sell this highly specialized research facility for more than four years without success. Several major characteristics of the building have impeded a sale, including its size and the fact that it was built for this specialized research. The City Manager is recommending this lease because partnering with Cleveland Clinic and its renowned, international reputation would fulfil the City's long-held vision for the facility to be a preeminent bio-science research facility and bring transformational economic development to the City's jobs corridor. It also would relieve the City of the burden of maintaining, repairing and paying taxes and assessments on it. It will bring the City's original concept of developing a new pillar of the local economy back to life.

HOW WOULD THIS LEASE AGREEMENT BENEFIT THE CITY OF PORT ST. LUCIE?

Other benefits include:

- Establishing Port St. Lucie as a major hub for Cleveland Clinic Florida.
- Creating a minimum of 100 jobs in the first five years of the lease, with an average wage that is 25 percent above the average wage in St. Lucie County.
- Cleveland Clinic's international reputation and brand will attract private and public research and investment dollars, which could create spin-off businesses in Port St. Lucie.
- The City will no longer fund operational and maintenance spending on an empty building saving a minimum of \$1.5 million annually.
- The City will not have to pay for potentially costly building repairs.

It is important to note that the Economic Development Council of St. Lucie estimates that the minimum of 150 jobs proposed for the building would generate \$8.3 million in direct wages.

WHAT ARE THE NEXT STEPS?

The City Council will vote on the proposed lease agreement at its meeting on Monday, Aug. 26, 2019. If they approve it, staff will prepare a lease agreement and it would return to the City Council in September for final approval, and it would take effect on Oct. 1, 2019.