



W. Kent Fuchs
President

226 Tigert Hall
PO Box 113150
Gainesville, FL 32611-3150
352-392-1311
352-392-9506 Fax

May 31, 2016

Cynthia Kelly
Budget Director
Office of the Governor
The Capitol
Tallahassee, FL 32399-0001

Dear Ms. Kelly,

Thank you for your May 19 letter requesting information regarding the potential transfer of Sanford Burnham Prebys Medical Discovery Institute at Lake Nona to the University of Florida.

Detailed responses are provided in the enclosed document.

Warm regards,

A handwritten signature in blue ink that reads "W. Kent Fuchs". The signature is written in a cursive style and is positioned above a thin horizontal line.

W. Kent Fuchs

**Proposal by the University of Florida for the Sanford Burnham Prebys Medical Discovery
Institute at Lake Nona Facility**

The University of Florida (UF) is offering a proposal that takes the assets currently constituting Sanford Burnham Prebys (SBP) Medical Discovery Institute at Lake Nona and, under UF stewardship, continues the vision of building an internationally recognized biomedical research enterprise in Lake Nona that will serve as a catalyst for economic development in the region and beyond. UF has the institutional stature, resources, and commitment to foster a research enterprise that will be sustained through external research funding. This will be achieved by building on the existing scientific programs within SBP at Lake Nona; adding new researchers in complementary areas of investigation; creating scientific synergies with faculty across UF on both the Gainesville and Lake Nona campuses; leveraging support infrastructure within the Gainesville campus; establishing collaborative science with the University of Central Florida; and enhancing research partnerships with industry and regional health care organizations.

UF is one of the leading research universities in the country and the largest research enterprise in the State of Florida, bringing in more external research funding from federal agencies, industry, and foundations than any other public or private organization. UF is uniquely suited for this endeavor as it will leverage its research capacity, competitiveness, and commitment to the state to foster robust growth in the biomedical research enterprise at Lake Nona that will lead to impactful biomedical discoveries and foster economic growth. This opportunity, while challenging, is strongly aligned with UF's core mission to conduct transformative research that impacts the health and well-being of current and future generations, as well as to catalyze economic development. The UF research effort at Lake Nona will address health issues of national importance, continuing the research in cardiovascular disease, diabetes and related disease, and drug discovery, with a complimentary initiative on cancer research that will facilitate UF's pursuit of National Cancer Institute (NCI) designation. If supported by stakeholders, both at the state and local level, and approved by UF's governing boards, this endeavor not only provides a positive path forward for the SBP at Lake Nona facilities and programs, but will also enable UF to accelerate its trajectory to becoming one of the premier research universities in the US.

Process

1. What role did Sanford-Burnham board members have in steering the proposed transfer to the University of Florida (UF)?

The role of the SBP Board of Trustees in SBP's decision to approach UF with a proposal to transfer their Lake Nona assets to UF would need to be addressed by SBP. Initial introductions between SBP and UF leadership were made by Dr. J. Bernard Machen, SBP Board Chairman and President Emeritus at the University of Florida. With the exception of these introductions, it is UF's understanding that Dr. Machen has recused himself from SBP board business relative to the proposed UF/SBP agreement.

2. What is the timeline and what approval steps do you envision must be undertaken for this transfer to be concluded?

After being approached by SBP and subsequently developing a framework whereby this transfer might occur, the university is now poised to develop an agreement with the Florida Department of Economic Opportunity, the City of Orlando, Orange County, and the Lake Nona Land Company that provides approval and terms under which UF may receive the SBP at Lake Nona building, land, assets, and residual funds for continued operation as a biomedical research facility. UF and SBP have negotiated an Asset Transfer Agreement that codifies SBP's intent to transfer the referenced assets subject to the approval of the above listed parties. Each of these agreements is subject to approval by the UF Board of Trustees and the State University System Florida Board of Governors. As to timeline, SBP has proposed a closing date target of June 30.

3. How will you effect UF approval as well as Board of Governor's approval?

UF will need to develop an agreement with the Florida Department of Economic Opportunity, the City of Orlando, Orange County, and the Lake Nona Land Company that provides approval and terms under which UF may receive the SBP at Lake Nona building, land, assets, and residual funds for continued operation as a biomedical research facility. The university will engage the State University System of Florida Board of Governors and the UF Board of Trustees in developing this agreement prior to seeking approval by these two governing bodies.

4. Is legislative approval of the proposed transfer envisioned?

Due to the complexity of this transaction, UF will work with the state to determine if legislative approval is required.

The Deal:

1. If the proposed transfer is not completed, will Sanford-Burnham continue operations and, if so, for how long?

UF has not been provided with SBP's specific plan of action in the event that the proposed transfer does not occur.

2. Please detail exactly what is being transferred between Sanford-Burnham and University of Florida in the proposed agreement, considering the parties involved in the original agreement were Orange County, City of Orlando, University of Florida (UF), University of Central Florida (UCF), and Lake Nona Land Company, LLC.

The proposed agreement would transfer the SBP at Lake Nona building and assets, including equipment, to UF for continued operation. The land occupied by the SBP at Lake Nona building is owned by Orange County and will require a separate negotiated agreement for transfer. The residual fund balance provided to SBP from various sources, including the Florida Department of Economic Opportunity, would be transferred to UF. The residual fund balance would be used to support the SBP at Lake Nona facility during a transition to a sustainable model and is critical in achieving this transition with the current operation.

3. Please detail how the proposed transfer is a good deal for the state.

When SBP approached UF proposing the transfer of its Lake Nona operation to the university, the near- and long-term benefits to the state, City of Orlando, and Orange County were clear.

- Despite SBP leaving Orlando, the SBP at Lake Nona facility and associated research programs would remain and continue to serve as a biotech cornerstone, both locally at Lake Nona and within the statewide biomedical research enterprise.
- The excellent research by SBP at Lake Nona in cardiovascular disease, diabetes and related disease, and drug discovery would continue and the outstanding researchers would have the opportunity to remain. The university will seek to retain and nurture the researchers and programs if this proposal is approved.
- UF will recruit new world-class researchers, initially in cancer and drug discovery, for the

Lake Nona operation. The recruitment of researchers to Lake Nona will primarily focus on individuals who have an established track record in securing funding through federal grants and awards. A UF Lake Nona initiative in cancer will greatly assist UF in its goal of becoming only the second institution in Florida to secure National Cancer Institute (NCI) designation.

- The facility and activities will continue to serve as a catalyst for economic growth at Medical City in Lake Nona.

Quite frankly, we see no viable alternative, either within or outside the state, that would continue the SBP at Lake Nona mission and realize its promise. UF's research strength, its proximity to Orlando, and its commitment to the state make it unique.

- UF will leverage its research prowess and large research portfolio to realize and perhaps exceed the original vision in building and growing an internationally recognized biomedical research enterprise at Lake Nona.
- Sustainability and growth of this research enterprise must be driven by non-state funding, an objective that will be undergirded by UF's significant competitiveness in securing research contracts and grants from external sources.
- The combination of the SBP at Lake Nona facility with the adjacent UF Research and Academic Center at Lake Nona yields a critical mass of biomedical research under one organization that will be better poised to fulfill the mission originally envisioned for the investments made a decade ago — to create and sustain an internationally recognized biomedical research enterprise at Lake Nona that will lead to impactful biomedical discoveries and foster economic growth.

4. What is the Return on Investment (ROI)? How will the ROI be calculated if the required job creation employees are state employees of UF?

If the proposed asset transfer is approved, there are several measureable ROI metrics that are important to the state, to the Orlando area, and to UF. Although individuals filling the positions at the SBP at Lake Nona facility under UF would be state employees, the funding for their positions would largely be from extramural, non-state sources. Thus, the ROI can be measured as the increment in extramural funding — measured in jobs and/or dollars. Since no incremental support is requested from the state other than PO&M costs, and since we are confident in significant growth in extramural grants and contracts, ROI is expected to be quite high.

Reliance on extramural research funding is, in fact, the modality for UF research intensive efforts in the sciences, engineering, and health care where research requires significant resources. The University of Florida is quite competitive in securing extramural funding. In 2015, UF was awarded \$624 million from federal agencies, industry, and private foundations. Continuing and growing the research portfolio at

Lake Nona, again focusing on extramural funding to do so, is critically important to a state that is working to catch up to its peers in terms of R&D activities and associated jobs. A study by the National Science Foundation showed that, despite being the 3rd largest state by population, the State of Florida ranked 14th in total R&D spending (public and private sector), and 36th in R&D intensity, defined as R&D spending as a percentage of the state's GDP. Growth in R&D activities supported by non-state funding from the federal and private sectors is a critically important contributor to the future economic security of the state. This extramural, non-state research funding from federal agencies, industry, and foundations will be the immediate focus for funding for the UF employees within this research facility. As is the case for many of our major research institutes and centers, UF will also pursue private support for its Lake Nona activities through philanthropy.

Furthermore, the overall UF research enterprise at Lake Nona will yield private-sector jobs through technology transfer, startups, and collaborative R&D with companies and other research entities. UF consistently ranks in the top 10 among all universities, private or public, in the formation of startups and in licenses/options on intellectual property. In 2015, UF generated 15 startups and executed 80 licenses and options on intellectual property. By comparison, SBP, combining the La Jolla and Lake Nona operations, reported 1 startup and 5 executed licenses in 2013 (most recently reported data). In the life sciences alone, UF ranked 10th in licenses and options executed with 31 in 2014. Companies emerging from our biotechnology incubator have attracted more than \$1.35 billion in funding, merger and acquisition (M&A) activity. Last year, UF technology licensing companies infused more than \$1 billion into the state of Florida and accounted for the employment of more than 10,600 people according to a recent economic impact study. In the past 14 years, the UF Office of Technology Licensing has launched more than 175 biomedical and technology startups. These include Applied Genetic Technologies Corp – a NASDAQ listed company that uses gene therapy to develop long-lasting treatments for patients with genetic disorders; AxoGen – also NASDAQ listed whose focus is on providing surgeons with solutions to repair and protect peripheral nerves; Shadow Health - a multidisciplinary educational software developer that started in 2012 with 2 employees and has grown to 50; Xhale – a creator of novel patient-centric monitoring solutions, from patient monitoring to medication adherence to anesthesia monitoring; and more recently Florida Biologix – a 120-plus employee company formed in 2015 that provides drug development services and was recently merged with a Massachusetts-based company to form Brammer Bio.

5. Please explain how is it a good deal for the state to add new state employees as the end result of the state's \$155 million investment?

As stated in response to question 4, the individuals filling the positions at the SBP at Lake Nona facility under UF will be state employees, but the funding for their positions will largely be from external non-state sources. The UF business model for the site focuses on extramural, non-state research funding as the primary means to support the research activities. In particular, extramural, non-state research funding from federal agencies, industry, and foundations will be the source of funding for the majority of UF employees within the research laboratory. UF will also deploy revenue-generating programs in biomedical-related training and services. In particular, there are opportunities to expand the pharmacy-benefit management program started in the adjacent UF Academic and Research Building. Thus, although more state (UF) employees will be added to the Lake Nona site, these employees will be paid from extramural, non-state sources. In addition, UF will aggressively seek to create private sector jobs in the Orlando/Orange County area through technology transfer, startups, and collaborative R&D with companies and other research entities.

The university recognizes the significant investments made by the state, the City of Orlando, Orange County, and Lake Nona Land Company, the motivation for these investments, namely to create new jobs in Florida, and the tremendous responsibility UF will have in stewarding these resources for their intended purpose. If stakeholders at the state and local level, along with UF's governing boards, are supportive of this proposal, UF will commit to fulfilling the mission originally envisioned a decade ago — to create and sustain an internationally recognized biomedical research enterprise at Lake Nona that will lead to impactful biomedical discoveries and foster economic growth.

6. Will Sanford-Burnham reach its job creation goal of 303 private-sector employees as well as its required equipment investment of \$61 million due by June 30, 2016? What action can be taken against Sanford-Burnham regarding withholding final disbursement from the SBA if UF expects to be the recipient of those funds?

This question should be addressed by SBP.

7. If the state agreement with Sanford-Burnham is transferred to UF, how will the state enforce an agreement with another state entity if job creation goals are not met or maintained as required in the agreement? Will the state be in the position to penalize another state entity?

The University of Florida clearly recognizes the challenges presented within the terms, conditions, and consequences if UF, a state entity, accepts assignment under the original agreements. UF will rely on the Board of Governors and the UF Board of Trustees for guidance in developing an agreement with the Florida Department of Economic Opportunity, the City of Orlando, and Orange County with terms and conditions that are suitable and acceptable for UF.

- 8. If UF assumes ownership of the assets and equipment, (the state agreement specified \$61 million in equipment purchases) how will the state enforce its security interests in the equipment if UF fails to meet the agreement requirements or decides at a later date to wind down the operation? The security interest expires on the 10th anniversary of the current agreement (in 2016), so will a new security agreement be concluded as part of the new arrangement?**

The University of Florida again recognizes the challenges presented within the terms, conditions, and consequences if UF, a state entity, accepts assignment under the original agreements. UF will rely on the Board of Governors and the UF Board of Trustees for guidance in developing an agreement with the Florida Department of Economic Opportunity, the City of Orlando, and Orange County with terms and conditions that are suitable and acceptable for UF.

- 9. What happens to the current Sanford-Burnham employees if a transfer is completed?**

As one part of the scientific enterprise envisioned, UF plans to continue the outstanding research programs within SBP at Lake Nona. UF will seek to retain and nurture the research programs in cardiovascular metabolism, diabetes and related diseases, and drug discovery that currently exist within SBP at Lake Nona, while also recruiting new world-class researchers, initially in cancer and drug discovery. UF anticipates an initial reduction in workforce at the Lake Nona site as it leverages existing UF infrastructure to create administrative efficiencies and eliminate redundancy, and as it reduces non-revenue generating activities. However, we anticipate rapid recovery in the number of employees at Lake Nona through growth in revenue-generating programs. Within a decade, UF anticipates total staffing for UF Lake Nona employees to exceed 350 through continued growth of revenue-generating programs with external (non-state) revenues of \$25-30M/yr.

- 10. What happens to the intellectual property (IP) that Sanford-Burnham has gained while using taxpayer funded equipment, buildings, and scientists?**

It is UF's understanding that SBP will retain the rights to IP generated by SBP at Lake Nona employees per the terms of their agreements with the original funding partners.

11. Will the IP be transferred to UF since under the state agreement the Awardee has exclusive ownership of IP and UF intends to be the Awardee of up to \$14 million in incentive funds remaining to be distributed from the SBA?

It is UF's understanding that SBP will retain the rights to IP generated by SBP at Lake Nona employees per the terms of their agreements with the original funding partners. Also note that UF does not anticipate pursuing assignment as Awardee under the existing SBP agreement. Instead, UF will pursue a new agreement with the state and other funding parties.

12. If UF is not pursuing the IP gained by Sanford-Burnham as part of the transfer, why not? Although the assets and equipment are valuable, isn't the IP the point of all the research activity? Will all the research through UF be new research with new scientists or will any of the efforts and discoveries by Sanford-Burnham be pursued?

Regarding IP, the original Innovation Incentive Funding Agreement Between Office Of Tourism, Trade, And Economic Development And Burnham Institute For Medical Research explicitly states that, "all discoveries, inventions and other technology developed by or on behalf of Awardee as a result, either directly or indirectly, of Awardee's operations or its employees' activities shall be owned exclusively by Awardee, and neither OTTED nor Trustee shall have any legal interest, right or license in any such discoveries, inventions and other technology." UF has no standing on which to pursue IP gained by SBP.

SBP scientists who are offered employment as new UF research faculty will be treated the same as any UF faculty hire coming from another institution. The rights to IP disclosed prior to employment at UF remain with the previous employer per their IP policy. With few exceptions, the disposition of IP prior to joining UF has little or no effect on a new researchers' ability to pursue lines of research and discovery.

While IP is one important aspect of the biomedical research enterprise, the primary point of biomedical research is to make discoveries that improve health and saves lives. UF strives to be at the forefront of these discoveries, recruiting talented faculty who want to make a difference in the world by creating knowledge that benefits current and future generations. In some instances, these efforts yield inventions that need to find their way to the private sector in order to make an impact. UF is one of the best universities in the US at licensing technologies and creating startups that translate laboratory discoveries

into real world solutions.

13. Will the employees involved in current research be let go because of IP issues?

IP issues will have no impact on hiring decisions.

14. Will UF repurpose the remaining state funds in reserve with Sanford-Burnham (\$18 million) and at the State Board of Administration (SBA) (\$1.4 million)?

All residual funds provided to UF, including funds provided by the state, will be used to support the Lake Nona operation through its transition to a sustainable model. The university may seek to flexibility in how funds are allocated between equipment and operational funding categories in order to optimize the restructuring and progress towards a sustainable business model.

15. Will UF be the beneficiary of the \$45 million in total cash reserves now held by Sanford- Burnham if a transfer is completed?

SBP has represented to UF that UF will be the beneficiary of the residual cash reserves remaining after SBP has reconciled transition costs associated with its Florida operations. UF understands that this transfer of residual cash reserves to UF must be approved by the Department of Economic Opportunity.

16. How much did UF and UCF contribute to the original agreement to raise the required local match of \$155 million? (Attachment to the state agreement indicates UF-\$10 million and UCF-\$27 million) What were those funds spent on and will UF or UCF or both be the recipient?

Per Expenditure Reports provided to UF by Sanford Burnham, \$10,000,000 was provided to Sanford Burnham by UF in 2007. These reports indicate that these funds were spent on Joint Faculty salaries, benefits, supplies, indirect costs, and laboratory equipment. Please refer to Sanford Burnham Prebys to address this question relative to UCF.

17. Will other state funds (Department of Health) previously received by Sanford-Burnham be transferred to UF?

It is UF's understanding that the FY17 appropriation to SBP for the Florida Translational Research Program will be provided to UF either by reassignment or by subcontract from SBP to UF if approved by the Florida Department of Health.

18. How much investment income was earned from the \$155 million appropriation and what is the status of those funds?

UF has no knowledge as to the use of investment income.

19. Will UF seek additional state appropriations to fund the research, building and equipment maintenance, and employee salary/benefits following the \$155 million state appropriation?

The university expects to continue the state-funded Florida Translational Research Program (FTRP) which provides Florida-based scientists access to experienced professionals and the state-of-the-art technology for drug discovery that currently resides at SBP at Lake Nona. As with all UF facilities, Plant Operations and Maintenance (PO&M) funding is anticipated for the building. UF has no plans to seek additional state appropriations for the Lake Nona site.

20. If over 10 years Sanford-Burnham was unable to obtain a stable grant funding stream through its business plan to remain in Florida, how will UF be more effective than Sanford-Burnham in obtaining Federal grants to sustain research and pay for employees' salaries and benefits?

The University of Florida is convinced that, given its proximity to Orlando, research success, and mission of service to the entire State of Florida, it is better positioned than SBP for this endeavor.

- UF is one of the top research universities in the country and the premier research enterprise in the state. UF's annual research awards are over \$700 million compared to ~ \$100 million for the combined SBP La Jolla and Lake Nona operations. UF brings to Lake Nona a stellar record of accomplishment in biomedical research with approximately \$268 million in total research funding for the two College of Medicine campuses and \$150 million in NIH across the university.
- UF has a deep pool of potential collaborators that reside two hours away by car versus 2100 miles by plane as is the case for the SBP main campus in La Jolla. The ability to build collaborative teams between the Gainesville and Lake Nona faculty strengthens the competitiveness of efforts at both locations.
- This proximity also provides UF with greater flexibility in recruiting research faculty as they could engage in teaching or clinical activities in Gainesville if desired.
- The University of Florida is able to recruit faculty researchers with funding profiles as good as the very best that currently reside at SBP at Lake Nona.

- In recent years, UF has been successful in obtaining large program and center grants. This becomes more likely for Lake Nona researchers under the UF banner through collaboration among a wider range of scientists across the UF research enterprise.

The proposed business model for the SBP at Lake Nona operation under UF management and leadership differs little from that used for other research-intensive units both on and off the Gainesville campus.

- At the UF health science colleges where each of the initial Lake Nona faculty would be appointed, it is expected that faculty members who serves as Principal Investigators will bring in 70%-80% of their total research costs through research grants and contracts. This typically involves 50% or more of the faculty member's salary and 100% of all supplies and staff salaries, including research-track junior faculty, technicians, graduate students, etc. who comprise the research group. The remaining 20%-30% "gap" is provided by UF from a variety of sources.
- Research operations remote from the Gainesville infrastructure will typically incur a fixed but manageable support cost that is offset by returned indirect costs as the number of researchers is increased.
- Within the UF biomedical research portfolio, UF finds that for every \$1 strategically invested into productive research groups, \$2 to \$4 of additional extramural funding is realized.
- The proximity to the adjacent UF Academic and Research Center at Lake Nona, as well as to the campus in Gainesville, provides UF with opportunities to improve efficiencies in reorganizing workforce assignment, consolidating some administrative and support functions that are duplicative with the adjacent building or provided through the main campus.
- The university will utilize the residual funds provided by SBP to enable this transition.
- The end result will be a financially sustainable and stable work environment where researchers can focus on securing grants and advancing their research.
- For the Lake Nona operation, a commitment has been made by the Vice President for Research and the Sr. Vice President for Health Affairs to fund the "gaps" between total expenses and total extramural funding.

21. Why should UF or even the state, for that matter, be the recipient of this transfer? Shouldn't there be a greater discussion about biotech research and the entities that might also be interested in taking over Sanford-Burnham? Are there other interested parties that are private entities?

The university is unaware of any viable private sector options for continuing this facility's mission as a biomedical research enterprise. When comparing UF to any institution, private or public, within or outside the state, there is no other entity close in comparison relative to this opportunity.

- UF's proximity to Orlando, its research success, and its mission of service to the entire state of Florida makes it uniquely positioned to undertake this endeavor.
- As one of the top research universities in the country and the premier research enterprise in the state, UF brings to Lake Nona an accomplished record in biomedical research with a remarkable cadre of collaborators on the Gainesville campus just 120 miles away.
- UF's proximity provides advantages in recruiting highly talented researchers, not only because of this easy access to collaborators, but also opportunities for faculty researchers to engage in teaching or clinical activities in Gainesville if they desire.
- The proximity to the campus in Gainesville, as well as to the adjacent UF Academic and Research Center at Lake Nona, provides UF with opportunities for efficiencies in administrative, infrastructure, and operational support.
- The combination of the SBP at Lake Nona facility with the adjacent UF Research and Academic Center at Lake Nona will yield a critical mass of biomedical research under one organization that will be better poised to fulfill the mission originally envisioned for the investments made a decade ago — to create and sustain an internationally recognized biomedical research enterprise at Lake Nona that will lead to impactful biomedical discoveries and foster economic growth.

22. If the transfer is completed, shouldn't royalties/ownership interest gains from spin-off companies or IP gained by UF be shared with the state in some manner since UF is essentially receiving a \$155 million state appropriation that did not go through the university funding process?

We believe that treatment of any IP resulting from UF researchers at Lake Nona should be handled the same as all other UF IP in accordance with the University of Florida Intellectual Property Policy and consistent with Bayh-Dole. In doing so, any royalties or other associated income will already benefit the state as UF is a state university. Under the current policy, royalties are distributed to the inventors and to various units associated with the inventors' activities. These funds are then used to further support research within those units. It is important to recognize that the majority of all patents do not result in significant (or any) royalty income. Within the university construct, intellectual property often serves as a launching point for engaging entrepreneurs and investors interested in startups. Occasionally, a licensed patent or UF startup proves

successful enough generate royalty income back to the supporting UF units. Given that, if approved, the Lake Nona site will initially be supported through the transition by residual funds, then wholly supported by internal funds going forward, and given the nature and competitiveness of the sponsored research business, this non-profit operation will reinvest into its programs any revenue emerging from discoveries within its portfolio.

23. What responsibilities will UCF undertake through the Memorandum of Agreement (MOU) between UF and UCF which we understand is in place to jointly recruit faculty for research should the transfer be completed?

UF and UCF have developed a cooperative MOU to provide for joint research activities at Lake Nona. UCF does not assume any of the administrative responsibilities, financial risks or burdens associated with the building or assets proposed to be transferred. The MOU provides that UF and UCF will establish a Medical City Research Council that will consist of research directors from the institutions that are tenants in Medical City (currently Nemours, UF, UCF and the Orlando VA). Collaborative UF-UCF cluster hiring will be pursued to enhance and expand the Consortium's strengths. UCF and UF each pledge a minimum of \$1.75 million per year for 3 years towards the hiring of faculty to work within the consortium. UF will provide UCF access to equipment, core facilities and infrastructure within the former SBP at Lake Nona building that is operated as user/general access equipment and infrastructure at costs consistent with its own internal user fees. Similarly, UCF will provide UF access to UCF equipment, core facilities and infrastructure consistent with its own internal user fees. UF and UCF faculty will team to pursue transformative, large-scale, collaborative extramural contracts and grants that are enhanced by the resources located at Lake Nona. UF and UCF will collaboratively seek external funding for biomedical traineeships. UF and UCF will collaborate to promote the translation of fundamental discoveries in biomedical science research into new business sectors.

24. How will the proposed transfer assist UF in becoming a top 10 university and assist with its performance in research and others areas of focus?

The acquisition of the SBP at Lake Nona assets and facilities represents a unique opportunity to accelerate UF in its core mission to be a national leader in research and discovery. UF will add to its portfolio exceptional scientists, a 185,000 square foot state-of-the-art biomedical research complex with sophisticated equipment, and the opportunity to hire additional talented scientists. This facility already houses

outstanding researchers and associated programs in cardiovascular metabolism, diabetes and related diseases, and drug discovery that UF intends to recruit. UF will also use this facility to recruit new world-class researchers in drug discovery and cancer, the former leveraging the outstanding high throughput screening platform at the facility, the latter central to UF's concerted push to secure National Cancer Institute designation.

The fact that UF would then have two major research facilities side by side creates a UF critical mass at Lake Nona not previously realized. Such critical mass, combined with the infrastructure and scientific breadth and depth in Gainesville, along with the strengthened collaborative partnership with UCF, will position the research enterprise at Lake Nona to fulfill and even exceed the mission originally envisioned — to create and sustain an internationally recognized biomedical research enterprise at Lake Nona that will lead to impactful biomedical discoveries and foster economic growth. Both the increase in research funding and scientific impact will raise the stature of the UF College of Medicine and the UF College of Pharmacy in particular, and the University of Florida as a whole as we tackle the most challenging medical issues and opportunities facing future generations in the state, the nation, and the world.

25. How will UF avoid this proposed transfer from becoming a distraction based on the level of activity necessary just to reach approval as well as ramp up operations and maintain the required contractual performance goals?

UF's Transition Team consists of representatives from human resources, information technology, facilities, accounting, sponsored programs, research operations, legal, university relations, and faculty recruitment. A subset of this group is tasked with negotiating the agreement with all of the funding parties and securing approvals from the UF Board of Trustees and the Florida Board of Governors. The team has already performed due diligence on many aspects relevant to the SBP at Lake Nona operation and the transaction itself. UF initiated these efforts knowing that if it receives approval to move forward, there will be a significant amount of coordinated activity that will need to be executed in a short period of time. As to the operations and performance goals, UF fully embraces the mission of economic development and job creation. UF believes that with the critical mass of UF programs that would be at Lake Nona, the original goal of 303 jobs, the vast majority funded from non-state sources, is achievable over a reasonable timeframe despite the initial workforce reduction needed for the transition. However, the terms of the agreement between UF and the funding partners will need to be suitable and acceptable to the UF Board of Trustees and the State University System of Florida Board of Governors. The agreement must

provide a path to growth that is sustainable and achievable so as to build a world-class biomedical research enterprise that will have significant scientific and economic impact.