

**TOWN OF JUPITER**  
**Beacon Pharmaceutical Economic Development Incentive Agreement**



DATE:	January 7, 2020
TO:	Honorable Mayor and Town Council
FROM:	Matt Benoit, Town Manager <i>MB</i>
SUBJECT:	Beacon Pharma – Economic Development Incentive Agreement

**EXECUTIVE SUMMARY:**

Staff seeks approval of Resolution 05-20 authorizing the Mayor to execute the Economic Development Incentive Agreement between the Town of Jupiter and Beacon Pharmaceutical Jupiter, LLC (Beacon).

In February 2018, the Town Council adopted Resolution 24-19 approving a Memorandum of Understanding between the Town of Jupiter and Beacon. The MOU outlined the Town’s intentions to provide certain incentives for Beacon to locate their proposed pharmaceutical accelerator business in Jupiter (and in so doing make a considerable capital investment) in exchange for certain economic development incentives. The MOU incentives included:

- A loan from the Town’s Bioscience loan guarantee program in the amount of \$500,000. The Town Council approved the loan agreement on June 18, 2019 (Resolution No. 66-19). To date, Beacon has satisfied 2 of the three milestones for payment and has accessed \$350,000.
- A 30-year ground lease for the Town-owned 9-acre parcel described as the Lakewood Commercial Tract 3. The ground lease is also included in the Town Council agenda.

The final incentive introduced by the MOU is an economic incentive tied to job creation. The Economic Development Incentive Agreement presented for your consideration along with Resolution No. 05-20 reflects some departures from the original MOU. A review and comparison of the new provisions and those provisions that should be taken into careful consideration are included as attachment # 1.

To summarize, the Economic Development Incentive Agreement is the last leg in an attempt to recruit a Bioscience user to the Town-owned land that will close the loop in a twelve year effort to have a fully integrated bioscience cluster in Jupiter. The completion of the proposed Beacon facility will provide a working pharmaceutical development facility that will allow the drugs that are conceived and developed in Jupiter to be manufactured here as well. Beyond meeting the land use intentions long-established as a priority for the community, the incentives offered in the incentive agreement still provide the Town with positive cash flow from the proposed project. The Town of Jupiter stands to net \$1.3 million in property tax and rental payments over 5 years and \$3.6 million on a 10-year basis (as illustrated in attachment # 2).

The attached agreement and resolution have been reviewed and approved by the Town Attorney.

**RECOMMENDATION:**

Staff recommends Town Council approve Resolution 5-20 and authorize the Mayor to execute the proposed Economic Development Incentive Agreement between the Town of Jupiter and Beacon.

**Strategic Priority:**

Strong Local Economy

**Attachments:**

- Resolution 5-20
- Economic Development Incentive Agreement
- Attachment #1 – Table comparing current incentives to the MOU
- Attachment #2 – Cash Flow Analysis

**Funding Source:**

	Approved in Budget	\$ N/A	Sources:
	Additional Funding Required	\$	Sources:

**\*Funding is not necessary for this request**

## RESOLUTION NO. 05-20

### A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF JUPITER, FLORIDA, AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE AN ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BETWEEN THE TOWN OF JUPITER AND BEACON PHARMACEUTICAL JUPITER, LLC.; AND PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, the Town of Jupiter (Town) is a municipality with those powers and responsibilities enumerated in Chapter 166 Florida Statutes and the Florida Constitution; and

**WHEREAS**, the Town is empowered to enter into contractual arrangements with public agencies, private corporations or other persons; and

**WHEREAS**, the Town Manager was contacted by the Palm Beach County Business Development Board regarding Beacon Pharmaceutical Jupiter, LLC's (Beacon) interest in relocating its business operations within the Town so that Beacon could take advantage of its business operations being in proximity to Scripps Florida; and

**WHEREAS**, the establishment of Beacon's business operations within the Town would result in a substantial capital investment by Beacon in the Town, Palm Beach County, and the state of Florida, in furtherance of the justification of the Town, County and State providing financial incentives to Scripps Florida for its establishment of its operations in Florida; and

**WHEREAS**, the Town Council approved Resolution No. 24-19 authorizing and directing the Town Manager to negotiate certain economic incentives for Beacon to locate in the Town which is reflected in a Memorandum of Understanding between the Town and Beacon; and

**WHEREAS**, the Economic Development Incentive Agreement, which is attached hereto and incorporated herein formalizes the incentives to be offered to Beacon in exchange for capital investment and job creation obligations.

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF JUPITER, FLORIDA:**

**Section 1.** The foregoing recitals are incorporated herein.

**Section 2.** The Mayor is hereby authorized and directed to execute the Economic Development Incentive Agreement with Beacon and copy of which is attached hereto and incorporated herein as Exhibit "1".

**Section 3.** This Resolution shall be effective upon execution.

**ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BETWEEN  
THE TOWN OF JUPITER AND BEACON PHARMACEUTICAL JUPITER, LLC**

This Economic Development Incentive Agreement (Incentive Agreement) dated \_\_\_\_\_, 2019, is made by and between the Town of Jupiter, whose address is 210 Military Trail, Jupiter, Florida 33458 (Town) and Beacon Pharmaceutical Jupiter, LLC (Beacon), whose address is \_\_\_\_\_. (collectively “the Parties”).

**RECITALS**

**WHEREAS**, the Town is committed to the continued efforts of economic development to create above average paying jobs within the boundaries of the Town; and

**WHEREAS**, the Town Council has determined that it would be beneficial to the Town to recruit Beacon to establish its business operations within the Town; and

**WHEREAS**, Beacon has determined that the Town would be an attractive and economically sound location to establish its business; and

**WHEREAS**, the location of Beacon in the Town would result in a capital investment in the Town and the creation of employment opportunities for employees who reside in the Town or who may relocate to the Town; and

**WHEREAS**, prior to locating its business operations in the Town, Beacon has determined it is necessary for it to engage in certain due diligence efforts to determine whether it should make a capital investment in the Town; and

**WHEREAS**, the Town Council has determined that it is appropriate to provide certain economic incentives to Beacon to assist in the efforts required to locate its business operations in the Town; and

**WHEREAS**, Beacon will develop, construct and operate a bioscience facility in Jupiter with a Minimum Capital Investment of \$76 million and create at least 200 “New Jobs” (as defined below).

**NOW, THEREFORE**, be it understood by Parties that:

**Section 1:** The foregoing recitals are true and correct and hereby incorporated and made part of the Agreement.

**Section 2:** Definitions:

“Minimum Capital Investment” – Beacon will develop and construct a bioscience facility that has a Minimum Capital Investment of \$76 million within the boundaries of the Town.

Exhibit 1

“New Jobs” – shall mean jobs created by Beacon at the Project Site whether through Beacon or subtenants at the Project Site (the “Accelerator Partner Companies”).

“New High-Paying Jobs” - shall mean jobs created by or caused to be created by Beacon at the Project Site whether through Beacon or subtenants at the Project Site (the “Accelerator Partner Companies”).

“Project Site” – Beacon will make the Minimum Capital Investment on the land comprised of approximately 9+/- acres and located in the Town of Jupiter, Palm Beach County, Florida in accordance with the development order approved by the Jupiter Town Council and contained in Resolution 90-19.

**Section 3:** Job Creation Requirement – Provided Beacon completes its Minimum Capital Investment in the Town, Beacon shall use its reasonable good faith efforts to directly create or cause to be created through its Accelerator Partner Companies at the Project Site at least 140 New Jobs commencing upon the first full year that the facility located at the Project Site is operational.

**Section 4:** Job Creation and Retention Incentive – Provided Beacon completes its Minimum Capital Investment in the Town of not less than \$76,000,000 and creates or causes to create at least 200 New Jobs at its business at the Project Site, the Town shall pay Beacon for each New High-Paying Job as follows:

	New High-Paying Job paying greater than \$70,000 annually.	New High-Paying Job paying greater than \$90,000 annually.	New Job occupied by a Jupiter resident	Annual Never to Exceed Amount
Year 1	\$1,500 per job created and/or retained	\$3,000 per job created and/or retained	\$1500 per job created or retained	\$150,000
Year 2	\$1,500	\$3,000	\$1500	\$135,000
Year 3	\$1,500	\$3,000	\$1500	\$120,000
Year 4	\$1,500	\$3,000	\$1500	\$105,000
Year 5	\$1,500	\$3,000	\$1500	\$90,000
Year 6	\$1,500	\$3,000	\$1500	\$75,000
Year 7	\$1,500	\$3,000	\$1500	\$60,000
Year 8	\$1,500	\$3,000	\$1500	\$45,000
Year 9	\$1,500	\$3,000	\$1500	\$30,000
Year 10	\$1,500	\$3,000	\$1500	\$15,000
	Total never-to-exceed amount of job creation incentive -			\$600,000

Beacon is eligible for the first payment 9 months after a Certificate of Occupancy is awarded for the project site. The Town of Jupiter reserves the right to request

information and make on-site visits to verify information submitted by Beacon and Accelerator Partner Companies for the incentive in Section 4.

**Section 5: Certificate of Occupancy Incentive:** The Town of Jupiter shall make payment in the amount of \$500,000 to Beacon at such time that Beacon Pharmaceutical receives a fully executed, unqualified (not partial) Certificate of Occupancy in accordance with Section 26-37 of the Code of Ordinances.

**Section 6: Beacon's Breach:** Subject to Force Majeure (as defined herein), Beacon's failure to comply with any of the items below shall be a material breach of this Incentive Agreement. Upon such breach, the TOWN OF JUPITER may suspend the payment of any incentive provided for herein until such breach is cured to the reasonable satisfaction of the TOWN OF JUPITER. The TOWN OF JUPITER shall provide written notice of such breach to Beacon ("Notice of Breach"). Beacon's failure to cure such breach within 30 calendar days from the date of its receipt of the Notice of Breach shall result in the immediate termination of this Agreement and the incentives provided for herein, provided, however, that if the nature of the breach is such that it cannot reasonably be cured within such 30 day period, then Beacon shall have up to an additional 90 days (as determined in the TOWN OF JUPITER's reasonable discretion) to cure such breach provided that it diligently undertakes and pursues such cure, and further provided that Beacon provides the TOWN OF JUPITER with documentation evidencing that it is diligently undertaking and pursuing such cure to the TOWN OF JUPITER's reasonable satisfaction, but in any event, Beacon shall not have more than 120 days from its receipt of the Notice of Breach to cure such breach.

The failure to cure such breach within the time period provided for above shall result in the immediate termination of this Incentive Agreement. In the event of such termination, all incentive payments contemplated hereunder shall immediately cease and the obligation to provide such incentives shall be forever discharged, and Beacon shall reimburse the TOWN OF JUPITER the full amount of any incentives provided to Beacon as of the date of termination. Additionally, the TOWN OF JUPITER shall have the right to require Beacon's specific performance under the terms and conditions of this Incentive Agreement.

Items that are a material breach of this agreement include:

- A. Failure to abide by the terms of Resolution No. 90-19 (the development order for the property approved by the Town Council on October 3, 2019).
- B. Failure to Timely and/or make full Payment of Taxes. Beacon shall pay the annual Palm Beach County Real Property Tax Bill for ad valorem real property taxes levied in Palm Beach County, Florida owed by Beacon on any portion of the Property owned by Beacon before such taxes become delinquent.
- C. Failure to ensure timely payment of on any debt instrument for with which the Town's land is used as collateral.
- D. Failure to maintain at least 70 new jobs at the project site.

Exhibit 1

B. TOWN OF JUPITER Breach. In the event that the TOWN OF JUPITER materially breaches any of its respective obligations contained herein, including, but not limited to the obligation to provide the incentives, and fails to cure such breach within 30 calendar days from the date of its receipt of written notice of such breach from Beacon, then Beacon shall have the right to require the TOWN OF JUPITER's specific performance under the terms and conditions of this Agreement.

**Section 7: Assignment.**

This agreement is only assignable at the sole right and discretion of the Town of Jupiter and only upon a majority vote of the Town Council of the Town of Jupiter.

**IN WITNESS WHEREOF**, this MOU has been duly executed by the Parties subscribed below.

ATTEST:

TOWN OF JUPITER, FLORIDA  
A Florida Municipal Corporation

\_\_\_\_\_  
Sally M. Boylan, Town Clerk

By: \_\_\_\_\_  
Todd R. Wodraska, Mayor

[TOWN SEAL]

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: \_\_\_\_\_  
Thomas J. Baird, Town Attorney

BEACON PHARACEUTICAL  
JUPITER, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**Attachment #1**

	<b>MOU</b>	<b>Resolution No. 05-20</b>	
	<b>Section/Page</b>	<b>Section/Page</b>	<b>Review/Analysis</b>
Capital Investment	Section 6, Page 9	Section 4, Page 2	The MOU envisioned a capital investment of \$44,200,000. The fully negotiated incentive agreement envisions a capital investment of \$77,600,000. The increase in capital investment (if the assessed value equals \$77.6 million) will increase property tax payments (at the current millage rates) of \$88,880 annually (combined between operating and debt).
Job Categories	Section 6, Page 9	Section 4, Page 2	The MOU envisioned 3 categories of jobs. The fully negotiated incentive agreement envisions two categories. Collapsing one category (which was very narrow and for jobs paying \$70,000 to \$80,000 annually) will ease in the review and administration of this agreement. The fully negotiated agreement also clarifies the incentive for jobs occupied by a Town of Jupiter resident is for any position, not just high-paying jobs.
Annual Payment	Section 6, Page 9	Section 4, Page 2	The MOU envisioned annual not-to-exceed payments aligned with a capital investment of \$44.2 million. The fully negotiated incentive agreement has been increased to align with a capital investment of \$77.6 million. As a result, in all likelihood, Beacon will achieve the total not-to-exceed incentive of \$600,000 in approximately 5 years if they meet their job creation targets.
Certificate of Occupancy Incentive		Section 5	A payment of \$500,000 is to be made to Beacon at such time that they achieve a full, unqualified Certificate of Occupancy. This payment is structured to assist with greater-than-anticipated regulatory fees associated with the larger capital investment. It roughly equates with the amount of building and impact fee payments to the Town of Jupiter resulting from Beacon's investment.
Breach Provision		Section 6	A Breach provision has been added to allow suspension and termination if Beacon either: 1) Doesn't abide by their Development Order, 2) Fails to timely make property tax payments in full, 3)Fails to ensure full and timely payment of any debt instrument with which the Town's land is used as collateral, or 4) Fails to maintain at least 70 new jobs at the project site. These provisions were not included in the MOU and are important for the Town of Jupiter to ensure performance by Beacon.
Assignment Provision		Section 7	An assignment provision has been added to make clear that the prerogative of assignment lies with the Town of Jupiter exclusively (and further only with the Town Council).

**Attachment 2**

	Est. Ad Valorem Tax Payments at a tax assessed value of \$44 million (1)	Est. Permit and Impact Fees	Land Lease Payments (at an est. appraised value of \$12 million)	Highest possible Job Incentive Payment (2)	CO Incentive	Net Benefit to the Town of Jupiter	Cummulative Cash Flow
Year 1	117,088	500,000	250,000	150,000	500,000	217,088	
Year 2	120,015	-	250,000	135,000	-	235,015	
Year 3	123,016	-	250,000	120,000	-	253,016	
Year 4	126,091	-	300,000	105,000	-	321,091	
Year 5	129,243	-	300,000	90,000	-	339,243	1,365,453
Year 6	132,474	-	300,000	-	-	432,474	
Year 7	135,786	-	300,000	-	-	435,786	
Year 8	139,181	-	300,000	-	-	439,181	
Year 9	142,660	-	350,000	-	-	492,660	
Year 10	146,227	-	350,000	-	-	496,227	3,661,782

600,000

(1) Estimated annual inflation factor of 2.5%

(2) payments in years 6 - 10 suspended as maximum incentive payment achieved