



Pinellas County

Staff Report

File #: 17-1450A, **Version:** 1

Subject:

Second Amendment to the Purchase and Sale Agreement with Industrial Realty Group, LLC for the Young-Rainey Science Technology and Research Center property to add an additional 300-day resolution period and to amend certain agreement terms.

Recommended Action:

Approval of the Second Amendment to the Purchase and Sale Agreement with Industrial Realty Group, LLC (IRG) for the Young-Rainey Science Technology and Research Center (STAR Center) property, located at 7887 Bryan Dairy Road, Largo, FL 33777.

Strategic Plan:

Foster Continual Economic Growth and Vitality

4.1 Proactively attract and retain businesses with targeted jobs to the county and the region

4.3 Catalyze redevelopment through planning and regulatory programs

Deliver First Class Services to the Public and Our Customers

5.2 Be responsible stewards of the public's resources

Summary:

Approval of the amendment will provide IRG with a resolution period of 300 days from termination of the review period to address the issues raised in the Disapproval Notice, Summary and Related Matters (Notice). This action also amends the closing date; delineates responsibilities of the parties to satisfy concerns raised by IRG in the Notice; provides IRG the right to terminate without penalty; establishes a not-to-exceed contribution by the County for legal fees associated with resolving IRG's title commitment concerns; and deletes Provision (1)(F)(2) from the agreement.

Background Information:

The Board of County Commissioners approved a Purchase and Sale Agreement with IRG on September 27, 2016 and, pursuant to the agreement, a 90 day review period commenced on October 4, 2016.

On December 28, 2016, the County Administrator signed a first amendment extending the 90 day review period by an additional 45 days to review the voluminous survey and title report; additional time is now necessary to resolve remaining issues.

There was a significant delay due to discussion and negotiation between IRG and the County on how best to resolve IRG's issues with existing STAR Center ground lease language. Proposed language revisions were drafted and presented to existing ground lessees, who didn't object to formally moving forward pending full legal review. There has been a further delay as negotiation between the parties of other agreement terms was contemplated.

The 300 day resolution period will allow IRG time to address concerns raised in the Notice. It will terminate on December 15, 2017. The closing date will be January 31, 2018; 47 days after the expiration of the resolution period.

IRG will be primarily responsible for satisfying Notice concerns including those associated with the survey and title reports. The County will provide corrective deeds clarifying the County's reversion of title rights for the land leases, as identified in the Notice. The County also agrees to pay 50% of title and lease attorney fees incurred by IRG, up to a maximum of \$10,000.00, to resolve title commitment concerns.

Deletion of Provision (1)(F)(2) from the agreement releases IRG from any obligation to compensate the County regarding the continuation or renewal of the Raytheon lease. The provision provided a maximum \$2,250,000.00 of additional revenue from the agreement related to three consecutive five year renewals of the Raytheon lease. Each renewal obligated IRG to pay the County \$750,000.00. Raytheon lease renewal payments were not included in IRG's original Request For Negotiation (RFN) submittal. This provision was added to the Purchase and Sale Agreement as a result of negotiations. The sale price remains unchanged at \$10,100,000.00. The amendment allows IRG to terminate the agreement in its sole and absolute discretion without loss of their \$100,000.00 deposit as a financial penalty.

Fiscal Impact:

Cost - Up to \$10,000.00 for title and lease attorney fees.

Loss of revenue - \$2,250,000.00 from deletion of Provision (1)(F)(2).

The Purchase and Sale revenue remains unchanged at \$10,100,000.00.

Staff Member Responsible:

Mike Meidel, Director, Economic Development Department
Andrew W. Pupke, Director, Real Estate Management Department
Joe Lauro, Director, Purchasing Department

Partners:

N/A

Attachments:

Second Amendment to Purchase and Sale Agreement
First Amendment to Purchase and Sale Agreement
Executed Purchase and Sale Agreement
Location Map