



Pinellas County

Staff Report

File #: 22-1891A, Version: 1

Subject:

Covenant of Purpose, Use, and Ownership between Pinellas County and the U.S. Economic Development Administration.

Recommended Action:

Approval of the Covenant of Purpose, Use, and Ownership (Covenant) between Pinellas County (County) and the U.S. Economic Development Administration (EDA) providing the EDA a security interest in the Tampa Bay Innovation Center Incubator project property.

- The Covenant is required as a Special Award Condition for the EDA grant award for the Tampa Bay Innovation Center Incubator project.
- During the twenty-year useful life of the project, the County must use the property only for the authorized project purpose and must not dispose of or encumber the property without EDA's prior written authorization.
- There is no current fiscal impact. If the property is used for other purposes, or is sold, leased, transferred, conveyed, encumbered, or mortgaged without the prior written approval of EDA, the County must compensate the federal government in the amount of the federal share. The compensation of the federal share shall be determined at the sole discretion of the EDA.

Strategic Plan:

Foster Continual Economic Growth and Vitality:

- 4.1 Proactively attract and retain businesses with targeted jobs to the county and region
- 4.2 Invest in communities that need the most
- 4.4 Invest in infrastructure to meet current and future needs

Summary:

Pinellas County has been awarded an EDA grant of \$11,263,295.00 for a project to design and construct an approximate 45,000-square-foot business incubator. Among the grant requirements is the County's provision of a federal security interest in the improved property to the EDA. This security interest, in the form of a Covenant of Purpose, Use and Ownership, is required to be fully executed and recorded prior to the County's first request for grant reimbursement. Special Award Condition #13 of the grant award established the Estimated Useful Life for the purposes of the security interest of the project to be twenty years.

Background Information:

The project is to design and construct an approximately 45,000-square-foot business incubator space and outsource the operation to a third-party operator. This project is a partnership between the EDA, Pinellas County, the STAR-Tec Enterprises/Tampa Bay Innovation Center (STAR-Tec) and the City of St. Petersburg. The site for this project was a vacant 2.5-acre MOL parcel located at the southwest corner of 11th Avenue South and 4th Street South. The City provided the property to the County for this project and STAR-Tec is the contracted operator. The incubator will focus on growing the target

industries of Pinellas County to provide economic diversity and opportunities for higher paying employment.

Property that is improved, in whole or in part, with EDA grant assistance is required to be held for the benefit of the project for the estimated useful life of the project, during which period EDA retains an undivided equitable reversionary interest in the property. The federal interest secures compliance with matters such as the purpose, scope and use of a project. In the event the project property is used for purposes other than the project purposes, or is sold, leased, transferred, conveyed, encumbered, or mortgaged without the prior written approval of EDA, the County must compensate the federal government in the amount of the federal share, which shall be determined at the sole discretion of the EDA. Additionally, upon a County breach of any term or condition of the grant award or term or condition of this Covenant the EDA may also declare the federal share with interest thereon immediately due and payable.

Fiscal Impact:

There is no fiscal impact currently. If the property is used for other purposes, or is sold, leased, transferred, conveyed, encumbered, or mortgaged without the prior written approval of EDA, the County must compensate the federal government.

Staff Member Responsible:

Dr. Cynthia Johnson, Director, Economic Development

Partners:

U.S. Economic Development Administration
City of St. Petersburg
STAR-Tec Enterprises

Attachments:

Covenant of Purpose, Use and Ownership