



Pinellas County

Staff Report

File #: 23-0386A, Version: 1

Subject:

Master Lease and Operating Agreement between Pinellas County, STAR-TEC Enterprises, Inc. and Pinellas County Industrial Development Authority.

Recommended Action:

Approval of the Master Lease and Operating Agreement (Agreement) between Pinellas County, STAR-TEC Enterprises, Inc. (STAR-TEC) and Pinellas County Industrial Development Authority (PCIDA) for the lease of a newly constructed 46,570 square foot (SF) building and the operation of the Tampa Bay Innovation Center Business Incubator (Incubator) to facilitate targeted job growth in Pinellas County.

- A feasibility study was conducted in October 2013, resulting in a recommendation of developing a 40,000-50,000 SF mixed-use business incubator facility (Incubator) in downtown St. Petersburg (City).
- In October 2016, STAR-TEC was the winning responder to a competitive search for an operator for the Incubator.
- The Incubator project is a partnership between the U.S. Economic Development Authority, Pinellas County, the City, and STAR-TEC with total project costs of \$15,874,343.00.
- Construction on the Incubator started February 2022 with substantial completion expected July 2023.
- Initial term of the Agreement is 10 years with four five-year renewal options.
- Rent paid by STAR-TEC to the County is \$1.00 per annum.
- PCIDA will provide a total of \$400,000.00 in funding to STAR-TEC over the first three-year period of the Agreement for county-wide incubation and acceleration services.
- The revenue and expenses associated with this contract are budgeted in the Star Center Budget in Fiscal Year 2023.

Strategic Plan:

Foster Continual Economic Growth and Vitality

- 4.1 Proactively attract, expand, and retain businesses with targeted jobs to the county and the region
- 4.4 Invest in infrastructure to meet current and future needs

Deliver First Class Services to the Public and Our Customers

- 5.1 Maximize partner relationships and public outreach
- 5.2 Be responsible stewards of the public's resources

Summary:

This Agreement will allow the County through its operator, STAR-TEC, to provide a business incubator facility and business support to facilitate targeted job growth in Pinellas County.

Background Information:

In June 2010, PCIDA and STAR-TEC entered into a Lease for space in the Young-Rainey STAR CENTER to support business development in the form of business incubation and business acceleration services, and an Economic Funding Agreement (Funding Agreement) pursuant to the authority granted in Sections 125.045 and Chapter 159, Parts II and III, Florida Statutes, to provide funding and in-kind support for business development.

On August 7, 2018, the Board adopted Resolution No. 18-49 authorizing the lease of County-owned property located at 501 First Avenue North, St. Petersburg, Florida (501 Building) to STAR-TEC d/b/a Tec-Garage for the purpose of operating a business incubator and accelerator activities in downtown St. Petersburg. Since then, STAR-TEC has occupied two (2) floors of the 501 Building, and the PCIDA has continued to provide funding to STAR-TEC through amendments to the Funding Agreement.

A feasibility study was conducted in October 2013, resulting in a recommendation that a 40,000-50,000 square foot (SF) mixed-use business incubator facility in the City of St. Petersburg (City) could support research, innovation and entrepreneurial activity in the technology, life sciences, marine sciences, and/or advanced manufacturing and other business sectors.

After a competitive process, in which STAR-TEC was the winning responder, on October 20, 2016, the PCIDA entered into a Memorandum of Understanding (MOU) with STAR-TEC to work together for a period of one (1) year to establish and develop a business incubator in Pinellas County; included in the MOU was the requirement to submit grant applications to the U.S. Economic Development Administration (USEDA) to support the construction cost of the Incubator project. The MOU was further amended on October 30, 2017, October 24, 2018, and September 9, 2021.

The Incubator project is a partnership between the USED A, Pinellas County, the City, and STAR-TEC with total project costs of \$15,874,343.00. Project costs will be funded as follows; a grant by the USED A to the County in the amount of \$11,263,295.00, a sponsorship in the amount of \$2M from ARK Investment Management LLC for naming rights, and the County's contribution of \$2,611,048.00. A 5.85-acre parcel located at 1101 4th Street South in St. Petersburg was donated by the City for the Incubator project.

Among the USED A grant requirements is the County's provision of a federal security interest in the improved property for a period of 20 years. In compliance with this security interest, a Covenant of Purpose, Use and Ownership was executed by the parties on December 13, 2022 and recorded in the official records of Pinellas County on December 15, 2022.

Construction of the 46,570 SF Incubator started February 2022, with substantial completion expected by July 2023.

This Agreement has been approved by the USED A and provides for STAR-TEC to occupy and operate the Incubator for an initial term commencing on the later of the date STAR-TEC takes possession of the Incubator, or October 1, 2023, and terminate on September 30, 2033. STAR-TEC has four (4) additional renewal option terms of five (5) years each. The rent paid by STAR-TEC to the County is \$1.00 per annum.

STAR-TEC is responsible for the cost and execution of all leasing activities and repair and

maintenance duties. STAR-TEC will keep all revenues generated from the operation of the Incubator. County is responsible for capital items, i.e., roof replacement.

This Agreement will also replace the County's obligations under the current Funding Agreement and continue to provide funding to STAR-TEC for the first three (3) years of the term of the Agreement as follows; \$175,000.00 in Fiscal Year 2024 (FY24), \$125,000.00 in FY25, and \$100,000.00 in FY26, after which time, the County will no longer provide funding to STAR-TEC.

Fiscal Impact:

Income is \$1.00/annually.

The County will incur continued funding expense for payments to STAR-TEC for a total of \$400,000 over the first three (3) years of this Agreement.

Staff Member Responsible:

Dr. Cynthia Johnson, Director Economic Development Department

Partners:

U.S. Economic Development Administration

City of St. Petersburg

STAR-TEC Enterprises, Inc.

ARK Investment Management LLC

Attachments:

Master Lease and Operating Agreement

Location Map

Funding Agreement

First Amendment to Funding Agreement

Second Amendment to Funding Agreement

Third Amendment to Funding Agreement

Fourth Amendment to Funding Agreement

Memorandum of Understanding

First Amendment to Memorandum of Understanding

Second Amendment to Memorandum of Understanding

Third Amendment to Memorandum of Understanding