Memo

To: F. Craig Meadows, County Administrator

From: Brian T. Hamilton, Economic Development Director BTH

Date: February 4, 2015

Re: TORC First Lease Amendment

The Economic Development Authority of Montgomery County, VA (EDA) and TORC Robotics, LLC, (TORC) entered into a lease agreement on April 29, 2014 for the EDA to construct a 20,270 sq. ft. building for lease to TORC. In the lease, TORC agreed to lease 15,659 sq. ft. with a first option on leasing the remaining 4,611 sq. ft. The TORC building and site preparation cost was estimated to be $2,500,000. The EDA with a support agreement from Montgomery County obtained a $2,500,000 loan from First Bank and Trust to construct the building.

For background, the County, Town of Blacksburg, and Mr. Hall (landowner) entered into an agreement for the Town of Blacksburg to apply for Virginia Department of Transportation Economic Development Access Fund Grant to develop Blacksburg Industrial Park Phase V. The Economic Development Access Road Grant requires a company to locate on the new economic development access road or the three entities would have to repay the cost of the grant. Montgomery County's portion of the grant is approximately $350,000. The TORC Building and additional property purchased by TORC for a robotic vehicle test track qualifies the Economic Development access road requirements, and relives the County of liability on this grant.

On October 10, 2014, TORC exercised the option to lease an additional 4,611 sq. ft. and the EDA entered into the first lease amendment with TORC. The new lease amendment and poor soils at the site resulted in the need for the EDA to increase the First Bank and Trust loan by $200,000 to $2,700,000. The TORC lease amendment increased TORC's monthly lease payment from $16,295 to $18,216. With the $200,000 loan increase, the EDA's loan payment is $15,798.01 monthly. The EDA will have positive monthly lease revenue of $2,417.99.

Thank you and please inform me of any questions.

CC: Marty McMahon, County Attorney

SUPPORT AGREEMENT
BETWEEN COUNTY OF MONTGOMERY, VIRGINIA AND THE ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA

THIS SUPPORT AGREEMENT is dated as of the ____ day of February, 2015, between the **COUNTY OF MONTGOMERY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia and the **ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia.

RECITALS:

WHEREAS, the Authority purposes to enter into a Lease Agreement and a First Amendment to the Lease Agreement with TORC Robotics, LLC ("TORC") whereby the Authority agrees to construct and up-fit an Office/Manufacturing Building ("the Building") in the Blacksburg Industrial Park Phase V, in order to lease 20,270 Sq. Ft. in the Building to TORC; and,

WHEREAS, the required construction and up-fit of the Building is proposed to cost the Authority Two Million Seven Hundred Thousand Dollars ($2,700,000) with the monthly debt service to be paid by monthly lease payments to be made by TORC pursuant to the Lease Agreement and from other future tenants in the Building; and,

WHEREAS, the Authority has secured Two Million Seven Hundred Thousand Dollars ($2,700,000) in financing from First Bank and Trust and from the Virginia Small Business Financing Authority ("the Financing") conditioned upon the Board of Supervisors of Montgomery County, Virginia, ("the Board") first agreeing to be morally obligated to re-pay the Financing should the Authority fail to make the required payments to either First Bank and Trust or the Virginia Small Business Financing Authority; and

WHEREAS, in order to promote economic development in the County, the Board desires to support the Authority in its efforts to issue the Bond; and

WHEREAS, Section 15.2-953 of the Code of Virginia of 1950, as amended, provides that any locality may appropriate money to an industrial development authority for the purpose of promoting economic development; and

WHEREAS, on February 9, 2015**,** the Board adopted a resolution authorizing the execution of this Support Agreement providing for a non-binding moral obligation of the County to consider certain appropriations in support of the Financing of the Building.

AGREEMENT

NOW, THEREFORE, the parties hereto covenant and agree as follows:

1. The Authority proposes to secure the Financing and to pledge the revenues and receipts received from leasing the Building toward payment of the debt service under the Financing. Should other funds of the Authority not be available for such purpose, the Authority shall request an appropriation from the County sufficient to allow the Authority to make such debt service payments **(the "Deficiency Amount")**.

2. No later than March 1 of each year, beginning March 1, 2015, the Authority shall notify the County Administrator of the County **(the "County Administrator")** of any anticipated Deficiency Amount which the Authority desires the County to pay in accordance with Section 1 above during the County's fiscal year beginning the following July 1.

3. The County Administrator shall include such Deficiency Amount requested pursuant to paragraph 2 above in the budget submitted to the Board for the following fiscal year as an amount to be appropriated to or on behalf of the Authority. The County Administrator shall deliver to the Chairman of the Authority within ten (10) days after the adoption of the County's budget for each fiscal year, but not later than July 15 of each year, a certificate stating whether the Board has appropriated to or on behalf of the Authority the Deficiency Amount requested.

4. If at any time the Authority believes there is a Deficiency Amount or that amounts appropriated by the Board are insufficient to allow the Authority to fulfill its debt service obligations under the Financing, the Authority shall notify the County Administrator of the amount of the Deficiency Amount or such insufficiency and the County Administrator shall request a supplemental appropriation from the Board in the amount necessary to make such payment.

5. The County Administrator shall present each request for appropriation pursuant to paragraph 4 above to the Board, and the Board shall consider such request, at the Board's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify the Authority as to whether the amount so requested was appropriated. If the Board shall fail to make any such appropriation, the County Administrator shall add the amount of such requested appropriation to the amount requested from the Authority and reported to the County by the County Administrator for the County's next fiscal year.

6. The Board hereby undertakes a non-binding moral obligation to appropriate such amounts as may be requested from time to time pursuant to paragraphs 3, 4 and 5 above, to the fullest degree, and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The Board, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards do likewise.

7. Nothing herein contained is or shall be deemed to be a lending of the credit of the County to the Authority or to any other person or entity, and nothing herein contained is or shall be deemed to be a pledge of the full faith and credit or the taxing power of the County, nor shall anything herein contained legally bind or obligate the Board to appropriate funds for the purposes described herein.

8. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to County Administrator's Office, 755 Roanoke Street, Suite 2E, Christiansburg, Virginia, 24073, Attention: County Administrator and (ii) if to the Authority, to 755 Roanoke Street, Suite 2H, Christiansburg, Virginia, 24073, Attention: Director of Economic Development. Any party may designate any other address for notices or requests by giving notice.

9. It is the intent of the parties hereto that this Agreement shall be governed by the laws of the Commonwealth of Virginia. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the County and the Authority have each caused this Agreement to be executed as of the date first above written.

COUNTY OF MONTGOMERY, VIRGINIA

By_____
Chairman, Board of Supervisors

ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA

By_____
Chairman