

ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT

THIS AGREEMENT is made and entered into on December ___, 2018, by and among the **COUNTY OF ALBEMARLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “County”), the **ECONOMIC DEVELOPMENT AUTHORITY OF ALBEMARLE COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “EDA”), and **PERRONE ROBOTICS, INC.**, a Delaware corporation (“Perrone”), and its successors and assigns.

Recitals

- R-1** Perrone has its headquarters in Crozet, Virginia, has created high-skill jobs in the County and has developed and is commercializing its autonomous software platform to be used in autonomous vehicles ranging from cars and sport utility vehicles to one of the world’s largest mining trucks, as well as small, mobile robots for personal and professional use; and
- R-2** Perrone desires to develop and launch an autonomous shuttle service for County residents in collaboration with JAUNT, Inc., a public service corporation authorized to provide, and currently providing, transportation services in Albemarle County, the City of Charlottesville, and Nelson County (“JAUNT”); and
- R-3** Before launching an autonomous shuttle service for County residents, Perrone and JAUNT have identified a need to acquire and equip a vehicle with appropriate equipment to operate autonomously, conduct a pilot program to ensure that the safety and operational aspects of an autonomous vehicle are tested and, if testing is successful, launch an approximately three-month pilot program shuttling members of the public on one or more routes in and around Crozet with a professional safety-trained driver on board supplied by JAUNT, followed by related data collection and feedback (collectively, the “Project”); and
- R-4** The County and the EDA have determined that the Project will promote economic development because it may enable Perrone to expand its business and further anchor its headquarters in Albemarle County; and
- R-5** The County has also determined that the Project may inform County staff about impacts to its long-term plans, such as the Comprehensive Plan, the Capital Improvement Plan, as well as to the future built environment in the County’s Development Areas; and
- R-6** The County is willing to transfer funds to the EDA, and the EDA is willing to transfer funds to Perrone, in the form of a grant, to support the Project, subject to the terms and conditions of this Agreement.

Terms and Conditions

The parties agree as follows:

- 1. Authority.** The County is authorized to transfer funds to the EDA pursuant to Virginia Code § 15.2-1205, which enables the County to give funds to any County-created authority, and the EDA is such an authority. The EDA is authorized to transfer funds to Perrone pursuant to Virginia Code § 15.2-4905(13), which gives the EDA the power to make grants to a business for the purposes of promoting economic development.
- 2. Grant.** The County agrees to appropriate a grant to the EDA in the amount of \$238,000.00 on or before December 12, 2018, or as soon thereafter as legally possible. The EDA agrees to grant the \$238,000.00 to Perrone as soon as possible after the funds are appropriated to the EDA (the “Grant”).

3. **Term of this Agreement.** The term of this Agreement is from the date first hereinabove written until December 31, 2019.
4. **Purposes for Which the Grant may be Used.** Perrone may use the Grant solely for the Project, which is composed of the following elements:
 - A. **Setup and Testing Phases.** The first phases of the Project are the setup and testing phases. These phases include Perrone acquiring an appropriate shuttle vehicle, equipping the vehicle with appropriate equipment to operate autonomously, and testing the vehicle at Perrone's test track facility in Crozet. Once the safety and operational aspects of the shuttle vehicle have been tested, initial trial runs will be conducted with a professional safety-trained driver on board as supplied by JAUNT, on one or more routes in and around Crozet. The following milestones apply to these phases:
 1. Complete setup operations. On or about February 22, 2019
This milestone includes coordinating route options and obtaining insurance for the Project.
 2. Establish a broader preliminary phased plan. On or about March 7, 2019
This milestone includes meeting with UVA to discuss its future involvement, discussing future phases, and developing materials for broader rollout concepts.
 3. Complete Neighborhood Electric Vehicle ("NEV") shuttle outfitting, testing, and training. On or about March 8, 2019
This milestone includes outfitting and testing an NEV for autonomous shuttling, training ambassadors for operations, and establishing a shuttle schedule for the pilot phase.
 - B. **Pilot Phase.** The pilot phase of the Project consists of operating the NEV shuttle to transport members of the public on one or more selected routes in the Crozet area with a professional safety-trained driver on board supplied by JAUNT. The following milestones apply to this phase:
 1. Hold the NEV shuttle launch event, which begins the 92-day NEV shuttle operation period. On or about March 15, 2019
This milestone includes organizing the event for launching the shuttle for the pilot phase and holding the launch event.
 2. Complete NEV shuttle operation period. On or about June 17, 2019
This milestone includes advertising and/or publishing routes if they may change, operating the shuttle on weekdays and weekends during established hours, and collecting feedback.
5. **Project Review Phase.** Following the conclusion of the pilot phase of the Project, Perrone, the County, JAUNT, and the Entity, as defined in Section 6, will review the Project between June 17, 2019 and on or about July 1, 2019. The project review phase includes the following:

- A. Feedback.** Perrone, in collaboration with JAUNT and the Entity, will evaluate the feedback collected regarding the testing, adoption, and use of the autonomous shuttle, and the possibility of the future launch of additional shuttles throughout the County. The evaluation of the feedback will be shared among Perrone, the County, the EDA, and JAUNT.
- B. Data Collection.** Perrone, in collaboration with the County, JAUNT, and the Entity, will gather data regarding, among other things, usage of the shuttle, traffic flows and congestion, weather conditions, risk mitigation strategies, feasibility of other shuttle routes, energy usage, repair and maintenance costs, and similar data to further improve and refine transportation services in Albemarle County using autonomous shuttles.

6. The County's Obligation. Subject to approval by the County's Board of Supervisors, exercising its sole legislative discretion, the County will create a public service corporation or other lawful entity (the "Entity") by no later than March 1, 2019. The purpose of the entity is to provide autonomous shuttle service in the County and in the remainder of JAUNT's service area in collaboration with Perrone and JAUNT. This section shall not be construed as the County's Board of Supervisors contracting away its legislative powers and discretion.

7. Donation of Vehicle. Upon request by the County or the Entity, Perrone will donate the vehicle acquired for the Project to the County, or to the Entity, within 60 days after receipt of the request. For the avoidance of doubt, when such vehicle is donated, Perrone will own and retain all intellectual property rights to its MAX software platform and the hardware design for the vehicle. The MAX software and hardware design will be licensed on a royalty-free basis, not sold, in connection with the donation.

8. Perrone's Reporting Obligation. Perrone shall provide information regarding the Project to the County and the EDA as follows:

- A. Periodic Reports.** Perrone shall provide, at its expense, detailed verification reasonably satisfactory to the County and the EDA of Perrone's progress on the milestones described in Sections 4 and 5. The progress reports shall be provided within three business days before or after the following dates: February 21, 2019, March 21, 2019, April 21, 2019, May 21, 2019, June 21, 2019, and July 21, 2019. The February 21, 2019 progress report shall describe the actions taken by Perrone between the date of this Agreement and the date of the progress report. Each subsequent progress report shall identify the progress towards the milestones described in Sections 4 and 5 since the prior progress report.
- B. Other Information Requested by the County or the EDA.** The County and the EDA may request any other information regarding the status of the Project as either party may reasonably require.

9. Perrone's Repayment Obligations. Perrone shall repay all or a portion of the grant to the EDA which shall, in turn, promptly return the grant funds to the County, in any of the following circumstances:

- A. Failure to Launch.** If Perrone fails to timely complete the setup and testing phases as described in Section 4(A) and fails to timely complete the pilot phase by July 31, 2019 unless extended pursuant to Sections 16 or 17, with completion criteria to be reasonably agreed to by the parties in writing, Perrone shall repay the entire \$238,000.00 grant to the EDA.
- B. Shortened NEV Shuttle Operation Period.** For each day the NEV shuttle does not transport members of the public for two consecutive dates out of every seven-day week on the dates scheduled for the services, as agreed to in writing by the parties, during the 92-day pilot phase, not including dates on which the shuttle may be out of service for routine or emergency maintenance for any reason, including safety or weather reasons, Perrone shall repay \$2,587.00 of the grant to the EDA.

C. Maintain Headquarters. If Perrone fails to maintain its corporate headquarters in Albemarle County for three years after the date of this Agreement, Perrone shall repay the entire \$238,000.00 grant to the EDA. Nothing in this subsection requires Perrone to repay the grant if it opens other offices or research and development facilities outside of Albemarle County provided that opening of the new offices or research and development facilities is not done by relocating more than fifteen percent (15%) of the number of Perrone employees in Albemarle County existing on the date of the opening of such office or facility.

10. Notices, Reports, and Correspondence. Any notices, reports, or other correspondence required by this Agreement shall be given in writing, and shall be deemed to be received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return or certified mail or overnight courier package not accepted by the addressee):

If to Perrone, to:

Perrone Robotics, Inc.
5625 The Square
Crozet, VA 22932
Attention: Paul J. Perrone, Founder/CEO

If to the County, to:

Albemarle County Executive's Office
401 McIntire Road
Charlottesville, Virginia 22902
Attention: Jeffrey B. Richardson, County Executive

If to the Authority, to:

Economic Development Authority
Albemarle County
401 McIntire Road
Charlottesville, Virginia 22902
Attention: Rod Gentry, Chair

Any correspondence that is not required by this Agreement may be sent First Class in the United States Mail or by email to email addresses provided by the parties.

11. Nonappropriation. The obligation of the County to appropriate funds to the EDA as a grant as provided in Section 2 is subject to, and dependent upon, appropriations being made from time to time by the County's Board of Supervisors. Under no circumstances shall this Agreement be construed to establish an irrevocable obligation on the County to contribute the funds.

12. Non-severability. If any provision of this Agreement is determined by a court having jurisdiction to be unenforceable to any extent, the entire Agreement is unenforceable.

13. Entire Agreement. This Agreement states all covenants, promises, agreements, conditions, and understandings between the County, the EDA, and Perrone regarding the EDA's grant to Perrone described in Section 2.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without giving effect to its principles of conflict of laws.

15. **Dispute Resolution.** If a dispute arises out of or relates to this Agreement, or the alleged breach thereof, and if the dispute is not settled through negotiation in 30 days; the parties agree first to try in good faith to settle the dispute by mediation, also within 30 days; before resorting to litigation. If the parties are unable to agree on a mediator, an experienced mediator shall be randomly selected. The mediation process shall be confidential based on terms acceptable to the mediator and/or mediation service provider.
16. **Amendments.** This Agreement may be amended by a written amendment signed by the authorized representatives of the parties.
17. **Force Majeure.** In the event that Perrone's timely performance of Section 4(A) or 4(B) of this Agreement is interrupted or delayed by any occurrence not occasioned by the conduct of Perrone, whether the occurrence is an Act of God such as lightning, earthquakes, floods, or other similar causes; a common enemy; the result of war, riot, strike, lockout, civil commotion, sovereign conduct, explosion, fire, or the act or conduct of any person or persons not a party to or under the direction or control of Perrone or other circumstances beyond the reasonable control of Perrone, then performance of Section 4(A) or 4(B) of this Agreement shall be excused for Perrone for a period of time as is reasonably necessary after the occurrence to remedy the effects thereof.

WITNESS, the following authorized signatures:

PERRONE ROBOTICS, INC.

Paul J. Perrone, Chief Executive Officer

COUNTY OF ALBEMARLE, VIRGINIA

Jeffrey B. Richardson, County Executive

**ECONOMIC DEVELOPMENT AUTHORITY
OF ALBEMARLE COUNTY, VIRGINIA**

W. Rod Gentry, Chairman

Approved as to form:

County Attorney