

STATE OF NORTH CAROLINA

LEASE AGREEMENT

COUNTY OF ROWAN

THIS LEASE AGREEMENT is made this the _____ day of _____, 2022, by and between Rowan County, a body politic, hereinafter called Landlord, and Rowan County Literacy Council, A North Carolina Non-Profit Corporation with its principal office in Salisbury, North Carolina, hereinafter called Tenant:

WITNESSETH:

Rowan County Literacy Council, as a Non-Profit corporation registered in North Carolina with current 501(c)(3) tax exempt status, and desires to lease certain real property from Landlord to maintain its staff offices, literacy programming and related services and storage space needs; and

Subject to the terms and conditions and mutual promises hereinafter set forth, the Landlord hereby demises and lets, and the Tenant hereby rents and hires from said Landlord the following described premises located in Salisbury, Rowan County, North Carolina:

That certain current space known as the Rowan Literacy Office space located on the second floor, together with access through the customary public entrances for staff and clients.

TO HAVE AND TO HOLD the same and the privileges and appurtenances thereunto in any wise pertaining to the said Tenant and to be used by Tenant for the purpose of operating a literacy office in accordance with its non-profit purposes, and for such purposes as are usual and customary in the conduct of such business and for no other purpose or purposes for the term of FIVE (5) YEARS (plus the fractional portion, if any, of the month during which the lease commences) beginning on the commencement date as hereinafter set forth.

1. Commencement Date and Rental. The lease term hereof shall begin, and rent shall commence to accrue on the 1st day of January 2022.

(a) Minimum Rent. Tenant agrees to pay to Landlord as annual guaranteed minimum rent hereunder the sum of One Dollar (\$1.00) per year, payable on or before the first day of each calendar year.

(b) Late Payments and Interest. If Tenant shall fail to pay, when the same is payable, any charges or payments required to be paid by Tenant hereunder, such unpaid amounts shall bear interest from the due date thereof to the date of payment at the rate of 18% per annum (but no less than \$50.00, to cover Landlord's administrative expenses), and Tenant shall reimburse Landlord for reasonable attorney's fees, if any, incurred by Landlord by reason of default by Tenant.

2. Option to Extend and Landlord Early Termination Right. Tenant shall have the option to extend the term hereof for one (1) additional term of FIVE (5) YEARS. Provided, however, during the Initial Term or any extension thereof, Landlord may, if such space is needed for Landlord's primary purpose, provide one hundred eighty (180) days written notice to Tenant of Landlord's intent to terminate this Lease, and Tenant shall vacate the property prior to the end of the notice period. Provided, however, Landlord hereby agrees to reimburse Tenant for Qualified Tenant Improvements that were approved by Landlord prior to Tenant's work. Any extension shall be on the following terms and conditions:

- (a) No default is existing or continuing in the performance of any of the terms of this lease.
- (b) The extended term shall be on the same terms, covenants, and conditions as provided in this lease except that there shall be no privilege to extend the term of this lease for any period beyond the expiration of the fourth extended term.
- (c) Tenant hereby agrees to provide Landlord with any and all changes in the scope or purpose of the designated program described above, including changes in its governing board, bylaws or general governance documents.
- (d) Tenant shall maintain updated records of directors, officers, employees, and volunteers with Landlord, including relevant contact information for each.

Tenant shall exercise its right to an extension in the following manner.

- (a) Tenant shall notify Landlord in writing of its election to exercise the right to extend the term of this lease for the first or any subsequent extended terms, as the case may be, at least Ninety (90) Days prior to the expiration of the Initial Term or a subsequent extended term.
- (b) On the giving of such notice of election, the lease, subject to the terms of this provision, shall be deemed to be extended and the term thereof extended for a period of one year from the date of expiration of the Initial Term or any extended term during which such notice is given, as the case may be, without the execution of any further lease or instrument.

3. Taxes, Insurance, Repairs and Maintenance, and Utilities.

- A. Taxes. Landlord shall pay all real property taxes and general and special assessments ("real property taxes") levied and assessed against the building, other improvements, and land of which the premises are a part, including any and all business listing taxes for personal property located on the demised premises.

- B. Insurance. Landlord shall keep in full force and effect a policy of fire and extended coverage insurance covering loss or damage to the Demised Premises in the amount of one hundred percent (100%) of the full replacement value of (i) the Building, exclusive of excavation, footings and foundations, and (ii) the Other Improvements on the Demised Premises, with a commercially reasonable deductible, for which Landlord shall be fully responsible.

Tenant, at its cost, shall maintain public liability and property damage insurance with liability limits of not less than \$500,000 per person and \$1,000,000 per occurrence, and property damage limits of not less than \$100,000 per occurrence, with an aggregate coverage of \$200,000 insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the premises. Further, Tenant shall maintain insurance on its personal property, equipment and inventory located within the Demised Premises adequate for its purposes and without recourse against Landlord for its destruction.

All public liability insurance and property damage insurance shall insure performance by Tenant of the indemnity provisions of paragraph 11. Tenant agrees that, at least every two years, it will review the amount of its public liability and property damage insurance coverage and that it will make appropriate increases in the foregoing required coverage as appropriate to assure reasonable and adequate coverage limits.

If during the term of this Lease the demised premises are used by the Tenant for any purpose or in any manner that causes an increase in the rates of Landlord's all risk and/or public liability insurance, the Tenant will pay the additional premium caused thereby.

All the insurance required of Tenant under this lease shall contain an endorsement requiring thirty days' written notice from the insurance company to both parties and Landlord's lender, if any, before cancellation or change in the coverage, scope or amount of any policy. All such insurance shall name Landlord as an additional insured. A certificate of the policy, together with evidence of payment of premiums, shall be deposited with the Landlord at the commencement of the term, and on renewal of the policy not less than five days before expiration of the term of the policy. If such policy is terminated, Landlord shall have the right to obtain adequate insurance for Tenant and chargeback Tenant any reasonable insurance premiums incurred.

- C. Repairs and Maintenance. During the term of this lease, Landlord shall

make all repairs to the interior of the leased premises, said duty to include responsibility for painting, electrical maintenance, plumbing, windows, and lights of the leased premises.

During the term of this Lease and any extensions thereof, it shall be the sole duty of Landlord to make any necessary repairs to the outside walls, roof, HVAC and structural portions of the leased premises except for any such repairs made necessary by the fault, act or negligence of Tenant or its servants, employees, agents, customers or invitees in which case Tenant shall be responsible for said repairs

D. Utilities. Landlord shall provide fuel, water, electricity and utilities and all other services and maintenance for the interior of the demised premises.

4. Care of Premises. The Tenant shall take good care of the premises hereby leased or demised, including maintaining the demised premises in a clean and orderly manner. At the end or other expiration of the term of this lease, Tenant shall deliver up said premises in good order and condition, ordinary wear and tear excepted. If Tenant should fail to deliver up said premises in good order and condition, Landlord may have necessary work performed to render the premises in good order and condition, and Tenant agrees to compensate Landlord for such service.

5. Alterations and Additions. Tenant shall undertake at its sole cost and expense Initial Alterations to the demised premises pursuant to plans submitted in advance to and approved by Landlord prior to commencement of Initial Alterations. The Tenant shall not make any further alterations, additions or improvements, including major electrical wiring changes, to the premises hereby leased and demised without first obtaining from the Landlord its written consent, and all alterations, additions or improvements made by the Tenant during the course of its occupancy or the term of this lease shall inure to the benefit of and be the property of the Landlord upon the termination and end of this lease and shall be surrendered with the premises when the same are surrendered by the Tenant to the Landlord. With regard to any alterations, additions or improvements made without Landlord's consent, Landlord shall have the option upon the termination and end of this lease to accept such alterations, additions or improvements or to require Tenant to restore the premises to their condition prior to said alterations, additions or improvements.

6. Compliance with Laws, Rules and Regulations. Tenant shall comply with all reasonable rules and regulations of the Landlord with respect to the management and use of said premises. As may be necessary from time to time, Landlord may provide written rules and regulations regarding parking.

7. Inspection. The Tenant agrees that the Landlord and its agents or other representative shall have the right to enter upon the premises hereby leased or demised, or any part thereof, at

all reasonable hours for the purpose of examining the same.

9. Continuation of Business. In the event that Tenant should discontinue its business in the demised premises for more than sixty days, unless said discontinuance is pursuant to Tenant's bona fide program of remodeling or other improvement of the premises for continuing its business therein, then Landlord shall have the option to terminate this Lease Agreement.

10. Glass Breakage. It is specifically understood and agreed that Tenant shall be responsible for all glass breakage except such breakage as may be covered under the fire and extended coverage insurance policy or policies carried by Landlord.

11. Indemnity. Tenant shall hold Landlord harmless from all damages arising out of any damage to any person or property occurring in, on, or about the demised premises, including loading and unloading and sidewalk areas, except that Tenant shall not be liable for damage resulting from Landlord's gross negligence or willful misconduct. A party's obligation under this paragraph shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the other party.

13. Waiver of Subrogation. The parties release each other and their respective authorized representatives from any claims for damage to any person or to the premises and the building and other improvements in which the premises are located, and to the fixtures, personal property, Tenant's improvements, and alterations of either Landlord or Tenant in or on the premises and the building and other improvements in which the premises are located that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this lease.

15. Destruction by Fire or Casualty. If, during the term, the premises or the building and other improvements in which the premises are located are totally or partially destroyed from any cause, rendering the premises totally or partially inaccessible or unusable, Landlord shall restore the premises or the building and other improvements in which the premises are located to substantially the same condition as they were in immediately before destruction, if the restoration can be made under the existing laws and can be completed within 180 working days after the date of the destruction; provided, however, Landlord shall not be obligated to restore Tenant's fixtures, personal property, or improvements or alterations made by Tenant. Such destruction shall not terminate this lease. During the time required for restoration of all or any portion of the leased premises, Lessee shall not be required to pay rental for the portion of the premises not suitable for occupancy.

If the restoration cannot be made in the time stated above, then within fifteen days after the Landlord notifies Tenant that the restoration cannot be made in the said stated time, Tenant may terminate this lease immediately by giving written notice to Landlord. If Tenant fails to terminate this lease and if restoration is permitted under the existing laws, Landlord, at its election, may either terminate this lease or restore the premises or the building and other improvements in which the premises are located within a reasonable time and this lease shall continue in full force and effect. If the existing laws do not permit the restoration, either party may terminate this lease immediately by giving notice to the other party.

17. Adequate Parking. Landlord agrees to provide adequate parking on said premises for clients and employees.

18. Signs and Exterior Space. Tenant agrees that no signs or other advertising matter shall be painted or attached to the outside walls of the leased premises or otherwise placed on the outside of the leased premises without the written consent of the Landlord. It is specifically agreed that all outside signs and decorations of every kind and nature must first be approved by Landlord before being placed on the leased premises. Use of space outside of the Rowan literacy office, shall only be by and with the written consent of the Landlord. No signs shall be attached or posted to the front windows without prior written consent of Landlord. No vending machines shall be permitted outside the Rowan literacy office without prior written consent of Landlord.

19. Trade Fixtures. It is understood and agreed that Tenant may install such fixtures and appliances as may be necessary for the proper conduct of its business and at the expiration of this lease may remove any and all such removable fixtures with the exception of automatic doors, air conditioning, heating, plumbing, electrical and lighting equipment or fixtures, provided that Tenant shall repair any damage caused by such removal.

20. Quiet Enjoyment. The Landlord hereby agrees that the Tenant, upon paying the rent as hereinbefore stipulated and performing all of the stipulations, agreements, and covenants, shall and may peaceably and quietly have, hold and enjoy said premises during said term, free from the adverse claims of any person, firm or corporation, and the Landlord will pay all taxes and assessments that shall be lawfully levied upon the same except such taxes as those for which the Tenant shall be primarily liable.

21. Default. If Tenant shall continue in default in payment of any rental or other sum of money becoming due hereunder for a period of ten days after the due date therefor; or, if Tenant shall default in the performance of any other covenant of this Lease and does not remedy such default within thirty days after written notice thereof or does not within such thirty day period commence such act or acts as shall be necessary to remedy such default, and complete such act or acts promptly; or, if Tenant shall become insolvent or be adjudicated bankrupt, or file in any court a petition in bankruptcy or other debtor proceedings, or file or have filed against it a petition for the appointment of a receiver or trustee for all or substantially all of the assets of

Tenant; or, if Tenant makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement for the benefit of creditors; or, if Tenant shall vacate or abandon the demised premises or any substantial part thereof, or suffer the lease to be taken or encumbered under any legal process and such taking or encumbrance is not dissolved within twenty days; then, in any such event, Landlord shall have the right and option to terminate this Lease and shall have the immediate right of re-entry to remove all persons and property from the demised premises and dispose of or store such property as it sees fit, all without resort to legal process and without being deemed guilty of trespass.

Landlord may relet the premise or a portion of the premises for any reasonable use, and Landlord shall be entitled to recover from Tenant an amount equal to the amount of all rents reserved under this Lease, less the net rent, if any, collected by the Landlord on reletting the demised premises. Net rent collected on reletting by the Landlord shall be computed by deducting from the gross rent collected all expenses incurred by the Landlord in connection with the reletting of the premises, including broker's commissions and the cost of repairing, renovating or remodeling said premises. In the event of termination upon Tenant's default, the monthly rent to be paid by the Tenant shall (for the purposes of this section) be deemed to be a sum equal to the average total rent for the immediately preceding six months.

22. Remedies Cumulative - Nonwaiver. No remedy herein or otherwise conferred upon or reserved to Landlord or Tenant shall be considered exclusive of any other remedy, but the same shall be distinct, separate and cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; and every power and remedy given by this Lease to Landlord or Tenant may be exercised from time to time as often as occasion may arise, or as may be deemed expedient. No delay or omission of Landlord or Tenant to exercise any right or power arising from any default on the part of the other shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence thereto.

23. Eminent Domain. If the nature, location or extent of any proposed taking by eminent domain affecting the building is such that the Landlord elects in good faith to demolish all or substantially all of the buildings, then the Landlord may terminate this lease by giving at least six (6) months written notice of termination to the Tenant at any time after such condemnation, and this lease shall terminate on the date specified in such notice. Tenant hereby expressly waives all rights to an award resulting from an eminent domain action affecting the building, except the right to receive compensation or damages for its loss of business and its fixtures or personal property.

24. Subordination. Tenant agrees that this lease shall at all times be subject and subordinate to the lien of any mortgage (which term shall include all security instruments) that may be placed on the demised premises by the Landlord; and Tenant agrees, upon demand, without cost, to execute any instrument as may be required to effectuate such subordination, provided however, as a condition to this subordination provision, the Landlord shall obtain from

any such mortgagee an agreement in writing, which shall be delivered to Tenant, providing in substance that, so long as Tenant shall faithfully discharge the obligations on his part to be kept and performed under the terms of this lease, his tenancy shall not be disturbed, nor shall this lease be affected by any default under such mortgage, and in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive, and this lease shall in all respects continue in full force and effect, provided however, that Tenant fully performs all of its obligations hereunder.

25. Confidentiality. Tenant will not divulge, or allow its employees or representatives to divulge, any of the terms or conditions of this lease agreement, other than as may be required pursuant to North Carolina public records laws.

26. Assignment or Sublease. Tenant shall not assign this agreement nor relet the premises or any part thereof.

Tenant shall not occupy or use or permit or suffer to be occupied or used the premises hereby leased or demised for any business or purpose deemed disreputable in any manner, or extra-hazardous on account of fire. Any levy or sale by way of lawful execution or other legal process or any transfer or sale in bankruptcy or insolvency or under compulsory procedure of law shall be deemed an assignment within the meaning and terms of this lease.

27. Notices. Whenever notice shall be given by either party to the other, notice shall be in writing addressed to the address of the party being notified at the address set forth in this agreement or to such other address as a party may from time to time designate by notice to the other party. Notice may be given by hand delivery, express service, electronic means, or by postage paid certified or registered mail with return receipt requested. Notice given by hand delivery, express service or electronic means shall be deemed to have been given upon receipt by the party being notified. Notice given by certified or registered mail shall be deemed to have been given at the time of receipt or rejection or three (3) days after such notice is first unclaimed.

Landlord: Rowan County
 ATTN: County Manager
 130 West Innes Street
 Salisbury, NC 28144

Tenant: Rowan County Literacy Council
 201 West Fisher Street
 Salisbury, NC 28144

28. Estoppel Certificate. Within ten days after request therefor by Landlord or any mortgagee or trustee under a mortgage or deed of trust covering the demised premises, or if, upon any sale, assignment or other transfer of the demised premises by Landlord, an estoppel certificate shall be required from Tenant, Tenant shall deliver in recordable form a statement to any proposed mortgagee or other transferee, or to Landlord, certifying any facts that are then true with respect to this Lease Agreement, including without limitation (if such be the case) that this Lease Agreement is in full force and effect, that Tenant is in possession, that Tenant has commenced the payment of rent, and that there are no defenses or offsets to the Lease Agreement claimed by Tenant.

29. Waiver. The waiver by Landlord of any covenant or agreement set forth in this Lease shall not be deemed to be a waiver of any subsequent breach or any other covenant or agreement of this Lease. Acceptance of rent by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant (except Tenant's failure to pay the particular rent so accepted), regardless of Landlord's knowledge of such a preceding breach at the time the rent is accepted.

30. Singular and Plural. When required by the context of this lease, the singular shall include the plural.

31. Joint and Several Obligations. If more than one person or entity is Landlord or Tenant, the obligations imposed on that party shall be joint and several.

32. Paragraph Titles. The paragraph titles appearing in this lease are for reference only and shall not be considered a part of this lease or in any way modify, amend or affect the provisions thereof.

33. Complete Agreement and Effect. This written lease contains the complete agreement of the parties with reference to the leasing of the demised premises. The failure of either party to insist in any instance upon strict performance of any of the terms and conditions herein set forth shall not be construed as a waiver of the same in any other instance. No modification of any provision hereof and no cancellation or surrender hereof shall be valid unless in writing and signed and agreed to by both parties. It is understood and agreed that the stipulations, agreements and covenants herein contained are binding upon the parties hereto and their respective heirs, successors and permitted assigns.

34. Applicable Law. This lease is executed pursuant to the law of North Carolina, and all interpretations shall be under and pursuant to the laws of North Carolina.

35. Short Form. Lessor and Lessee agree that, at any time on request of either, a short form of this lease will be executed in form permitting its recording.

36. Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall be deemed invalid or unenforceable, the remainder of this Lease and

its application to other persons or circumstances shall not be affected by such partial invalidity but shall be enforced to the fullest extent permitted by law as though such invalid or unenforceable provision was never a part hereof.

{ Signature Page Follows }

IN TESTIMONY WHEREOF, each of the said parties has caused these presents to be duly signed and executed the day and year set forth herein, this contract being executed in duplicate originals, one of which is retained by each of the parties.

LANDLORD: ROWAN COUNTY

By : _____
Its: Chairman/Manager

TENANT:

ROWAN COUNTY LITERACY COUNCIL

By: _____ (Seal)
Printed Name: _____
Its: _____ President/Director