

**NORTH CAROLINA**

**CHATHAM COUNTY**

**THIS LEASE INDUCEMENT AGREEMENT** (this “Agreement”) is made and entered into as of the Effective Date by and between **CHATHAM COUNTY**, a body politic and corporate of the State of North Carolina, with an address of Post Office Box 1809, Pittsboro, North Carolina 27312 (the “**County**”) and the **TOWN OF PITTSBORO**, a North Carolina municipal corporation located in Chatham County with an address of Post Office Box 759, Pittsboro, North Carolina 27312 (the “**Town**”). The County and the Town may be referred to herein as a (“party”), and collectively as (the “parties”). The Effective Date of this Agreement is the date it is executed by the last party to sign, as indicated by the date under each party’s signature.

**WITNESSETH:**

**WHEREAS**, the Town has approached the County about becoming a tenant in a proposed new town hall and office building (the “Building”) that the Town intends to construct on the Justice property located at 50 West Salisbury Street in Pittsboro, North Carolina (the “Site”); and

**WHEREAS**, the Town has not acquired the Site, nor designed the Building.

**WHEREAS**, the Town desires to put the Site under contract and then proceed to design the Building with input and advice from the County concerning the layout of the space to be leased to the County and the terms of the Lease; and

**WHEREAS**, the Town is unable to move forward with the purchase of the Site and the design of the Building without an indication of interest from the County in the form of a lease prepayment; and

**WHEREAS**, the County is interested in exploring the possible lease of space in the Building should it be constructed by the Town; and

**WHEREAS**, the County has agreed to make a lease prepayment to the Town to induce the Town to explore the possibility of the design and construction of the Building;

**NOW, THEREFORE**, the County and the Town agree as follows:

**1. County's Lease Prepayment.** The County shall make a lease prepayment (the "Lease Prepayment") to the Town in the amount of Four Hundred Fifty Thousand (\$450,000.00) Dollars within fifteen (15) days of the Effective Date of this Agreement, which Lease Prepayment will either be refunded to the County if this Agreement is terminated, or credited to the County's rental payments during the final year of the term if the parties execute a lease for the Building.

**2. Lease Negotiations.** The County and the Town agree to negotiate in good faith regarding the design of the Building and the terms of the lease of space in the Building to the County (the "Negotiation Period").

**3. Termination Rights.** Either party may terminate this Agreement at any time during the Negotiation Period, or at any time thereafter unless a lease has been executed, by providing written notice of termination to the other party.

**4. Town's Lease Prepayment Refund Obligation.** In the event of the termination of this Agreement during the Negotiation Period, or at any time thereafter unless a lease has been executed, the Town shall repay the Lease Prepayment to the County in five (5) equal annual installments of \$90,000 each, plus interest on the outstanding balance at the rate of one percent (1%) per annum until paid in full with the first annual payment being due 365 days from the date of the receipt of notice of termination by a party, and each of the remaining four (4) installments

being due and payable on the anniversary of the first annual payment. Any installment made more than fifteen (15) days past its due date shall bear interest at the rate of eight percent (8%) per annum.

**5. Lease Prepayment if Lease is Executed.** In the event the County and the Town enter into a lease for space in the Building, the Lease Prepayment will be credited to the County's rental obligations under the lease during the final year of term (or the year of termination if earlier terminated) with interest on the Lease Prepayment at a rate of one percent (1%) per annum from the Effective Date of this Agreement until credited or paid in full. Any remaining balance of the Lease Prepayment, with interest as aforesaid, shall be paid to the County within thirty (30) days after the lease is terminated, or as otherwise mutually agreed by the parties.

**6. Miscellaneous.** This Agreement constitutes the entire agreement and understanding between the parties related to the subject matter of this Agreement and it is understood and agreed that all undertakings, negotiations, representations, promises, inducements, and agreements heretofore entered into between the parties with respect to the matters contained herein are merged in this Agreement. This Agreement may not be changed orally, but only by a written document signed by each party. No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced. The provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. The provisions of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of North Carolina. The headings contained in this Agreement are solely for the convenience of the parties and do not constitute a part of this Agreement and shall not be used to

construe or interpret any provisions hereof. This Agreement shall be considered for all purposes as having been prepared by the joint efforts of the parties and shall not be construed against one party or the other as a result of preparation, substitution, submission, or other event of negotiation. This Agreement may be executed in any number of counterparts each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument, and the parties hereto may execute this Agreement by signing any such counterpart.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the effective date.

[SIGNATURES ON FOLLOWING PAGE]

**CHATHAM COUNTY**

By: \_\_\_\_\_  
James G. Crawford  
Title: Chairman, Board of Commissioners  
Date: \_\_\_\_\_

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

\_\_\_\_\_  
Vicki McConnell  
Director of Finance  
Chatham County

**TOWN OF PITTSBORO**

By: \_\_\_\_\_  
Cindy S. Perry  
Title: Mayor  
Date: \_\_\_\_\_

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

\_\_\_\_\_  
Heather Meacham  
Director of Finance  
Town of Pittsboro