

**STATE OF NORTH CAROLINA**

**COUNTY OF DURHAM**

**LEASE AGREEMENT  
326 E. Main Street Office**

This **LEASE** made and entered into this 1<sup>st</sup> day of September, 2018 by and between the **COUNTY OF DURHAM**, a political subdivision of the State of North Carolina, hereinafter "**Landlord**," and **COASTAL HORIZONS CENTER, INC**, a North Carolina corporation, hereinafter "**Tenant**."

**WITNESSETH:**

**WHEREAS**, Landlord is the owner of that certain parcel of real estate located at 326 E. Main Street, Durham, North Carolina (hereinafter the "Property"); and

**WHEREAS**, Tenant currently provides substance abuse evaluation and care management services to individuals in the criminal justice system pursuant to a Memorandum of Understanding with Landlord (hereinafter the "MOU"); and

**WHEREAS**, Tenant desires to lease from Landlord five offices: 217, 218, 219, 220, and 221, located on the second floor of the Property, (hereinafter the "Premises") from which Tenant may provide the services under the MOU.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and conditions contained herein, including, without limitation, other good and valuable consideration, Landlord and Tenant hereby agree as follows:

1. Demise of Premises: Landlord does hereby lease unto Tenant and Tenant hereby leases from Landlord the Premises pursuant to the terms set forth in this Lease Agreement. Ingress and egress to and from the Premises shall be through the first floor secured entrance and shall be shared by Tenant and Landlord, its invitees, guests and other Tenants. Tenant shall be provided access cards and shall be responsible for the safe keeping of the cards and building security rules provided by the Landlord. No parking is provided by Landlord.
2. Use of Premises: Tenant shall use and occupy the Premises for the sole purpose of providing services pursuant to the MOU. Tenant shall not use or allow the Premises to be used for any purpose or in any manner which shall be unlawful or shall constitute a public or private nuisance or hazard. Tenant shall comply with all applicable laws, ordinances, orders, rules and regulations prescribed by lawful governmental authority relating to the Premises, including those concerning cleanliness, safety, occupancy and use of the Premises.
3. Commencement, Term and Renewal: The Term of this Lease shall commence on the date first written above and shall expire on August 31, 2019, unless terminated sooner as provided herein (hereinafter the "Term"). The Term of the Lease may be renewed for 4 consecutive one-year periods upon Tenant's written request, provided to Landlord at least

90 days prior to the termination of the then current Term, in Landlord’s sole discretion (hereinafter the “Lease Renewal”). All terms and conditions of this Lease shall continue for all Lease Renewal Terms.

4. **Base Rent:** Beginning on September 1, 2018 the Tenant shall pay to the Landlord the annual rental amount of \$9,375.00, in equal monthly payments of \$781.25. Such rental payment shall be made by Tenant no later than the 5<sup>th</sup> of the month beginning September 2018 and each month thereafter. Effective September 1<sup>st</sup> of each successive fiscal year thereafter, the annual Base Rent shall increase by 3% (three percent).

<b>Lease Year</b>	<b>From</b>	<b>Through</b>	<b>Annual Rate</b>	<b>Monthly Rate</b>
Initial Term	9/1/2018	8/31/2019	\$9,375.00	\$781.25
Renewal Year 1	9/1/2019	8/31/2020	\$9,656.25	\$804.69
Renewal Year 2	9/1/2020	8/31/2021	\$9,945.94	\$828.83
Renewal Year 3	9/1/2021	8/31/2022	\$10,244.31	\$853.69
Renewal Year 4	9/1/2022	8/31/2023	\$10,551.65	\$879.30

5. **Additional Charges:** Tenant shall pay to Landlord, Additional Charges for the Premises (herein called “Administrative Support and Security Fee”), in the amount of \$522.67 per month. Administrative Support and Security Fee shall mean all expenses paid or incurred by Landlord for administrative support related to the operation and security of the premises, including, without limitation, salaries and fringe benefits paid to employees of the Landlord, and payments made to Landlord’s contractors, for the provision of administrative services directly or indirectly delivered to Tenant’s employees and clients, and onsite security services and personnel, allocated to Tenant in proportion to Tenant’s use of such services. Effective September 1<sup>st</sup> of each successive renewal year thereafter, the annual Additional Charges shall increase by 3% (three percent).

**Administrative Support and Security Expenses Calculation:**

	<b>Proportional Annual Expense</b>	<b>Monthly Payment</b>
Administrative Support	\$ 8,553.48	\$ 712.79
Security	\$ 3,990.71	\$ 332.56
<b>SUBTOTAL</b>	<b>\$ 12,544.19</b>	<b>\$ 1,045.35</b>
Partnership Discount of 50%	x 50%	x 50%
<b>TOTAL ADDITIONAL CHARGE</b>	<b>\$ 6,272.09</b>	<b>\$ 522.67</b>

**Administrative Support and Security Fee:**

<b>Lease Year</b>	<b>From</b>	<b>Through</b>	<b>Annual Proportional Expense</b>	<b>Additional Monthly Payment</b>
Initial Term	9/1/2018	8/31/2019	\$6,272.09	\$522.67
Renewal Year 1	9/1/2019	8/31/2020	\$6,460.25	\$538.35
Renewal Year 2	9/1/2020	8/31/2021	\$6,654.06	\$554.50
Renewal Year 3	9/1/2021	8/31/2022	\$6,853.68	\$571.14
Renewal Year 4	9/1/2022	8/31/2023	\$7,059.29	\$588.27

6. Assignment and Sublease: Tenant shall not assign, mortgage or encumber this Lease, the Premises or any improvements on the Premises, nor sublet the Premises or any part thereof. Any attempted assignment, mortgage, encumbrance or subletting shall be null and void.
  
7. Title to Improvements: Alterations and permanent improvements to the Premises shall immediately become and be the sole and absolute property of Landlord and shall remain on the Premises and shall not be removed unless otherwise determined by Landlord; and, at the expiration or sooner termination of this Lease, the same shall be surrendered to Landlord in good condition and repair, reasonable wear and tear excepted, unless otherwise determined by Landlord.
  
8. Repairs and Maintenance:
  - (a) Tenant agrees and hereby stipulates with Landlord that the Premises are in good and tenable condition on the commencement of this Lease. Tenant accepts the Premises in “as is” condition.
  
  - (b) Tenant shall not permit, allow or cause any act or deed to be performed upon, in or about the Premises which shall cause or be likely to cause injury to any person or to the Premises, the building or improvements located thereon. Tenant shall at all times keep the Premises in a neat and orderly condition.
  
  - (c) Landlord shall, at Landlord’s own cost and expense, during the term of this Lease provide maintenance and repairs to the Premises including but not limited to:
    - (i) Maintenance, repairs or replacement of the roof, sidewalls, structural supports, exterior windows and foundation of the Premises;
    - (ii) Pest control services;
    - (iii) Janitorial services.
    - (iv) Repairs and maintenance of the plumbing and mechanical equipment including electrical systems and HVAC.

However, in no event shall Landlord be responsible for (and Tenant will be responsible for):

- (i) any maintenance, repair or replacement required by this Lease to be made by Landlord that are rendered necessary by the negligence of or the abuse of Tenant its employees, agents, licensees or invitees; or
  - (ii) any damages resulting from Landlord's failure to make any repairs required by this Lease to be made by Landlord unless Tenant provides written notice to Landlord specifying the need for repairs and Landlord fails to make the repairs within thirty (30) days after Tenant gives notice.
- (d) Inspections and Reporting. Tenant shall document, and photograph, if requested, any conditions that it believes require Landlord to repair and provide a copy of the documentation and photographs to Landlord. Landlord shall provide any maintenance and repairs deemed necessary in a timely manner. If Landlord requires the alteration or closure of any portion of the Property in order to perform its obligations hereunder, Landlord shall attempt to give Tenant no less than twelve (12) hours prior notice thereof.
- (e) Landlord's Right of Access. Landlord reserves the right to enter the Premises at any time during the Term to perform its obligations under this Lease.
9. Personal Property of the Tenant. All personal property belonging to Tenant in or near the Premises or Property, shall be at the Tenant's sole risk, and the Landlord shall not be liable for any damage done to or loss of such personal property unless caused by Landlord's negligence or willful act. Landlord shall not be liable for damage or loss suffered by the business or occupation of the Tenant arising from any act or omission of occupants of or visitors to the Premises or Property. Upon the expiration of the Term of this Lease, or termination of this Lease for any reason whatsoever, Tenant shall, on or before said date, remove all such personal property from the Premises, and all property not so removed shall be deemed abandoned by the Tenant.
10. Mechanic's Liens: Tenant shall not do or suffer anything to be done whereby the Premises may be encumbered by any mechanics or materialman's lien. Whenever and as often as any mechanic's lien is filed against said Premises purporting to be for labor or material furnished or to be furnished to Tenant, Tenant shall discharge same of record within ten (10) days after the date of filing. Notice is hereby given that Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and that no mechanic's or materialman's lien or other security interest of any kind whatsoever for any such labor or materials shall attach to or affect Landlord's interest in and to the Premises.
11. Taxes:
- a.) All assessments levied against the Premises or Tenant's leasehold interest in the Premises, by any governmental entity, including any special assessments imposed on or against the Premises for the construction or improvement of public works

in, on, or about the Premises, shall be paid before they become delinquent, by Landlord.

- b.) Tenant shall pay, prior to delinquency, all taxes assessed against and levied upon any trade fixtures, furnishings, equipment and all other personal property of Tenant contained in or on the Premises or elsewhere and shall pay all taxes attributable to any leasehold improvements which may be made to the Premises by Tenant. When possible, Tenant shall cause said trade fixtures, furnishings, equipment, personal property and leasehold improvements to be separately assessed. If, however, any or all of same shall be assessed and taxed with Landlord's property, Tenant shall pay to Landlord such taxes as are attributable to Tenant's trade fixtures, furnishings, equipment, personal property and leasehold improvements within fifteen (15) days after receipt of an invoice from Landlord advising Tenant of the taxes applicable to Tenant's property

12. Insurance: Tenant shall maintain, at its expense, the following minimum insurance coverage:

\$1,000,000 --- Bodily Injury Liability, and  
\$ 100,000 --- Property Damage Liability, or  
\$1,000,000 ---Combined Single Limit Bodily Injury and Property Damage

Tenant upon request by Landlord shall furnish a certificate of insurance from an insurance company, licensed to do business in the State of North Carolina and acceptable to Landlord verifying the existence of any insurance coverage required by Landlord. The certificate will provide for thirty-(30) days advance notice in the event of a decrease in coverage, termination or cancellation of coverage.

13. Fire or Casualty: If the improvements on the Premises shall be damaged or destroyed by fire or other casualty during the term of this Lease or to the extent that they cannot be repaired or reconstructed at a cost of less than 50% of the fair market value of such improvements immediately before said damage or destruction, Landlord shall have the right to cancel this Lease. If said option to cancel is not exercised by Landlord, or if the improvements shall be damaged or destroyed by fire or other casualty to the extent that they can be repaired or reconstructed at a cost of less than 50% of their fair market value immediately before said damage or destruction, and so long as such damage or destruction occurs prior to the termination or expiration of this Lease, Landlord shall, as soon as reasonably possible, effect the required repairs and reconstruction of the Premises to place them in substantially the same condition as existed immediately prior to such damage or destruction. Any other provisions contained herein notwithstanding, the Landlord shall be required and obligated to effect repairs or reconstruction only to the extent of any sums of money, if any, which are received by Landlord under Landlord's insurance coverage as a direct result of said fire or other casualty. Notice of cancellation pursuant to the terms of this section shall be given within thirty (30) days of the damage or destruction. Estimates of percentage of destruction shall be made in good faith by Landlord.

14. Event of Default:

- a.) The occurrence of any of the following shall constitute an Event of Default of this Lease:
- (i) Any failure by Tenant to pay the rent hereunder, where such failure continues for three (3) days after written notice thereof by Landlord to Tenant.
  - (ii) Tenant abandons or vacates the Premises without written notification to the Landlord.
  - (iii) Failure by either party to observe and perform any obligation of this Lease, other than the failure to pay rent or make any other payment required to be made by Tenant hereunder, where such failure continues for thirty (30) days after written notice thereof by the non-breaching party to the breaching party; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period. A party shall not be deemed to be in default if that party shall within such period commence to cure and thereafter diligently prosecute the same to completion.
  - (iv) The filing by or against the Tenant of a petition seeking relief under the Bankruptcy Act or any Federal or State statute intended to provide relief for private persons or entities which are insolvent or unable to meet their obligations as they mature.
  - (v) Failure of Tenant to comply with any security or privacy rules provided by the Landlord, including but not limited to unauthorized access to the Premises, theft or unauthorized use of personal information found or obtained on the Property.
- b.) Landlord's Remedies. The terms and conditions of this Lease shall be enforceable by Landlord by actions for specific performance or injunction in addition to any other remedies available at law or in equity. If an Event of Default has occurred, Landlord may, without further notice or demand, terminate this Lease, and Tenant immediately shall surrender the Premises to Landlord; and, if Tenant fails to do so, Landlord shall have the right, without waiving any other remedy for possession or arrears in payments, to enter upon and take control of the Premises and to expel or remove Tenant and any other person who may be occupying the Premises. Pursuit of any remedy under this Lease shall not preclude the pursuit of any other remedy provided for in this Lease or any other remedy provided in law or equity, nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any amounts due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions, and covenants contained in this Lease.

To the extent permitted by law, Tenant shall pay all costs and reasonable attorney's fees incurred by Landlord in the enforcement of this Lease arising out of any default on the part of Tenant.

- c.) Tenant's Remedies. Upon the occurrence and during the continuance of any Event of Default by Landlord, Tenant shall have the right, in addition to all other rights and remedies available to Tenant at law or in equity, to terminate this Lease. No other property or assets of Landlord, disclosed or undisclosed, shall be subject to levy, execution, or the enforcement procedure for the satisfaction of Tenant's remedies. No personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against, Landlord or its officers, elected officials, or their respective heirs, legal representatives, successors, and assigns on account of this Lease or any covenant, undertaking, or agreement in this Lease.
15. Termination: In the event Tenant is unable to use the Premises for the purpose of providing services pursuant to the MOU between Tenant and the Landlord or if the MOU between Tenant and the Landlord expires or is terminated for any reason before June 30, 2019, then this Lease shall be immediately terminated. On or before the termination or expiration of this Lease, Tenant shall vacate and surrender the Premises to Landlord.
16. Condition of Premises Upon Termination: Upon the termination or expiration of this Lease, Tenant shall return the Premises to Landlord in substantially the same condition as received, ordinary wear and tear and approved improvements excepted.
17. Holding Over. In the event Tenant remains in possession after the expiration of the Term without the execution of a new lease, its tenancy shall be on a month-to-month basis and, shall otherwise be subject to all of the conditions, provisions and obligations of this Lease insofar as the same shall be applicable, except that the monthly Base Rent due and payable hereunder shall be equal to 150% of the monthly amount of Annual Rent payable as of the last month of the Term, plus the Additional Charges pursuant to the Lease. Tenant shall not acquire any right, title or interest in or to the Premises or Landlord's Personal Property.
18. Indemnification: Tenant shall indemnify, defend and hold harmless Landlord, its agents and employees from any and all claims arising from Tenant's use of the Premises or from the conduct of Tenant's business or from any activity, work or things which may be permitted or suffered by Tenant in or about the Premises and shall further indemnify, defend and hold Landlord harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the provision of this Lease or arising from any negligence of Tenant or any of its agents, or employees.
19. Sign Control. Tenant shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises or Property, including without limitation, the inside or outside of windows or doors, without the written consent of Landlord. Landlord shall have the right to remove any signs or other matter, installed without Landlord's permission, without being liable to Tenant by reason of such removal, and to charge the cost of removal to Tenant as additional rent hereunder, payable within ten (10) days of written demand by Landlord.

20. Telephone, Internet and Utilities: Tenant shall be responsible for the cost of telephone and Internet services rendered or supplied upon or in connection with the Premises, unless otherwise agreed to in writing between the parties. All other utilities will be provided to the Premises by the Landlord.
21. Subordination: This Lease and the rights of Tenant are subordinate to and shall remain subordinate to the lien of any mortgage or deed of trust (hereinafter called "Mortgage") whether such Mortgage is currently a lien on the Premises or hereafter becomes a lien on the Premises and no further agreements or documents shall be required to render this Lease and the Tenant's rights subordinate to such Mortgage. At Tenant's request and at the Tenant's expense, Landlord shall endeavor to obtain for Tenant a non-disturbance agreement in recordable form providing in substance that Tenant's tenancy shall not be disturbed nor affected by any default under the Mortgage provided that Tenant is not in default under any of the terms, conditions and covenants hereof. Tenant shall at all times upon request of Landlord promptly furnish documents stating that this Lease is in full force and effect, that no defaults of the Landlord exist, and such other matters as are customarily contained in what is known as an "estoppel letter" or a "good-standing letter". Should Tenant fail to deliver such documents within 10 days of Landlord's request therefore, Landlord shall be deemed Tenant's attorney-in-fact for the purpose of executing such documents in the name of Tenant unless Tenant has within such period provided written notice to Landlord of Tenant's claim of Landlord's default. Upon cure of such default Tenant shall promptly provide notice of same as requested by Landlord.
22. Condemnation: If the entire Premises are taken or condemned for a public or quasi-public use, then this Lease shall terminate at the later of the vesting of title in the condemning authority or the acquisition of possession thereby. If any part of the Premises shall be taken or condemned for a public or quasi-public use and a part thereof remains which is reasonably suitable for the Tenant's use, this Lease shall not terminate. The aforesaid partial condemnation shall be without prejudice to the rights of either Landlord or Tenant to directly recover compensation from the condemning authority for any of its loss or damage caused by such condemnation. Neither Landlord nor Tenant shall have any rights in and to any award made to the other by such condemning authority.
23. Additions, Alterations, Changes and Improvements: Tenant shall not make, and shall not have the right to make any alterations, changes or improvements, structural or otherwise, in or to the Premises.
24. Easements, Restrictions and Rights of Way: The Premises are demised subject to all easements, restrictions and rights of way legally affecting the Premises.
25. Applicable Law: This Lease is entered into in North Carolina and shall be construed under the laws, statutes and ordinances of this State. All actions relating in any way to this Lease shall be brought in the General Court of Justice in the County of Durham and State of North Carolina.



26. Compliance with Laws: Tenant represents that it is and shall remain in compliance with all Federal, State, and local laws, regulations or orders, as amended or supplemented.
27. Severability: The provisions of this Lease are independent covenants and should any provision or provisions contained in this Lease be declared by a court or other tribunal of competent jurisdiction to be void, unenforceable or illegal, then such provision or provisions shall be severable and the remaining provisions hereof shall remain in full force and effect.
28. Notices: All notices and written consents required under this Lease shall be in writing and shall be sent to the Landlord at Real Property Management, 200 East Main Street, 4<sup>th</sup> Floor, Durham, North Carolina 27701, and to the Tenant at \_\_\_\_\_.
29. Waiver: Failure or delay of either party to insist upon the strict performance of the covenants, agreements, or conditions of this Lease, or any of them, shall not be construed as a waiver or relinquishment of that party's right to enforce such, but the same shall continue in full force and effect.
30. Binding Effect/Entire Agreement: The covenants and agreements contained herein shall apply to and inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns. This Lease contains the entire agreement between the parties and no oral statements or representations or prior written matter not contained in this Lease shall have any force or effect. This Lease shall not be modified in any way except by a writing executed by both parties.
31. Remedies Cumulative: The remedies given to Landlord and Tenant are cumulative and not alterative and are in addition to any other rights Landlord and Tenant may have at law or in equity or otherwise.
32. Covenant of Title and Quiet Enjoyment: Landlord covenants and warrants to Tenant that Landlord has full right and lawful authority to enter into this Lease for the Term hereof and that, provided Tenant is not in default hereunder, Tenant's quiet and peaceable enjoyment of the Premises shall not be disturbed by anyone claiming through Landlord.
33. E-Verify. Tenant shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. Further, if Tenant provides services utilizing subtenants said Tenant shall require the subtenant to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes as well. Tenant shall verify, by affidavit, compliance of the terms of this section upon request by Landlord.
34. Dispute Resolution. The Parties agreed that all disputes, except for Summary Eviction, shall be subject to mediation according to the Rules of Mediation of the North Carolina Superior Court, prior to the filing of any litigation.

IN TESTIMONY WHEREOF, This Lease has been executed by the parties hereto, as of the date first above written.

For Landlord:  
ATTEST:

COUNTY OF DURHAM

\_\_\_\_\_  
Terri Lea Hugie  
CLERK TO THE BOARD

BY: \_\_\_\_\_  
Wendell M. Davis  
COUNTY MANAGER

For Tenant:  
ATTEST:

COASTAL HORIZONS CENTER, INC

\_\_\_\_\_  
  
, Secretary

BY: \_\_\_\_\_  
  
, President

Acknowledgement of Landlord:

STATE OF NORTH CAROLINA  
COUNTY OF DURHAM

I, \_\_\_\_\_, a Notary Public for \_\_\_\_\_ County, certify that Terri Lea Hugie personally came before me this day and acknowledged that she is Clerk to the Board of the County of Durham, and that by authority duly given and as the act of the County, the foregoing instrument was signed in its name by its County Manager, sealed with its seal, and attested by herself as its Clerk to the Board.

Witness my hand and official seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2018

\_\_\_\_\_  
(SEAL)

Notary Public  
My commission expires: \_\_\_\_\_

Acknowledgement of Tenant:

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

I, a Notary Public in and for the aforesaid County and State, do hereby certify that \_\_\_\_\_ personally appeared before me this day and acknowledged that he/she \_\_\_\_\_ of the \_\_\_\_\_, a \_\_\_\_\_ corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its \_\_\_\_\_, sealed with its corporate seal and attested by \_\_\_\_\_ as its \_\_\_\_\_.

Witness my hand and notarial seal this \_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Notary Public

(SEAL)

My commission expires: