

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into effective the 1st day of January, 2025, by and between G & L CAPITAL HOLDINGS, LLC, a North Carolina limited liability company with its principal place of business in Wayne County, North Carolina, (hereinafter referred to as the "Landlord"), party of the first part; and TOWN OF NORTH TOPSAIL BEACH, a North Carolina municipal corporation, (hereinafter referred to as the "Town"), party of the second part.

WITNESSETH:

WHEREAS, Landlord owns that certain real property located on New River Inlet Drive, North Topsail Beach, Onslow County, North Carolina, whose parcel identification number and NC PIN, respectively, are 012998 and 427715633958, and which is more particularly described in Tract 3 of the Deed recorded in Book 2159, Page 864 of the Onslow County Registry; and

WHEREAS, the Town desires to lease a certain portion of said Tract 3 as more particularly described on Exhibit A attached hereto and incorporated herein by reference (said portion of Tract 3 described on Exhibit A hereinafter referred to as the "Demised Premises"); and

WHEREAS, the Town desires to lease the Demised Premises for use by the general public as a means of access to the beach and the ocean which adjoin the Demised Premises and for the parking of automobiles.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Landlord does hereby rent and lease the Demised Premises unto the Town and the Town does hereby accept the Demised Premises as the tenant of Landlord, upon the terms and conditions herein set out.

TO HAVE AND TO HOLD the Demised Premises unto the Town, subject to the following terms and conditions:

(1) TERM. This lease shall begin on January 1, 2025, and unless sooner terminated, shall exist and continue for a period of five (5) years through and including December 31, 2029.

(2) TERMINATION BY TOWN. Notwithstanding anything to the contrary in this lease, the Town shall have the right and option to terminate this lease without cause upon ninety (90) days advance written notice to Landlord; and upon such termination, each party shall perform all of its obligations under this lease through and including the effective date of such termination.

(3) TERMINATION BY LANDLORD. Notwithstanding anything to the contrary in this lease, Landlord shall have the right and option to terminate this lease without cause upon ninety (90) days advance written notice to the Town; and upon such termination, each party shall perform all of its obligations under this lease through and including the effective date of such

termination, provided further that upon such termination, the Town shall pay for all capital improvements upon the Demised Premises during the term of this Lease and Landlord shall not be responsible for any payment to the Town in reimbursement of same.

(4) RENTAL. During the term hereof, the rental for the Demised Premises shall be the sum of Eight Thousand Three Hundred and no/100 Dollars (\$8,300.00) per calendar year, payable annually in advance without demand, beginning on January 1, 2025, and continuing on each January 1st thereafter throughout the term of this lease (and past due on March 31, 2025 and March 31st of each year thereafter throughout the term of this lease).

(5) PERMITTED USES. During the term hereof, the Demised Premises shall be used by the Town only for purposes of operating a parking lot ("Parking Facilities"), and for no other use or purpose without the Landlord's prior written consent, which shall be granted or withheld in Landlord's sole and subjective discretion. The Town is authorized to construct bicycle racks on the Property. The Town shall comply with all laws, ordinances, codes and regulations regarding the Property and the permitted use upon the Property. The Town may charge a reasonable amount for public parking in the Parking Facilities.

(6) TAXES AND ASSESSMENTS. During the term hereof, Landlord shall promptly pay any and all real estate taxes and assessments imposed or levied upon the Demised Premises by any public authority, provided that the Town shall reimburse Landlord for any increase in real estate taxes due to capital improvements approved by Landlord pursuant to paragraph 19 below and constructed during the term of this lease.

(7) UTILITIES AND OPERATING EXPENSES. During the term hereof, the Town shall provide and promptly pay for any and all utilities consumed or used in connection with the Demised Premises. The lack of availability of or failure of utility service shall not be deemed constructive eviction. The Town agrees to pay all expenses associated with operating and maintaining the Demised Premises and the Parking Facilities, including landscape maintenance, trash, rubbish and debris removal, general maintenance, insurance and other charges imposed by law or against the Demised Premises as part of the Town's obligations hereunder.

(8) PERMITS. During the term hereof, the Town will apply for, pay for and keep current all permits and licenses required for the lawful operation of the Parking Facilities.

(9) INSURANCE. During the term hereof, the Town shall maintain and promptly pay all premiums for public liability insurance coverage upon the Demised Premises and deliver to Landlord certificates or other evidence of insurance satisfactory to Landlord upon Landlord's request. Such public liability policy shall name both Landlord and the Town as insureds and have limits of at least Five Hundred Thousand Dollars (\$500,000) for injury or death to any one person, One Million Dollars (\$1,000,000) for any one accident, and One Hundred Thousand Dollars (\$100,000) with respect to damage to property. Such policy shall provide for at least thirty (30) days prior notice to Landlord of cancellation. The Town shall provide Landlord with written verification of such policy and payment of all premiums.

(10) LANDLORD NOT LIABLE FOR DAMAGES OR INJURIES. Landlord shall not be responsible to the Town or to any other person, firm, partnership, association or corporation for damages or injuries by virtue of or arising out of any condition or use of the Demised Premises or by virtue of earthquakes, riots, windstorms, overflow of water from surface drainage, rain, water, fire, or by the elements, or acts of God, or by the neglect of any person, firm, partnership, association or corporation.

(11) INDEMNIFICATION OF LANDLORD. To the extent permitted by law, the Town agrees to indemnify and save Landlord harmless from and against any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorney's fees, by or on behalf of any person, firm or corporation, arising from the conduct of any activity or thing whatsoever done on the Demised Premises and will further indemnify and save Landlord harmless from and against any and all claims arising during the term of this lease from any condition of the Demised Premises, which condition was known to the Town, or in the exercise of reasonable care should have been known to the Town, or arising from any act of negligence of the Town, or any of their agents, employees, servants, sub-lessees, licensees or invitees, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation occurring in or on the Demised Premises, from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and the Town, upon notice from Landlord, covenants to defend such action or proceeding by counsel satisfactory to Landlord, at the expense of the Town, provided that any counsel prescribed by an insurance carrier of the Town shall be deemed counsel satisfactory to Landlord.

(12) SIGNS. The Town may place, erect and maintain only those signs on or about the Demised Premises which have been approved by Landlord and which are in compliance with all applicable laws and regulations. The Town shall pay for installing, maintaining and removing any such signs and shall repair all damage caused by the installation or removal of such signs.

(13) TENANT'S ACCEPTANCE AND USE OF DEMISED PREMISES. The Town has inspected the Demised Premises and agrees to accept the Demised Premises in its existing condition. The Town may use the Demised Premises only for the purpose of providing to the general public a means of access to the beach and the ocean which adjoin the Demised Premises and the parking of automobiles for persons using the said public beach and ocean.

(14) OBSERVANCE OF LAWS AND ORDINANCES. The Town will abide by and obey the laws of the United States, the State of North Carolina, and all laws, ordinances and regulations of Onslow County and the Town which may affect or relate to the use or occupancy of the Demised Premises.

(15) CLEANLINESS. The Town shall at all times keep the Demised Premises in a reasonably clean, neat and orderly condition and shall keep the entryways adjoining the Demised Premises reasonably clean and free from rubbish and dirt. The Town will not make or suffer any waste of the Demised Premises or permit anything to be done in or upon the Demised Premises

creating a nuisance thereon.

(16) DAMAGE OR DESTRUCTION BY CASUALTY. If the Demised Premises should be damaged or destroyed by any casualty, either party hereto shall have the right and option to cancel this agreement without any liability or obligation to the other beyond the termination date.

(17) LANDLORD'S ENTRY. Landlord shall have the right to enter upon the Demised Premises at all reasonable times during the term of this lease for the purposes of inspection, maintenance, repair and alteration, and to show the same to prospective tenants or purchasers.

(18) ASSIGNMENT BY TENANT. The Town shall not assign this lease or sublease the Demised Premises without the prior written consent of Landlord which consent shall be in Landlord's sole discretion, nor shall the Town permit occupancy of the Demised Premises by any other party except in connection with the Town's use and occupancy of the Demised Premises as a Parking Facility (i.e., allowing automobiles to be parked on the Demised Premises for a fee).

(19) TENANT'S ALTERATIONS. As of the date of this Lease, a crosswalk and parking lot are situated upon the Demised Premises. The Town covenants and agrees not to make, or permit to be made, any alterations, improvements or additions of any kind to the Demised Premises, including, but not limited to, the erection or installation of any building or structure, except with the prior written consent of Landlord which consent shall be in Landlord's sole discretion. All alterations, improvements and additions to the Demised Premises shall be made in accordance with all applicable laws and shall become the property of Landlord and be surrendered with the premises at the termination of this lease. If prior to the termination of this lease, or within fifteen (15) days thereafter, Landlord in its sole discretion so directs, the Town shall promptly remove the additions, improvements, fixtures, and installations which were placed upon the Demised Premises by the Town and which are designated in said notice and repair any damage occasioned by such removal, and in default thereof, Landlord may effect said removals and repairs at the Town's expense. To the extent permitted by law, in the event of making such alterations, improvements, and/or additions as herein provided, the Town shall indemnify and save harmless Landlord from all expense, liens, claims, or damages to either persons or property arising out of, or resulting from the undertaking or making of said alterations, additions, and improvements.

(20) REPAIRS. The Town shall maintain the Demised Premises in good condition and shall make all repairs to the Demised Premises which shall become necessary during the term hereof. In the event The Town fails to make such repairs in a timely manner, Landlord may make such repairs and shall be reimbursed for same by the Town. No changes of a structural nature shall be made to the Demised Premises without the prior written consent of Landlord, which consent shall be in Landlord's sole discretion.

(21) TITLE OF DEMISED PREMISES. The Demised Premises are let subject to the state of title thereof existing as of the commencement of the term of this lease, to any state of facts which an accurate survey or physical inspection shall show, to all zoning regulations,

restrictions, rules and ordinances, building restrictions and other laws and regulations now in effect or hereafter adopted by a governmental authority having jurisdiction and in their then existing condition without representation or warranty by Landlord, except Landlord warrants that it has good and marketable title to the Demised Premises, free and clear of all encumbrances, except real estate taxes for the current year, easements and restrictions of record, and Deeds of Trust of record in the Onslow County Registry.

(22) QUIET ENJOYMENT. Except as provided herein, Landlord covenants and agrees that the Town, by paying the rents herein reserved and observing, keeping and performing the covenants herein contained shall and may peaceably and quietly have, hold, occupy, possess and enjoy the Demised Premises for and during the full term of this lease.

(23) HOLDING OVER. Any holding over after the expiration of the term of this lease, with the consent of Landlord, shall be construed to be a tenancy from month to month at the rent herein specified (prorated on a monthly basis) and shall otherwise be on the terms and conditions herein specified, so far as provided.

(24) EXPIRATION OF LEASE. The Town covenants and agrees to take good care of the Demised Premises and upon the termination or expiration of this lease, including any extension thereof, to surrender the said Demised Premises in as good a condition as it is in at the beginning of this lease, ordinary wear and tear excepted.

(25) DEFAULT AND REMEDIES. The Town shall be in default of this Lease (i) if the Town shall fail to pay any installment of rent when due and shall fail to remedy such default for a period of ten (10) days after notice from Landlord or (ii) if the Town shall fail to comply with any of the other terms, conditions or provisions of this lease and shall fail to remedy such default for a period of thirty (30) days after notice from Landlord or (iii) if the Town abandons the Demised Premises. Upon such default, Landlord may declare this lease terminated and take possession of the Demised Premises without prejudice to other legal rights and remedies including the right to recover from the Town all rent and other sums due under this Lease up to the time of such entry. In the event of any such default and possession and entry by Landlord, Landlord may re-let such Demised Premises for the remainder of said term for the highest rent obtainable and may recover from the Town any deficiency between the amount so obtained, as well as all necessary and incidental expenses in connection with such re-letting, including without limitation, all repossession costs and legal expenses. Said entry and re-letting by Landlord shall be without prejudice to Landlord's other legal rights and remedies.

(26) BANKRUPTCY. In the event that the Town shall be adjudicated as bankrupt or a temporary or permanent receiver is appointed for the Town in any federal or state court or the Town shall otherwise become involved in insolvency or liquidation proceedings, Landlord shall have the right and option, to immediately declare this contract and lease null and void and take possession of the Demised Premises without prejudice to any other legal rights and remedies.

(27) NON-WAIVER. The failure of Landlord or the Town to enforce strict performance on the part of the other party with respect to the obligations of either of them under

this lease shall not be deemed to be a waiver of the rights herein set forth and the same continue and remain in full force and effect. The receipt of any rent by Landlord from the Town shall not operate as a waiver of the right of Landlord to enforce the payment of additional rent due under this agreement or any of the other obligations of this lease by such remedies as may be appropriate.

(28) CONDEMNATION. If or any part of the Demised Premises is acquired by any public authority having the statutory power of eminent domain or by private purchase in lieu of condemnation, Landlord shall be entitled to all payments for damages against such condemning authority for the taking of its property rights. If part of the Demised Premises shall be acquired by condemning authority and the part taken is not sufficient to materially affect the use of the Demised Premises by the Town, the rental hereunder shall not abate. If all or such a substantial part of the Demised Premises is acquired so that the Town can no longer reasonably use the Demised Premises, the Town may, at its option, terminate this lease.

(29) SUBORDINATION. The Town will, upon request by Landlord, subject and subordinate all or any of its rights under this lease agreement to any and all mortgages and deeds of trust hereafter placed on the Demised Premises; provided, however, that the Town will not be disturbed in the use or enjoyment of the Demised Premises so long as it is not in default hereunder. The Town agrees that this lease agreement shall remain in full force and effect notwithstanding any default or foreclosure under any such mortgage or deed of trust and that it will attorn to the mortgagee, trustee or beneficiary of such mortgage or deed of trust and its successors or assigns and to the purchaser or assignee under any such foreclosure. The Town will, upon request by Landlord, execute and deliver to Landlord or to any other person designated by Landlord any instrument or instruments required to give effect to the provisions of this paragraph.

(30) RIGHT OF FIRST REFUSAL. If during the term of this Lease or any extension thereof, the Landlord shall receive a bona fide offer to purchase the Demised Premises, which is acceptable to Landlord, the Landlord agrees that the Town shall have and is hereby granted an option to purchase the Demised Premises upon the same terms and conditions thereof, and that the Town may exercise its option to purchase said property at any time within thirty (30) days after notice of such bona fide offer is given to the Town. If the Town shall elect to exercise such option, the Town shall do so by giving notice in writing to the Landlord within such thirty (30) day period and a contract of sale containing said terms and conditions shall be executed by the parties and closed within thirty (30) days thereafter. Upon the failure of the Town to exercise the option within said thirty (30) day period as provided in this article, then the Town's option to purchase shall terminate and the Landlord may sell the Demised Premises to such third party upon the said terms and conditions, provided that such sale shall not relieve or release such third party from abiding by the other terms and conditions of this Lease.

(31) TRANSFER OF LANDLORD'S INTEREST. In the event of the sale, assignment or transfer of the Demised Premises by Landlord to a successor in interest, who expressly assumes the obligations of Landlord hereunder, Landlord shall thereupon be released or

discharged of all of its covenants and obligations hereunder, except such obligations as shall have accrued prior to any such sale, assignment or transfer and the Town agrees to look solely to such successor in interest of Landlord for performance of such obligations.

(32) NOTICES. Any and all notices given in connection with this Lease Agreement shall be deemed adequately given only if in writing and addressed to the party for whom such notices are intended at the address set forth below. All notices shall be sent by personal delivery, FedEx or other overnight messenger service, or by first class certified mail, postage prepaid, return receipt requested. A written notice shall be deemed to have been given to the recipient party on the earlier of (a) the date it is delivered to the address required by this Agreement; (b) the date delivery is refused at the address required by this Agreement; or (c) with respect to notices sent by mail, the date as of which the postal service indicates such notice to be undeliverable at the address required by this Agreement. Any and all notices referred to in this Agreement, or that either party desires to give to the other, shall be addressed as follows:

For Landlord:

G & L Capital Holdings, LLC
Attn: Robert A. Jeffreys, Manager
2719 Graves Drive, Suite 21
Goldsboro, NC 27534

For Town:

Town of North Topsail Beach
Attn: Town Manager
2008 Loggerhead Court
North Topsail Beach, NC 28460

Any party hereto may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent.

(33) E-VERIFY CERTIFICATION. As a condition of payment under this agreement, Landlord shall comply with the requirements of Article 2 of Chapter 64 of the General Statutes to the extent legally applicable. Further, if Landlord provides services to the Town utilizing a subcontractor, Landlord shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the General Statutes to the extent legally applicable. Landlord shall verify, by affidavit, compliance with the terms of this section upon request by the Town.

(34) IRAN DIVESTMENT. Landlord certifies that it is not listed on the Final Divestment List created by the State Treasurer pursuant to N.C.G.S. § 147-86.58. Individuals or companies on the Final Divestment List are ineligible to contract or subcontract with Local Government Units. (G.S. § 147-86.60) It is the responsibility of each vendor or contractor to monitor compliance with this restriction.

(35) ISRAEL BOYCOTT. Landlord certifies that it has not been designated by the North Carolina State Treasurer as a company engaged in the boycott of Israel pursuant to N.C.G.S. § 147-86.81. It is the responsibility of Landlord to monitor compliance with this restriction.

(36) NATURE AND EXTENT OF AGREEMENT. This instrument contains the complete agreement of the parties regarding the terms and conditions of the lease of the Demised Premises and there are no oral or written conditions, terms, understandings or other agreements pertaining thereto which have not been incorporated herein. This instrument creates only the relationship of lessor and lessee between the parties hereto as to the Demised Premises and nothing herein shall in any way be construed to impose on either party hereto any obligations or restrictions not herein expressly set forth.

(37) MODIFICATION. Any changes or modifications of this Lease must be in writing and signed by the parties hereto.

(38) WAIVER. No delay or failure by either party to enforce or exercise any rights or remedies hereunder shall constitute a waiver of such right or remedy, nor shall any single or partial exercise of a right or remedy preclude any other or further exercise of rights and remedies.

(39) GOVERNING LAW. This lease shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina.

(40) BINDING EFFECT. This lease agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY BLANK]
[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this lease agreement, in duplicate originals, this the day and year first above written.

LANDLORD:

G & L CAPITAL HOLDINGS, LLC,
a North Carolina limited liability company

By: Robert A. Jeffreys
Robert A. Jeffreys, Manager

TOWN (TENANT):

TOWN OF NORTH TOPSAIL BEACH,
a North Carolina municipal corporation

By: Thomas M. McDevan

Name: THOMAS McDEVAN

Title: Mayor

EXHIBIT A

(Description of Demised Premises)

The Demised Premises shall consist of the oceanside portion of Tract 3 (as described in that certain Deed recorded in Book 2159, Page 864 of the Onslow County, North Carolina Registry) lying between New River Inlet Drive and the Atlantic Ocean less and except that certain area (the "Excluded Area") described as follows:

BEGINNING at a point located at the intersection of the Atlantic Ocean and the northeastern boundary line of Tract 3, thence running northwest along said northeastern boundary line of Tract 3 to an existing iron rod located at the southeastern right-of-way line of New River Inlet Drive, thence running southwest along the right-of-way line of New River Inlet Drive a distance of fifty (50) feet to a point, thence leaving the right-of-way line of New River Inlet Drive running in a southeasterly direction, parallel with the northeastern boundary line of Tract 3, to the Atlantic Ocean, thence running in a northeasterly direction along the Atlantic Ocean to the point of beginning.

For clarity, a rough illustration of the Demised Premises is attached hereto as Exhibit A-1. Illustration is not drawn to scale.

EXHIBIT A-1

September 9, 2024

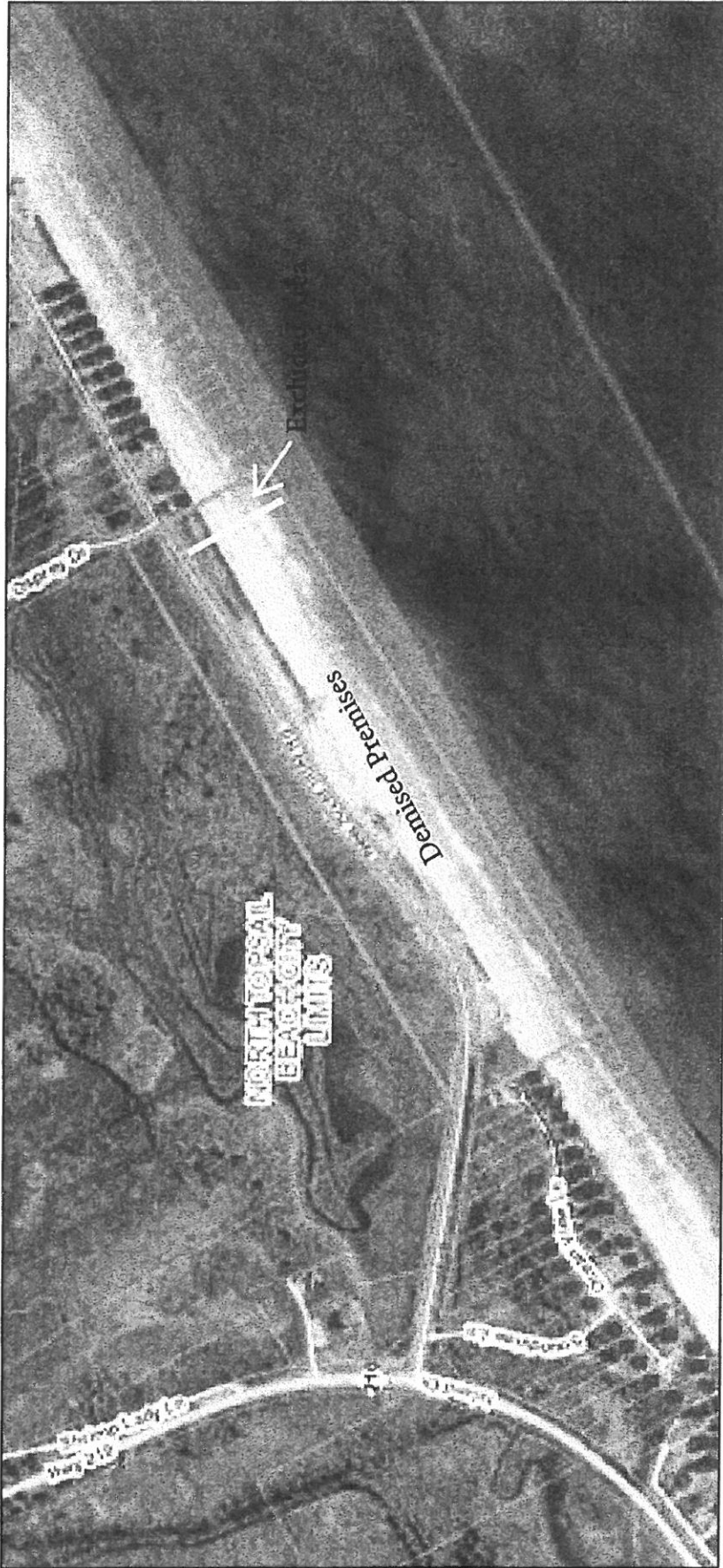
Owner:

G & L CAPITAL HOLDINGS LLC

Mailing Address:

**2719 GRAVES DR STE 21
GOLDSBORO NC 27534-4536**

NCPIN: 42771503358



Map Number: 768-7

Parcel ID: 012998

General Information

Total Acres: 31.08
Land Value: \$ 100330
Bldg Value: \$ 0
Market Val: \$ 100330
Heated Sqft:
of Bedrooms:
Year Built:
Nbhd Code: 3035
Improv Code: R
Township: STUMP SOUND
City Limit: NORTH TOPSAIL BEACH
Fire District: NORTH TOPSAIL
Subdivision: NO SUBDIVISION RECORDED
Property Desc: SR 1568
Plat Book: 00NO-SUBDIV

Physical Address:

NEW RIVER INLET RD

WARNING: THIS IS NOT A

SURVEY This map was prepared for the inventory of real property found within jurisdiction, and is compiled from recorded deeds, plats, and other public records and data. Users of this map are hereby notified that the aforementioned public primary sources should be consulted for verification of the information contained on this map. The County and mapping company assume no legal responsibility for the information contained on this map.

Last Sale Info:

Deed Ref: 2159 / 864
Sale Price: \$ 0
Sale Date: 05-DEC-03



Onslow County
Geographical Information Services
234 NW Corridor Blvd
Jacksonville, NC 28540
(910)
937-1190
gis@onslowcountync.gov



0 420 210 840 1,260 Feet