

NORTH CAROLINA

INDEMNIFICATION AGREEMENT

UNION COUNTY

THIS INDEMNIFICATION AGREEMENT is entered into this the _____ day of _____, 2026, by and between **UNION COUNTY**, a political subdivision of the State of North Carolina (hereafter “County”), and the **CITY OF MONROE**, a municipal corporation chartered under the laws of the State of North Carolina (hereafter “City”).

WHEREAS, the Union County Board of Commissioners and the Monroe City Council adopted a joint resolution, effective January 1, 2022, establishing the Monroe-Union County Economic Development Commission (the “Joint Resolution”); and

WHEREAS, County and City also adopted an interlocal agreement along with the Joint Resolution, which provided for the purpose, governance, organizational structure, powers and duties, and activities of the Monroe-Union County Economic Development Commission (“MUEDC”) as provided in the Joint Resolution (the “Interlocal Agreement”); and

WHEREAS, pursuant to applicable law, County and City took action (or plan to take action) to repeal the Joint Resolution, terminate the Interlocal Agreement, and provide for the merger of MUEDC with the County, including execution of an agreement between County, City, and MUEDC concerning merger of the MUEDC with the County (the “Merger Agreement”); and

WHEREAS, as part of the Merger Agreement, County is succeeding to the currently existing rights, and all remaining assets, liabilities, and obligations, of MUEDC; and

WHEREAS, to address any outstanding pre-merger issues and liabilities of the MUEDC, County and City desire to address such issues and liabilities through the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties agree to the following terms and conditions:

1. **INDEMNIFICATION AND DEFENSE.** To the maximum extent permitted by applicable law, for any and all losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind and character arising out of or relating to the Merger Agreement, the merger between County and MUEDC, and any liabilities accrued by MUEDC prior to the Effective Time of the Merger Agreement (as such term is defined in the Merger Agreement) (“MUEDC Liabilities”), and any and all claims, liens, demands, obligations, actions, proceedings, or causes of action of every kind in connection with or arising out of the Merger Agreement, the merger between County and MUEDC, and any liabilities accrued by the MUEDC prior to the Effective Time of the Merger Agreement (as such term is defined in the Merger Agreement) (“MUEDC Claims”), the City and County agree to jointly defend the County, City, and MUEDC, as permitted under applicable law and the Rules of Professional Responsibility, and the officers, officials, employees, and agents of each from such MUEDC Liabilities and

MUEDC Claims. The County, as the surviving entity of the merger with the MUEDC under the Merger Agreement, will control the defense, and cost of defense, of any such MUEDC Liabilities or MUEDC Claims. County and City agree to evenly split (50% County and 50% City) the cost of defense of MUEDC Liabilities or MUEDC Indemnification Claims, as well as evenly split (50% County and 50% City) the costs of any judgment, decision, or other liability attributed to the County, City, or MUEDC related to the MUEDC Liabilities or MUEDC Claims. Notwithstanding any language to the contrary herein, the indemnification and defense obligations contained in this paragraph shall not apply to any claim asserted by either County or City against the other to enforce the terms of the Agreement and Plan of Merger or this Indemnification Agreement.

2. **COOPERATION.** City and County agree to use their best efforts to cooperate with each other as it relates to the defense of any MUEDC Claims and the payment of any MUEDC Liabilities or MUEDC Claims. This includes, without limitation, the provision of any information, documents and instruments held by either party, financial and accounting information, and other information sharing between staff of County and City related to the defense of any MUEDC Claims and payment of any MUEDC Liabilities or MUEDC Claims.
3. **CITY PAYMENTS RELATED TO PRIOR MUEDC OBLIGATIONS.** City agrees to pay County fifty percent (50%) of the amount of any obligation incurred by MUEDC prior to the Effective Time of the Merger Agreement (as such term is defined in the Merger Agreement), or any obligation required of the County due to the merger that would have otherwise been an MUEDC obligation, which County is required to pay to any third-party (whether incurred through contract or some other legal theory or obligation), within 30 days of the County's invoice. If the County's invoice is disputed by the City, the City shall provide notice of the dispute and specify the items and reasons for the dispute and the parties shall work expeditiously to resolve the dispute within 30 days of receipt of the dispute notice prior to engaging in any mediation or litigation, which may be extended by mutual written agreement. The City shall have no obligation to pay the disputed portion of the invoice during the 30 days (or extended time) the parties are working to resolve the dispute.
4. **AMENDMENT.** This Agreement may be amended upon adoption of written amendments executed in writing on behalf of each respective governing body.
5. **JOINT EFFORTS.** This Agreement shall be considered for all purposes as prepared through the joint efforts of both parties and shall not be construed against one party or the other as a result of preparation, submission, or drafting hereof.
6. **COMPLIANCE WITH LAWS.** In the performance of their duties pursuant to this Agreement, County and City shall comply with all laws, rules, regulations, ordinances, codes, standards, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

7. **REPRESENTATIONS AND WARRANTIES.** Each party hereby represents and warrants each to the other the existence of all capacity, authority, resolutions, and actions necessary to execute and enter into this Agreement.

IN WITNESS WHEREOF, the parties hereto acting under the authority of their respective governing bodies, have caused this Agreement to be duly executed in duplicate counterparts, each of which shall constitute an original, this the day and year first above written.

ATTEST

UNION COUNTY

Lynn G. West
Clerk to the Board

Brian W. Matthews
County Manager

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

Finance Officer

ATTEST

CITY OF MONROE

Bridgette H. Robinson
City Clerk

William M. Watson
City Manager

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

Finance Officer