

Facility: Claytor Project Lands LeaseNo.: 14403

Plat/Tract: Par No. 165 and 174

## PROPERTY LEASE AGREEMENT

This Property Lease Agreement (the "Lease") by and between APPALACHIAN POWER COMPANY ("Lessor") and \_\_\_\_\_ ("Lessee"), whose mailing address is \_\_\_\_\_ and telephone number is \_\_\_\_\_.

WITNESSETH, for and in consideration of the mutual covenants contained herein, Lessor hereby leases to Lessee for private recreation purposes only that certain property consisting of approximately 5.96± acres situated on or near the waters of Claytor Lake located in Ingles District, Pulaski County, Virginia, and being further described and/or delineated on Exhibit "A" attached hereto and made a part hereof (the "Property") .

Being portions of two parcels of land identified as Claytor Project Lands - Parcel 165 and Parcel No. 174; collectively containing 5.96± acres, lying between the 1846' *full* pond contour elevation and the 1850' contour elevation adjacent to Lessee's lands, as shown and delineated on Exhibit "A", attached hereto and made a part hereof, and being a part of those lands acquired by Lessor from Elizabeth Barton Mebane et vir (Par. 165) by deed dated 05/30/1935, recorded in the Clerk's Office of the Circuit Court of Pulaski County, Virginia in Deed Book 74, page 79 and from W. S. Barton et ux (Par. 174) by deed dated 05/30/1935, recorded in Deed Book 74, page 84. And for the same considerations, Lessor hereby leases, insofar as it has the right so to do, to the Lessee, the right of access to the waters of Claytor Lake over Lessor's lands lying below the 1846' elevation contour abutting the above described lands.

1. This Lease shall be for a term of Five (5) years, commencing on the first day of August, 2015, and ending the last day of July, 2020 (the "Lease Term").

2. Annual consideration for this Lease shall be Seventy-Five Dollars (\$75.00) due and payable in advance on or before the first day of August of each year of the Lease Term.

3. The Property and this Lease are subject to the terms and conditions of that certain license issued by the Federal Energy Regulatory Commission (hereinafter "FERC ") for the Claytor Hydroelectric Project, together with the applicable provisions of the Federal Power Act

and of the rules and regulations of the FERC of any amendment to such license, Act and rules and regulations hereafter put into effect; and also subject to any state license relating to such lands, together with the applicable provisions of state laws and rules and regulations promulgated thereunder and any amendments to such license, laws, rules and regulations hereafter put into effect.

4. Lessee shall have the right to use and maintain the existing improvements on the Property and/or install landscape plantings and construct non-commercial piers, landings, boat docks, or similar structures and facilities, provided, however, that all of such improvements added by Lessee, as well as related activities, shall be approved in advance by Lessor as a requirement of Lessor's license with the FERC through issuance of an Occupancy and Use Permit, and shall also be subject to all of the provisions of this Lease.

5. Lessee covenants and agrees with Lessor that Lessee shall use the Property for private recreational purposes only; that Lessee shall not make or permit any use of the Property which will be unlawful, improper or contrary to any applicable law or municipal ordinance (including without limitation all zoning, building or sanitary statutes, codes, rules, regulations or ordinances); that Lessee shall use the utmost care and precaution for the protection and preservation of Lessor's concrete monuments and/or other survey markers now or hereafter located on the Property; that Lessee shall permit Lessor's agent to cross Lessee's adjacent property in order to go upon the Property, or any part thereof, at any time they may desire, for the purpose of making surveys, conducting periodic inspections, or doing anything incidental to or pertaining to Lessor's hydroelectric development and/or the aforesaid License; that Lessee shall not assign this Lease nor sublet the Property, or any part thereof without the written consent of Lessor; and that the violation of any of the covenants or conditions set forth in this Lease shall render this Lease null and void at the option of Lessor.

6. Lessee agrees to indemnify, hold harmless, and defend Lessor from and against any and all actions or causes of action, claims, demands, liabilities, loss, damage or expense of whatsoever kind or nature, including attorneys fees, which Lessor may suffer or incur by reason of bodily injury, including death, to any person or persons, or by reason of damage to or destruction of any property, including the loss of use thereof, arising out of or in any manner connected with the exercise of the rights herein granted, or which Lessor may sustain or incur in connection with any litigation, investigation, or other expenditures incident thereto, including any suit instituted to enforce the obligation of this agreement of indemnity, due in whole or in part to any act, omission, or negligence of Lessee or any of its representatives or employees. In the event the injuries, including death or damages, are due to the sole negligence of Lessor or its

representatives or employees, then and only then Lessee shall not be liable under the provisions of this paragraph.

7. Lessee accepts this Lease with full knowledge and understanding that Lessor has impounded the waters of New River and its tributaries by means of a dam in said river downstream from the Property; and Lessee hereby covenants and agrees to and with Lessor as follows:

A. That no claim or demand for injury or damages will be made against Lessor for any effect or result whatsoever which the construction, operation or maintenance of the aforesaid dam and/or hydroelectric generating station, or the impounding of the waters of New River or its tributaries, may now or hereafter in any manner cause or produce to, upon or concerning the parcel of land hereby leased, or any use made thereof by Lessee, and Lessee shall and will indemnify and save Lessor free and harmless from and against any such claim or demand.

B. That Lessee will not cause, permit or suffer any garbage, sewage, refuse, waste or other contaminating matter to be cast, drained or discharged from the above described parcel of land into the impounded waters of New River or its tributaries.

C. That, in making the improvements authorized by this Lease and in maintaining and using the improvements and the Property, Lessee will keep the improvements and the Property in good repair and comply with applicable state and local health and safety requirements; that Lessee's use of the improvements and the Property shall not endanger health, create a nuisance or otherwise be incompatible with overall project recreational use; and that Lessee will take all reasonable precautions to ensure that Lessee's construction, operation, maintenance and use of the improvements and the Property will occur in a manner that will protect the scenic, recreational, and environmental values of the project and avoid pollution of the waters and lands of the project.

8. Lessor hereby excepts and reserves the electric lines, poles, structures, and equipment appurtenant thereto, upon, over, under through or across the Property, if any, and the right to enter upon the Property, at any time, to operate maintain and remove the same at will; and Lessor further excepts and reserves unto itself, its employees and agents, the right to enter upon the Property at any time and to erect thereon and operate, maintain, inspect, repair or

remove a line or lines of towers, poles, lines fixtures and appurtenances necessary for the purpose of transmitting electric or other power in, on, along, over, through or across the Property; together with the right to do anything necessary or convenient in connection with the rights herein excepted and reserved and for doing anything necessary or convenient in the conduct of Lessor's business.

9. This Lease may be canceled either by Lessor or Lessee at any time upon thirty (30) days notice in writing to the other of the intention to terminate same and, in the event this Lease is terminated by Lessor as aforesaid, it is hereby agreed by Lessee that Lessor shall not be liable for any of Lessee's improvements that may be on the Property at the time such termination becomes effective. Also, in the event this Lease is terminated by Lessor as aforesaid, Lessor hereby agrees to refund to Lessee that portion of the rental applying to the period beyond the date of cancellation for which the rental has been paid.

Upon any such termination or cancellation or within a period of three (3) months thereafter, Lessor shall have the privilege, at its election, to require Lessee, at Lessee's expense, to remove from the Property those improvements thereon and to return the Property to its original condition prior to the placement of such improvements and these obligations of Lessee and this privilege of Lessor shall all survive the termination of this Lease. Lessor shall exercise this privilege by written notice to Lessee at Lessee's last known address. If Lessor does not elect to require Lessee to remove the improvements, this shall not obligate Lessor to maintain such improvements for the benefit of Lessee or any other person claiming by, through or under Lessee or otherwise.

10. Upon being notified by Lessor of a violation of any term, covenant or condition of this Lease by written notice delivered to Lessee, Lessee agrees to take appropriate measures to eliminate the violation within a reasonable time.

11. This Lease is hereby made subject to all conditions, restrictions, exceptions, and easements of record, and such other easements, encumbrances, conditions and uses as an examination of the Property would disclose.

12. Lessor will in no instance be liable for any repairs upon the Property or damage or injuries by reason of any portion thereof becoming out of repair.

13. Lessee shall not take or remove any timber, oil, gas or any mineral from, on, in or under any of the Property.

14. All correspondence, including but not limited to, any notice regarding Property issues, damages, or trespassing, should be directed to Lessor at one of the following addresses:

Appalachian Power Company  
Real Estate Asset Management  
1 Riverside Plaza - 16th Floor  
Columbus, Ohio 43215  
Telephone: (614) 716-6837  
Fax: (614) 716-1417

OR

Appalachian Power Company  
Wayne M. Alexander, Agent  
40 Franklin Road SW - 3rd Floor  
Roanoke, VA 24022-2121  
Telephone: (540) 985-2469  
Fax: (540) 985-2318

15. The words "Lessor" and "Lessee" wherever used in this Lease shall include the heirs, executors, administrators, successors and assigns of Lessor and Lessee, respectively.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

LESSOR:  
APPALACHIAN POWER COMPANY

LESSEE:

This instrument prepared by Appalachian Power Company, Real Estate Asset Management.