

STATE OF NORTH CAROLINA
COUNTY OF PERSON
COUNTY OF CASWELL

LEASE AGREEMENT

This LEASE made and entered into this 09 day of April, 2020 by and between **DUKE ENERGY PROGRESS, LLC**, a North Carolina limited liability company ("Lessor"), and **PERSON-CASWELL LAKE AUTHORITY** ("Lessee" or "PCLA"), a governmental entity of Person County and Caswell County, North Carolina, established pursuant to Chapter 200 of the 1965 N.C. Session Laws. Lessor and Lessee are at times collectively referred to hereinafter as the "Parties" or individually as "Party".

WITNESSETH:

WHEREAS, Lessor is the owner of Hyco Lake covering approximately 4,350 acres of land with water located in Person County and Caswell County, North Carolina, for Lessor's primary use as a cooling reservoir in connection with Lessor's Roxboro Electric Generating Plant; and

WHEREAS, Hyco Lake is attractive for recreational purposes and the Parties hereto desire to develop the recreational potential of Hyco Lake for reasonable public use, provided such recreational use does not interfere with Lessor's use of Hyco Lake; and

WHEREAS, to enable such development, the Lessee is willing to establish and control recreational facilities for the benefit of the public and consistent with Lessor's use of Hyco Lake.

NOW, THEREFORE, for and in consideration of rents to be paid and the covenants and agreements hereinafter expressed to be kept and performed by the Parties, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, subject to the terms and conditions of this Lease, the following tracts or parcels of land located at Hyco Lake near Lessor's Roxboro Electric Generating Plant in Person County and Caswell County, North Carolina, more particularly described in Exhibit A, attached hereto and incorporated herein by reference (collectively hereinafter referred to as the "Leased Premises"):

- (a) Areas highlighted in purple on Exhibit A and currently known as the Hyco Lake Recreation Area and Campground ("Hyco Lake Recreation Area").
- (b) Shoreline areas situated between the waters of Hyco Lake (at normal full pool elevation 410.54 feet above mean sea level) and the 420-foot elevation contour (NGVD 29) that are highlighted in blue and labeled "Sublease Areas" on Exhibit A ("Sublease Areas")
- (c) Shoreline areas situated between the waters of Hyco Lake (at normal full pool elevation 410.54 feet above mean sea level) and the 420-foot elevation contour (NGVD 29) that are highlighted in yellow and labeled "Reserved Shoreline Areas" on Exhibit A ("Reserved Shoreline Areas").
- (d) The Leased Premises shall also include all land flooded by the waters of Hyco Lake below the normal full pool elevation 410.54 feet above mean sea level, along with any islands within the area of Hyco Lake.

1. **Term:** This Lease shall commence on 09 April, 2020 ("Commencement Date") and shall expire December 31, 2051, unless sooner terminated as provided herein. Lessor shall have the right to terminate this Lease at any time if ordered to do so by a regulatory body with authority over Lessor or if Lessor sells, transfers or otherwise conveys the Leased Premises.
2. **Rental:** Lessee shall pay to Lessor an annual rental of 5% of the total annual gross rental due and payable by all sublessees to Lessee for the prior year of the Lease ("Total Annual Gross Rental"). This rental payment shall be due on a pro rata basis for the initial payment upon Lessee's signing of this Lease, and due in full on or before each anniversary of the Commencement Date noted in Paragraph 1 of this Lease. Every 10th year after the Commencement Date of the Lease, Lessor shall have the right to revise the annual rental by providing notice to Lessee at least 90 days prior to the due date for said rental payment; provided however, the maximum increase in the annual rental shall not be more than 12% of the Total Annual Gross Rental paid for the prior year of the Lease.
3. **Prohibited Areas:** The Prohibited Areas at Hyco Lake (as described below) are not part of the Leased Premises. Except for Lessor and Lessee's commissioned officers or other law enforcement officers, no person or vessel without legal authority shall at any time enter the shoreline or waters of Hyco Lake situated below the 420-foot elevation contour (NGVD 29) that is located within 300 feet of Lessor's dam and spillways and/or the Lessor's Roxboro Electric Generating Plant lands. No swimming, boating, fishing, skiing, hunting, or other recreational activity or activity of any type shall be allowed within the Prohibited Areas at any time.
 - (a) The Hyco Lake shoreline that comprises the Prohibited Areas is shown as the shoreline highlighted in red and labeled "Prohibited Areas" on **Exhibit A**.
 - (b) Lessee's officers who patrol Hyco Lake and lands under the supervision and control of Lessee may enter the Prohibited Areas at Hyco Lake as follows: (i) with the consent of Lessor; (ii) to comply with the terms and conditions of this Lease and/or to remove any unauthorized person from the Prohibited Areas on Hyco Lake; and (iii) during an emergency event.
 - (c) Lessor shall post and maintain "No Trespassing" signs (or similar notices) and visible markers (i.e., rope, buoy or other distinguishable flotation method) at the approximate boundaries of the Prohibited Areas along the shoreline and above the waters of Hyco Lake. Lessee shall promptly notify Lessor about missing or damaged signs or markers for the Prohibited Areas around Hyco Lake of which Lessee becomes aware.
4. **Reserved Shoreline Areas:** The Reserved Shoreline Areas are not eligible for subleasing or assignment by Lessee and shall not be subleased or assigned, in whole or in part, by Lessee to any person or entity. No improvements, utilities, lines, equipment, boats, vessels, facilities, fixtures, structures, or any other property of any type or kind shall be constructed, installed, maintained, used, or located on any portion of the Reserved Shoreline Areas by Lessee, any sublessee, or any other person or entity acting on behalf of or through Lessee.

5. Permitted Recreational Uses:

- (a) **Recreational Uses /Compliance with Laws:** Lessee shall use the Leased Premises and Hyco Lake solely for recreational purposes. Lessee shall supervise, patrol, and inspect the Leased Premises, permitted sublessee shoreline improvements (as described herein), and such portions of Hyco Lake under its supervision and control, exercising due care and diligence, for purposes of determining and enforcing compliance with the terms and conditions of this Lease. Lessee's use of the Leased Premises and Hyco Lake shall comply with all applicable laws. The Lessee shall return the Leased Premises in the same condition in which it was originally, less ordinary wear and tear.
- (b) **Hyco Lake Recreation Area Maintenance and Improvements:** Lessee, at Lessee's cost, may construct, install, locate, supervise, manage, control, operate, use, and/or maintain appropriate and suitable facilities for and in support of public recreation at the Hyco Lake Recreation Area (the "Hyco Lake Recreation Area Improvements"). Lessee, at Lessee's cost, shall maintain parking areas at the Hyco Lake Recreation Area in good and drivable condition, free of rubbish and other obstructions. Lessee shall also maintain in good condition the public boat launch ramps and supporting facilities at the Hyco Lake Recreation Area. Lessee shall be responsible for all aspects of the Hyco Lake Recreation Area, and maintain the facilities or improvements in good working condition and repair. New improvements to the Hyco Lake Recreation Area shall be constructed or upgraded in compliance with applicable laws. While this Lease is in force and effect, title to the Hyco Lake Recreation Area Improvements shall belong solely to Lessee. Lessor shall have no liability, obligation or responsibility for or in connection with the construction, development, operation, maintenance, and/or repair of the Hyco Lake Recreation Area Improvements. Lessee shall provide Lessor written notice of any new improvements (e.g., facilities, amenities) within 30 days of the installation or completion of the improvements.
- i. **Fees and Concessions:** Lessee may charge reasonable and customary fees and charges for the use of the Hyco Lake Recreation Area and for access to Hyco Lake. Lessee may operate or grant concession privileges to qualified persons to operate facilities engaged in the sale of food, fishing supplies, recreational supplies, and other recreational-related merchandise. No concession privilege shall be extended or renewed beyond the current term thereof if non-renewal is requested by Lessor. Any concession privilege shall be cancelled and terminated if the concession privilege causes or results in any violation of the terms and conditions of this Lease.
- ii. **Subleasing of Hyco Lake Recreation Area:** Lessee is prohibited from subleasing any portion of the Hyco Lake Recreation Area without prior written consent of Lessor; provided however, nothing contained herein shall prevent Lessee from renting out facilities, amenities or other

improvements which Lessee has installed upon the Hyco Lake Recreation Area.

iii. **Designated Swimming Areas:** Lessee may designate additional swimming areas in Hyco Lake adjacent to the Hyco Lake Recreation Area, with Lessor's prior written consent. No designated swimming area shall be located within or adjacent to the Reserved Shoreline Areas or any Prohibited Areas. Lessee shall be responsible for the location, development, use, and operating schedule of such designated swimming area(s). Designated swimming areas shall be located a safe distance away from any public boat ramp and boating navigation areas. Lessee, at Lessee's cost, shall visibly mark the perimeter of Lessee's designated swimming areas in Hyco Lake by rope, buoy, or other distinguishable floatation method. No boat, vessel or personal watercraft shall be allowed within any designated swimming area at Hyco Lake, except in response to an emergency situation or during periods when the swimming area is closed to the public. Lessee shall designate and enforce a "No Wake Zone" in the immediate vicinity of designated swimming areas. If Lessee does not utilize lifeguard protection services at Lessee's designated swimming areas, then Lessee shall post signs around the designated swimming areas, stating "no lifeguards on duty" and/or "swim at your own risk".

iv. **Americans with Disabilities Act Compliance:** Lessee shall be responsible for the cost to ensure compliance with the Americans with Disabilities Act of 1990 and regulations thereof, as amended, within the Leased Premises and with respect to all of the Hyco Lake Recreation Area Improvements, if and when such compliance is legally required. To the extent allowed by applicable law, Lessee shall indemnify, defend, and hold harmless Lessor (and Lessor's parent and affiliates and their respective officers, directors, shareholders, employees, agents and contractors) from and against any and all claims, damages, liabilities, losses, expenses (including without limitation reasonable attorneys' fees), arising out of or resulting from Lessee's compliance with or failure to comply with the Americans with Disabilities Act of 1990, and regulations thereof, as amended, such indemnification to survive the expiration or sooner termination of this Lease.

6. **Subleasing of Sublease Areas:** Lessee may sublease portions of the Sublease Areas, subject to and in accordance with this Paragraph 6 and Paragraph 7 of this Lease.

(a) **Eligibility for Sublease:** Lessee may only enter into sublease agreements with the fee owner or tenant of the land adjoining the Sublease Area(s). Any other sublease requires the prior written consent of Lessor.

(b) **Sublease Rental:** Lessee may charge reasonable annual rental for the sublease.

- (c) **Sublease Consistency with Lease:** Lessee's sublease agreements shall require sublessees to assume and agree to keep, observe, and perform all of the Lessee's agreements, conditions, obligations, covenants, and terms of this Lease with respect to such subleased area, permitted sublessee shoreline improvements thereon, and use of Hyco Lake. Lessee's sublease agreements shall expire automatically upon expiration or earlier termination of this Lease, unless a sublease agreement, by its terms, expires or is terminated sooner.
- (d) **Shoreline Improvements by Sublessees:** Lessee has the authority to approve (permit) or disapprove shoreline improvements which may be proposed or constructed on the Sublease Areas. These shoreline improvements may include piers, one-story boathouses, shoreline stabilization, and other water-dependent structures and facilities for lake access. Lessee shall require permitted sublessee shoreline improvements be of sturdy construction and maintained in good condition and repair. If any permitted sublessee shoreline improvements shall be abandoned, dilapidated, or become detached from their originally permitted location(s) such that they become or may become hazards to public or navigational safety in or adjoining the waters of Hyco Lake, Lessee, at Lessee's cost, shall remove said improvements, including any foundation, timbers or pilings from Hyco Lake and the Leased Premises.
- (e) **Enforcement of Sublease:** Lessee shall initiate and complete appropriate and prompt enforcement action(s), up to and including sublease termination if necessary, for any sublessee's violation of the terms and conditions of this Lease or any sublease entered into with Lessee.
- (f) **Private Recreation Subleases:** Lessee may sublease portions of the Sublease Areas for private residential recreational use and access to Hyco Lake ("Private Recreation Subleases").
- (g) **Commercial Recreation Subleases:** Lessee may enter into subleases for commercial purposes which provide services directly aiding the public's use of Hyco Lake for recreational purposes (e.g., marinas, boat storage facility, etc.) ("Commercial Recreation Subleases").
 - i. **Requirement for Lessee Consent:** Lessee shall not enter into a Commercial Recreation Sublease without the prior written consent of Lessor. Lessor's consent for such sublease agreements may contain such additional conditions as Lessor may reasonably require.
 - ii. **Financial Qualifications:** Lessee shall require sublessees to demonstrate they are financially qualified to comply with the requirements of Commercial Recreation Subleases.

iii. **Insurance Requirements for Commercial Recreation Subleases:**

Lessee shall require sublessees to procure and maintain, at sublessee's cost, comprehensive general liability insurance with a minimum commercial general liability insurance with a minimum combined single limit for bodily injury and property damage in an amount not less than \$1 million each occurrence or each claim, \$2 million in the aggregate.

7. **Hyco Lake Guidelines:** The Hyco Lake Guidelines, as the same shall be amended or revised from time to time, shall be used by Lessee to control the location, type, and size of piers, docks, boathouses, and other temporary structures and improvements used for lake access to be constructed or placed upon the Leased Premises. The use of the Leased Premises and waters of Hyco Lake by the public shall be under the management, control, and supervision of Lessee and subject to the terms and conditions of this Lease and such other rules and regulations as are adopted by Lessee and approved by Lessor. Lessee and all sublessees shall comply with and abide by the Hyco Lake Guidelines effective at the Commencement Date. The current Hyco Lake Guidelines are attached hereto as **Exhibit B** and incorporated herein by reference. Lessee shall not amend the Hyco Lake Guidelines without Lessor's written consent.

8. **Limitations on Lessee's Permitting Authority:**

- (a) Lessee shall not occupy or use (and shall not allow its sublessees to occupy or use) the Leased Premises in any manner so as to constitute a nuisance, endanger health or safety, or otherwise be incompatible, as determined by Lessor, with the use of Hyco Lake as a cooling reservoir for Lessor's Roxboro Electric Generating Plant or to support any other power generation facility or business of Lessor. Lessee shall maintain, and shall require sublessees to maintain, in good repair and condition, all structures and facilities constructed upon the Leased Premises or over waters of Hyco Lake.
- (b) Lessee shall not permit septic tank, septic drain lines, sewer or wastewater line, grease trap, toilet facilities of any type, or other wastewater storage, treatment or disposal facility of any type or kind (in whole or in part) to be constructed, installed, located on, under, or within any portion of the Subleased Areas, Reserved Shoreline Areas, and/or the waters of Hyco Lake.
- (c) Lessee shall at all times comply (and shall cause its employees, agents, contractors, and sublessees to comply) with all applicable environmental laws affecting the Leased Premises and/or Hyco Lake. Lessee shall not cause, permit, or allow the release of any hazardous substances on, at, or under the Leased Premises or into the waters of Hyco Lake. Lessee shall immediately notify Lessor of any violation of environmental laws, discharge of hazardous substances, or related activity. Within two (2) business days after receipt or issuance, Lessee shall provide Lessor with copies of all correspondence (including e-mails) received by Lessee from any governmental authority and all correspondence (including e-mails) sent by Lessee to any governmental authority that relate in any way to a violation or suspected violation of environmental laws affecting the Leased Premises or Hyco Lake. Lessor shall

have the right and privilege (but not the obligation) to audit Lessee (including without limitation the right to enter onto the Leased Premises at any time) to assess Lessee's and the Leased Premises' compliance with applicable environmental laws. In this regard, Lessee shall provide to Lessor, within ten (10) days of Lessor's request, copies of all documents, reports, and analyses prepared or generated by Lessee, or on Lessee's behalf, that relate in any way to Lessee's or a sublessee's compliance with applicable environmental laws. Lessor shall have the right and privilege to communicate directly with any governmental authority or other person concerning Lessee's or Leased Premises' compliance with the requirements set forth in this Paragraph of this Lease. Lessor's failure at any time to audit Lessee's compliance with environmental laws shall not waive Lessor's rights, privileges, or remedies under this Lease.

- (d) Lessee, sublessees, and/or any other person shall not moor, anchor or otherwise tie up any boat, vessel, or personal watercraft at Hyco Lake, except to a dock, pier, boat slip, or other water-dependent structure that complies with terms and conditions of this Lease, the Hyco Lake Guidelines, and applicable laws. Mooring, anchoring or otherwise tying up any boat, vessel or personal watercraft to any tree, shrub or other natural vegetation along the Hyco Lake shoreline is prohibited.
- (e) Lessee shall not allow within the Leased Premises on, over or beneath the waters of Hyco Lake any buildings, structures or other facilities, except for piers, one-story boathouses, and other temporary water-dependent structures and facilities for lake access that are permitted by Lessee and fully comply with the terms and conditions of this Lease, applicable laws, and the Hyco Lake Guidelines. No dwellings or living quarters of any type or kind shall be constructed, installed or located at any time at, upon, over or within the Leased Premises or on, over or beneath the waters of Hyco Lake.
- (f) Lessee shall not authorize or allow utility line crossings over, across or upon the Leased Premises, other than electrical wiring that provides service to piers and boathouses that have been approved by Lessee for use by sublessees (provided such wiring is compliant with applicable code requirements). Requests for other types of utility line crossings and requests for construction of marinas, roadways, bridges, railroads, excavation will require the prior written approval of Lessor.
- (g) Lessee and all commercial sublessees with fuel storage facilities or operations shall comply with all applicable state, federal and local regulations and standards. If applicable, Lessee shall (or shall require such Sublessee marina owner/operator to) prepare and implement a Spill Prevention Control and Countermeasures Plan (in accordance with 40 C.F.R. Part 112), subject to Lessor's review and approval.
- (h) Lessee and all sublessees (and all of Lessee's and sublessee's respective employees, agents, contractors, and invitees, licensees, and guests) shall comply with and abide by the Hyco Lake Guidelines.

9. **Required Meetings:** Lessor and Lessee shall hold an annual meeting to review Lessee's compliance with the terms and conditions of this Lease, to review and revise the Hyco Lake Guidelines as needed, and to assess the effectiveness of and compliance with enforcing the Hyco Lake Guidelines.
10. **Transfer or Assignment:** Lessee may not transfer or assign this Lease nor sublet the whole Leased Premises to anyone without the prior written consent of Lessor.
11. **Illegal Use:** Lessee will not make nor permit to be made any illegal use of the Leased Premises, nor any use thereof constituting a nuisance, and shall keep the Leased Premises in a neat and orderly manner. Lessee shall comply with all ordinances, rules and regulations of any regulatory body or governmental agency having jurisdiction over the Leased Premises.
12. **Lessor's Right of Entry:** Lessor expressly reserves the right of ingress, egress, regress, and access to the Leased Premises to inspect and examine the same for compliance with terms and conditions of this Lease and for any other purposes related to Lessor's business operations.
13. **Flooding and Drawdown:** The Parties agree that the raising and lowering of the water level of Hyco Lake is essential to the business operations of Lessor. Lessor reserves the right, to be exercised at any time and from time to time in Lessor's sole discretion, to raise or lower the water level of Hyco Lake and flood with impunity the Leased Premises. The Parties agree that Lessor's free use of the Leased Premises, Hyco Lake, and submerged lands beneath Hyco Lake are essential in the operation of Lessor's utility business. Nothing in this Lease shall be construed to limit or deny in any way the right of Lessor to full and unrestricted access to and use of the Leased Premises, the waters of Hyco Lake, and the submerged lands beneath Hyco Lake for any purpose.
14. **Non-warranty, "AS IS":** Lessor makes no representation or warranty, express or implied, and shall bear no responsibility as to the existing or future water quality or quantity in Hyco Lake or the sufficiency or suitability of the Leased Premises for the uses permitted herein. Lessee accepts the Leased Premises in "AS IS" condition.
15. **Reservation of Use:** The right to use the Leased Premises, including the right to use the waters flowing upon and over the Leased Premises, in support of Lessor's electric generation operations and/or other businesses of Lessor is hereby reserved to Lessor, its successors, and assigns. This Lease and the Leased Premises shall not include any of Lessor's transmission and distribution right-of-way areas (or portions thereof) within or crossing any portion of the Leased Premises (collectively "Lessor's Transmission Right-of-Way"). Lessor shall retain all rights, title and interest in and to all of Lessor's transmission, distribution, and communication lines, facilities, fixtures, equipment, and/or other personal property now or hereafter located upon or within the Leased Premises, together with full, unrestricted and uninterrupted access on, over, and across the Leased Premises at all times for Lessor, its employees, agents, and contractors to Lessor's Transmission Right-of-Way for ingress, egress and regress in the conduct of Lessor's business. Any proposed entry, activities, improvements, or encroachments of any type or nature whatsoever by or on behalf of Lessee or its sublessees onto or within Lessor's Transmission Right-of-Way shall be subject to the prior review and approval of Lessor (such approval to be given or withheld in Lessor's sole discretion); and if such approval is given by Lessor, any such

approved entry, activities, improvements or encroachments shall be performed, constructed, installed, used and maintained in full compliance with the then current version of Lessor's Transmission Line Right-of-Way Use Guidelines (or any similar guidelines adopted by Lessor then in effect). In addition to Lessor's Transmission Right-of-Way, Lessor reserves and shall have the right and privilege to go in and upon the Leased Premises to construct, install, locate, operate, utilize, maintain, inspect, rebuild, repair, replace, and remove additional overhead and/or underground facilities on, over, under, across and within the Leased Premises in the future consisting of electric transmission, distribution, and communication lines, pipelines, and other related facilities and equipment that Lessor deems desirable or necessary in its business operations as an electric utility, together with the right to do all things necessary or convenient thereto.

16. **Protection of Environment:** All necessary precautions shall be taken, during construction and subsequent operation and maintenance of any activity permitted hereunder, to protect and enhance the environmental values of any affected lands and waters of Hyco Lake.
17. **Archaeological Resources:** If previously unidentified archeological or historical properties are discovered during the course of any construction within the Leased Premises, Lessee shall stop (or direct work be stopped) all land-disturbing activity in the vicinity of the excavation/construction area and notify Lessor immediately. Lessor shall initiate the required consultation process with the North Carolina Department of Cultural Resources, State Historic Preservation Office.
18. **Restoration:** Lessor shall be under no obligation to Lessee or sublessees to maintain Hyco Lake should the dam be damaged, destroyed or removed. Lessee hereby waives all claims against Lessor for damages to or destruction or removal of the dam.
19. **Indemnification:** Lessee shall indemnify and save harmless Lessor, its successors and assigns, from and against any and all claims arising from any conduct, management, operation, work or thing done in or about the Leased Premises or any building, structure or equipment thereon during the period of this Lease or arising from any act or failure to act by Lessee, its agents, contractors, employees or sublessees, or arising from any accident, injury or damage whatsoever, however caused, to any person or persons or to the property of any person, persons, corporation or corporations during the period of this Lease on, in or about the Leased Premises, and from and against all costs, counsel fees, expenses, liabilities and damages incurred in or about such claims or any action or proceeding brought thereon, and in case any action or proceeding be brought against Lessor, its successors or assigns, by reason of any such claim, Lessee, on notice from Lessor, shall resist and defend such action or proceeding by counsel satisfactory to Lessor. Lessee hereby waives all claims against Lessor for damages to the improvements and other property that are now or hereafter placed or built on the Leased Premises caused by or resulting from intermittent flooding or drawdown of the waters of Hyco Lake.
20. **Insurance:** Lessee shall obtain and maintain in force during the term of this Lease the following minimum insurance limits:

- (a) Worker's compensation insurance with statutory limits and employer's liability insurance with limits of at least \$500,000;
- (b) Commercial general liability insurance having a limit of at least \$1,000,000 per occurrence or each claim including bodily injury and property damage, \$2 million in the aggregate;
- (c) Automobile/Boat liability insurance having a limit of at least \$1,000,000 per occurrence;
- (d) Umbrella Liability Insurance in an amount not less than [\$2,000,000] in addition to the other required insurances within this Lease.

The insurance coverages listed above must be with insurance companies qualified to do business in North Carolina and shall be with insurance companies that have a minimum A.M. Best Rating of A- VII. All insurance policies shall be endorsed to add Lessor as an additional insured, except for workers compensation and shall include waivers of any right of subrogation of the insurers against Lessor, its officers, directors, employees and subcontractors of all tiers.

Lessee shall deliver to Lessor certificates of insurance prior to the Commencement Date. Lessor will not be obligated to review any of Lessee's certificates of insurance, insurance policies and/or endorsements or advise Lessee of any deficiencies in such documents. Receipt of copies or review by Lessor shall not relieve Lessee from or be deemed a waiver of Lessor's right to insist on strict fulfillment of Lessee's obligations. Lessee shall deliver to Lessor a renewal certificate of insurance within thirty (30) days after renewal.

The certificate of insurance shall indicate that Lessor will be given at least thirty (30) days prior written notice before a policy is cancelled, not renewed or materially modified but, in any event, if Lessee becomes aware of any such cancellation, reduction in coverage or non-renewal, Lessee shall provide written notice to Lessor of such action within ten (10) days of receipt of notice of any such action from its carrier.

- 21. **Limitation of Liability:** Notwithstanding anything to the contrary herein, in no event, shall either Lessor or Lessee, or respective parents, affiliates, officers or employees be liable to the other party or the other party's parents, affiliates, officers or employees for special, consequential, incidental or punitive damages of any kind.
- 22. **Liens:** Lessee shall keep the Leased Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Lessee. If, because of any act or omission of Lessee, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against Lessor or any portion of the Leased Premises, Lessee shall, at its own cost and expense, cause the same to be discharged of record by payment bond or otherwise within thirty (30) days after written notice from Lessor to Lessee of the filing thereof; provided, however, Lessee may in good faith contest the validity or correctness of any such lien. Lessee shall indemnify, defend and hold harmless Lessor, its parent, subsidiaries, and affiliates from and against and from all costs, liabilities, suits, penalties, claims and demands, including reasonable attorneys' fees, arising out of or resulting from any liens and

encumbrances affecting the Leased Premises arising out of any work performed or materials furnished by or at the direction of Lessee.

23. Events of Default: A breach of this Lease by Lessee shall exist if any of the following events (individually an “Event of Default” or collectively “Events of Default”) shall occur:

- (a) Lessee shall have failed to pay the annual rental within thirty (30) days of when due and such failure shall not have been cured within ten (10) days after receipt of written notice from Lessor regarding such overdue payment;
- (b) Lessee shall have failed to pay any other charge or monetary obligation required to be paid by Lessee under the terms of this Lease (other than payment of Annual Rent) within thirty (30) days of when due and such failure shall not have been cured within ten (10) days after receipt of written notice from Lessor regarding such overdue payment;
- (c) Lessee shall have failed to perform or fulfill any term, covenant, obligation, condition, or agreement of this Lease to be performed or fulfilled by Lessee (except those requiring the payment of money) and Lessee shall have failed to cure the same within sixty (60) days after receipt of written notice from Lessor; provided however, where such failure could not reasonably be cured within said sixty (60) day period, the Lessee shall not be in default if Lessee promptly commences cure for such failure within said sixty (60) day period and thereafter continues to make diligent and reasonable efforts to pursue and complete cure of such failure as soon as commercially practicable;
- (d) Lessee shall have ceased use of the Leased Premises and/or the Hyco Lake Recreation Area Improvements for a continuous period of six (6) months or more;
- (e) Lessee shall be adjudged bankrupt or insolvent by any federal or state court or the Lessee shall allow a final judgment obtained against it to remain unpaid for a period of sixty (60) days.
- (f) Lessee shall be legally dissolved or Lessee’s authority to accomplish the purposes of this Lease shall be legally withdrawn or eliminated through legislation enacted by the State of North Carolina.

24. Remedies: Upon the occurrence of an Event of Default hereunder, Lessor shall be entitled to pursue any one or more of the following remedies without notice or demand:

- (a) Terminate this Lease and Lessee’s right of possession of the Leased Premises in which event Lessee shall immediately surrender the Leased Premises to Lessor, and if Lessee fails to do so, Lessor may, without prejudice to or any other remedy which it may have for such Event of Default, enter upon and take possession of the Leased Premises, and expel or remove Lessee and any other person or entity who may be occupying the Leased Premises or any part thereof, by force, if necessary, without being liable for prosecution or any claim for damages therefore;
- (b) Without having terminated this Lease, terminate Lessee’s right of possession of the Leased Premises, by force, if necessary, without being liable for prosecution of any claim for damages therefore, and perform Lessee’s obligations under this Lease, and Lessee shall reimburse Lessor upon demand for any expenses which Lessor may incur in effecting compliance with the terms of this Lease and Lessor shall not be liable for any damages resulting to Lessee from such actions;

- (c) Bring suit for the performance of any covenant or term by which Lessee is bound, with or without entering into possession of the Leased Premises or terminating this Lease.

In the event Lessor elects to terminate this Lease by reason of the occurrence of an Event of Default, this Lease shall terminate and come to an end as if that were the date originally fixed herein for the expiration of the Term hereof. Notwithstanding such termination, Lessee shall be liable for and shall pay to Lessor all indebtedness accrued hereunder to the date of such termination. In case of any Event of Default by Lessee, Lessee shall also be liable for the costs of removing and storing Lessee's or any other occupant's personal property and all such expenses provided by law for a lessor with a defaulting lessee.

- 25. Surrender:** Upon expiration or any sooner termination of this Lease, Lessee shall surrender the Leased Premises and the Hyco Lake Recreation Area Improvements to Lessor in clean and sanitary condition, ordinary wear and tear and insured casualty accepted. Prior to the expiration or sooner termination of this Lease, Lessee shall, at Lessee's expense, remove any equipment, or other personal property owned and maintained by Lessee upon the Leased Premises. Lessee, at Lessee's expense, shall repair and restore any damage to the Leased Premises and Hyco Lake caused by such removal. Lessee's failure to remove any such equipment or other personal property from the Leased Premises prior to the date of Lease expiration or termination shall result in said property becoming and remaining the property of Lessor. In such event, Lessor shall be entitled to handle and dispose of same in any manner Lessor deems fit without any liability or obligation to Lessee with respect thereto, or subject to Lessor's removing such property from the Leased Premises and storing same, all at Lessee's expense and without any recourse against Lessor with respect thereto.

- 26. Notices:** Wherever in this Lease it shall be required or permitted that notice be given by either Party to this Lease to the other, such notices must be in writing and must be given personally or forwarded by certified mail addressed as follows:

Lessor: Duke Energy Progress, LLC
Lake Services, EC12Q
526 S. Church Street
Charlotte, NC 28202

Lessee: Person-Caswell Lake Authority
P.O. Box 343
Roxboro, N.C. 27573
Attention: Chairman

Such addresses may be changed from time to time by notice given hereunder.

- 27. Integration:** It is agreed and understood that this Lease contains all agreements, promises and understandings between the Lessor and Lessee and that no verbal or oral agreements, promises or understandings shall be binding upon either the Lessor and/or Lessee in any dispute, controversy or proceeding at law, and any addition, variation or modification to this Lease

shall be void and ineffective unless made in writing and signed by the Parties. In the event any provision of this Lease is found to be invalid or unenforceable, such finding shall not affect the validity and enforceability of the remaining provisions of this Lease. The failure of either Party to insist upon strict performance of any of the terms or conditions of this Lease or to exercise any of its rights under this Lease shall not waive such rights and such Party shall have the right to enforce such rights at any time and take such action as may be lawful and authorized under this Lease, either in law or in equity.

28. **Survival:** The provisions of Paragraph 19 (Indemnification) and Paragraph 21 (Limitation of Liability) of this Lease shall survive any termination or expiration of this Lease. Additionally, any provisions of this Lease which require performance subsequent to the termination or expiration of this Lease shall also survive such termination or expiration.
29. **Supersedes Prior Lease:** This Lease replaces and supersedes any and all prior leases and amendments between the Parties hereto (or their respective predecessors), including but not limited to the lease entered into between Carolina Power & Light and Person-Caswell Lake Authority dated June 16, 1965, as amended (collectively referred to herein as the "Prior Lease") and the Prior Lease shall be of no further force or effect.
30. **Subordination:** All rights and privileges granted to Lessee hereunder shall be subordinate and subject to all matters of record, including without limitation, Lessor's Mortgage and Deed of Trust dated May 1, 1940, recorded on June 5, 1940 in Book 49, Page 500, Person County Registry, and recorded on June 21, 1940 in Book 98, Page 143, Caswell County Registry, as supplemented, and any other mortgage, deed of trust, lien, or hypothecation for security now or hereafter amended of record, and any public road, highway, utility or other easements of record. Lessee agrees to execute any documents required to effectuate such subordination to the lien of any such mortgage, deed of trust, or hypothecation, as the case may be, and failing to do so within ten (10) days after written demand by Lessor, does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead to do so.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement the day and year first above written.

[Signatures Begin on Following Page]

LESSOR

Duke Energy Progress, LLC

By: [Signature]
Name: Eric J Rouse
Title: Manager, Leasing & Property Mgmt

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: _____

Date: _____
My Commission Expires: _____ Notary Public

LESSEE

Person-Caswell Lake Authority

By: [Signature]
Name: Chairman Joshua Scott Atwater
Title: Chairman

STATE OF North Carolina

COUNTY OF Person

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: Joshua Scott Atwater

Date: January 13, 2020 Sammy M. Chambers
My Commission Expires: March 2, 2024 Notary Public

EXHIBIT A

Maps of Shoreline Areas

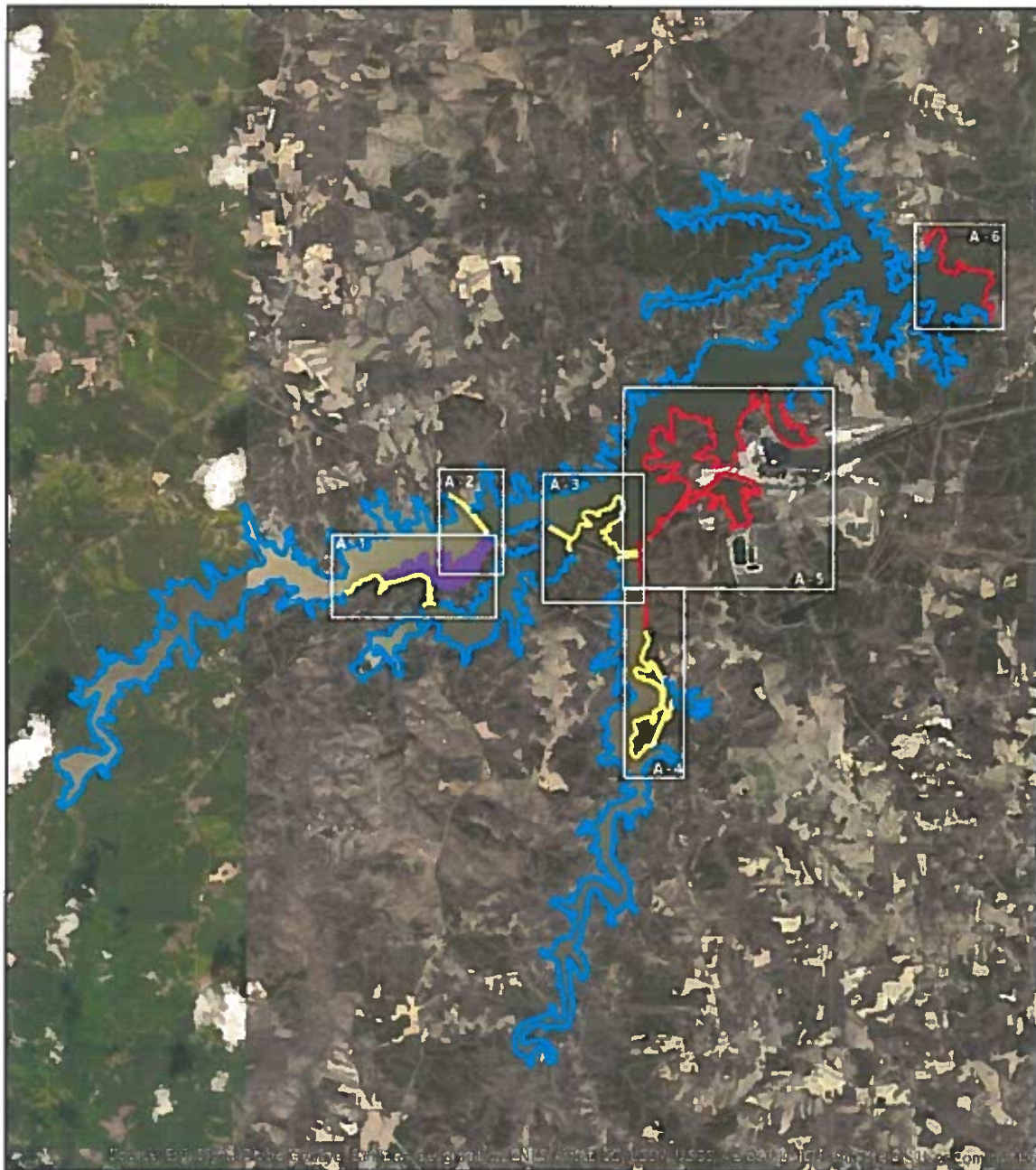


Exhibit A: Hyco Lake Shoreline

Identification of the Hyco Lake areas affiliated with the lease agreement between Duke Energy and the PCLA

0 0.5 1 2 Miles



Legend

- Prohibited
- Reserved
- Sublease
- Hyco Lake Recreation Area





EXHIBIT B

Hycos Lake Guidelines

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NOTE: Leaseholders, Realtors and Contractors should review and adhere to the full scope of these Guidelines.

1.0 Purpose

The purpose of these Hyco Lake Guidelines (Guidelines) is to provide detailed procedures and criteria to manage the Hyco Lake Recreation Area and the shoreline around Hyco Lake, consistent with the lease agreement between the Person Caswell Lake Authority (PCLA) and Duke Energy. For purposes of these Guidelines, references to lease or leasing refers to the lease between Duke Energy and PCLA while sublease or subleasing refers to lands subleased by PCLA to property owners adjoining the lease lands. The objectives of these Guidelines are:

- To protect Duke Energy's power generation interests on Hyco Lake;
- To protect and enhance the scenic, cultural, environmental, public safety, and public recreational values of Hyco Lake; and
- To meet applicable regulatory requirements.

Any occupancy or use of subleased land at Hyco Lake requires prior written permission by PCLA before beginning any improvements within the subleased area. This requirement applies to all improvements on the land or over the water. Contact the PCLA at (336) 599-4343 for additional information.

2.0 The Application Process

The PCLA representative will meet with applicants at the site of the proposed activity to discuss plans, review relevant drawings, and review requirements and guidelines. Applicants must provide the following:

- Scaled, detailed drawings of proposed construction and site plan sufficient to show construction and distances from property projection lines. All drawings must be to scale reflecting a floor plan, front, side and rear view including elevation. All drawings also must bear the signature of the property owner signifying approval before submitting to PCLA for a Permit. A plat of survey showing location of water use lines and proposed improvements may also be required by PCLA
- Existing and proposed square footage of water-dependent structures.
- Specifications of all construction materials.
- Plan for erosion and sedimentation control during construction including stakes at the site marking the outside corners of any structures.
- All new boathouses and major repairs (defined as repairs costing 50% or more of the total value of the structure) require a 3-D drawing of the structure, plat map and an aerial photograph displaying the approximate location.
- A nonrefundable processing fee, as required by the then current fee schedule¹ and must be paid prior to any construction of improvements on the subject properties.

¹ With Duke Energy's written approval PCLA can modify the fee schedule.

Permit applications for new boathouses and major repairs must be presented to the PCLA Board for review and action. Applications for new boathouses and major repairs must be submitted seven (7) days prior to the Board meeting in order to be considered at that month's Board Meeting.

PCLA's approval of applications is signified by the issuance of a Construction Permit good for six months. Permit applications will be processed within 31 days unless circumstances require additional time for review of such proposed construction plans. Each processed application will bear the PCLA's signature and date of decision.

PCLA reserves the right to make periodic inspections of permitted activities or facilities during and after construction to ensure compliance with permit conditions. Within ten (10) days after completion the property owner must notify PCLA, and a representative will make the final inspection to insure compliance. Final approval will be noted on the drawings by date and signature of the inspecting PCLA staff in charge.

3.0 General Guidelines

- 3.1 All guidelines are pursuant to rules adopted by PCLA with the approval of Duke Energy, but are not intended to be all inclusive.
- 3.2 Since not every possible scenario can be anticipated, PCLA reserves the right to make special rulings in cases not specifically covered by these guidelines
- 3.3 All facilities on leased area must be well maintained. Failure to properly maintain facilities may result in the cancellation of any existing sublease and the removal of the facility and restoration of the property at the expense of the sublessee.
- 3.4 All facilities on the Duke Energy property must be covered by a current, paid-in-full sublease between PCLA and the property owner or lease holder of the adjacent private lands.
- 3.5 Use of subleased lands will be evaluated on a case-by-case basis.
- 3.6 Sublessee must follow the application process and receive written approval or a permit from PCLA before beginning any improvements, constructing any facilities, or engaging in any land-disturbing activity (including altering the vegetation) within the subleased area. This requirement applies to all facilities on the subleased land or over the water. For activities like aquatic vegetation removal and/or chemical treatment in the water, the PCLA must also obtain written approval from Duke Energy prior to beginning activities. For dredging/excavation, Duke Energy Lake Services must be contacted and will work with PCLA to determine whether the activity is approvable (Refer to Section 6.0).
- 3.7 Ownership of a lot adjoining Hyco Lake or sublease of property from PCLA does not guarantee the property owner the right to access Duke Energy land for the purpose of making any improvements, including the cutting of vegetation or construction of any structure, without specific written authorization from PCLA.

- 3.8 When major repairs (i.e., repairs costing more than fifty (50) percent of the current market value of the structure) are made to existing facilities, the structure must be repaired so as to be in compliance with these Guidelines.
- 3.9 Metal siding is not permitted for repair of any structures.
- 3.10 If an existing structure is destroyed by fire or other means, the replacement structure must be built in compliance with these Guidelines.
- 3.11 All modifications to existing facilities are subject to these Guidelines so that any preexisting noncompliance is not increased.
- 3.12 Any water-dependent structure or shoreline modifications that are out of compliance with these Guidelines when sold or transferred must be brought into compliance before new owners will be given a shoreline sublease.
- EXCEPTION: When a longstanding structure encroaches upon the property and/or water use lines of the adjoining property owner, the PCLA will have the option to issue a variance to the requirements of this section.
- 3.13 Unless a boat slip or docking/mooring location is specifically designed to accommodate additional watercraft (e.g., double boat slip) and the capacity is specified in the application, only one watercraft at a time shall be moored within a boat slip or docking/mooring location. All watercraft located on subleased area must have current, valid Hyco Lake Boat Permit.
- 3.14 All facilities and construction activities must comply with all applicable local, state, and federal regulations. The applicant must obtain written authorization from PCLA prior to beginning any activity/construction on the subleased area.
- 3.15 Flotation for all facilities shall be of materials manufactured specifically for marine use. Materials must not lose significant buoyancy if punctured, must not generally be subject to damage by animals, and must resist breaking apart under a broad range of wave energies. Uncoated, beaded polystyrene will not be allowed for any new construction or as replacement for existing facilities. Reuse of plastic, metal, or other previously used drums or containers for encasement or flotation purposes is prohibited.
- 3.16 Floats for docking of personal watercraft (PWC) or boatlifts may be added to a previously approved Commercial/multi-slip Facility without additional written approval from Duke Energy, PCLA provided:
- 3.16.1 All applicable or approvals have been received
 - 3.16.2 Only one PWC float or boatlift is installed within the confines of a boat slip in the previously approved facility
 - 3.16.3 The addition of the PWC floats or boatlifts does not increase the total number of watercraft the facility is designed to accommodate as identified in the application
 - 3.16.4 The facility owner sends notification to PCLA documenting that the above

requirements are met, along with a drawing of the facility identifying the locations of the added PWC floats or boatlifts

- 3.17 Reflectors or reflective tape must be placed and maintained by the structure owner on the two furthestmost corners of the structure that extend into the water and along the sides of the structure at reasonable intervals from the end of the structure back toward the shore.
- 3.18 Bridge or Road work must be completed per the right-of-way (ROW) agreement, and stay within the boundaries of the ROW. Any work to be done or equipment used outside the ROW may require additional submittals to Duke Energy or the landowner, and prior written authorization would be required.

4.0 Guidelines Regarding Vegetation Management

Vegetation is important to the aesthetic and environmental qualities of Hyco Lake. In addition to enhancing the natural beauty of the lake; vegetation helps prevent water pollution and provides habitat for birds, mammals and fish. These guidelines are intended to provide sublessee with enough flexibility to use Duke Energy property appropriately while protecting the environment.

4.1 Vegetative Buffer

The following guidelines apply to property subleased from PCLA:

- 4.1.1 Subleased land should be maintained in a natural or vegetated state to support erosion control and improve water quality.
- 4.1.2 Limited clearing for access to the water is permitted. Written approval is required from PCLA prior to the removal of any trees or vegetation. No trees larger than five (5) inches in diameter at breast height shall be removed unless the tree is dead, dying, diseased, or poses a safety hazard.
- 4.1.3 PCLA reserves the right to plant or require the planting of vegetative materials within the subleased area. PCLA may require, at the sublessee's expense, the removal of any unauthorized improvements and restoration of the subleased property to a natural state.

4.2 Aquatic Vegetation

Aquatic vegetation can provide good fish habitat and food for other animals. However, invasive aquatic weeds have the potential to negatively impact plant operations, public recreation, water quality, and/or aquatics species. Planting, removal, or the chemical treatment of aquatic vegetation at Hyco Lake is not allowed without PCLA approval.²

5.0 Guidelines Regarding Sea Walls

Sea walls, bulkheads, and similar structures are sometimes used to prevent shoreline erosion. The use of native shoreline vegetation to control erosion is preferred. For appropriate indigenous species, contact your local county extension agent.

² This also requires PCLA to obtain written approval from Duke Energy prior to beginning activities.

The following guidelines will apply for the construction of sea walls:

- 5.1 Any land-disturbing activity within the sublease area, including the shoreline, must receive prior written approval from PCLA.
- 5.2 Facility approval (Construction Permit) is required for the construction of a sea wall.
- 5.3 Rip rap material on the water side of sea walls is required for the enhancement of fish habitat; however, the placement of stone or other materials into water is regulated by the United States Army Corp of Engineers (USACE) and state agencies. Applicants must obtain approval from the USACE and state agencies prior to requesting approval from PCLA.
- 5.4 Sea walls must be constructed of pressure-treated lumber, interlocking stone, or other approved material. Railroad ties, metal, rubber, or other non-approved material will not be permitted. The use of creosote-treated wood and wet concrete or mortar is expressly prohibited.
- 5.5 The height of sea walls shall conform to the natural contour of land, but in no case shall sea walls be higher than five feet above the high water level (410 feet, 6 1/2 inches MSL). Fill material behind sea walls shall be gravel, quarry stone, or soil (brick or block are not permitted.).
- 5.6 Sea walls cannot be used to extend the shoreline into the lake.
- 5.7 The use of rip rap for shoreline erosion control without a sea wall may be permitted with prior written approval from PCLA. Rip rap without a sea wall will be permitted only with a filter cloth barrier.

6.0 Guidelines Regarding Dredging/Excavation

Dredging or excavation from the lake area requires written approval by the appropriate resource agencies, PCLA, and Duke Energy.

General guidelines include, but are not limited to:

- 6.1 Dredging is not permitted without written approval from PCLA and Duke Energy Lake Services. Excavation applications will be accepted solely for the purpose of maintaining boating access to existing properly permitted structures. Excavation will not be allowed at a structure where there is a compliance issue (including unpaid lease or permit fees), or for which the owner has not received written approval from PCLA.
- 6.2 USACE General Permits in North Carolina allow Duke Energy to authorize excavations, provided the applicant notifies the appropriate agencies and all necessary permits are obtained prior to beginning any excavation. Applicants should limit their excavation activities where practicable to meet the requirements of the applicable General Permit; otherwise, an individual permit will have to be obtained from the proper agency.

- 6.3 Altering the shape of the shoreline is not permitted. Recapturing or extension of land by filling behind a retaining wall is not permitted.
- 6.4 Dredging is not permitted during the months of March 1 through June 30 due to fish spawning.
- 6.5 Dredging is not permitted in areas that could adversely affect threatened or endangered species, cultural or historic resources, or environmentally important areas. Based upon Duke Energy's inspection of the site during the application process, Duke Energy may require additional information or studies be conducted at the expense of the applicant.
- 6.6 All excavated material must be properly disposed of and handled in accordance with Best Management Practices as defined by NC Department of Environmental Quality (NCDEQ) unless special consideration is given in writing by the NCDEQ. Double handling of excavated material within the lake boundary will not be allowed. All excavated material must be placed in an upland area, above the 420-contour elevation, off Duke Energy property in one handling. All excavated material and disturbed shoreline must be stabilized to prevent erosion and runoff into the lake.
- 6.7 Excavation is limited to only egress and ingress from the permitted structure to the main channel and must be at a 3:1 or flatter slope.
- 6.8 No material including yard waste, leaves, grass, garbage, food waste, fish parts, or animal waste, shall be disposed of on the subleased property or into lake waters.
- 6.9 Excavation will be limited to hydraulic dredging methods. If water is returning to the lake, the applicant should follow NCDWQ best practices for this type of activity.
- 6.10 All excavation work, including equipment, must not encroach into or in front of adjoining property unless specific written authorization is given by the affected property owner(s).

Excavation Application Process: The applicant must first contact PCLA to get a current letter of consent verifying compliance. Then, the applicant must contact Duke Energy Lake Services to provide basic information about the planned excavation (location, name, contractor, drawing, etc.) and the letter of consent from PCLA. Lake Services will coordinate with PCLA to schedule a date to conduct a site visit with the applicant. The site visit is to determine if Duke Energy Lake Services will accept an application for the proposed excavation and what studies or information the applicant must provide. Following the site visit, the Lake Services representative will provide the applicant with the full application document. Once the application is complete, the applicant must send it to the agencies for review and comment on the proposed activity. (Refer to the Agency / Organization List available from Duke Energy to determine which federal, state, regional, and local agencies or organizations must be consulted.)

After consultation is complete, the applicant must provide to Duke Energy Lake Services the final application with all comments and recommendations provided by agencies and organizations during the consultation process as well as copies of all permits received. The applicant must also provide the application fee, a security deposit, and the signed Excavation

Program Applicant's Agreement. If approved, all excavations must be completed as described in the application and within 18 months following the date of approval as issued by Duke Energy. The final approval letter from Duke Energy Lake Services will also be provided to PCLA for compliance and record keeping purposes.

7.0 Guidelines for Private Residential Facilities

Private piers, boathouses and other water-dependent structures are for the convenience of adjoining property owners. In order to enhance public safety and visibility of the shoreline and water, only single-story, open-sided boathouses will be permitted for use by private property owners. PCLA will examine the plans for each structure before permitting, but the following guidelines apply:

- 7.1 Prior to the physical inspection of the site, the sublessee and/or his/her representative must locate the side line 420 stakes, and clear a path from the 420 stakes to the nearest point of water at normal water level, or clear a path where Plat maps have dedicated water use lines. Stakes must be placed to indicate the desired location and size of the proposed structure to be considered for permitting.
- 7.2 The allowable combined square footage of all water-dependent structures is dependent on the length of subleased shoreline and shall not exceed 1,800 square feet including roof overhang. (This does not include sea wall square footage.) The height of any structure must not exceed 21 feet above normal water level (measured at the highest point.)
- 7.3 All docks must not present a hazard to navigation, with the maximum length of the dock to be established by PCLA. In general, a pier should not obstruct more than one-third 1/3 the width of any cove to protect public access and safety.
- 7.4 Floating docks may be allowed provided all flotation material used is of the type specific for marine use and approved by PCLA and the USACE.
- 7.5 Permanent steps of any kind to any attic area not permitted.
- 7.6 All structures over water must be at least one foot above full pond elevation of 410.55 feet above mean sea level (AMSL).
- 7.7 Portable picnic tables and lawn furniture may be placed on land and on structures over water.
- 7.8 Jet ski lifts are considered a water dependent structure, and require a Construction Permit.
- 7.9 Boathouses must be constructed of wood framing with open sides. Eighty percent (80%) of the structure must have open sides. Screened in porches may be allowed, but cannot exceed more than twenty percent (20%) of the structure. No glass enclosures will be allowed. Natural or neutral colors are required to enhance the natural appearance.
- 7.10 Masonry of any type within lease area is prohibited.

- 7.11 No living, sleeping, cooking, heating/cooling units, or sewage facilities or sinks are permitted within, adjacent to, or above boathouses or otherwise on the leased property.
- 7.12 Enclosed storage areas associated with boathouses shall not exceed 150 square feet (outside dimensions). Use of boathouse storage areas for items other than those associated with swimming, boating, skiing, and fishing is prohibited.
- 7.13 A twenty-five (25) foot setback is required from side-use water lines, unless a waiver of the recommendation is executed by both affected property owners, approved by PCLA, and a copy placed in each sublease file. Where water use lines are not displayed on Plat maps, the rule used by PCLA is the nearest point of water at normal water level.
- 7.14 Walkways must either have natural ground cover or be constructed of open slatted, pressure-treated wood or other approved materials, must follow the contour of the land, and must lead to a pier or boathouse. Access to the shoreline shall be by pathway no wider than five feet. Interlocking walkway materials may be allowed with PCLA approval.
- 7.15 Lessee may authorize a single irrigation pump for private home use, provided the pump has a rated horsepower of 2 horsepower or less and is used exclusively for the adjoining lot within the Leased Premises.
- 7.16 Community docks may be allowed subject to section 8.0 Guidelines for Commercial/Multi-Slip Facilities.

8.0 Guidelines for Commercial/Multi-Slip Facilities

Commercial/multi-slip Facilities (i.e., the related business operation that involves the use of Duke Energy property and the waters of Hyco Lake for facilities where boats can be launched, retrieved, or moored and where provisions are made for food services or convenience retailing, including petroleum dispensing, wet and dry storage of watercraft, and other activities associated with marinas) may be constructed only after written authorization by PCLA. Detailed plans for construction, additions, or modifications of Commercial/multi-slip Facilities must be submitted to PCLA for review and approval prior to beginning work. Consultation with local (county departments), state NC Department of Environmental Quality, NC Wildlife Resources Commission, NC State Historic Preservation Office, NC Parks & Recreation) and federal (US Army Corps of Engineers, US Fish & Wildlife Service) agencies is required and will be the responsibility of the applicant. In most instances, PCLA cannot consent without prior Duke Energy approval. PCLA will examine applications and plans for each commercial/multi-slip facility before permitting to ensure compliance with all preceding applicable guidelines prior to requesting Duke Energy approval.

The following guidelines specific to commercial/multi-slip facilities apply in addition to the other requirements in these Guidelines:

- 8.1 Applicants must be a natural person; a corporation, partnership, or a limited liability company (duly formed and registered); or a division of government, and must be the

owner or leaseholder of the tract of land immediately adjoining the leased Duke Energy property. Applicants must also have a valid sublease with the PCLA for use of the shoreline property. PCLA will hold the sublessee fully responsible for the subleased area (including maintaining structures in good repair).

- 8.2 The construction of approved Construction Facilities must be completed as described in the Construction Permit and within 18 months.
- 8.3 All commercial/multi-slip facility boat launching/docking/mooring locations, whether in confined boat slips alongside the outermost boat slip fingers or at any other location, must be specified in the application along with the maximum launching/docking/mooring capacity for the facility.
- 8.4 New, expanded, or rebuilt commercial/multi-slip facilities approved to dispense gasoline must provide petroleum absorbent materials or similar best available technology at all the boat slips dedicated/available for gasoline dispensing.
- 8.5 Commercial/multi-slip Facilities will not be authorized for construction on/from islands.
- 8.6 New, expanded, or rebuilt commercial/multi-slip facilities shall not extend more than one-third the distance to the opposite shoreline as measured from the Normal Full Pond Elevation contour or extend more than 120 ft lakeward of the Normal Full Pond Elevation contour, whichever is more limiting. Additionally, facilities must be situated or constructed in size, dimension, or design such that an average-size moored watercraft will not interfere with access to other facilities and not obstruct ingress and egress of watercraft.
- 8.7 Low-pressure sodium lights with time or motion sensors to turn lights off when not needed are preferred. All outdoor fixtures should be fully shielded and installed in such a way that light is not emitted above the lowest part of the fixture. Incandescent lights should be well-shielded, low-wattage lamps that include time or motion sensors to turn lights off when not needed.
- 8.8 Low Impact Development practices for stormwater management shall be incorporated to the maximum practicable extent into the design of any facility located within leased area.
- 8.9 New or expanded commercial/multi-slip facilities may be considered for a maximum number of 10 boat slips/docking/mooring locations, will not be allowed in narrow coves 300 feet or less, and must be at least one-half a mile (measured over waters) from any other private facility or commercial/multi-slip facility.
- 8.10 The sides of covered slips are not to be enclosed. Handrails may be put on for safety, but must not be enclosed.
- 8.11 Facilities shall not use mooring buoys or similar detached structures to independently moor vessels. Mooring locations must be limited to areas within boat slips and along the outer edges of piers/docks as end ties.

- 8.12 Facilities shall be set back along the shoreline at least 200 feet from the outermost property corners of the development, at least 200 feet from any subleased areas that are not part of the proposed commercial/multi-slip facility, and/or according to local government zoning requirements if the zoning requirements provide for a distance of greater than 200 feet. This setback along the shoreline is determined by creating a 200-foot radius circle from the property corners.

9.0 Items Prohibited on Leased Property

- 9.1 Swimming pools
- 9.2 Septic systems and/or drain fields
- 9.3 Storage building, or other structures except as permitted in boathouses
- 9.4 Houses, including residential roof overhangs
- 9.5 Garages or carports
- 9.6 Animal lots and houses
- 9.7 Satellite dishes above thirty (36) inches in diameter
- 9.8 Fences
- 9.9 Fuel pumps or fuel storage facilities
- 9.10 Encroachments on adjoining leased areas
- 9.11 Electrical service that does not meet Nation Electrical Safety Code requirements
- 9.12 Facilities that represent health and safety hazards
- 9.13 Commercial/multi-slip activities without PCLA's written permission
- 9.14 Assignment or subletting of PCLA leases without prior written approval
- 9.15 Storage of vehicles
- 9.16 Underwater or partially submerged structures or facilities which could present a safety hazard
- 9.17 Storage or disposal of any regulated materials
- 9.18 The discharge of any concentrated runoff; that is, concentrating storm water run-off into a single pipe or ditch, that discharges onto Duke Energy property and accelerates erosion
- 9.19 The discharge or disposal of any material not specifically approved by PCLA
- 9.20 The use of tin or other metal materials to repair sides of existing boathouses or other structures
- 9.21 Fuel or other storage tanks
- 9.22 Sand beaches (exceptions may be made for use at public recreation facilities, as approved by Duke Energy)
- 9.23 Aircraft
- 9.24 Houseboats

- 9.25 Private boat ramps, ski jumps and rails, or jumps. However, this does not apply to developers in subdivisions who construct a boat ramp for exclusive use by homeowners in the subdivision so long as the boat ramp was approved by the PCLA Board prior to construction.
- 9.26 Burning below the 420 ft MSL contour line
- 9.27 Construction that extends into the right-of-way limits of existing or planned overhead, electricity-carrying utility lines.
- 9.28 Concrete or asphalt driveways and/or walkways. However, interlocking walkway materials may be approved.

10.0 Penalties / Fees for Violations

Sublessees who own property adjacent to the lease area may incur a substantial penalty, (maximum three (3) times the transfer fee) from PCLA for any violations of these Guidelines, and those stated below:

- 10.1 Failure to obtain a sublease and/or secure a Construction Permit prior to construction of any structure and/or shoreline modification
- 10.2 Failure to obtain a Construction Permit to add or alter an existing structure.
- 10.3 Construction deviates from the original drawings submitted to secure a Construction Permit
- 10.4 Construction that does not conform with these Guidelines

NOTE: Should any contractor, while in the employment of a sublessee, violate any provisions of the Guidelines, PCLA will notify the sublessee in writing of the violation. PCLA may assess a penalty of up to three (3) times the transfer fee may be imposed on the sublessee. Failure to abide by these conditions may result in the cancellation of any existing sublease, and the restoration of any damage at the cost of the sublessee.